

**GOLDEN CROSS RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended March 31, 2012**

GENERAL

The following management's discussion and analysis ("MD&A") of the financial condition and operating results of Golden Cross Resources Inc. (the Company) is for the six months ended March 31, 2012. This discussion should be read in conjunction with the unaudited condensed interim financial statements of the Company and the notes thereto for the six months ended March 31, 2012 and the audited annual financial statements and related notes thereto for the year ended September 30, 2011. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This MD&A dated May 28, 2012 was approved by the board of directors.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

OPERATIONS

The Company was incorporated in British Columbia under the Business Corporations Act on June 20, 2006. The Company is primarily engaged in the acquisition, exploration and development of mineral properties.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

Holy Cross Property

On September 26, 2006, the Company entered into a property purchase agreement with Aegean Marine Consultants Ltd. ("Aegean") pursuant to which the Company acquired a 100% interest in the Holy Cross mineral resource property located in the Omineca Mining Division of British Columbia, Canada, in consideration of a cash payment of \$25,000 and issuance of 5,000,000 common shares of the Company with a value of \$12,500.

The Holy Cross property is located in the Omineca Mining Division of north-central British Columbia, approximately 145 kilometres west of Prince George, BC and 33 kilometres south of the village of Fraser Lake between Bentzi Lake and Holy Cross Mountain. The property initially consisted of a single modified-grid mineral claim totaling 25 cells, or 477.545 hectares, located on National Topographic System map-sheet 093F15W centered at 53 degrees 47.5 minutes North Latitude and 124 degrees 58 minutes West Longitude. Additional claim cells were subsequently located to cover favourable ground and all cells were amalgamated into the current land base covering 2,005.5 hectares. The Company commissioned and received an independent technical report on the Property, in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The "Summary Report on the Holy Cross Property" dated May 22, 2007 and as Amended on September 5, 2007; October 10, 2007; April 23, 2008;

October 24, 2010 and November 15, 2011 (the “Report”) was prepared by J.W. (Bill) Morton, P.Geo. The Report and Amendments have been filed on the SEDAR website at www.sedar.com.

The Company completed an exploration program during the summer of 2009 that consisted of linecutting followed by an induced polarization and magnetometer survey. The work with the mobilization of the linecutting crew to Fraser Lake was used as a base of operations. A total of 7.5 kilometres of line was cut to extend the existing grid an additional 250 m to the west (a total of 3 kilometres), along with 2 complete lines (4.5 kilometres in total) at the south end of the area surveyed in 2007.

During the six months ended March 31, 2012, the Company expended \$3,556 (2011 - \$2,755) in geological consulting on the Holy Cross project.

OPERATING RESULTS

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters. The quarterly results for the last six quarters have been restated to reflect accounting policies consistent with IFRS, while the quarterly results for the two quarters which ended before October 1, 2010 have been prepared in accordance with Canadian General Accepted Accounting Principles.

Quarter <u>Ended</u>	Accounting Principle <u>Used</u>	Total <u>Revenue</u> (\$)	Income (Loss) before Discontinued Operations and Extraordinary Items (\$)	Net Income (Loss) for the Period (\$)	Net Income (Loss) per Share - Basic and Diluted (\$)
12-Mar-12	IFRS	-	(87,063)	(87,063)	-
31-Dec-11	IFRS	-	(64,726)	(64,726)	-
30-Sep-11	IFRS	-	(23,143)	(21,356)	-
30-Jun-11	IFRS	-	(68,003)	(68,003)	-
31-Mar-11	IFRS	-	(166,964)	(166,964)	(0.01)
31-Dec-10	IFRS	-	(30,894)	(30,894)	(0.01)
30-Sep-10	GAAP	-	(46,544)	(46,544)	(0.01)
30-Jun-10	GAAP	-	(8,941)	(8,941)	-

The comparatively higher net loss for the quarter ended March 31, 2011 was primarily due to share-based compensation.

For the Three Months Ended March 31, 2012

The Company’s net loss for the quarter was \$87,063 compared to the loss of \$166,964 for the same quarter of the previous year. The decrease in loss of \$79,901 was primarily due to the following:

- Share-based payments were \$nil (2011 - \$127,427) as no stock options were granted during the quarter as compared to 1,400,000 stock options granted in the same quarter in the previous year.
- Professional fees were \$2,418 for the quarter (2011 - \$20,142), a decrease of \$17,724 compared to the same quarter in the previous year. The decrease was due to lower financing activities during the quarter.
- Accounting and administration for the quarter were \$15,270 (2011 - \$7,525), an increase of \$7,745 compared to the same quarter in the previous year. The increase was mainly due to increased administration expenses during the quarter.

- (d) Consulting fees for the quarter were \$41,159 (2011 - \$455), an increase of \$40,704 compared to the same quarter in the previous year due to increase in consulting services provided.
- (e) Office, rent and miscellaneous expenses for the quarter were \$15,794 (2011 - \$4,290), an increase of \$11,504 compared to the same quarter in the previous year due to increased activities.

