Silver Sun Resource Corp.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended April 30, 2011

SILVER SUN RESOURCE CORP.

Form 51-102F1 – Management's Discussion & Analysis
For the Year Ended April 30, 2011

1.1 Date August 29, 2011

Introduction

The following management's discussion and analysis ("MD&A"), prepared as of August 29, 2011, is a review of operations, current financial position and outlook for Silver Sun Resource Corp. (the "Company") and should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2011 and the notes thereto. Amounts are reported in Canadian dollars based upon financial statements prepared in accordance with Canadian general accounting principles. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. As used in this management's discussion and analysis, the terms "we", "us", "our", the "Company" and "Silver Sun" mean Silver Sun Resource Corp. and our subsidiaries, unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in the following Management's Discussion and Analysis (MD&A) constitute forward-looking statements. Forward-looking statements are frequently, but not always identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty in meeting anticipated program milestones; uncertainty as to timely availability of permits and other government approvals at Cherry Hill and Zacatecas properties, as well as other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

1.2 Overall Performance

Description of Business

The Company was incorporated under the Business Corporations Act (British Columbia) on March 14, 2007, and was classified as a Capital Pool Company as defined in TSX Venture Exchange (the "Exchange") Policy 2.4. On October 1, 2007, the Company's common shares were listed and posted for trading on the Exchange under the symbol "SSU".

Overview and Results and Description of Properties

Zacatecas Mineral Claims, Zacatecas, Mexico

On August 14, 2008, the Company entered into an Option Agreement with Yale Resources Ltd. ("Yale") whereby the Company obtained an option to acquire 100% of Yale's 65% vested participating interest in a Joint Venture Agreement dated August 8, 2008, between Yale and Impact Silver Corp. (“Impact”), with respect to three mining concessions in Zacatecas, Mexico. The venture consists of three separate properties: Mina San Jose, Salvador, and Zacatecas which are located approximately 15 kilometers northwest of the municipality of Zacatecas, the capital city of Zacatecas State, Mexico.

In order to exercise the option, the Company agreed to pay $150,000 and issue 500,000 common shares to Yale and incur exploration expenditures of $200,000 over a 13-month period. The Company also agreed to pay US$250,000 to Yale if the property was included in a positive feasibility study or is part of a production on the property that is greater than 500 tones per day. The Company subsequently paid $50,000 towards the $150,000 payment obligation and issued 200,000 shares towards the 500,000 shares issuable to Yale. The remaining $100,000 payment was waived in the January 14, 2010 amendment to the option agreement and the Company issued 300,000 shares to Yale to complete its option to purchase three mining concessions in Zacatecas, Mexico. The $50,000 in cash and $37,500 being the value of the 500,000 shares issued to Yale have been charged to Mineral Properties.

The Mina San Jose property consists of one exploration concession of 40 hectares (ha). The Salvador-Zacatecas property consists of the Salvador exploitation concession which is 32 ha, while the adjacent Zacatecas exploration concession has 8.712 ha for a total of 40.712 ha.

Location:

The properties are located about 10-16 km north and northwest of the city of Zacatecas, the capital of Zacatecas State, Mexico. The properties are located in the Central Mesa plateau in north central Mexico, situated in the states of Zacatecas, Aguascalientes, and San Luis Potosi. The topography is flat to undulating plateaus cut by small, frequently dry streams that flow out to broad valleys, which are agriculture centers. Elevations in the immediate area of the property are 2300-2450 m above sea level. Access to the projects is from paved National and State highways extending from the city of Zacatecas to neighboring towns, including Vetagrande, Nuevo Hacienda, and Morelos. Gravel roads in good repair access the interiors of the properties.

