WESTSTAR RESOURCES CORP.
Management Discussion and Analysis
For the year ended December 31, 2010
(Prepared April 29, 2011)

FORWARD-LOOKING INFORMATION

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to Weststar Resources Corp. ("WER" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to WER. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to WER or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of WER exploration properties. Such statements reflect the current views of WER with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of WER to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on October 27, 2004. The Company common shares were listed for trading on the TSX Venture Exchange ("TSX") as a junior mineral exploration company on September 19, 2006.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company has not yet determined whether any of its properties contains reserves that are economically recoverable. The recoverability of amounts shown for resource property and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource property and upon future profitable production or proceeds from the disposition thereof.

EXPLORATION PROJECT – Axe Property

Pursuant to an option agreement dated July 19, 2005, the Company has acquired a 70% (originally 66% but amended by mutual consent) interest in the Axe claims comprised of 119 units situated in the Similkameen Mining District, Province of B.C. As consideration for the property, the Company paid $5,000, issued 300,000 shares and incurred exploration costs of $500,000.

Pursuant to an agreement dated March 23, 2007, the Company acquired four claims increasing the size of the Axe property. As consideration for the claims the Company paid $15,000. The claims are subject to a 2% net smelter royalty and under the terms of the agreement the Company has the right to purchase the net smelter royalty in stages for up to $3,000,000.

On September 16, 2008 the Company completed an updated National Instrument 43-101 compliant report prepared by John R. Kerr P.Eng, a Qualified Person on the previously drilled Axe Copper gold property which is located approximately 70 kilometers from the Teck Cominco Highland Valley copper mine near Princeton, British Columbia.

Mr. Kerr has recommended the Company complete further drilling in the South Zone and engage an engineering firm to complete a Resource Calculation from all work to date.

The following table summarizes all drilling done by Weststar in 2006 and 2007.

2006/2007 DRILL RESULTS

Table, Summarizing 2006 and 2007 Drill Results

Hole number	From		To		Core length		Cu content	Au content	
A06 - 01							anomalous - no significant values		
A06 - 02	15	m	37.5	m	22.5	meters	0.21%	0.14	g/t
	78	m	87	m	9	meters	0.27%	0.07	g/t
	91.5	m	108	m	17.5	meters	0.18%	0.10	g/t
	126	m	171	m	45	meters	0.53%	0.15	g/t
	177	m	186	m	9	meters	0.18%	anomalous	
	202.5	m	215	m	12.5	meters	0.65%	0.22	g/t
A06 - 03	18	m	124.5	m	106.5	meters	0.20%	0.15	g/t
A06 - 04								no significant values	
A06 - 05	11	m	25.5	m	14.5	meters	0.36%	0.29	g/t
	25.5	m	75	m	49.5	meters	anomalous	1.29	g/t
	including 61.5	m	64.5	m	3	meters	0.31%	9.64	g/t
	91.5	m	102	m	10.5	meters	anomalous	0.27	g/t
A07 - 06	16.5	m	304.5	m	288	meters	0.27%	0.15	g/t
	including 45	m	60	m	15	meters	0.41%	0.24	g/t
	and 85.5	m	97.5	m	12	meters	0.53%	0.28	g/t
	and 190.5	m	205.5	m	15	meters	0.47%	0.19	g/t
	322.5	m	334.5	m	12	meters	0.21%	0.17	g/t
	358.5	m	370.5	m	12	meters	0.19%	anomalous	
A07 - 07	94.5	m	120	m	25.5	meters	-	1.09	g/t
	including 114	m	117	m	3	meters	-	6.06	g/t
	144	m	150	m	6	meters	-	0.37	g/t
	205.5	m	210	m	4.5	meters	-	0.19	g/t
A07 - 08	42	m	66	m	24	meters	0.16%	0.20	g/t
	121.5	m	246	m	124.5	meters	0.38%	0.22	g/t
	including 234	m	244.5	m	10.5	meters	0.0155%	0.94	g/t
	261	m	307.5	m	46.5	meters	0.18%	0.23	g/t
	331.5	m	340.5	m	9	meters	anomalous	0.90	g/t
A07 - 09	48	m	51	m	3	meters	-	1.06	g/t
	129	m	135	m	6	meters	-	0.20	g/t
	148.5	m	162	m	13.5	meters	anomalous	0.21	g/t
A07 - 10	45	m	51	m	6	meters	0.17%	-	
	91.5	m	106.5	m	15	meters	0.24%	0.14	g/t
	141	m	160.5	m	19.5	meters	0.16%	-	
	181.5	m	187.5	m	6	meters	0.17%	0.14	g/t
	256.5	m	264	m	7.5	meters	0.29%	0.15	g/t
A07 - 11	96	m	109.5	m	13.5	meters	0.17%	0.27	g/t
	121.5	m	124.5	m	3	meters	0.56%	0.57	g/t
	199.5	m	273	m	73.5	meters	0.12%	-	
A07 - 12							no significant assays		
A07 - 13	4.5	m	102	m	97.5	meters	0.17%*	-	
A07 - 14	94.5	m	109.5	m	15	meters	0.17%	0.16	g/t
	151.5	m	162	m	10.5	meters	0.16%	0.15	g/t
	175.5	m	181.5	m	6	meters	0.41%	0.14	g/t

