



Management's Discussion & Analysis ('MD&A')

For the Year Ended April 30, 2010

This MD&A, including appendices, is intended to help the reader understand Kirkland Lake Gold Inc. ('us', 'KGI' or 'the Company'), our operations and our present business environment. It has been prepared as of July 6, 2010 and covers the results of operations for the year ended April 30, 2010. It is intended to supplement the audited Financial Statements and notes thereto which are expressed in Canadian Dollars and prepared in accordance with Canadian Generally Accepted Accounting Principles ('GAAP'). These statements together with the following MD&A are intended to provide investors with a reasonable basis for assessing the potential future performance. Additional information relating to the Company is available from the Company's Annual Information Form ('AIF') filed with the Canadian securities regulators on SEDAR at www.sedar.com.

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COMPANY OVERVIEW

The Company is an operating gold mining company located in Kirkland Lake, Ontario, Canada, which owns the Macassa Mine and Mill and four contiguous formerly producing gold mining properties. The Company's goal is to expand its gold reserves and resources to approximately five million ounces, and reduce its unit operating costs by increasing its production rate in order to become a profitable and sustainable intermediate gold producer. The Company's common shares trade on the TSX (Toronto Stock Exchange) and AIM (Alternative Investment Market of the London Stock Exchange).

Over the past eighteen months, the Company has announced a number of projects intended to increase production in two phases. **Phase I**, to be completed by July, 2010, aims to double production to 600 to 700 tons per day and generate ore containing 90,000 to 100,000 ounces of gold per year. **Phase II**, now expected to be completed by November 2011, aims to double production once again to 1,200 to 1,400 tons per day and generate approximately 180,000 to 200,000 ounces of gold per year. Both projects include major expansions of the Company's exploration and development programs.

The Company has established the following priorities:

- 1) Safety and Environmental – including Loss Control, Security, and Closure activities.
- 2) Improving the availability of Plant and Equipment and generally upgrading the mine infrastructure.
- 3) Progressing development, including rehabilitation of existing workings.
- 4) Expediting construction, including the creation of new facilities and refurbishment of existing installations.
- 5) Driving forward our exploration program.
- 6) Growing production in a sustainable way.

“The Company's directors and management believe that focussing on these priorities will provide the Company with the best opportunity to build a successful and long term mining operation.”

HIGHLIGHTS OF THE YEAR

MINE EXPANSION AND PRODUCTION

- ➔ Fiscal 2010 was a significant year of progress towards the Company's goal of becoming a long term intermediate level gold mining company. Work is on track for the mine to meet the Phase I targeted average tonnage rate of 600 to 700 tons per day of ore over fiscal 2011, with component parts of the Phase II development program (designed to increase production from 1,200 to 1,400 tons per day) currently being coordinated or commencing ahead of schedule. In addition, a further production increase to 1,800 to 2,400 tons per day is also now being evaluated.
- ➔ Work to increase the ultimate hoisting capacity at the #3 Shaft by over 300% to 3,600 tons per day started ahead of plan, with an initial capacity increase to 2,600 tons per day expected to be completed late in the third quarter of fiscal 2011. The remaining hoisting improvements will be completed as required to ensure that hoisting capacity remains ahead of requirements.