List of Mineral Tenures:

Concession	Title No.	Claim Type	Area (ha)	Date registered
Mina San Jose	T-225854	Exploration	40	28 Oct. 2005
Salvador	T-181880	Exploitation	32	16 Dec. 1987
Zacatecas	T-219098	Exploration	8.712	4 Feb. 2003

In August, 2008 Silver Sun engaged Tekhne Research Inc. to prepare a technical report on the Zacatecas Joint Venture. The operating partner during the period, Impact Silver Corp., had contracted with Tekhne Research Inc. of Victoria, BC, an arms-length company, on 15 November 2006 to assist in the design and execution of the Phase 1 surface evaluation and Phase 2 diamond drilling program on the Mina San Jose and Salvador-Zacatecas Properties under the Joint Venture. Silver Sun received a technical report (the “Technical Report”) dated August 21, 2008, as amended October 14, 2008, prepared by Edward M. Lyons, P.Geo of Tekhne Research Inc. entitled “Exploration Phases 1 & 2: Surface Sampling & Diamond Drilling on the Mina San Jose & Salvador-Zacatecas Properties Zacatecas, Zacatecas State, Mexico”, which summarized the results of the Phase 1 and Phase 2 surface and geological sampling on the Zacatecas property.

The exploration program consisted of Phase 1 surface sampling and geological sampling. Phase 2 was the drill program based on the Phase 1 results. For Mina San Jose, Phase 1 produced 45 surface dump and rock samples and Phase 2 had four diamond drill holes totaling 501.25 m of NTW (61.2 mm diameter core) and 106 core samples. Salvador-Zacatecas Phase I work resulted in 17 dump and rock samples, while Phase 2 had 12 diamond drill holes (two were lost) totaling 1,314.5

metres of NTW coring with 193 samples. All samples were sent to ALS-Chemex Labs at Guadalajara, Mexico for sample preparation and the pulps were sent for analyses to ALS-Chemex in Vancouver, BC Canada.

The Technical Report (available on www.sedar.com) prepared by the Company's Qualified Person at the time, Edward M. Lyons, P. Geo. provided the following summary of the drill hole data results on the Zacatecas property:

The results for Mina San Jose showed Ag at 122 to 525 g/T Ag as average samples and selected dump samples, specifically selected to show the best potential values, of 4,900 g/T Ag with 6% Zn and 1-2% Pb. The drill results encountered the veins as zones to 1,340 g/T Ag, 1.23 % Pb, and 1.18% Zn over 0.65 m true thickness. The drilling was reconnaissance in nature. The work suggests that the vein may be more coherent to the west and perhaps at depth. The Salvador-Zacatecas dump samples ran 100-288 g/T Ag with selected material typically 3-4 times higher. Drill intersections returned a maximum of 382 g/T Ag over 0.5 m true width on the Salvador Vein and 275 g/T Ag over 0.61 m true width with less than 1% Pb and Zn respectively.

As of January 31, 2010, the Company had fulfilled its obligation to incur exploration expenditures of $200,000. As a result of these expenditures, the Company now has a 73% interest in the Joint Venture with Impact. The Company is currently completing the metallurgical testing on the ore and has recently received the mining and reclamation permits required from the Mexican government in order to put this property into production. However, no plans are in place to currently follow through with production as a suitable milling facility – and hence economic assessment – has not been identified.

On June 30, 2010, the Company announced the approval of mining and environmental permitting on their Zacatecas project through the Company's wholly owned Mexican subsidiary Minera Plata del Sol S.A. de C.V. Silver Sun is in discussions with IMPACT Silver Corp., owners of the remaining 27%, regarding the option to process ore at their wholly-owned mill which is 1,000 meters from the property. On August 3, 2010, the Company announced that it has contracted SGS de Mexico S.A. de C.V to carry out metallurgical test-work on the mineralized stockpiles from the Company's Zacatecas properties.

The test program consisted of a Cyanide Leach Bottle-Roll Test to generate kinetic gold/silver extraction curves and to determine Sodium Cyanide and Lime consumptions. Further, two Flotation Tests were performed on each sample to identify Primary Flotation, Scavenger Flotation and two cleaning stages. All concentrates were for Au, Ag, Pb, Zn, Cu and Fe. Results from the Metallurgical Test Program show the recovery for Ag at 47%.

The properties are presently registered in the name of Minera Aguila Plateada S.A. de C.V. which is a wholly owned subsidiary of Impact Silver Corp. We hold a 73% interest in the Concessions pursuant to the Joint Venture Agreement between Yale Resources Ltd. and Impact dated July 25, 2008. We acquired Yale's interest in the Joint Venture Agreement pursuant to an Option Agreement with Yale dated August 14, 2008 as amended on January 8, 2010.