- Composite based on 65 samples (each 1.5 meters), 30 assays reported as % copper and 35 multi-spectrometer analysis reported as ppm copper

On October 20, 2009 the Company announced the commencement of further drilling operations on the Axe project. More Core Diamond Drilling Services Ltd. was drilling HQ size diamond drill holes aimed at both potentially updating a resource estimate for the South Zone; as well stepping out from the gold mineralization previously encountered in the West Zone during the Company's 2006-2007 drilling program.

On December 2, 2009 the Company announced analytical results from drilling operations on the Axe project, an advanced stage project with a known porphyry copper resource. The property consists of 21 mineral claims (119 claim units), located 20 km north of Princeton, British Columbia.

Within the West Zone, three drill holes were drilled to test a gold anomaly located in 2006 drill hole A06-05, which returned 49.5 meters grading 1.29g/t Au, including 3 meters grading 9.64g/t Au. Analytical results for the West Zone drilling are now available and selected results are listed below. Drill hole A09-01 was intended to undercut A06-05, but was abandoned short of its target due to tightening. Drill hole A09-03 was drilled 50m south of A09-06 and intersected significant gold mineralization associated with pyrite. Drill hole A09-04 was collared north of A06-05, and drilled at an azimuth of 065degrees. This hole intersected a thick calc-silicate unit, but may not have intersected the mineralized West Zone fault structure, which appears to be a north, northeast structure.

Drill Hole	Zone	Dip (deg)	Azm (deg)	Footage (m)	Interval (m)	Cu %	Au g/t	Notes
A09-01	West	-50	270	52.5-54.0	1.5	0.054	0.509	
				54.0-56.0	2.0	0.022	0.03	
				56.0-57.9	1.9	0.061	1.115	
				57.9-59.0	1.1	0.117	0.085	
A09-02	South	-90						
A09-03	West	-71	090	44.5-46.0	1.5	0.001	0.234	
				46.0-47.24	1.24	0.001	0.211	
				47.24-50.3	3.06	0.001	**9.25**	Poor recovery pyrite
				50.3-53.35	3.05	**2.0**	**4.39**	Cpy with quartz
				53.35-54.4	1.05	0.21	0.33	
A09-04	West	-70	065	65.53-67.36	1.83	0.105	0.042	
				67.36-68.65	1.29	**0.829**	0.208	in calc-silicate

The 2009 drill results based mainly on drill hole A09-03 suggest a steeply dipping, westerly structure with gold and associated pyrite. As surface drilling has proven to be very difficult with historical poor recoveries within the Axe property, trenching should be an effective method to evaluate the gold-bearing target.

The present results warrant additional exploration, including trenching south of drill hole A09-03. A permit for trenching within the West Zone will be applied for in early 2010 for fieldwork expected in early May. Additional 3D-Induced Polarization geophysics is being contemplated to extend and close IP chargeability anomalies that are open to the east and south of Weststar's 2005 3D IP grid. Permit applications are also being made for additional roadwork to target additional chargeability anomalies in the east of the property.

EXPLORATION PROJECT – 18 Meter

The company entered into agreements dated June 19, 2008 and amended on December 30, 2008 to acquire 72 coal permit applications. The coal lease applications cover approximately 138,240 acres.

The Company received a NI 43-101 Technical Report on the Saskatchewan Tobin Lake 18 Meter Coal property. The report dated January 6, 2009, is authored by Marvin A. Mitchell, P.Eng. of Mitchell Geological Services Inc.

