FORM 51-102F1

INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

FOR

FIRE RIVER GOLD CORP.

FOR THE THREE MONTH PERIOD ENDED 31 JANUARY 2012

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is Management's assessment of the results and financial condition of Fire River Gold Corp. (the "Company" or "FAU") for the period ended 31 January 2012 and should be read in conjunction with the interim consolidated financial statements and the related notes. The date of this Management Discussion and Analysis is 27 April 2012.

Effective 1 November 2011, the Company adopted accounting principles used under the International Financial Reporting Standards ("IFRS"), using a transition date of 1 November 2010 to accommodate comparative periods. As a result, the interim consolidated financial statements for the three month period ended 31 January 2011 have been prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, and International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. For reporting periods ended prior to 1 November 2011, the Company had prepared and filed its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Detailed reconciliations of 2010 figures previously reported under Canadian GAAP to IFRS are provided in Note 4 to the 31 January 2012 interim consolidated financial statements.

Additional information on the Company is available on SEDAR at www.sedar.com

BUSINESS OF FIRE RIVER GOLD CORP.

Fire River Gold Corp. is a near term production company with an experienced technical team focused on bringing its flagship project, the Nixon Fork Gold Mine, back into production. The Nixon Fork Gold Mine is a fully permitted and bonded gold mine with recent past production. Facilities at the Nixon Fork Gold Mine include a 200 tonne per day ("tpd") flotation plant with a gravity gold separation circuit and a sulphide floatation circuit. In 2007, a carbon-in-leach ("CIL") gold leaching circuit was purchased and partially installed. With the implementation of the CIL circuit, the gravity circuit will no longer be used. The mine also includes a fleet of mining vehicles, a self-contained diesel power plant, maintenance facilities, drilling equipment, an 85 person camp, office facilities and a 1.2 kilometre ("km") long landing strip. Nixon Fork is located within Alaska's Tintina Gold Belt, which hosts numerous world class deposits.

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Project Overview:

DRAKEN PROPERTY

The first acquisition for the Company was the Draken Project. The property is located in southeast-central Alaska, approximately 288km southeast of Fairbanks, Alaska, and approximately 61km west of the Canadian border.

The property is located in the Yukon-Tanana lithotectonic terrane, a Paleozoic terrane of largely continental affinity. In easternmost Alaska this terrane is bounded by major northwest-trending, dextral strike-slip faults, including the Tintina fault to the north and the Denali fault to the south. The terrane is dissected by a large number of major northeast-trending, high angle faults with significant dip slip displacements which has effectively created a block faulted tectonic regime. This movement has jostled mineral deposits with different metallogenies and other characteristics.

Known mineralization within the Draken property consists of polymetallic sulfide-quartz vein mineralization with anomalous silver ("Ag"), gold ("Au"), bismuth ("Bi"), arsenic ("As"), copper ("Cu"), lead ("Pb"), tungsten ("W") and uranium ("U"). This type of mineralization is documented at the Silver Lining prospect, located on the west portion of the property, as well as the Two Mile prospect just north of the property. Host rocks for the polymetallic veins dominantly consist of massive hornblende-biotite quartz monzonite. Government geologists have documented porphyry style Cu-Molybdenum ("Mo")-Au mineralization at the Two Mile prospect and other occurrences nearby (Singer and others, 1976). Potential for pegmatite- or vein-hosted U-Th-REE mineralization is also noted. Previous workers conducted a radiometric survey indicating anomalous radioactivity associated with the ring dike zone. A sample collected approximately 200m east of the property and within the ring dike complex contained highly anomalous U-Nb-F-REE.

The Company is seeking joint venture partners to fund the development of this project.