On August 25, 2011, IMPACT Silver announced that it has agreed to sell all of its interests in Zacatecas, including their 27% ownership in the Zacatecas, San Jose, and Salvador concessions to Defiance Silver Corp.

Yoreme Mineral Claim, Sonora , Mexico

On December 20, 2010, the Company entered into a mineral property purchase agreement with Maggiore Capital Limited pursuant to which the Company has acquired one hundred percent (100%) right, title and interest in the Yoreme mineral claim (the "Property"). The Property is 400 hectares in size and is located in the Municipality of Alamos, state of Sonora, Mexico. The consideration paid for this mineral property is 2,500,000 common shares of the Company. The Company agreed to pay an additional 200,000 shares as a finders' fee on this purchase.

On June 10, 2011, the Company entered into an agreement with Strachen Resources Ltd ("Strachen"), for the conditional sale of the Company's Yerome Project for a total price of $300,000, consisting of 2,500,000 common shares of Strachan and $50,000 cash. The sale is conditional on the fulfillment of several terms under the agreement and if it proceeds is likely to occur in late 2011.

Barkerville Claims, British Columbia, Canada

On May 3, 2010, the Company acquired an option to purchase a one hundred percent (100%) interest in five contiguous mineral claims covering a combined area of approximately 2431.79 hectares located in the Cariboo mining district in British Columbia (the "Property"). The Property borders an area owned by Barkerville Gold Mines Ltd.

In consideration for the acquisition of the Option, the Company agreed to issue 2,000,000 common shares of the Company. The Company engaged a consulting geologist to conduct certain preliminary exploration activities on the property, including stream sampling and mapping.

As a result of this preliminary exploration activity by the geologist, the Company decided to terminate its option in the property and write off the $160,000 of value that were assigned to the 2,000,000 common shares issued for the option.

Yreka Mineral Claims, California USA

On April 15, 2011, the Company announced that it has closed the Definitive Agreement for the purchase of a 51% interest in the Cherry Hill Mine mineral claims, located in Siskiyou County, northern California, whose key asset is the past producing, Cherry Hill Gold Mine. In consideration for the 51% interest in the project, the Company agreed to pay USD555,000. The Cherry Hill Mine is fully permitted and consists of a high grade underground quartz lode mine that is located on a claim block consisting of six unpatented mining claims. The Cherry Hill purchase includes one mill site claim including a 750 ton per month gravity circuit mill with all machinery and equipment. The Property is approximately 125 acres located in the Klamath National Forest in Siskiyou County, California, approximately 8 miles from Yreka. Cherry Hill has had a substantial amount of work done in the mine as it has previously been in production numerous times during the past 100 years.

On May 10, 2011, the Company announced that it has formed a wholly owned U.S. subsidiary, Golden Sun LLC, as well as Cherry Hill Holdings LLC and Luckyboy Resources LLC which will function as the Joint Venture operating companies.

The Company received approval from the United States Forest Service (USFS) to continue with the current Plan of Operations, which is valid until the year 2015 using the permits and licenses that are currently in place. Once production resumes at Cherry Hill, the Company plans to apply to the USFS to broaden the Plan of Operations at Cherry Hill to include the entire property for which a full Environmental Assessment will be required.

On May 12, 2011, the Company announced that the Company has increased its interest in the Cherry Hill Mine mineral claims to a total of 68.15% by acquiring an additional 17.15% interest.

In consideration for the additional 17.15% interest, the Company has agreed to issue 500,000 shares of Common Stock of the Company subject to obtaining all applicable regulatory, corporate approvals and consents, including the consent of the TSX Venture Exchange.

On June 16, 2011, the Company announced that subject to Exchange approval, the Company has increased its interest in the Cherry Hill Mine mineral claims to a total of 100% by acquiring an additional 31.85% interest.

In consideration for the additional 31.85% interest, the Company has agreed to issue 950,000 shares of Common Stock of the Company and issue 475,000 common share purchase warrants at a price of $0.56 for a period of twelve (12) months from the date of closing. Closing of the transaction will be subject to obtaining all applicable regulatory, corporate approvals and consents, including the consent of the TSX Venture Exchange.