The Tobin Lake 18 Meter coal property consisted of 72 coal permits, with a total property area of 55,296 Ha (216 Square miles). Mr. Mitchell notes the geological similarity between coal occurrences within the Manville Formation at the Tobin Lake Property to those of Goldsource Mines, located about 90 km to the southeast. The report also notes the good access and close proximity to hydroelectric power on Tobin Lake and to rail lines within 40 km of the property.

During the year ended December 31, 2010, the Company decided not to pursue this property and wrote off the acquisition and exploration costs of $931,349.

EXPLORATION PROJECT - Bache Peninsula Property

The Company entered into an agreement to acquire a 100% interest in six coal exploration License applications, located on the Bache Peninsula, Ellesmere Island, Nunavut Territory. The Company agreed to pay $250,000 ($40,000 paid) and issue 2,000,000 units (1,000,000 units issued at a fair value of $90,000) over a three year period. Each unit issued consisted of one common share and one non-transferable share purchase warrant. Each warrant was exercisable into one additional common share for a period of two years from the date of issue at a price of $0.25 per share in the first year and $0.50 per share in the second year. The Company also paid a finder's fee by issuing 294,000 common shares with a fair value of $29,400.

During the year ended December 31, 2010, the Company decided not to pursue this property and wrote off the acquisition and exploration costs of $159,400.

EXPLORATION PROJECT - Ellesmere Island Property

On March 18, 2009 the Company entered into an agreement to acquire an 80% interest in 9 coal license applications and 7 pending licenses covering two areas of approximately 564,800 acres in total located on western Ellesmere Island, Nunavut Territory. The Company agreed to pay $100,000 ($75,000 paid) and issue 2,000,000 units (issued at a fair value of $120,000) over a three year period. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant was exercisable into one additional common share for a period of one year from the date of issue at a price of $0.35 per share. The Company also paid a finder's fee by issuing 176,920 common shares with a fair value of $17,692.

During the year ended December 31, 2010, the Company disposed of the property together with the remaining outstanding commitment to Pacific Coal Corp. ("PCC") for 500,000 common shares of PCC. As PCC's shares are not traded in any recognized stock exchange and they do not have any significant assets, management recorded a nominal value for the PCC shares and recognized a loss on disposal of $294,567.

EXPLORATION PROJECT - Golden Fox claims

On July 7, 2009 and amended on December 22, 2010, relating to the work commitment described below, the Company entered into an agreement to acquire an undivided 100% interest in the "Golden Fox" Claims, located in the Yukon Territories, Canada. The Golden Fox Claims consist of 50 claim units totalling approximately 2,500 hectares.

The terms of the agreement are as follows:

- $75,000 due on signing of the agreement; (paid)
- $75,000 cash ($50,000 paid) and the issuance of 2,500,000 common shares (issued at a fair value of $225,000) of the Company;
- Issuance of 500,000 common shares of the Company in lieu of $500,000 exploration expenditures work commitment originally to be incurred by September 1, 2010; (see note 14)
- The Vendor will retain a 3% Net Smelter Royalty, of which one-third (1%) can be purchased by the Company for $1,000,000.

EXPLORATION PROJECT - McKinnon Group

On July 20, 2009 the Company announced that it has entered into an agreement to acquire a 100% interest in the McKinnon Property, located in Yukon Territory. The property consists of 66 pending quartz claims encompassing approximately 3,400 acres (1380 ha), located about 60 km northeast of the Underworld Resources Ltd.'s "White Gold" Property, and about 40 km due south of Dawson City, Yukon.

The McKinnon Property encompasses two historic gold occurrences: the McKinnon Prospect (Yukon Minfile 115O-054) and the Fothergill Prospect (Yukon Minfile 115O-054).

Originally staked as the "Britannia" group of claims in 1900, the northerly showing has had significant historic exploration beginning in the early 1900's. This work has included the sinking of several adits and shafts; pitting and trenching; diamond drilling and bulk sampling.

The most significant results include the 1901 shipment of a 1.8 tonne sample, which assayed 3.4 g/t Au, to a Government stamp mill. The original owners of the property reported a number of samples in the range from 3.4 to 10.3 g/t Au.

Within the area, gold mineralization appears spatially related to a Lower Cretaceous conglomerate, which consists of a lower lithic unit and an upper quartzose unit. To date, the known gold mineralization appears restricted to the upper quartzose unit, and is thought to represent a paleo-placer. Extensive silicification and clay alteration also suggest potential for an epithermal origin for the gold mineralization.