KANSAS CREEK GOLD PROJECT

On 19 June 2008, the Company signed an agreement to acquire a 100% interest from Anglo Alaska Gold Corp. certain mineral claims referred to as the Kansas Creek Project. In consideration, the Company paid an aggregate of US$40,000 and will also issue an aggregate of 250,000 common shares (200,000 shares issued and 50,000 shares upon first transfer of property to a third party). The property is subject to a 1.5% net smelter return royalty ("NSR") of which the Company may purchase 1.0% of the 1.5% NSR from the Vendor in consideration for a cash payment of US$1,000,000 in which case, the Vendor shall retain 0.5% NSR royalty.

The Kansas Creek Project is located in the Bonnifield District of the central Alaska Range in central-interior Alaska approximately 110km south of Fairbanks, Alaska and 70km east of Healy, Alaska. The

Project consists of 28 State of Alaska mining claims covering a 16.8 sq. km area. Placer gold was discovered in the district in 1906 and approximately 80,000 ounces of gold have been recovered from alluvial deposits through 2008. The Company's objective is to explore the project for lode gold potential. A three phase program totalling over US$1.0 million has been recommended. Management is re-evaluating the data on the Project with the objective of outlining a potential Phase I exploration program for 2012. The Company is currently seeking joint venture partners to fund the development of the Kansas Creek project.

NIXON FORK GOLD MINE

The Nixon Fork Mine continues to produce at pre-commercial levels. Commercial production is expected to be achieved in May 2012. Mining during the quarter was as follows:

Mine Production

Month	Tonnes	Grade (g/t Au)
November 2011	3,562	14.7
December 2011	3,401	12.5
January 2012	2,747	16.4
Total	9,710	14.4

The mine initiated its first longhole stope during the quarter at the 208 to 235 m elevations of the 3300 zone. This stope provided approximately 6000 tonnes over the months of January through April at an average grade of approximately 22 grams per tonne ("g/t"). A second longhole stope is being developed immediately above the first one, and is projected to yield up to 10,000 tonnes at a slightly lower grade of 17 g/t.

Much of the diamond drilling focus has switched from exploratory drilling to ore definition, and has been augmented by the operation of the bazooka drill, operated in close support of mining activities with 60 to 70 foot long holes. This practice has allowed for the successful expansion of numerous orezones. At present approximately 50% of the current mill feed is extracted from outside of the defined resources.

The mine fleet is being upgraded with the replacement of engines with new, cleaner burning and more efficient engines. At present two mine haul trucks have been upgraded and the entire fleet is scheduled to be upgraded by the end of June 2012.

Gold was recovered using the gravity and flotation circuits in the mill. Overall metallurgical recovery is estimated at 67%. This is expected to be improved to approximately 95% with the addition of cyanide leaching as the third recovery process.

The mill has operated fairly continuously throughout the quarter. Significant downtime was realized in January due to conversion of tailings disposal systems from sub-aqueous disposal in a tailings pond to placement on a new dry stack facility. Most of the downtime was caused by the commissioning of the Larox filter, which dries the final tails just prior to disposal. The mill availability was approximately 50% in January.

Copper concentrate from flotation produced three shipments of copper concentrate during the quarter (these represent shipments 4 through 6 since the start of processing), which were sold to Glencore International Limited ("Glencore").

Sale of gold doré produced on site from the gravity-recovered gold was hampered by arsenic and bismuth contamination. Approximately 230 ounces of gold doré was sold during the quarter to Auramet Trading, LLC. An additional 383 ounces of gravity concentrate doré was produced and sold in March to Glencore for processing at its Kazzinc refinery in Kazakhstan. This contamination issue will not persist with doré produced from leaching.

The CIL plant construction was completed in April 2012. Cyanide was added to the tanks on 18 April 2012, signalling the start of leaching.

SELECTED ANNUAL INFORMATION

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for FAU for each of the three most recently completed financial years. The information set forth below for the year ended 31 October 2011 was extracted from and should be read in conjunction with the interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and related notes.