On July 7, 2011, the Company announced that they have received confirmation from Mojave Desert Minerals, LLC, stationed in Oatman Arizona, that they will serve as the Company's primary Underground Mine Rescue team for the Cherry Hill Gold Mine in Yreka, California. Further, the Company is in receipt of confirmation from the Siskiyou County Sheriff's Department (Search and Rescue Team) of their assistance in the event of an emergency.

The Company will now file with the US Mine Safety and Health Administration (MSHA) a notice of commencement of work in an effort to begin production at the Cherry Hill Gold Mine.

On July 20, 2011, the Company announced they have received approval from the City of Yreka, California, to operate the Company's mill within the city limits. While the Company's mill is being relocated for construction, Silver Sun has access to two additional, fully operational, contract mills to process all stockpiled ore from the Cherry Hill gold mine.

On August 24, 2011, the Company announced that development work will start with the creation of a refuge chamber as well as areas for the explosives magazine and blasting caps. This development work, as a requirement of the Mine Safety and Health Administration (MSHA), will allow the company to expand its understanding of the underground geometry of the Queen vein as approximately 105 feet of crosscuts are planned. These crosscuts outside of the vein will also provide the company with stations where underground drilling can be conducted in the future to test the downdip extensions of the vein.

In addition, development work will prepare the Queen vein for production by expanding the Q4-1 raise, which will be the main focus of the first new production from the mine. The Q4-1 raise will be extended higher into the vein and widened such that production and mucking can happen simultaneously on different headings, which is anticipated to increase production rates.

1.3 Selected Annual Financial Information

The following information has been prepared in accordance with generally accepted accounting principles in Canada. All dollar amounts are in Canadian Dollars unless otherwise indicated.

	Year Ended April 30, 2011 $	**Year Ended April 30, 2010 $**	**Year Ended April 30, 2009 $**
Operating Costs:			
Bank charges & interest	**1,606**	358	164
Management and consulting fees	**211,750**	116,250	-
Mineral property exploration costs	**35,920**	21,216	203,168
Office and travel expenses	**89,738**	11,316	-
Professional fees	**77,288**	68,095	73,957
Stock based compensation	**843,892**	57,087	-
Transfer agent, filing and listing fees	**24,995**	14,923	25,262
Write off of mineral property	**160,000**	-	-
Subtotal	**1,445,189**	289,245	302,551
Interest income	**(2,904)**	(83)	(4,489)
Net loss and comprehensive loss	**1,442,285**	289,162	298,062
Basic and diluted loss per share	(0.04)	(0.02)	(0.05)

Balance Sheet:	**As at April 30, 2011 $**	**As at April 30, 2010 $**	**As at April 30, 2009 $**
Working capital	1,307,208	798,080	105,002
Total assets	2,861,632	907,491	193,815

	Year Ended April 30, 2011 $	Year Ended April 30, 2010 $	Year Ended April 30, 2009 $
Total long-term liabilities	Nil	Nil	Nil
Shareholders' Equity	2,828,687	885,580	165,502

1.4 Results of Operations

During the year ended April 30, 2011, the Company incurred a net loss of $1,442,285 compared to a net loss of $289,162 for the year ended April 30, 2010. The Company's major expenses during the year ended April 30, 2011, were $211,750 in management and consulting fees, and professional fees of $77,288, stock based compensation related to stock options issued by the company of $843,892, mineral and exploration costs of $35,920, office and travel expenses of $89,738 and write off of mineral property of $160,000. The Company experienced a significant increase in office and travel expenses in fiscal 2011 due to the acquisition of new mineral properties in Mexico, the U.S.A and British Columbia. The increase in management consulting expenses in fiscal 2011 was due to the engagement of additional management consultants in 2010 (discussed below) and consulting expenses associated with the exploration of the Company's mineral properties.

On January 26, 2010, the Company entered into contracts with three individuals, all of whom were at arms length from the Company, to provide consulting services to the Company for the period February 1, 2010 to January 31, 2011. Under the terms of the consulting agreements, the consultants are advising the Company in business, business development, and exploration and development of properties and identifying business opportunities as well as consulting with the Company regarding the development of new business projects, including land acquisitions and project development. The Company paid these individuals $220,800 in total for this one year period. This $220,800 was paid in advance and expensed at a rate of $18,400 per month. On November 25, 2010 the Company announced that it has terminated the contracts with these individuals and that the Company has received a refund of $92,000 from these individuals.