- The underground haulage ramp between the #3 Shaft and the South Mine Complex (SMC) mining area is six months ahead of schedule and is now targeted for completion in the first quarter of fiscal 2012. The number of ore mining faces available for production had increased to twenty-five by the end of fiscal 2010, with another twenty-five ore mining faces in the development and planning stages. Production remains limited to no more than 600 to 700 tons per day until the initial hoisting upgrade is completed due to hoisting capacity restrictions.
- An expansion of the changing area for workers capable of accommodating an additional 300 people (for a total capacity of 600 workers) is also progressing well and will be completed in the first quarter of fiscal 2011. A further expansion to accommodate an additional 300 persons has also been approved.
- Additions and improvements to the surface maintenance facilities, headframe, surface muck handling facilities, warehouse, cold storage facility, core handling facility, offices and parking lots, compressor plant, electrical plant, and backfill plant also to be completed in fiscal years 2011 and 2012 are now being planned or are underway.
- Reviews and improvements to the Company's Planned Maintenance and Critical Spare Programs were ongoing throughout fiscal 2010. A significant number of infrastructure repair and upgrade projects in areas such as the mill, surface shops, other surface facilities, underground maintenance facilities, parking areas, roadways, headframe, electrical, communications, ventilation, backfill, and shaft and hoisting systems were completed, were underway, or were being planned throughout the fiscal year.
- The mine experienced the equivalent of a five month production interruption in fiscal 2010 due to the failure, after eighteen years of service, of the only paste-fill hole between surface and 34 Level. Fortunately, this had been identified as a risk and contract drillers had already been booked to drill additional holes to replace this hole. Drilling started shortly after the hole was lost and two new paste-fill holes were completed in 2010 between surface and the 34 Level and are in service. A third hole was also drilled between surface and the 42 Level for future use. The interruption in the supply of paste-fill affected both the production tonnage for the year and the mined grade as lower grade exploratory mining ore displaced some higher grade reserves. However, progress on the expansion project benefited from the production delay as work that would have been slower and more difficult with the mine in production was expedited, and some production resources were freed for use on the project. The return to a normal production rate was also delayed by a decision to complete some project work started during the paste-fill shortage before returning some key areas to production. Ore mining areas in the Main Break resumed production in late December, the 50 Level of the SMC area came back on line in early January and the 53 Level SMC area, the largest and highest grade production area in the Mine, resumed production in late January. This sequence – lower to higher grade – was dictated by the completion of the related infrastructure projects.

EXPLORATION TO INCREASE

- Level rehabilitation programs on the 53 Level reached areas that had been targeted for exploration drilling sites along the Main Break in the third quarter of fiscal 2010. After final site preparations are completed and other exploration drilling is completed and drills thereby become available, significant new long term drilling programs will be initiated targeting large areas east and west of the SMC. These programs will be similar in scope to the program that discovered the SMC.
- Development of another drill site required for the next phase of drilling on the Queenston Joint Venture property was also completed in the fourth quarter.

- Once the worker changing area expansion is completed, manning of the key exploration drills will be increased by 75%.
- A doubling of the capacity of the diamond drill core handling facility is complete.

FINANCIAL RESULTS:

- Gold poured for the year was 48,447 ounces, eleven percent higher than in the previous year (43,581 ounces) but significantly below budgeted production rates due to the lack of paste-fill and unavoidable conflicts with some project work which interfered briefly with production.
- As a consequence of increased costs, the Company reports a net loss for the year ended April 30, 2010 of \$12,261,567 or \$0.20 per share, which compares with a net loss of \$10,483,055 or \$0.19 per share for the previous year.
- Cash flows used in operating activities were \$954,098 for the year, 81% lower than the previous fiscal year (\$5,137,862).
- Cash resources (including short-term investments) as at April 30, 2010 were \$59,555,993 and as of July 6, 2010 were \$50,998,883.

HEALTH AND SAFETY

- The Company completed calendar year 2009 with the third lowest accident frequency in the Province of Ontario in the Large Mines category after finishing first in the Small Mines category in 2008, notwithstanding the number of new employees added in 2009 reaching 173 employees, a 74% increase over 2008. The acceleration of hiring and training activities that began in January 2009 has been maintained to date. The number of new employees hired since the start of the Project reached 257 employees by the end of fiscal 2010, a 110% increase over 2008. For calendar year 2010 to date, the Company is currently the lowest in accident frequency in the Province of Ontario in the Large Mines category.
- The Company hired a dedicated Environmental Manager, added a full time Worker Health and Safety Representative, increased the size of the Safety and Training Department, and generally increased the overall level of activities in the areas of Health and Safety, Environmental, Loss Control, and Closure across the property commensurate with the increase in employment and work activity on site.