The Company carried out a soil sampling program over 11.5 line kilometers, obtaining 168 soil samples. Soil samples, at 50m intervals, were collected from two widely spaced parallel lines which traverse the claim area from North to South over a distance of approximately 5 kilometers. In addition, silts were collected along drainages in the northwest corner of the claim block. All samples were delivered for multi-element ICP analysis at Eco Tech Laboratory of Kamloops, BC. An anomalous zone approximately 1,600 meters in length is demonstrated by samples with elevated Au values to 70ppb and associated arsenic with up to 240ppb.

The McKinnon property has had intermittent work since 1899 when explorers first found disseminated gold within a conglomerate sequence. Assessment reports from various authors suggest either a paleoplacer source for gold or possibly tectonic and related to a fault structure and/or a carbonaceous rich portion of an extensive conglomeratic unit. Volcanic units in the area include andesitic flows and also rhyolite and therefore analogies may be drawn with Underworld Resources geology and accompanying gold mineralization within felsic rocks.

The next phase of work contemplates current and historical data compilation over the winter months and mobilizing a soil sampling crew at first melt. A 100 meter grid soil sampling program will concentrate on infilling between these new anomalies and will be combined with geological mapping and rock sampling to target follow up backhoe trenching.

The terms of the agreement are as follows:

$84,100 due on signing of the agreement; (paid)

$50,000 cash (paid) and 2,500,000 shares of the Company due within five days of TSX Venture Exchange approval of the acquisition; (approved by the Exchange and shares were issued)

The Vendor will retain a three percent Net Smelter Royalty, of which one-third (one percent) can be purchased by the Company for $1,000,000;

Morgan Claims

On May 13, the Company announced the acquisition of a 100% interest in the Morgan Claim Group. The claims are tied on to the north company's McKinnon property in the Yukon.

The Morgan claims contain numerous historical workings. Since the early 1900's, exploration has included numerous trenches, three adits and three shafts and, more recently, three percussion holes and seven diamond drill holes, of which only four were systematically sampled and assayed for gold. Noted from ARIS REPORT 093167, Volcano Resource Ltd. completed 464 meters of drilling. In 1990 the cores were re-split and assayed. Drill hole 87-1 assayed 0.047 oz/ton AU from 43.5-48.5ft and 0.129 oz/ton AU from 73-76ft. (non 43-101 compliant historical reporting).

The McKinnon property, situated approximately 45 kilometres north of the White Gold property, includes an area of 13.5 square kilometers. The company carried out a soil sampling program over 11.5 line kilometers, obtaining 168 soil samples. Soil samples, at 50-metre intervals, were collected from two widely spaced parallel lines which traverse the claim area from north to south over a distance of approximately five kilometres. In addition, silts were collected along drainages in the northwest corner of the claim block. All samples were delivered for multielement ICP analysis at Eco Tech Laboratory of Kamloops, B.C.

An anomalous zone approximately 1,600 metres in length is demonstrated by samples with elevated gold values to 70 parts per billion and associated arsenic with up to 240 parts per billion.

The McKinnon property has had intermittent work since 1899 when explorers first found disseminated gold within a conglomerate sequence. Assessment reports from various authors suggest either a paleoplacer source for gold or possibly tectonic and related to a fault structure and/or a carbonaceous-rich portion of an extensive conglomeratic unit. Volcanic units in the area include andesitic flows and also rhyolite, and therefore, analogies may be drawn with Underworld Resources geology and accompanying gold mineralization within felsic rocks.

The next phase of work entails mobilizing a soil and rock sampling crew at first melt. A 100-metre grid soil-sampling program will concentrate on infilling between these new anomalies and will be combined with geological mapping and rock sampling to target follow-up backhoe trenching.

Subject to exchange approval, the terms of the acquisitions are as follows.

The 100% interest of the Morgan Claims can be acquired for an acquisition cost of $15,000 and 1,500,000 shares on the following schedule:

- $5,000 (paid) and 500,000 shares (issued) on exchange approval of the agreement;
- $5,000 and 500,000 shares of the company 12 months after the date of the exchange approval;
- $5,000 and 500,000 shares of the company 24 months after the date of the exchange approval

The Property is Subject to a 2% NSR, the company has option to acquire 1% of the NSR for $1,000,000.00

EXPLORATION PROJECT - Silver Creek and Simonette Properties

On August 17, 2009 the Company acquired two lithium brine projects, located in Alberta. The Silver Creek Property is located in Alberta, and encompasses approximately 22,500 acres while the Simonette Property is located about 60 km due west of Fox Creek, and encompasses about 45,500 acres.