Years Ended 31 October

	2011	2010 (1)	2009 (1)
Total revenues	$ 81,608	$ 90,287	$ 13,209
General and administrative expenses	4,209,600	2,627,161	1,249,671
Mineral property cash costs incurred	14,128,090	4,826,706	443,832
Loss before other items in total	(4,209,600)	(2,627,161)	(1,249,671)
Loss per share – Basic & fully diluted	(0.04)	(0.06)	(0.07)
Net loss from continuing operations in total	(3,956,015)	(2,448,799)	(808,229)
Comprehensive loss per share – Basic & fully diluted	(0.04)	(0.06)	(0.07)
Total assets	36,773,191	22,009,859	12,291,127
Total long term liabilities	2,127,854	3,833,407	4,358,448

(1) The effective transition date from Canadian GAAP to IFRS was November 1, 2010. As a result, these annual financial data have not been restated to IFRS.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following selected financial information is derived from the unaudited consolidated financial statements of the Company prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

For the Quarters Ended (unaudited)

	31 Jan. 2012	31 Oct. 2011	31 Jul. 2011	30 Apr. 2011	31 Jan. 2011	31 Oct. 2010 (1)	31 Jul. 2010 (1)	30 Apr. 2010 (1)
Total revenues	$ 474	$ 9,946	$ 22,490	$ 30,755	$ 18,417	$ 102,400	$254,564	$ 2,262
Net loss	(1,099,525)	(784,462)	(856,519)	(849,515)	(934,830)	(585,180)	(295,338)	(724,361)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
Total assets	46,238,869	36,773,191	38,864,004	38,153,663	30,065,932	22,009,859	23,014,144	13,834,464

(1) The effective transition date from Canadian GAAP to IFRS was November 1, 2010. As a result, these quarters have not been restated to IFRS.

RESULTS OF OPERATIONS

The period ended 31 January 2012 resulted in a net loss of $1,099,525 which compares with a net loss of $934,830 for the same period in 2011. General and administrative expenses for the period ended 31

January 2012 were $1,030,883 compared to $934,830 for the same period in 2011. Equity financing through private placements, shareholder relations and promotional activities were undertaken by the Company, which included attendance at various trade shows, cost $107,080 for the period ended 31 January 2012 compared to $102,914 for the same period of 2011. Consulting for the period ended 31 January 2012 was $70,538 compared to $219,539 in the previous year. An aggregate stock-based compensation of $261,340 was recorded for the period ended 31 January 2012 as compared to $237,701 in the previous year.

LIQUIDITY AND CAPITAL RESOURCES

At 31 January 2012, the Company's working capital (deficit), defined as current assets less current liabilities, was a deficit of ($5,668,369) compared with working capital of $1,968,174 at 31 October 2011 primarily because $7.5 million of debt that was repaid on 4 April 2012 was classified as current.

On 4 November 2011, the Company signed a term sheet with Sprott Resource Lending Partnership ("SRL") for a $7.5 million credit facility. An advance payment of $1.0 million was provided on signing the term sheet and the subsequent $6.5 million was received on 9 December 2011. The loan was secured with substantially all of the Company's assets. The funds were repayable by 15 November 2012 and accrued interest at a rate of 12% per annum. SRL also received a structuring fee of $75,000 and a bonus fee of $750,000, 10% of the loan amount paid in common shares. The loan could be repaid at any time subject to a minimum payment of six months interest.

On 4 April 2012, the outstanding principal and interest due on the SRL credit facility was repaid early out of proceeds of an agreement with Waterton Global Value, L.P. ("Waterton"). On 4 April 2012, the Company entered into a US$12.75 million gold-backed credit facility with Waterton (the "Waterton Credit Facility") which agreement is more fully described in the Subsequent Events section below.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, depreciation, determination of net recoverable value of assets, determination of fair value on taxes, and share compensation. These estimates are reviewed periodically (at least annually), and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

A detailed summary of all of the Company's significant accounting policies is included in Note 1 of the consolidated financial statements for the period ended 31 January 2012.

FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective:

- IFRS 9, "Financial Instruments: Classification and Measurement" (1)
- IFRS 10, "Consolidated Financial Statements" (2)
- IFRS 11, "Joint Arrangements" (2)
- IFRS 12, "Disclosure of Interests in Other Entities" (2)

- IFRS 13, “Fair Value Measurement” (2)
- IAS 1 (Amendment), “Presentation of Financial Statements” (3)
- IAS 19 (Amendment), “Employee Benefits” (2)
- IAS 27 (Amendment), “Separate Financial Statements” (2)
- IAS 28 (Amendment), “Investments in Associates and Joint Ventures” (2)
- IFRIC 20, “Stripping Costs in the Production Phase of a Surface Mine” (2)

(1) Effective for annual periods beginning on or after 1 January 2015
(2) Effective for annual periods beginning on or after 1 January 2013
(3) Effective for annual periods beginning on or after 1 July 2012

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s consolidated financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and due to related parties. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign exchange, commodity price or interest rate market risks.

Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

a) **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company’s cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at 31 January 2012, amounts receivable of $514,555 was comprised of Accounts receivable from metal sales contracts of $479,363 and Harmonized Sales Tax receivable of $35,192. As a result, credit risk is considered insignificant.

b) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As the Company’s financial instruments are substantially comprised of cash and cash equivalents, liquidity risk is considered insignificant.

c) **Currency Risk**

The Company is exposed to currency risk on its acquisition and exploration expenditures on its US properties since it has to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company’s expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

At 31 January 2012 the majority of the Company’s cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company’s functional and reporting currency. Foreign currency risk is limited to the portion of the Company’s business transactions denominated in currencies other than the Canadian dollar. The Company has cash and cash equivalents held in US dollars.

The Company monitors and forecasts the values of net foreign currency cash flow and balance sheet exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following tables provide an indication of the Company's significant foreign currency exposures during the period ended 31 January 2012:

	31 January 2012	**31 October 2011**
Cash and cash equivalents	US$ 3,025,045	US$ 1,825,031

The activities at the Company's main operating unit, the Nixon Fork Mine, are conducted primarily in US dollars. The Company receives US dollars for the sale of its products from the Nixon Fork Mine (copper-gold concentrates and gold doré). The Company intends to minimize its net exposures to foreign currency fluctuations by maintaining a large portion of the revenues expected to be produced at the Nixon Fork Mine in US dollars to cover US dollar operating costs.

The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

d) **Interest Risk**

The Company's interest rate risk is primarily related to the Company's cash and cash equivalents for which amounts were invested at interest rates in effect at the time of investment. Changes in market interest rates affect the fair market value of the cash and cash equivalents. However, as these investments come to maturity within a short period of time, the impact would likely not be significant.

e) **Commodity Price Risk**

The Company is in the advanced development stage at its Nixon Fork Mine and is subject to fluctuations in the price of gold. The results of our operations will depend in large part upon the market price of gold. Gold prices fluctuate widely and are affected by numerous factors beyond our control. The level of interest rates, the rate of inflation, the world supply of gold and the stability of exchange rates, among other factors, can all cause significant fluctuations in commodity prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of gold has fluctuated widely in recent years, and future price declines could cause a mineral project to become uneconomic, thereby having a material adverse effect on our business and financial condition. We have not entered into derivative contracts to protect the selling price for gold. We may in the future more actively manage our exposure through derivative contracts or other commodity price risk management programs, although we have no intention of doing so in the near-term.

RELATED PARTY TRANSACTIONS

During the period ended 31 January 2012, the following related party transactions took place:

The Company paid or accrued consulting fees of $78,000 (31 January 2011 - $10,000) to a director of the Company.