HIGHLIGHTS OF THE FOURTH QUARTER

- Ore production steadily increased during the fourth quarter as the mining cycle returned to a balanced state and reached the targeted 600 to 700 ton per day range at an average of 633 tons per day by April.
- A shortage in the number of production miners was made up by late in the quarter.
- Gold poured for the quarter was 14,995 ounces, seven percent lower than the same quarter in fiscal 2009 (16,090 ounces) due to lower grades and tonnages as the mine returned into production over the course of the quarter.

- Cash flows generated from operating activities were \$2.5 million for the quarter.
- The Company reports a net loss for the quarter ended April 30, 2010 of \$1,709,596 or \$0.03 per share, which compares with an adjusted net loss of \$4,895,502 or \$0.08 per share for the previous quarter and net income of \$2,349,178 or \$0.02 per share for the same quarter in fiscal 2009.

OUTLOOK

Ore production levels at the mine returned to the targeted 600 to 700 tons per day range in April. Production in fiscal 2011 will be restricted to this level due to the need to skip waste and carry out other required shaft work until the hoisting upgrade is completed late in the third quarter. Twenty-five ore mining faces were available by the end of the fourth quarter of fiscal 2010, but these were not fully manned due to the hoisting limitation on ore. An additional twenty-five ore mining faces were at various stages of development or planning by the end of 2010. Many of these new production faces will be idle or not fully manned until after the upgrades to the hoist plant and other facilities are completed during fiscal 2011. A large number of longer term development, stoping, exploration and other mining projects are also awaiting the completion of these infrastructure upgrades.

Production for fiscal 2011 is expected to be between 90,000 and 100,000 ounces with the fourth quarter of fiscal 2011 production estimated in the range of 30,000 to 40,000 ounces. Achieving this level of yearly production is dependent on completing the initial hoisting upgrade on schedule.

The Company will continue to prioritize the work and investment required to meet our goals of attaining 5,000,000 ounces in total gold reserves and resources and of reaching a profitable production rate of 180,000 to 200,000 ounces of gold per year by the new target of mid fiscal year 2012.

See 'Forward Looking Information' for a description of the factors that may cause actual results to differ from forecast.

CAPITAL PROJECTS UPDATE

During the fiscal year the Company spent \$22.5 million on underground capital development and \$11.2 million on property, plant, and equipment.

Capital Spending by Quarter <i>(All amounts in millions of CDN Dollars)</i>	Total	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Phase I Development	7.8	1.3	1.6	2.9	2.0
Ongoing Development	14.6	3.9	4.9	5.0	0.8
Phase II Preliminary	0.1	0.0	0.0	0.1	0.0
Total Development	22.5	5.2	6.5	8.0	2.8
Phase I Equipment	1.2	0.2	0.2	0.4	0.4
Ongoing Equipment	2.6	0.6	0.4	1.2	0.4
Phase II Equipment and Projects	7.4	4.0	1.6	1.4	0.4
Total Equipment and Projects	11.2	4.8	2.2	3.0	1.2
TOTAL CAPITAL EXPENDITURES in FISCAL 2010	33.7	10.0	8.7	11.0	4.0

Underground development spending consisted of \$14.6 million for development, \$7.8 million for Phase I Project development, and \$0.1 million for Phase II preliminary engineering. Property, plant and equipment purchases included \$2.6 million for capital equipment, \$1.2 million for Phase I Project equipment and \$7.4 million for Phase II Project related equipment, plant, and engineering. The remaining work left to be completed under Phase I consists of project development supporting Phase II that had to be started early due to the long time line required for that work.