In order to earn its interest the Company paid $25,000 and issued 1,000,000 common shares at a fair value of $95,000. The property is subject to a 2% Net Smelter Return of which one half (1%) may be purchased for $2,000,000.

During the year ended December 31, 2010, the Company decided not to pursue these properties and wrote off the acquisition and exploration costs of $120,457.

EXPLORATION PROJECT – Red Chris Properties

On December 18, 2009 the Company entered into an acquisition agreement to purchase 27 mineral claims in the Liard Mining Division, British Columbia.

The Company paid $10,000, issued 1,000,000 common shares of the Company at a fair value of $70,000 and paid a finder's fee by issuing 115,000 common shares with a fair value of $8,050.

During the year ended December 31, 2010, the Company decided not to pursue this property and wrote off the acquisition and exploration costs of $91,544.

EXPLORATION PROJECT - Billingsley claims

On January 7, 2010 the Company entered into an acquisition agreement to purchase 10 mineral claims in the Liard Mining Division, British Columbia.

The Company paid $40,000, issued 2,000,000 common shares of the Company at a fair value of $140,000 and paid a finder's fee by issuing 250,000 common shares with a fair value of $17,500.

During the year ended December 31, 2010, the Company decided not to pursue this property and wrote off the acquisition costs of $197,500.

EXPLORATION PROJECT – Rita Copper Property

On December 2, 2009 the Company entered into an acquisition agreement to purchase four mineral claims in the Similkameen Mining Division, British Columbia.

The Company paid $15,000 and issued 2,500,000 common shares of the Company at a fair value of $150,000 to acquire the claims.

During the year ended December 31, 2010, the Company decided not to pursue this property and wrote off the acquisition costs of $165,000.

EXPLORATION PROJECT – Sifton Property

On July 7, 2010 the Company entered into an acquisition agreement of a 100% interest in the Sifton Block of claims. The claims are north of the Rainy River project north of Richardson Township, which is approximately fifty kilometres northwest of Fort Frances in western Ontario.

Terms of the agreement include cash payments of $175,000 over a four year period and the issuance of 3,000,000 shares of Weststar upon TSX Venture Exchange acceptance. A finder's fee is payable on this transaction. The acquisition is subject to the acceptance of the TSX Venture Exchange.

The terms of the agreement are as follows:

$25,000 payment on or before October 6, 2010 (paid)
$30,000 payment on or before July 6, 2011
$35,000 payment on or before July 6, 2012
$40,000 payment on or before July 6, 2013
$45,000 payment on or before July 6, 2014
Issuance of 3,000,000 shares within 10 days of regulatory approval (issued at a fair value of $90,000).

The Vendor will retain a 2% Net Smelter Royalty, of which one-half (1%) can be purchased by the Company for $1,000,000;

Selected Annual Information

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Total Revenues	$Nil	$Nil	$Nil
Net loss	(2,536,956)	(1,782,287)	(505,684)
Basic and diluted loss per share	(0.35)	(0.48)	(0.24)
Total assets	2,959,311	4,192,707	1,916,658
Long term debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

OPERATIONS

During the year ended December 31, 2010 the Company reported a net loss of $2,536,956 compared to the previous comparable period of $1,782,287. Most of the loss was the write-off of several resource properties for $1,665,250 and the loss on disposal of resource properties for $294,567. Expenses for the year were $1,156,889 lower than in the previous year. Notably the biggest reduction was the decrease in shareholder communications and promotion, and consulting. The Company received approval from its shareholders to consolidate the stock on a 1 for 12 basis. With the difficulty in raising money the Company pared costs and consolidated the shares.

SUMMARY OF QUARTERLY RESULTS ($000's except earnings per share)

Results for the eight most recently completed quarters are summarized as follows:

For the Quarter Periods Ending on	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Total Revenues	$nil	$nil	$nil	$nil
Net Income (loss)	($892)	($150)	($166)	($1,329)
Basic (Loss) per share	($0.10)	($0.24)	($0.03)	($0.36)

For the Quarter Periods Ending on	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Total Revenues	$nil	$nil	$nil	$nil
Total Net Income (loss)	($336)	($462)	($377)	($607)
Basic (Loss) per share	($0.12)	($1.32)	($0.12)	($0.24)

LIQUIDITY AND CAPITAL RESOUCES

At December 31, 2010 the Company had $276,196 cash on hand and working capital of $229,584 as compared to December 31, 2009 when the Company had $216,135 cash on hand and working capital of $161,037.

