

MEADOW BAY CAPITAL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2011

FORWARD LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts, constitute forward looking statements. These statements represent the Company's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward looking statements. The Company disclaims any intention or obligation to update or revise such forward looking statements, as a result of new information, future events or otherwise.

MANAGEMENTS DISCUSSION AND ANALYSIS

July 29, 2011

This Management Discussion and Analysis (MD&A) is intended to help the reader understand the Meadow Bay Gold Corp (Meadow Bay) financial statements. The statements are provided for the purpose of reviewing the fourth quarter of fiscal 2011, as well as the fiscal year, and comparing results to the previous period. The MD&A should be read in conjunction with the Company's audited consolidated financial statements and corresponding notes for the fiscal years ending March 31, 2011 and 2010.

The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and all monetary amounts are expressed in Canadian dollars. The following comments may contain management estimates of anticipated future trends, activities, or results. These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond management control.

The management of Meadow Bay is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The board of directors of Meadow Bay follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

The audit committee of Meadow Bay meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

DESCRIPTION OF BUSINESS

Meadow Bay Gold Corp ("Meadow Bay" or the "Company") was incorporated in British Columbia under the laws of the Business Corporations Act on March 8, 2005. The Company was listed for trading on the TSX Venture Exchange (TSX.V) as a Capital Pool Company on September 18, 2006. The Company currently trades on the TSX.V as a tier 2 company under the symbol "MAY."

In August, 2008, the Company completed its Qualifying Transaction by acquiring the Molybdenite Creek property from In-Dex Minerals Corp. In December 2009, the Company entered into an option agreement to acquire a 30% interest in the Mag property. During the year ended March 31, 2010, the Company returned both the Molybdenite Creek and Mag properties back to the optionors and thus, wrote off acquisition and deferred exploration costs of \$1,221,215.

In March 2010, the Company completed a share consolidation on the basis of one new common share for every three old common shares. All share and per share amounts have been retroactively restated to reflect the share consolidation.

OVERALL PERFORMANCE

During the year ended March 31, 2011, the Company incurred a net loss of \$4,274,202 (2010 - \$1,333,584). In June 2010, the Company completed a non-brokered private placement of 6,380,000 units at a price of \$0.08 per unit for gross proceeds of \$510,400. Each unit is comprised of one common share and one share purchase warrant; each share purchase warrant entitles the holder to acquire one additional common share at a price of \$0.10 until June 17, 2015.

On January 21, 2011 the Company entered into a Letter of Intent ("LOI") to acquire all of the issued and outstanding common stock of Desert Hawk Resources Inc. ("Desert Hawk"), a private Delaware corporation. The Company also launched a private placement financing that closed March 1, 2011 with the sale of 11,313,750 common shares at \$1.00US. A portion of the financing, \$6,000,000US, was used to complete the payment to the previous owner of the Atlanta Mine. The purchase of Desert Hawk Resources Inc. was completed on March 1, 2011.

Desert Hawk is a mining and exploration company with three gold projects in Nevada including an option on the former producing Atlanta Gold and Silver Mine, the Colorback Gold Project and the Spruce Mountain Molybdenum, Copper, Silver Project. The Atlanta Mine produced 1.5 million tons of ore containing 0.09 ounces gold/ton and 1.25 ounces silver/ton and recovered 121,000 ounces of gold and 800,000 ounces of silver during the period 1975 to 1985 based on historical records. The remaining indicated and inferred resource of 464,000 ounces of gold has been estimated by previous workers which is not compliant with standards as set out in National Instrument 43-101. The mine development plan will include substantial pit expansion and capital expenditures to refurbish the mining equipment and near term production potential. In addition to the excellent near-term development aspect of the project, the Company considers the Atlanta Mine to offer excellent exploration and development upside by drilling extensions to the

known mineralization and larger scale production than previous mining through both pit-extension and possibly underground mining.

The Colorback Gold Project is on the Battle Mountain trend 12 miles north of Pipeline. The property is host to both surface gold targets and a lower-plate Carlin-Style gold system. Previous surface sampling contains gold values as high as 1 ounce per ton and near surface intercepts in upper plate chart considered leakage from the deeper system.

