

**GOLDEN CROSS RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Months Ended December 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 three months ended December 31, 2012. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended December 31, 2012 and the audited annual financial statements and related notes thereto for the year ended September 30, 2012. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This MD&A dated March 1, 2013 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 Information

This MD&A contains certain statements that may constitute "forward-looking statements". All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated property acquisitions, the nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market for, and pricing of, any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under "Risks and uncertainties".

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to develop any of its present or future mineral properties.

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 has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amount shown for exploration and evaluation assets is 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.

On November 21, 2012, the Company entered into an amalgamation agreement with Blue Gold Tailing Technologies Ltd. ("Blue Gold") to acquire Blue Gold and its water remediation and tailings processing business. The Company now intends to focus on the business of water remediation and tailings processing. See "Amalgamation" below.

AMALGAMATION

On May 29, 2012, the Company entered into a letter of intent with Blue Gold, Blue Gold Holdings Ltd. and BG Holdings Ltd. (“Blue Gold Group”) to acquire all of Blue Gold Group’s contracts, purchase orders, intellectual property and technology related to its mining tailings and waste water remediation business (the “Assets”) which values are currently being evaluated. As consideration, the Company has agreed to issue shares for the purchase of the Assets using a deemed share price of \$0.28 per share following the consolidation of its shares in the basis of one new share for every two currently issued common shares of the Company. The acquisition and consolidation of its shares will be subject to shareholders’ approval and the CNSX. The Company has been halted for trading since November 22, 2012 pending further announcement. On February 26, 2013, the Company made available to the public on SEDAR and CNSX websites the information circular of the Company, detailing the proposed acquisition of the water remediation and tailings processing business of Blue Gold. Consequently, the Company’s stock resumed trading on February 26, 2013.

In connection with the letter of intent entered into with Blue Gold Group, the Company had advanced a total of \$3,002,275 as at December 31, 2012 to Blue Gold Group pursuant to several promissory notes dated between June 25, 2012 and November 30, 2012 repayable without interest within one year from the date of issuance. If Blue Gold Group fails to repay the Company within the one year term, interest will start to accrue on the amount owing at a rate of 21% per annum compounded annually. During the three months ended December 31, 2012, \$1,400,000 had been advanced. The notes receivable outstanding as at December 31, 2012 are secured by a general security agreement with a floating charge and security interest on all Blue Gold Group’s assets, rights, interests and properties. During January 2013, additional advances of \$352,070 had been made to Blue Gold Group.

On November 21, 2012, the Company, through its newly incorporated 100% owned subsidiary Golden Cross Acquisition Inc., and Blue Gold entered into an amalgamation agreement whereby the Company agreed to amalgamate with Blue Gold in accordance with the following material terms:

- The amalgamation is subject to shareholder approval of the respective companies and regulatory approval;
- Each of the 101,726,888 issued and outstanding common shares of Blue Gold immediately before the effective date shall be exchanged for 0.373549223 of Golden Cross shares and the Blue Gold shares exchanged in accordance with these provisions will be cancelled. The Golden Cross shares held by the Principals at the effective date shall be subject to escrow provisions and released at a rate of 10% at the date of first trading on a Canadian stock exchange after the amalgamation and 15% every 6 months thereafter;
- Up to a further 9,000,000 Golden Cross shares will be issuable to individuals designated by Blue Gold directors. These shares are earn-out shares to be released to the holders based on cumulative cash flow of the amalgamated company;
- The amalgamated company will appoint new directors;
- Golden Cross may complete a private placement of up to 21,428,572 units at a price of no less than \$0.14 per unit for gross proceeds of approximately \$3,000,000. Each unit shall consist of one common share and ½ share purchase warrant entitling the holder to purchase for each warrant one common share for two years at a price to be determined;
- The amalgamation is subject to finder’s fees of up to 3,000,000 common shares of Golden Cross on a post-consolidation basis;
- Golden Cross will complete a 1 for 2 common shares consolidation before the effective date of the amalgamation. All of the above noted share information for Golden Cross is on a pre-consolidation basis.

By an extension agreement dated January 16, 2013 the Company and Blue Gold Group have agreed to extend the completion of the amalgamation from February 28, 2013 to April 30, 2013. The Company has also entered into an amending agreement dated January 30, 2013 whereby the Company and the Blue Gold Group have agreed to increase the maximum gross proceeds to be raised in the financing from \$2,000,000 to \$3,000,000.

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.

No exploration and evaluation expenses had been incurred on this property during the three months ended December 31, 2012.

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.

Quarter Ended	Accounting Principle Used	Total Revenue	Net Income (Loss) for the Period	Net (Loss) per Share - Basic and Diluted
31-Dec-12	IFRS	\$ -	\$ (306,936)	\$ (0.01)
30-Sep-12	IFRS	-	(402,881)	(0.01)
30-Jun-12	IFRS	-	(109,082)	(0.01)
31-Mar-12	IFRS	-	(86,063)	(0.01)
31-Dec-11	IFRS	-	(64,726)	-
30-Sep-11	IFRS	-	(20,856)	-
30-Jun-11	IFRS	-	(67,803)	-
31-Mar-11	IFRS	-	(166,764)	(0.01)

As the Company is still in exploration stage, the Company has incurred loss since inception. Starting from the June 2012 quarter, the loss again increased significantly due to stock-based payments and the proposed acquisition of Blue Gold Group. The Company expects the loss will continue until the Company is successful in acquiring Blue Gold Group and operates the new business with profit.