For the year ended December 31, 2010

In October 2010, the Company pursuant to a non-brokered private placement issued 3,625,000 units for $0.17 per unit ("Unit"). Each Unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at a price of $0.23 per share for a period of two years. The fair value of the share purchase warrants was $273,375 and was included in contributed surplus. The Company paid finder's fees of $37,485 and incurred legal fees of $6,966.

On September 28, 2010 the Company pursuant to a special resolution passed by its shareholders consolidated its share capital on a twelve old shares for one new share basis. The loss per share, weighted average number of shares outstanding, number of options and warrants outstanding in the financial statements have been adjusted to reflect the twelve to one consolidation.

In February 2010, the Company pursuant to a non-brokered private placement issued 6,200,000 units for $0.06 per unit ("Unit"). Each Unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 per share for a period of two years. The fair value of the share purchase warrants was $165,486 and was included in contributed surplus. The Company paid finder's fees of $28,800 and issued 480,000 share purchase warrants at a fair value of $23,000 exercisable into common shares at $0.10 per share for a period of two years.

For the year ended December 31, 2009:

In December 2009, the Company issued 901,984 common shares at a fair value of $63,139 to settle a debt of $63,139.

In December 2009, the Company pursuant, to a non-brokered private placement issued 7,300,000 units for $0.05 per unit ("Unit"). Each Unit consists of one common share and one transferable share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 per share for a period of two years. The fair value of the share purchase warrants is $158,776 and was included in contributed surplus. The Company paid finder's fees of $28,000 and issued 560,000 share purchase warrants at a fair value of $25,900 exercisable into common shares at $0.10 per share for a period of two years.

In September 2009, the Company, pursuant to a non-brokered private placement issued 1,725,000 units for $0.10 per unit ("Unit"). Each Unit consists of one common share and one transferable share purchase warrant, with each warrant exercisable into one common share at a price of $0.15 per share for a period of two years. The fair value of the share purchase warrants is $76,321 and was included in contributed surplus The Company paid finder's fees of $15,500, legal fees of $15,201 and issued 155,000 share purchase warrants at a fair value of $12,200 exercisable into common shares at $0.15 per share for a period of two years.

In September 2009, the Company pursuant to a non-brokered flow through private placement issued 5,000,000 units for $0.10 per unit ("Unit"). Each unit consists of one flow-through common share and one transferable share purchase warrant, with each warrant exercisable into one common share at a price of $0.15 per share for a period of two years. The fair value of the share purchase warrants is $219,706 and was included in contributed surplus. The Company paid finder's fees of $25,000, legal fees of $11,722 and issued 500,000 share purchase warrants at a fair value of $24,100 exercisable into common shares at $0.10 per share for a period of two years.

In June 2009, the Company pursuant to a non-brokered private placement issued 7,700,000 units for $0.10 per unit ("Unit"). Each Unit consists of one common share and one transferable share purchase warrant, with each warrant exercisable into one common share at a price of $0.15 per share for a period of two years. The fair value of the share purchase warrants is $307,280 and was included in contributed surplus.

In February 2009, the Company pursuant to a non-brokered private placement issued 4,015,001 units for $0.15 per unit ("Unit"). Each Unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at $0.20 for a period of two years. The fair value of the share purchase warrants is $267,990 and was included in contributed surplus. The Company paid cash finders' fees of $31,650 and issued finder units of 48,000 Units with the same term as the private placement units at a fair value of $6,700, and finder warrants of 163,000 share purchase warrants at a fair value of $22,000 exercisable into common shares at a price of $0.20 per share for a period of two years.

As mentioned in the "Results of Operations" the Company received shareholder approval to consolidate its stock on a 1 for 12 basis. The company is seeking TSX Exchange approval. It is hoped that with a reduced outstanding share issuance, the Company can appeal to investors to raise equity funding.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following expenses were incurred with directors and officers of the Company

	2010	2009
Management and director fees	$ 140,000	$ 120,000
Consulting fees	93,950	87,240
General exploration	18,000	71,714
Total	$ 251,950	$ 278,954

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As at December 31, 2010 HST and other receivables included $4,000 (2009 - $Nil) due from a company with common directors. The amount due is non-interest bearing and unsecured.
As at December 31, 2010 accounts payable and accrued liabilities included $47,449 (2009 - $22,143) due to companies controlled by directors. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

COMMITMENT

The Company is obligated to make certain payments, issue shares and incur exploration expenditures in connection with the acquisition of its mineral property interests.