The Company paid or accrued $Nil to Pacific North West Capital Corp., a company related to the Company by way of directors in common for general operating expenses (31 January 2011 – $118,801).
The Company paid or accrued consulting fees of $Nil (31 January 2011 - $50,091) to the President of the Company.
The Company paid or accrued consulting fees of $Nil (31 January 2011 - $22,000) to Onestar Consulting Inc., a company owned by the former Vice President of Business Development of the Company.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at 31 January 2012, there were 102,442,372 outstanding common shares compared to 99,181,502 outstanding shares at 31 October 2011. As at 31 January 2012, there were 8,131,250 outstanding stock options, exercisable for 5,410,625 common shares. The average exercise price of the outstanding stock options was $0.47. The Company also had 20,050,168 common share purchase warrants outstanding and exercisable, at weighted average exercise price of $0.68.

Private Placements

On 18 November 2010, the Company completed the first tranche of its non-brokered private placement and has issued 12,883,083 units at a price of $0.45 per unit for gross proceeds of $5,797,387. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.65 per share for a period of 18 months, subject to an accelerated expiry provision, such that, in the event that the Company's shares close at or above $0.90 per share for 10 consecutive trading days on the TSXV, the expiry date may be accelerated to 30 days. All of the common shares issued pursuant to this closing carry a legend restricting them from trading until 19 March 2011.

On 7 December 2010, the Company completed the second tranche of its non-brokered private placement and has issued 2,783,411 units at a price of $0.45 per unit for gross proceeds of $1,252,535 and an aggregate amount of total issuance of 15,666,494 units for gross proceeds of $7,049,922. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.65 per share for a period of 18 months, subject to an accelerated expiry provision, such that, in the event that the Company's shares close at or above $0.90 per share for 10 consecutive trading days on the TSXV, the expiry date may be accelerated to 30 days. All of the common shares issued pursuant to this closing carry a legend restricting them from trading until 8 April 2011.

On 30 December 2010, the Company has completed the third and final tranche of its non-brokered private placement and has issued 3,128,514 units at a price of $0.45 per unit for gross proceeds of $1,407,831 and an aggregate amount of total issuance of 18,795,008 units for gross proceeds of $8,457,753. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.65 per share for period of 18 months. All of the common shares issued pursuant to this closing carry a legend restricting them from trading until 1 May 2011.

On 18 March 2011, the Company completed the first tranche of its non-brokered private placement and issued 4,425,000 units at a price of $0.50 per unit for gross proceeds of $2,212,500. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.70 per share for period of 18 months, subject to an accelerated expiry provision, such that, in the event that the Company's shares close at or above $0.90 per share for 10 consecutive trading days on the TSXV, the expiry date may be accelerated to 30 days.

On 8 April 2011, the Company completed the second and final tranche of its non-brokered private placement and issued 10,390,326 units at a price of $0.50 per unit for gross proceeds of $5,195,163. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.70 per share for period of 18 months, subject to an accelerated expiry provision, such that, in the event that the Company's shares close at or above $0.90 per share for 10 consecutive trading days on the TSXV, the expiry date may be accelerated to 30 days.

Other

On 9 December 2011, the Company issued 3,260,870 common shares of the Company valued at $750,000 in connection with the SRL credit facility as more fully described in the Liquidity and Capital Resources section above.

Stock Options

The Company has established a share purchase option plan as of 21 June 2011, whereby the board of directors (“Board”) may from time to time grant to directors, officers, employees or consultants up to 10% of the issued and outstanding shares as stock options. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company’s board of directors. The exercise price of an option will be set by the Board at the time such option is granted and cannot be less than the closing market price on the TSX Venture Exchange (“TSXV”) on the last trading day preceding the grant date, less any allowable discounts that may be permitted under applicable exchange policies.

During the previous year, 4,830,000 options were granted at an average exercise price of $0.47.

On 14 November 2011, the Company gave notice to various individuals that any unexercised stock options, vested or not would be cancelled on 28 February 2012. As at 14 November 2011, these individuals held 766,250 stock options with a weighted average exercise price of $0.48.

On 15 December 2011, 350,000 options were granted at an exercise price of $0.25.

Exercise of Warrants and Options

During the previous year, 113,266 agent compensation warrants were exercised at an exercise price of $0.30 per share.