For the Three Months Ended December 31, 2012

The Company’s net loss for the quarter was \$306,936 compared to the loss of \$64,726 for the same quarter of the previous year. The increase in loss of \$242,210 was primarily due to the following:

- (a) Amortization of discount on notes receivable for the quarter of \$138,760 (2011 - \$nil), which was due to the promissory notes issued to Blue Gold Group without interest for one year.
- (b) Consulting fees for the quarter were \$30,000 (2011 - \$20,962), an increase of \$9,038 which was due to consulting services relating to the proposed amalgamation;

- (c) Professional fees were \$40,029 for the quarter (2011 – \$14,626), an increase of \$25,403 compared to the same quarter of the previous year. The increase was due to legal fees relating to the proposed amalgamation during the quarter;
- (d) Shareholder communication and promotion fees for the quarter were \$14,659 (2011 - \$nil), and travel expenses of \$32,486 (2011 - \$nil) due to activities relating to the proposed amalgamation with Blue Gold Group; and
- (e) Accounting and administration for the quarter were \$24,220 (2011 - \$6,700), an increase of \$17,520 compared to the same quarter of last year. The increase was mainly due to the acquisition activities during the quarter;

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

During the three months ended December 31, 2012:

The Company completed a private placement of 9,250,253 units at \$0.14 per unit for total proceeds of \$1,295,036. Each unit consists of one common share and one-half of one transferable common 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. The Company paid finders' fees of \$42,817 and issued 169,050 warrants valued at \$24,739 for finders' fees.

During the year ended September 30, 2012:

In February 2012, the Company completed a private placement of 8,000,000 units at \$0.075 per unit for total proceeds of \$600,000 in February 2012. 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.

From June 2012 to August 2012, the Company completed a private placement of 10,412,774 units at \$0.14 per unit for total proceeds of \$1,457,788 in three tranches. Each unit consists of one common share and one-half of one transferable common 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.

The Company paid finders' fees of \$45,808 and issued 315,000 finders' warrants having the same terms as the private placement warrants. The finder's warrants were valued at a total of \$36,701 using the Black-Scholes option pricing model with risk free interest rates of 0.99% to 1.20% per annum, expected stock price volatility of 143% to 151%, expected dividend yield of 0% and expected life of 2 years.

During the 2012 fiscal year, 3,100,000 warrants were exercised for proceeds of \$155,000.

At December 31, 2012, the Company's working capital was \$3,200,963 (September 30, 2012 - \$2,718,400). As of the date of this MD&A, the Company has no outstanding commitments other than its commitment to complete its amalgamation with Blue Gold Tailings Technology Ltd., 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.

RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2012, the Company had the following related party transactions:

- (a) The following amounts due to related parties are included in accounts payable and accrued liabilities:

	Dec. 31, 2012	Sept. 30, 2012
Amount due to a private company controlled by John Morita, CFO	\$ 2,016	\$ 2,800
Amount due to Tom Kennedy, a director	332	3,647
	<u>\$ 2,348</u>	<u>\$ 6,447</u>

The amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

- (b) Gross compensation of management personnel during the three months ended December 31, 2012 and 2011:

	2012	2011
Consulting fees paid to Tom Kennedy, a director	\$ -	\$ 11,812
Financial consulting fees paid to a private company controlled by John Morita, CFO	6,000	4,200
	<u>\$ 6,000</u>	<u>\$ 16,012</u>

Key management personnel were not paid post-retirement benefits, termination benefits or other long-term benefits during the three months ended December 31 2012 and 2011.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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 interim consolidated financial statements.

ACCOUNTING POLICIES

Accounting Standards Issued But Not Yet Effective

The company is currently assessing the impact that the following Standards will have on its financial statements:

- IFRS 9 "Financial Instruments"
- IFRS 10 "Consolidated Financial Statements"
- IFRS 11 "Joint Arrangements"
- IFRS 12 "Disclosure of Interests in Other Entities"
- IFRS 13 "Fair Value Measurement"
- IFRIC 20 "Stripping costs in the Production Phase of a Surface Mine"

FINANCIAL RISK MANAGEMENT

For a detailed description of financial instruments and their associated risks, see Note 12 to the Company's condensed interim consolidated financial statements for the three months ended December 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.

EVENTS SUBSEQUENT TO DECEMBER 31, 2012

- (a) The Company had entered into an extension agreement dated January 16, 2013 in connection with the amalgamation agreement entered into with Blue Gold Group whereby the parties have agreed to extend the completion of the amalgamation from February 28, 2013 to April 30, 2013.
- (b) The Company had entered into an amending agreement dated January 30, 2013 whereby the Company and the Blue Gold Group have agreed to increase the maximum gross proceeds to be raised in the financing from \$2,000,000 to \$3,000,000.
- (c) The Company had advanced a further US\$300,000 and Cdn\$50,000 to Blue Gold Group.

OUTSTANDING SHARE DATA

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

Common shares	– 47,454,529
Stock options	– 1,300,000
Warrants	– 21,014,561