For the Six Months Ended March 31, 2012

The Company's net loss for the period was \$151,789 (2011 - \$197,858). The decrease in loss of \$46,069 compared to same period of previous year was primarily due to decrease in share-based payments and general increase in other expenses as follows:

- (a) Share-based payments were \$nil (2011 - \$127,427) as no stock options were granted during the period as compared to 1,400,000 stock options granted in the same period in the previous year.
- (b) Accounting and administration for the period was \$21,970 (2011 - \$7,525), an increase of \$14,445 compared to previous period in the previous year due mainly to increased administration activities during the period.
- (c) Consulting costs for the period were \$62,121 (2011 - \$5,455), an increase of \$56,666 compared to the same period of the previous year due to more consulting services required.
- (d) Office, rent and miscellaneous expenses for the period were \$24,916 (2011 - \$14,147), an increase of \$10,769 compared to the same period in the previous year due to increase in general and administration activities.
- (e) Professional fees were \$17,044 for the period (2011 - \$30,205); the decrease of \$13,161 was due to decreased financing activities during the period.
- (f) Shareholder communication and promotion were \$9,215 (2011 - \$nil) due to corporate activities and meetings incurred during the period.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

During the six months ended March 31, 2012, the Company completed a private placement and issued 8,000,000 units at \$0.075 per unit for total proceeds of \$600,000. Each unit consists of one common share and one transferable common share purchase warrant entitling the holder thereof to acquire one additional common share at a price of \$0.10 per share for a period of five years. The Company also issued 2,700,000 common shares for proceeds of \$135,000 on the exercise of 2,700,000 warrants.

At March 31, 2012, the Company's working capital was \$1,174,154 (September 30, 2011 - \$589,943). As of the date of this MD&A, the Company has no outstanding commitments, and 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.

On April 30, 2012, the Company announced an offering of up to 7,142,857 units at \$0.14 per unit to raise gross proceeds of up to \$1,000,000. The proceeds are intended to be used in connection with the proposed acquisition of the waste water remediation business of Blue Gold and for working capital.

RELATED PARTY TRANSACTIONS

During the six months ended March 31, 2012, the Company had the following related party transactions:

- a) Prepaid expense includes \$6,000 (September 30, 2011 - \$nil) for prepaid consulting fees to a director.
- b) Gross compensation of management personnel

	2012	2011
Consulting fees to a director of the Company	\$ 17,812	\$ 900
Accounting fees to a company controlled by by an officer	7,800	3,825
Rent to a director of the Company	-	4,500
	\$ 25,612	\$ 9,225

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the six months ended March 31, 2012.

- c) As of March 31, 2012, \$nil (September 30, 2011 - \$2,029) was due to director and company controlled by directors of the Company.

OUTSTANDING SHARE DATA

As at the date of the MD&A, the following securities were outstanding:

Common shares – 27,391,502
 Stock options – 800,000
 Warrants – 11,099,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

The Company is in negotiations with Blue Gold Tailing Technologies Ltd. (“Blue Gold”) to enter into a letter of intent to acquire all of the assets of the waste water remediation business of Blue Gold.

On April 30, 2012, the Company announced an offering of up to 7,142,857 units at \$0.14 per unit to raise gross proceeds of up to \$1,000,000. Each unit will consist of one common share and one-half of one transferable share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional common share at a price of \$0.18 per share for a period of two years from closing of the offering. The proceeds are intended to be used in connection with the proposed acquisition of the waste water remediation business of Blue Gold and for working capital.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates were used in the preparation of the financial statements. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control. Please refer to note 2 to the condensed interim financial statements.

CHANGE OF ACCOUNTING POLICIES

Adoption of International Financial Reporting Standards

As of October 1, 2011, the Company adopted IFRS. The condensed interim financial statements for the period of six months ended March 31, 2012 are part of the period covered by the Company’s first IFRS annual financial statements to be presented in accordance with IFRS for the year ending September 30, 2012. The Company has restated its comparative financial statements and other financial information following its IFRS accounting policies. A reconciliation of the previously disclosed comparative periods’

financial statements in accordance with Canadian generally accepted accounting principles to IFRS is set out in Note 12 to these condensed interim financial statements

No significant impacts have been identified to date in relation to the Company's information technology and data systems, day-to-day accounting processes or internal controls over financial reporting and disclosure controls.

The information provided in this MD&A and in the condensed interim financial statements with respect to the transition to IFRS reflects current views, assumptions and expectations of management of the Company. Circumstances may arise such as changes in IFRS standards or interpretation of existing IFRS standards before the annual financial statements as at September 30, 2012 are prepared. Consequently, final accounting policy decisions for all standards and exemptions in effect at the date of transition will be made during the preparation of the financial statements as at September 30, 2012.

FINANCIAL INSTRUMENTS

For a detailed description of financial instruments and their associated risks, see Note 10 to the Company's condensed interim financial statements for the period ended March 31, 2012.

BUSINESS RISK AND UNCERTAINTIES

The Company, like all companies in the mining sector, is exposed to a variety of risks which include title to mining interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition, there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The mining industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The mining industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations. Please also refer to Forward Looking Statements.

INVESTOR RELATIONS

The Company is currently managing investor relations internally.