The Company has financed its operations through the sale of its equity securities. During the year ended April 30, 2011 the Company received $1,517,500 through the exercise of warrants and stock options.

For the year ended April 30, 2011, the Company reported no discontinued operations, no changes in accounting policy and declared no cash dividends. The Company had no sales revenue during the year ended April 30, 2011. The Company is engaged in mineral exploration and development activities in Mexico and California. As of the date of this MD&A, the Company has sufficient working capital at this time to meet its ongoing financial obligations for the coming year (see Subsequent Events).

1.5 Summary of Quarterly Results

The following information has been prepared in accordance with generally accepted accounting principles in Canada. All dollar amounts are in Canadian Dollars unless otherwise indicated.

	Q4 Apr. 30, 2011	Q3 Jan. 31, 2011	Q2 Oct. 31, 2010	Q1 Jul. 31, 2010	Q4 Apr. 30, 2010	Q3 Jan. 31, 2010	Q2 Oct. 31, 2009	Q1 Jul. 31, 2009
Interest Income	$1,670	$573	$528	$133	$55	$5	$10	$13
Expenses	320,366	759,487	253,363	111,973	187,834	77,031	7,835	16,545
Net loss	318,696	758,914	252,835	111,840	187,779	77,026	7,825	16,532
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)

The primary factors affecting the magnitude and variations of the Company's losses are summarized as follows:

The expenses for the quarter ended April 30, 2011 decreased by $439,121 from the quarter ended January 31, 2011 due to a decrease in stock based compensation expense of $416,564. The stock based compensation totaled $213,664 for the quarter ended April 30, 2011 compared to $630,228 for the quarter ended January 31, 2011.

The expenses for the quarter ended April 30, 2011 increased by $132,532 from the quarter ended April 30, 2010 due to a increase in stock based compensation expense of $200,398. The stock based compensation totaled $213,664 for the quarter ended April 30, 2011 compared to $13,266 for the quarter ended April 30, 2010. This increase in stock based compensation expense was offset by consulting fees of $55,000 that were paid in the quarter ended April 30, 2010. The contract for these fees was cancelled in the third quarter of 2010.

1.6 Liquidity

The Company had $1,307,208 of working capital as at April 30, 2011 compared to $798,080 as at April 30, 2010. As the Company does not have any cash flow from operations or any production of mineral resources, it must rely on equity financing to fund operations. As of the date of this MD&A, the Company has sufficient working capital at this time to meet its ongoing financial obligations for the coming year (see Subsequent Events) and fund its planned work on its Mexico and California projects, however, additional financing will be required in the event that the Company commences full scale mine development work or obtains any definitive feasibility studies in connection with its exploration mineral projects. There is no assurance that the Company will be successful in raising additional capital if and when required.

1.7 Capital Resources

As of the date of this MD&A, the Company has no outstanding capital commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company has sufficient working capital at this time to meet its ongoing financial obligations.

The Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the Company's exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

1.8 Subsequent Events

The following events occurred subsequent to April 30, 2011:

- On May 12, 2011 the Company acquired an additional 17.15% interest in the Cherry Hill Mining claims. The Company has issued 500,000 common shares in consideration thereof, subject to obtaining all applicable regulatory, corporate approvals and consents, including the consent of the TSX Venture Exchange. On June 16, 2011 the Company increased its interest in the Cherry Hill Mining claims to a total of 100% by acquiring the remaining 31.85% therein, subject to Exchange approval. The Company has issued 950,000 common shares and 475,000 common share purchase warrants at a price of $0.56, for a period of twelve (12) months from the date of closing. Closing of the transaction will be subject to obtaining all applicable regulatory, corporate approvals and consents, including the consent of the TSX Venture Exchange

- On May 1, 2011 the Company entered into an indefinite term contract with McLeary Capital Management, Inc. (the "consultant"), a private company controlled by the President and CEO of the Company, for the consultant to continue to act as President and Chief Executive Officer and Director of the Company. A monthly consulting fee of $10,000 is payable to the consultant. The contract may be cancelled by either party on 30 days written notice and, if cancelled by the Company, by payment of an amount equivalent to two years annual salary. On termination of the contract the consultant will be immediately retained by the Company as a non-paid advisor/consultant to the Company until May 1, 2016 or for such time as the consultant still holds unexercised stock options in the Company. On exercise of the consultant's options, the relationship between the consultant and the Company will cease.