During the fourth quarter of fiscal 2010, the Company spent \$5.2 million on underground development, which included \$1.3 million for Phase I Project development. Property, plant and equipment expenditures totalled \$4.7 million and were comprised of \$0.6 million for capital equipment, \$0.2 million for Phase I Project equipment and \$4.0 million for Phase II Project related equipment, plant, and engineering.

OPERATIONS REVIEWS

Fiscal 2010 Results	Commentary	Comparative Fiscal 2009	*B/ (W)
45,191 ounces	Ounces delivered to the mill decreased as tons of ore milled increased 10% over the previous year, but the grade of ore milled decreased 16% due to an increase in the amount of lower grade exploratory mining completed during the year. Exploratory mining does not initially require fill and increased due to the paste-fill supply disruption. The purpose of exploratory mining is to confirm the dimensions and extent of ore zones only previously delineated by diamond drilling, and generally results in lower grades on the first exploration cut through the ore than that derived in subsequent production mining when information from the exploration mining can be utilized. Poured ounces increased from 43,581 in 2009 to 48,447 in 2010 reflecting a surge of high grade ore milled in the last week of 2009.	48,012 ounces	(6)%
0.31 opt	The ore grade for the year was 0.307 ounces of gold per ton (opt), a decrease of 16% over the previous year due to the increase in exploratory mining.	0.37 opt	(16)%
37,992 tons	The increase in waste tonnage going to the mill is directly related to the increase in capital development on the 53 Level as waste from 53L is being milled until an alternative waste handling system is completed. This waste is factored out of all mill production numbers.	29,269 tons	30%
3,106 feet	Operating development decreased because the number of stopes in production remained fairly steady in 2010. In 2009, the number of operating stopes was more than doubled.	9,129 feet	(66)%
61,279 tons	Ore generated from production, development and exploratory mining in the SMC increased as more ore faces were in production, despite the production face delay due to the paste-fill disruption. However, ore from development and exploratory mining faces contributed far more tons than expected due to that disruption. The SMC is a new ore zone with more development and exploratory mining faces initially available. The highest grade ore is generated by the production faces.	42,459 tons	44%
85,679 tons	Ore generated from production, development and exploratory mining in the Main Break decreased due to the paste-fill disruption.	90,947 tons	(6)%
9,190 feet	Capital development increased as ventilation improvements allowed the use of larger equipment and the opening of more development headings. These development headings will support mine infrastructure improvements and new mining faces in future years.	5,960 feet	54%
146,958 tons	Tons of ore milled increased 10% compared to the previous fiscal year due to the increase in the number of available mining faces offset by the paste-fill disruption. Roughly five months of production were lost in terms of tons to that disruption. The effect on ounces was more severe as lower grade ore that was not fill dependent was substituted for fill dependent higher grade ore.	133,406 tons	10%

*B / (W) = Better / (Worse)