The Spruce Mountain Gold and Silver Project is located in Elko County, Nevada and is comprised of 63 unpatented lode claims adjacent and overlapping with a 100 million ton copper-molybdenum resource. The property is a porphyry moly deposit with a silver skarn on the west side and a porphyry copper deposit in the centre of the project. The silver skarn and the copper deposit are untested to date.

SELECTED ANNUAL INFORMATION

	Year ended March 31, 2011 \$	Year ended March 31, 2010 \$	Year ended March 31, 2009 \$
Total revenues	-	-	-
Net loss for the year	(4,274,202)	(1,333,584)	43,539
Net loss per share, basic and diluted	(0.29)	(0.29)	0.01
Total assets	26,989,794	64,997	1,229,197
Total working capital	4,404,315	40,893	(131,429)
Shareholder's equity	21,100,031	40,893	1,027,357

RESULT OF OPERATIONS

Total operating expenses for the year amounted to \$4,288,810 compared to \$112,458 for the year ended March 31, 2010. Significant expenditures were incurred in the 4th quarter of the current fiscal year as a result of the acquisition of Desert Hawk Resources Inc. which owns three separate resource properties in the state of Nevada.

Consulting fees amounted to \$282,809 vs. \$4,400 at March 31, 2010 as a result of new consultants employed regarding the Desert Hawk Resources Inc acquisition and the commencement of refurbishing of the Atlanta Mine in Nevada.

Professional fees amounted to \$501,958 vs. \$34,665 at March 31, 2010 because of increased legal and financing fees from both the acquisition of Desert Hawk Resources Inc. and the private placement financing that completed in the fourth quarter. This has also resulted in an increase in investor relations costs in the amount of \$202,438 vs. nil at March 31, 2010.

Stock-base compensation amounted to \$3,060,492 vs. nil at March 31, 2010. This is the result of 4,365,000 options being granted during the year.

The plan to revive the Atlanta Mine, the addition of additional land claims, and the commencement of a drilling program subsequent to the year-end will continue to increase expenses in the coming fiscal year.

Results for the eight most recent quarters ending with the last quarter for the three months ending on March 31, 2011 are:

	For the Three Months Ending							
	Fiscal 2011				Fiscal 2010			
	Mar. 31 2011	Dec. 31 2010	Sept. 30 2010	Jun. 30 2010	Mar. 31 2010	Dec. 31 2009	Sept. 30 2009	Jun. 30 2009
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Income Statement Data								
Total Revenues	-	-	-	-	-	-	-	-
Income (loss) before discontinued operations and extraordinary items	(4,157,503)	(28,126)	(54,993)	(33,580)	(80,154)	(1,205,994)	(27,434)	(20,001)
Net income (loss)	(4,157,503)	(28,126)	(54,993)	(33,580)	(80,154)	(1,205,994)	(27,434)	(20,001)
Income (loss) per common share outstanding – basic and diluted								
Income (loss) before discontinued operations and extraordinary items	(0.29)	(0.00)	(0.00)	(0.00)	(0.02)	(0.23)	(0.01)	(0.01)
Net income (loss) per share	(0.29)	(0.00)	(0.00)	(0.00)	(0.02)	(0.23)	(0.01)	(0.01)

Three month period ended March 31, 2011

For the three months ended March 31, 2011, the Company incurred a net loss of \$4,157,503 compared to a net loss of \$80,154 incurred in the three months ended March 31, 2010. The loss in the current period is primarily attributed to the acquisition of Desert Hawk Resources Inc. and the related professional fees incurred, the investor relations fees incurred, and the stock base compensation as a result of 4,365,000 options being granted, mainly in the fourth quarter.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2011, the Company had a cash and cash equivalents of \$4,724,196 compared to \$59,222 as at March 31, 2010. The Company had working capital of \$4,404,315 as at March 31, 2011 compared to working capital of \$40,893 as at March 31, 2010. The Company completed a private placement financing in the amount of \$11,313,750US, being the issuance of common shares at \$1.00US. This private placement financing completed March 1, 2011 and included the payment to the vendor of \$6,000,000US re the purchase of the Atlanta Mine.

The financing included the issuance of broker warrants of 7% of \$11,028,750US of the private placement.

The Company has no debt other than current accounts payable and management believes that the Company has sufficient capital resources to meet its initial capital requirements for the current year.