- In addition to the common shares issued for the acquisition of the remaining interest in the Cherry Hill Mining claims, a total of 1,375,000 shares were issued on the exercise of options and warrants as follows:
  - 75,000 warrants were exercised at a price of $0.15 per share
  - 550,000 options were exercised at a price of $0.28 per share
  - 750,000 options were exercised at a price of $0.21 per share

- On June 10, 2011, the Company entered into an agreement with Strachen Resources Ltd ("Strachen"), for the conditional sale of the Company's Yerome Project for a total price of $300,000, consisting of 2,500,000 common shares of Strachan and $50,000 cash. The sale is conditional on the fulfillment of several terms under the agreement and if it proceeds is likely to occur in late 2011.

- 250,000 stock options were granted to consultants of the Company. Each option is exercisable at $0.55 until July 19, 2012.

- An agreement was concluded with an investor relations consultant for a term of 15 months commencing June 15, 2011. The Consultant will be paid a total of $20,000 plus HST over the term of four months, payable in instalments of $5,000 monthly, commencing June 15, 2011 and the sum of $5,500 plus HST over the term of eleven months, payable in instalments of $500 per month for a period of eleven months commencing October 15, 2011. The consultant was also the granted options to purchase 350,000 common shares of the Company at an exercise price of $0.45 for a term of fifteen months.

1.9 Related Party Transactions

During the year ended April 30, 2011, the Company paid management fees of $60,000 (2010 - $60,000) to the president and director of the Company.

1.10 Fourth Quarter

During the quarter ended April 30, 2011, the Company incurred a net loss of $318,696 compared to a net loss of $187,779 for the quarter ended April 30, 2010. During the quarter ended April 30, 2011, the major expenses were $61,150 in management and consulting fees, $5,049 in professional fees, $213,664 in stock based compensation, $21,162 in administrative and travel costs and $8,975 in transfer agent, filing and listing fees. .

1.11 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

1.12 Proposed Transactions

None.

1.13 Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates. The Company's current items involving substantial measurement uncertainty are the carrying costs of mineral properties, the provision for future site restoration and abandonment costs, determination of stock-based compensation and the future income tax asset valuation allowance. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future changes in such estimates could be material.

1.14 Changes in Accounting Policies including Initial Adoption of IFRS *Transition to International Financial Reporting Standards ("IFRS")*

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including Global, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will apply accounting policies consistent with IFRS beginning with its interim financial statements for the quarter ended July 31, 2011. The Company's fiscal 2012 interim and annual financial statements will include comparative fiscal 2011 financial statements, adjusted to comply with IFRS.

<u>IFRS Transition Plan</u>

During Q4 fiscal 2011, the Company has been working to complete its detailed analysis of the relevant IFRS requirements and identified the areas where accounting policy changes are required, and those for which accounting policy alternatives are available. The team has also been working to complete its assessment of the first-time adoption requirements and alternatives.

Discussions of the results of this analysis with management and the Company's advisors will continue during Q1 fiscal 2012, after which the Company will finalize its determination of changes to accounting policies under IFRS and the resulting impact on the opening IFRS balance sheet (as at May 1, 2010).

The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

- Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS. - Complete.

- Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards. - In progress, to be completed during Q1 fiscal 2012

- Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives. - In progress, to be completed during Q1 fiscal 2012

- Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements. - In progress, to be completed during Q1 fiscal 2012

- Quantification of the financial statement impact of changes in accounting policies. - The Company has not yet determined the qualification of the impact of changes in accounting policies on its opening IFRS balance sheet.

- To be completed during Q1 fiscal 2012.

- Management and employee education and training. - Throughout the transition process

<u>Impact of Adopting IFRS on the Company's Business</u>

As part of its analysis of potential changes to significant accounting policies, the Company has been assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

The Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of the Financial Statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

The Board of Directors and the Audit Committee have been updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("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.