During the previous year, 5,477,037 warrants were exercised at an exercise price of $0.40 per share.

During the previous year, 159,375 stock options were exercised at an exercise price of $0.40 per share.

During the period ended 31 January 2012, there were no agent compensation warrants, warrants, or stock options exercised.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management’s discussion and analysis, management has evaluated the effectiveness of the Company’s disclosure controls and procedures as required by Canadian securities laws.

Based on the evaluation of the disclosure controls performed to date, the Company has determined that the internal controls over financial reporting are effective.

INTERNAL CONTROLS AND PROCEDURES

Internal controls and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the Canadian GAAP. As at the end of the year covered by this management's discussion and analysis, management had designed and implemented internal controls and procedures as required by Canadian securities laws.

The Company has evaluated the design of its internal controls and procedures over financial reporting for the period ended 31 January 2012. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management continues to review and refine its internal controls and procedures.

RISKS AND UNCERTAINTIES

The mineral industry is intensely competitive in all its phases. The Company competes with many other companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled. Exploration for minerals is a speculative venture. There is no certainty that the money spent on exploration and development will result in the discovery of an economic ore body.

The Company's activities outside of Canada make it subject to foreign currency fluctuations and this may materially affect its financial position and results.

The Company has limited financial resources and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its projects or to fulfill its obligations under the terms of any option. If there are delays in bringing the Nixon Fork Mine into commercial production, additional funds will be required for its development. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties.

OUTLOOK

During the period ended 31 January 2012 the Company raised approximately $7.5 million in debt financing to continue the development of its primary project, the Nixon Fork Gold Mine in Alaska. Global markets have improved during 2012 with precious/base metals anticipated to remain strong, positioning the Company to take advantage of its potential to be a near-term gold producer which should attract increased investor interest for the Company. The Company will employ the joint venture model for its other Alaskan properties. The Company continues to focus its attention on bringing the Nixon Fork operation to its full production expectations in 2012.

SUBSEQUENT EVENTS

On 13 February 2012, the Company received a notice and is subject to certain legal actions which the Company considers to be routine to its business activities. As at 31 October 2011, management of the Company believed, after consultation with legal counsel, that the outcome of such legal matters is not likely to have a material adverse effect on the Company's financial position, liquidity or results of operations.

On 4 April 2012, the Company entered into a US$12.75 million gold-backed credit facility with Waterton. The Waterton Credit Facility bears interest at a fixed rate of 5% per annum, consists of a single drawdown on closing and is repayable in 18 monthly instalments, beginning October 2012. The Waterton Credit Facility may be repaid, at Waterton's option, in either cash or ounces of gold at 78% of the then prevailing gold price. As part of the transaction, the Company has also agreed to sell to Waterton all of the gold and silver produced from the Carbon-in-leach ("CIL") circuit until 30 April 2014 pursuant to a gold and silver supply agreement (the "Supply Agreement") at approximately 99% of current prices. This represents approximately 20% of the mined product; the larger portion is sold under an existing agreement with Glencore Ltd. in the form of a gold and silver rich copper concentrate. In connection with the Waterton Credit Facility, the Company paid Waterton a cash structuring fee of US$255,000 and issued warrants (the "Warrants") to Waterton to purchase 8,250,000 common shares priced at $0.23575 per common share. The Warrants expire three years from the date of closing and are subject to a four month hold. In addition, the Company paid a finder's fee of US$255,000 to a broker.

On 4 April 2012, out of the proceeds of the Waterton Credit Facility, the Company repaid $7.5 million of outstanding principal and $0.17 million of interest on the SRL facility agreement.

On 11 April 2012, the Company increased the bonding amount for its decommissioning liabilities from $3,526,543 to $6,034,000. The increase, based on an independent assessment of reclamation costs, was largely an inflationary adjustment. The additional funding was supplied from two sources: US$1,678,833 was obtained from the conversion of an existing surety and US$827,624 was forwarded in cash to the Bureau of Land Management. The surety has almost been fully converted; US$5,205,376 has been drawn from the policy, which has a limit of US$5.5 million.