FINANCIAL REVIEW

Fiscal 2010 Results (\$000s)	Commentary	Comparative	
		Fiscal 2009 (\$000s)	*B/ (W)
51,232	Revenue was 18% higher than the previous year reflecting an 8% increase in ounces sold (3,439 oz) and an average increase of 9-10% in the realized gold price in Canadian dollars.	43,542	18%
53,953	<p>Operating Costs increased \$6.4 million due to increases in mining, milling and maintenance costs (\$2.8 million), general site costs (\$0.8 million), royalty expense (\$0.3 million) and an adjustment to inventory costs due to the timing of sales between fiscal years (\$3.4 million), all of which were offset by a decrease in depreciation expense (\$0.2 million) and a \$0.7 decrease in stock based compensation for operations personnel.</p> <p>Mining, milling and maintenance costs were \$2.8 million higher due to increased tonnage and associated labour and material costs. In addition to the production activities, there was also a substantial amount of mine rehabilitation work undertaken by operating crews during the period when paste-fill problems disrupted production. Most of the costs associated with the rehabilitation work were reported within operating costs during the second and third quarters but due to some significant analysis work which was started on January 1, 2010, the Company refined its processes and methods of capturing and reporting capital costs prior to year end to enable a more accurate distribution of materials and overhead.</p> <p>General site costs include support departments such as management, engineering, geology, finance, security, environmental and health and safety. These costs increased marginally (\$0.8 million) when compared to total spending and reflected the additional staff hired and materials used to effectively manage the expansion projects.</p> <p>Royalty expense is a function of revenue and thus rose with the increase in revenue.</p> <p>An inventory adjustment of \$3.4 million occurred between years resulting from additional ounces being sold in the year that were in inventory in the prior fiscal year combined with changes in inventory valuation due to slightly higher production costs.</p> <p>Depreciation expense was largely affected by one-off adjustments and write-offs required after a six month asset review was performed to implement a new fixed asset register. The Company chose to complete this review and upgrade to a superior fixed asset register in order to better facilitate the ongoing expansion projects and to prepare for the upcoming switch to International Financial Reporting Standards (IFRS).</p> <p>Stock based compensation was \$0.7 million dollars lower when compared to the previous year mainly as a result of some operations personnel being reclassified to the General and Administration cost centre.</p>	47,537	(13)%
2,615	General and administrative expenses were higher over the previous year as a result of increased spending on labour (\$0.1 million), consultants (\$0.2 million), listing and filings fees (\$0.1 million) and a new Ontario Transitional Tax (\$0.1 million). Labour increased from the reallocation of a portion of wages for Senior Management personnel as well as the hiring of a new Director of Investor Relations. Consultancy fees increased due to scoping, designing, implementation and training for the upcoming changes associated with IFRS. The two private placements that occurred during the year were the cause of the increase in listing and filings fees.	2,107	(24)%
5,285	Exploration costs increased over the previous fiscal year as a result of increased exploration activity.	3,652	(45)%

Fiscal 2010 Results (\$000s)	Commentary	Comparative	
		Fiscal 2009 (\$000s)	*B/ (W)
22,522	Capital spending on mine development doubled compared to the previous year as a consequence of ventilation improvements allowing for larger equipment use, more development headings becoming available and the particularly high levels of refurbishment work which took place during the second and third quarters in particular.	7,990	182%
11,169	Capital spending on equipment doubled compared to the previous year for reasons as explained in the Highlights and Capital Projects Update sections.	5,316	110%
82,921	The increase in total spending compared to the previous year reflects the increased investments being made to upgrade surface and underground infrastructure in preparation for the planned production increases.	54,776	51%
445	Other income decreased slightly year on year due to declining interest rates on investments.	590	(25)%

*B / (W) = Better / (Worse)

SUMMARY OF QUARTERLY RESULTS

The quarterly results for the Company for the last eight fiscal quarters are set out in the following table.

Quarterly Results <i>(All amounts in 000s of Canadian Dollars, except Loss per share figures)</i>	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal 2010				
Revenue	15,630	6,177	6,925	22,499
Net Income/ (Loss)	(1,710)	(4,896)	(7,273)	1,617
Loss per Share (Basic & Diluted)	(0.03)	(0.08)	(0.12)	0.03
Fiscal 2009				
Revenue	18,210	8,553	8,827	7,952
Net Income/ (Loss)	2,349	(4,688)	(4,790)	(3,354)
Loss per Share (Basic & Diluted)	0.04	(0.08)	(0.09)	(0.06)