To date, the Company has identified the following IFRS optional exemptions it may apply in the preparation of an opening IFRS statement of financial position as at April 1, 2010, the Company's "Transition Date":

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.

- To apply IAS 23 Borrowing Costs prospectively from the Transition Date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

- To not reassess whether arrangements contain a lease under IFRS where the same determination that would be made under IFRIC 4 Determining whether an Arrangement Contains a Lease (IFRIC 4) was made previously in accordance with Canadian GAAP.

- To apply the transitional provisions of IFRIC 4 to leases which the same determination as IFRIC 4 was not made previously in accordance with Canadian GAAP. Therefore, the determination of whether these arrangements contain a lease is based on the circumstances existing at the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS is expected to result in changes to significant accounting policies and may have an impact on the recognition and measurement of transactions and balances within the Company's Financial Statements.

The Company has not yet determined the full effects of adopting IFRS on its Financial Statements. Included below are highlights of the areas that are expected to result in a change to significant accounting policies. The list is not intended to be complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas identified to have the most potential for significant changes.

Mineral Properties

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions.

The Company expects to retain its current policy of capitalizing acquisition costs related to exploration and expensing exploration costs. However the Company expects to change its accounting policies such that capitalized exploration costs are reclassified to deferred development costs when technical feasibility and commercial viability are demonstrable.

The Company does not expect this change in accounting policy to have a significant effect on its Financial Statements at the Transition Date.

Provisions, including asset retirement obligations

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. In addition, IFRS differs in certain respects related to the measurement of provisions, including asset retirement obligations.

The Company will change its accounting policies to reflect these differences, but does not expect the changes will have a significant impact its financial statements at the Transition Date.

Share-based payments

In certain circumstances, IFRS requires a different measurement of share-based compensation than current Canadian GAAP. In particular, a change may be required to the measurement and timing of recognizing the expense associated with grants under the stock option plan. In addition, IFRS requires forfeitures of the Company's stock options to be estimated when the instruments are granted. Under current Canadian GAAP, it is not required to account for forfeitures at the time of grant and the Company records forfeitures when they occur.

The Company is assessing the impact of the change on the measurement of compensation expense associated with the stock option plan.

Accounting for income taxes

While accounting for income taxes is similar under IFRS and Canadian GAAP, in certain circumstances there are differences in the measurement of future tax assets and future tax liabilities.

The Company is in the process of determining whether any changes in its accounting policies related to income taxes will have a significant effect on its financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

The Company's first financial statements prepared with accounting policies consistent with IFRS will be the interim financial statements for the three months ending July 30, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending July 30, 2011, will also include fiscal 2011 financial information for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (at May 1, 2010). See Note 2 to the Company's financial statements for the year ended April 30, 2011, filed on SEDAR for the complete disclosure of the Company's significant accounting policies.

1.15 Financial Instruments and Other Instruments

All financial instruments, including derivatives, are included on the balance sheet of the Company's audited consolidated financial statements and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial assets are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held to maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses on inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred. The Company has designated its cash and short term investments as held-for-trading, which is measured at fair value. Accounts receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. See Note 2 to the Company's financial statements for the year ended April 30, 2011, filed on SEDAR.

1.16 Additional Information

Additional information relating to the Company can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) database at www.sedar.com.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 4 in the audited consolidated financial statements for the year ended April 30, 2011 for description of the capitalized acquisition costs presented on a property-by-property basis.

Outstanding Share Data as at April 30, 2011 and as at August 29, 2011

Common shares	**April 30, 2011**	**August 29, 2011**
- Issued	43,235,000	46,060,000
- Issuable on the exercise of stock options	3,900,000	3,200,000
- Issuable on the exercise of warrants	583,000	983,000

1.17 Disclosure Controls and Procedures and Internal Controls and Procedures

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include any representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

(a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

1.18 Risks and Uncertainties

In conducting its business the Company, like all development-stage mineral exploration companies, is subject to a number of other risks and uncertainties, including those discussed below, that could have a material adverse effect the Company's business prospects or financial condition and could result in a delay or indefinite postponement in the development of the Company's properties and projects. See also "Forward-Looking Statements" above.