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. The annual and interim financial statements do not include any adjustments to the recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. The Company is not subject to material externally-imposed capital constraints.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the year ended March 31, 2011:

- a) Due to the former president for reimbursement of expenses the sum of \$1,805 for the year ended March 31, 2010.
- b) Consulting fees paid or accrued to CEO of Company \$25,000 vs. nil at March 31, 2010
- c) Accounting and consulting services paid or accrued to former directors and officers of \$11,781 vs. nil at March 31, 2010.
- d) Rent paid to current secretary of \$9,000 vs. nil at March 31, 2010.
- e) Consulting fees paid or accrued to former president of \$6,219 for the year ended. March 31, 2010.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant areas requiring the use of management estimates relate to determination of stock-based compensation, impairment of assets, and future income taxes. Actual results could differ from these estimates.

FUTURE ACCOUNTING CHANGES

International financial reporting standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with international financial reporting standards ("IFRS") for Canadian enterprises with public accountability ("PAEs"). In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended March 31, 2011. The Company is currently evaluating the impacts of the conversion on the Company's financial statements and is considering accounting policy choices available under IFRS. The detail of the Company's IFRS project is summarized under Changeover Plan to International Financial Reporting Standards.

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which replace CICA Handbook Sections 1581, Business Combinations, and Section 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning April 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

FINANCIAL INSTRUMENTS

The Company classified its cash and cash equivalents as held for trading, which are measured at fair value. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and accounts payable to related parties are classified as other financial liabilities, which are measured at amortized cost. The carrying values of accounts payable and accrued liabilities, and accounts payable to related parties approximate their fair values due to the relatively short period to maturity of these financial instruments. The fair value of cash and cash equivalents is measured using level 1 inputs.

The Company's financial instruments and risk exposures are summarized below.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk with respect to its cash and cash equivalents is minimal as they are held with a high-credit quality financial institution. As at March 31, 2011, the Company had funds on hand of \$4,724,196 while the federally insured limit is \$100,000. Receivables mainly consist of harmonized sale tax due from the federal government.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Company had a cash balance of \$4,724,196 to settle current liabilities of \$407,987. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The interest rate risks on cash and cash equivalents are not considered significant.

(b) Foreign exchange rate risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have material transactions designated in a foreign currency and therefore management considers the foreign exchange risk to be minimal.

Fair Value

CICA Handbook Section 3862 “Financial Instruments – disclosures” establishes a fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$4,724,196	\$ -	\$ -	\$4,724,196
HST receivable	<u>65,200</u>	<u>-</u>	<u>-</u>	<u>65,200</u>
Total assets	<u>\$4,789,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,789,396</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 407,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,987</u>

OUTSTANDING SHARE DATA

The Company had the following common shares, stock options and warrants outstanding as at the date of this report:

Issued and Outstanding Common shares	38,776,928
Stock option	3,660,000
Warrants	772,013
	<u>42,514,141</u>

Escrowed shares

As of March 31, 2011, the company had 100,000 shares held in escrow pursuant to an escrow agreement dated August 4, 2006 in which 10% would be released on August 22, 2008, the date the qualifying transaction was completed and 15% every 6 months thereafter up to August 22, 2011.

As of March 31, 2011, the company had 70,406 shares held in escrow pursuant to an escrow agreement dated August 1, 2008 in which 10% would be released on August 22, 2008, the date the qualifying transaction was completed and 15% every 6 months thereafter up to August 22, 2011.

CHANGEOVER PLAN TO INTERNATIONAL FINANCIAL REPORTING STANDARDS “IFRS”)

In February 2008, the AcSB confirmed that publicly accountable enterprises are required to adopt IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company will be required to adopt IFRS commencing April 1, 2011 and will require the restatement, for comparative purposes, of amounts reported on the Company’s opening IFRS balance sheet as at April 1, 2010 and amounts reported for the fiscal year ended March 31, 2011.

The Company’s IFRS project consists of three phases – scoping and planning, evaluation and design, and implementation and review. The Company has completed the scoping and planning stage which included putting together an initial project plan, education, and identification of a number of differences between Canadian GAAP and IFRS that relate to the Company. The Company is now in the evaluation and design stage.

In phase one the Company had identified some areas where there is the most potential for a significant impact to the Company’s financial statements. These areas do not represent a complete list of expected changes and may be subject to change as the Company progresses through the second phase. The areas which could have a material impact are as follows.