CURRENT COMPANY ACTIVITY

Mining operations are ongoing at site. The adoption of leaching has converted the mill to a zero discharge facility. Commissioning this system has resulted in minor shutdowns to milling operations.

The first carbon strip and resulting gold pour is scheduled for completion the first week of May. The Company has employed the assistance of the carbon-stripping vendor, Kappes Cassiday & Associates, for the commissioning of this system.

The mine has its largest ever inventory of broken ore, with approximately 8,000 tonnes total underground and on surface which grade approximately 17 g/t. An additional 4,600 tonnes of similar grade will be blasted before the end of May 2012.

With the conversion to dry stack tailings placement, the tailings pond will be decommissioned and drained as much as possible through the course of the summer. Drying the pond will assist with decreasing the water balance in the mill as these gold-rich historic tailings are re-processed in the CIL circuit as supplemental feed.

Tailings disposal is transitioning from the pond to the dry stack. The Company will then begin emptying the tailings pond to recover the residual gold through the CIL circuit. The circuit was designed with a capacity of 250 tpd, higher than the flotation mill for the purpose of incorporating additional supplemental feed from the existing tailings.

On 21 December 2011 a new resource estimate was announced:

Table 1: 2011 Resource Estimate for the Nixon Fork Mine (at 10 g/t Au, Giroux)

	Indicated					Inferred				
		Grade		Contained Au			Grade		Contained Au	
Zone	**Tonnes**	**g/t**	**opt**	**g**	**oz**	**Tonnes**	**g/t**	**opt**	**g**	**oz**
Hard Rock:										
3000	10,570	31.8	0.93	336,443	10,817	20,350	31.7	0.93	645,909	20,766
3300	81,200	25.6	0.75	2,078,720	66,840	19,800	30.9	0.90	612,018	19,677
3550	1,200	11.7	0.34	14,052	452	1,550	11.6	0.34	17,965	578
Whalen	630	11.2	0.33	7,056	227	10	10.2	0.30	102	3
J5	7,500	16.7	0.49	125,025	4,020	660	13.6	0.40	8,963	288
3100	560	11.3	0.33	6,350	204	410	12.4	0.36	5,076	163
Mystery	27,400	23.7	0.69	649,380	20,878	100	18.9	0.55	1,885	61
Southern Cross						11,100	19.6	0.57	218,004	7,009
Subtotal	***129,060***	***24.9***	***0.73***	***3,217,027***	***103,438***	***53,980***	***28.0***	***0.82***	***1,509,921***	***48,545***
Existing Tailings*	92,000	7.9	0.23	724,040	23,287	48,000	7.4	0.21	353,760	11,377
Total	**221,060**	**17.8**	**0.52**	**3,941,067**	**126,725**	**101,980**	**18.3**	**0.53**	**1,863,681**	**59,922**

An adjustment was made to the 2010 Resource Estimate (Giroux), as it was determined that the 3077 zone had been previously extracted. This error inflated the 2010 resource estimate by 9,330 tonnes of indicated resources grading 42.3 g/t plus 10,920 tonnes of inferred resources grading 34.7 g/t.

The updated resource estimate demonstrated the mine's ability to accomplish its operating plan: to replenish what is mined on an annual basis. The results of the Resource Estimate will be compiled in a National Instrument, 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report and filed on SEDAR.

As of 9 April 2012, the Company has sold 168 x 1 tonne bags of copper concentrate. Average shipment grades have varied from 650 g/t to as high as 17,000 g/t of gold plus 400 g/t to 1100 g/t of silver and 2% to 19% copper. The low copper content is a direct attribute of mining primarily copper oxide ores.

NEW PROJECT ACQUISITION PROGRAM

The Company continues to review potential new acquisitions that will enhance its current portfolio of mineral properties.