Risks Associated with Exploration Stage Companies. The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company has not commenced commercial operations and has no proven history of performance, earnings or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan, and the Company's Common Shares must be considered speculative, primarily due to the nature of the Company's business and early stage of development. The Company has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

Exploration and Development. Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability o a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting to assist in its risk management and to make timely adequate decisions

Geographic Risk. The Company’s property interests are located in Mexico and California. Operating in a foreign country has legal, political and currency risk that must be carefully considered to ensure their level is commensurate to the Company's assessment of the project. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of the Company and may adversely affect its business. In addition, shortages of skilled labor and deficiencies in infrastructure may negatively influence costs of exploration and development.

Property Title Risk. Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, control or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company’s mineral property interests may be subject to prior unrecorded agreements or transfers or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of the Companies properties, which, if successful, could impair development and/or operations. This may be exacerbated due to the large number of title transfers historically involved with some of the properties.

Operational Risks Associated with Our Mining Properties. The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to obtain and maintain such licenses and permits may adversely affect the Company’s business as the Company would be unable to legally conduct its intended exploration and development work, which may result in it losing its interest in the subject property.

Government regulation may adversely affect the Companies business and planned operations. The Company believes its exploration projects comply with existing environmental and mining laws and regulations affecting its operations. The Company’s mining, processing, development and mineral exploration activities are subject to various laws governing prospecting, mining, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. The Company cannot guarantee that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. All of the foregoing could adversely affect the economic and financial viability of mining operations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company’s business and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Operating Hazards and Risks. The exploration, development and production of mineral properties involve risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. A combination of experience, knowledge and careful evaluation may not be able to overcome these risks. Operations in which the Company has a direct or indirect interest will be subject to hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. The nature of these risks is such that liabilities might exceed any insurance policy limits, the liabilities and hazards might not be insurable or the Company might not elect to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Company's financial condition and operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Environmental Risks Associated with our Operations. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. Failure to comply with such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Competition Risks. The mining industry is intensely competitive and the Company must compete in all aspects of its operations with a substantial number of other corporations which have greater technical or financial resources. The Company may be unable to acquire additional attractive mining properties on terms it considers to be acceptable.

Risks Associated with Conflicts of Interest. Certain directors and officers of the Company are also directors, officers and shareholders of other natural resource or public companies, as a result of which they may find themselves in a position where their duty to another company conflicts with their duty to the Company. There is no assurance that any such conflicts will be resolved in favor of the Company. If any of such conflicts are not resolved in favor of the Company, the Company may be adversely affected. In addition, the Company's President and CEO is currently a party to an investigation by the BC Securities Commission in respect of an unrelated company for, among other things, market manipulation. Any adverse consequences from the investigation itself, or its outcome, could substantially harm the Company's reputation or ability to raise financing or enter into other joint venture or similar types of arrangements. The Company's Board of Directors has established an independent committee to determine the appropriate course of action in such circumstances and expects to conclude the process by middle of October 2011.

Market Risks. Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any mineral products discovered. Mineral prices, particularly gold and silver prices, have fluctuated widely in recent years. The marketability and price of silver and gold which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include delivery uncertainties related to the proximity of its reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business. Declines in mineral prices may have a negative effect on the Company.

Fluctuating Metal Prices. Factors beyond the control of the Company have a direct effect on global metal prices, which have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects and the Company's ability to finance the development of its projects cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

Risks Associated with the Need for Additional Financing. The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its property interests or to fulfill its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of new projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders. The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Going Concern Risk. The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

Price Volatility of Publicly Traded Securities. During the past year, global securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Global Financial Conditions. Global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have received capital bail-outs or other relief from governmental authorities. As a result of these global conditions, the Company is subject to increased counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the cash of the Company; and (ii) the insurance providers of the Company. As a result, the cash of the Company may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Company would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty. The Company is also exposed to liquidity risk in the event its cash positions decline or become inaccessible for any reason, or additional financing is required to advance its projects or growth strategy and appropriate financing is unavailable, or demand for oil and gas falls. Any of these factors may impact the ability of the Company to obtain further equity based funding, loans and other credit facilities in the future and, if obtained, on terms favorable to the Company. If these increased levels of volatility and market turmoil were to continue, the Company's results of operations and planned growth could be adversely impacted.