SUBSEQUENT EVENTS

On January 4, 2011, the Company issued 500,000 common shares in relation to the Golden Fox Claims.

On January 10, 2011, the Company entered into an option agreement to acquire a 100% interest in 27 quartz claims of 121.5 hectares located in the Dawson Mining District, Yukon Territory ("the Sunrise Property"). The Company agreed to pay $35,000 (paid), issue an aggregate of 2,000,000 (1,000,000 issued) common shares of the Company, and incur $135,000 in exploration expenditures over a nineteen-month period. The property is subject to a 3% net smelter royalty of which 2% can be purchased by the Company at a price of $1,000,000 per 1%.

On March 17, 2011, pursuant to a Letter of Intent with Lekona Minerals Incorporated ("Lekona"), the Company agreed to acquire up to an 80% undivided interest in the La Paloma concessions of 160 hectares located in the State of Jalisco, Mexico. Lekona currently holds an option agreement (the "Option Agreement") to acquire an 80% (20% earned) undivided interest in the concessions. Subject to completion of a financing of not less than $5,000,000, the Company agreed to pay $3,000,000 and issue 6,500,000 common shares of the Company on closing of the agreement. The Company also agreed to assume all of the unfulfilled obligations of Lekona under the Option Agreement by payment of $2,700,000, issuance of 4,000,000 common shares and incurring exploration expenditures of $1,200,000 on or before October 30, 2012. On receipt of a qualified geologist report indicating that there are resources of gold and silver in the concessions exceeding 4,000,000 ounces and 150,000 ounces respectively, the Company agreed to further issue 5,000,000 common shares to the concessions' underlying optionor. The acquisition is subject to the approval of the TSX Venture Exchange.

Subsequent to December 31, 2010, the Company issued 1,565,000 common shares for gross proceeds of $359,950 from warrants exercised at $0.23 per share.

CRITICAL ACCOUNTING POLICIES

Stock-based Compensation

The Company has a stock-based compensation plan. The fair value of all share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of the grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Capital disclosures

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

Financial instruments

As at December 31, 2010, the Company's financial instruments consist of cash and cash equivalents, investments and accounts payable. Except as to investments in non-quoted equity investments (note 4), the fair values of these financial instruments approximate their carrying values because of their current nature or adjustments to fair value made at each period end.
Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that priorities the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 - Inputs that are not based on observable market date

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 276,196	$ -	$ -	$ 276,196

Financial instruments that potentially expose the Company to credit risk are cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

The Company is exposed to credit risk with respect to its cash and cash equivalents. However, the risk is minimized as they are held at a major Canadian Chartered Bank.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading and available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, available-for-sale, loans and receivables and other financial liabilities. The Company is not exposed to significant market risk. The Company is not exposed to significant interest rate risk as the Company's has no interest bearing debt. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 10.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing its investments when required. 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.

Foreign Exchange Risk

The Company's operations are transacted in Canadian dollar and it not exposed to significant foreign exchange risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Adoption of new accounting standards

Nil

Recent Accounting Pronouncements

Effective January 1, 2011, the Company will be required to adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for its interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, including the 2010 comparative information. The adoption of the IFRS is a significant undertaking that my materially affect the Company's reported financial position and results of operations. Management is currently assessing the impact of adopting IFRS and has not yet determined its effect on the Company's financial statements.

Changeover Plan to International Financial Reporting Standards ("IFRS")

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (IASB) will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on January 1, 2011. As a result, the Company will begin to develop a plan to convert its financial statements to IFRS. The Company will provide training to key employees and will be monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting.

ADDITIONAL INFORMATION

As at April 29, 2011 the Company had the following securities issued and outstanding:

Common Shares	**# of Shares**
Balance, December 31, 2010	10,509,091
Property acquisition – Golden Fox	500,000
Property acquisition – Sunrise	1,000,000
Warrants exercised	1,565,000
Balance, April 29, 2011	13,574,091

Share purchase options	160,420
Share purchase warrants	4,322,163