- *First-time Adoption of International Financial Reporting Standards (“IFRS 1”)*

The adoption of IFRS requires the application of IFRS 1 which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment. The Company has not yet made any final decisions on policies or elections on IFRS 1 and therefore continues this process into the 2011.

- *Share-Based Payment (“IFRS 2”)*

IFRS and Canadian GAAP largely converge on the accounting treatment for share based transaction with only a few differences. For stock options that vest in instalments, IFRS 2 requires the Company to determine the fair value of each instalment as a separate share option grant while Canadian GAAP treats the entire grant of stock options as a pool and recognize expense on a straight line basis. In addition, under IFRS the Company must make an estimate of stock options that are forfeited before they vest whereas under Canadian GAAP the Company records forfeitures as they occur. The change in this accounting policy is not expected to have a material impact on the Company’s financial statements.

- *Exploration for and evaluation of mineral resources (“IFRS 6”)*

Under the Company’s current accounting policy, acquisition and exploration costs of mineral properties are capitalized as incurred. IFRS 6 permits mining companies to retain their existing policies with respect to the capitalization of exploration and evaluation costs until guidance that is more definitively developed in this area. Such guidance is not expected to be issued until after the Company’s changeover to IFRS. The Company will retain its existing policies with respect to mining interests and exploration costs.

- *Income Taxes (“IAS 12”)*

Fundamentals of accounting for income taxes are the same under IFRS as they are under Canadian GAAP. In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes. The International Accounting Standards Board (“IASB”) is currently reviewing IAS based on various meetings and comments received and will consider whether to propose limited amendments. The Company is currently reviewing the potential effects that this changeover might have.

Upon completion of the second phase, the Company will move into the implementation phase, in which it will update its significant accounting policies, adjust its accounting systems, and design tools and processes for the preparation of IFRS information, including comparative and opening balance sheet information. In addition, the Company will evaluate its internal and disclosure control processes as a result of its conversion to IFRS. The Company will also design model IFRS financial statements including all note disclosures and disclosures required for the MD&A.

In the period leading up to the changeover in 2011, IASB will also continue to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company’s financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

RISK AND UNCERTAINTIES

The Company is in the business of acquiring and exploring natural mineral properties. Due to the nature of the Company’s proposed business and the present stage of exploration of its mineral property, which is at very early stages of exploration, the following risk factors, amongst others, apply:

Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow. The Company has incurred losses since its inception. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration program on the Properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

Mining Industry

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

Equity Market Risk

The Company raises money in the equity markets which can fluctuate significantly. If the appetite for equity financing is curtailed it may be difficult or impossible to raise additional equity. This could have a negative effect on the Company. These factors are beyond the control of management.

Reliance on Management

The Company relies on its management to execute its business plan. If members of the management team should become unavailable for any reason the Company could experience difficulties in executing its plans.

Title

There is no guarantee that title to properties in which Company has a material interest will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Before a number of claims under option can be recorded in Company's name, the underlying title holder has to assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets", "may", "will" and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to

differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

SUBSEQUENT EVENTS

Subsequent to March 31, 2011, the Company:

(a) Granted incentive stock options to a consultant of the Company to purchase 100,000 common shares at an exercise price of \$1.03 per share. The stock options expire on May 6, 2016.

(b) On June 30, 2011, the Company entered into an agreement to acquire 135 unpatented mining claims contiguous with the Company's Atlanta property. The agreement required a \$150,000US payment and the issuance of 400,000 shares at the agreement date. A second payment of \$100,000US is due on the first anniversary of the agreement. The agreement also includes a 3% NSR, for which the Company has the option to repurchase 1% for \$1 million US for a period of five years.

EFFECTIVENESS OF DISCLOSURE CONTROLS

The Chief Financial Officer and Chief Executive Officer have evaluated the effectiveness of the Company's disclosure controls as of March 31, 2011. They have concluded that the Company's disclosure controls and procedures provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period during which this report was being made.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedar.com. Additional financial information concerning the Company is provided in its audited comparative financial statements and management's discussion and analysis for the Company's most recently completed financial year. Copies of this information are available by contacting the Company at its offices located at Suite 300 - 905 West Pender Street, Vancouver, BC, V6C 1L6; phone 604-641-4450 or 604-682-2928; fax 1-855-557-4622 or 604-685-6905.