In the first quarter of fiscal 2009, a net loss of \$3.4 million made management aware that maintaining profitability would not be possible through cost saving initiatives alone and that increased levels of production would be required to build a profitable and sustainable mining operation. Fortunately, successful exploration initiatives had built a large and rapidly growing reserve and resource base within a large and highly prospective target area. This realization resulted in the development of an aggressive multistage plan to upgrade site infrastructure and develop additional mining areas in both the Main Break and SMC in order to achieve a level of sustained profitability. The losses during the second and third quarters of fiscal 2009 were a result of the increased spending required to initiate these development and infrastructure upgrades. By the fourth quarter of fiscal 2009, some of the foundation work had been completed and the Company began operating at a higher level of production which resulted in income of \$2.3 million. This higher level of production was maintained into the first quarter of fiscal 2010 until the paste-fill borehole plugged and halted production. During the second quarter of fiscal 2010, revenues declined dramatically due to the lack of paste-fill, however, costs remained similar to previous quarters as production personnel and some capital development personnel were reassigned to infrastructure repair and improvement projects. The effects of the borehole blockage continued to be felt throughout much of the third quarter of fiscal 2010 before the mine returned to a near-normal production rate and near-normal pace of mine development and infrastructure upgrade work late in the quarter.

Capital expenditures in the second and third quarters of fiscal 2010 have been restated as a result of adjustments to capital development expenditures, and accordingly, operating expenses have been restated. The net effect of the restatements was an increase to capital expenditures of \$3.1 million and \$3.4 million for Q2/10 and Q3/10 respectively and an equivalent decrease to net loss in each of those periods.

In the fourth quarter of fiscal 2010, mining operations returned to the targeted production range with February at 516 tons per day, March at 528 tons per day, and April at 633 tons per day. Revenue lagged production during the quarter as the timing of production resulted in an increase of 930 ounces in mill inventory and 1,430 ounces in poured ounce inventory. That lag, an increase in exploration expenses of around \$0.6 million

over the average for the previous quarters, and a one-off adjustment to fixed assets of \$0.5 million resulted in a loss of \$1.7 million for the fourth quarter.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

To date, the Company has relied on private placement financings of equity securities to finance its operations. Expenses have often in the past exceeded income. Even with substantially increased current cash resources, if this were to continue, the liquidity risk could be material. Success will depend, for the most part, upon increasing production in stages, adding to reserves and resources as cost effectively as possible, and maintaining tight controls over material price increases and expenditures generally.

Sales of gold doré bars and the majority of the Company's expenses are incurred in Canadian dollars. The Company is, therefore, substantially protected against movements in foreign exchange. The Company's principal exchange rate risk relates to movements between the Canadian dollar and US dollar.

The Company's holding of cash balances is kept under constant review and surplus funds are held on deposit. Given the current climate, the Company has taken a very risk averse approach to manage cash resources by investing in Government of Canada Treasury Bills of varying denominations and maturity dates. There are no fixed, floating rate or interest free financial liabilities by way of debt.

Cash and short-term investment resources, (cash, cash equivalents and short-term investments) were as follows:

Resource	At April 30,	
	2010	2009
Cash \$CDN	29,323,439	1,806,199
Cash \$US	0	0
Short-term Investments	30,232,554	23,638,142
Total	59,555,993	25,444,531

Interest received on Canadian dollar deposits range from 0.05 – 0.6% per year. A breakdown of restricted cash and investments is available in Notes 3 and 4 of the financial statements for the year.

The cash flow statement shows that the Company used \$1.0 million in cash for operations in the year. This cash outflow was mainly a consequence of a \$12.3 million loss in the year combined with changes in non-cash working capital items.

Net proceeds from financing activities during the year amounted to \$69.4 million from the issuance of common shares and common share purchase warrants.

Net investing activities of \$41.0 million were attributable to net purchase of short-term investments of \$6.5 million, a change in restricted cash value of \$0.2 million, net investments in mine equipment and surface infrastructure of \$11.7 million (\$11.2 million invested plus \$0.5 million in adjustments) and investments in capital development of \$22.5 million.

As at July 6, 2010 the Company's cash resources are \$51.0 million. These funds are expected to be sufficient to fund the Company's planned exploration and development activities for the next twelve months.

Financial Instruments

The Company's financial instruments as at year end consist of cash and cash equivalents, short-term investments, security deposits, restricted cash, capital leases, accounts receivable, accounts payable, and accrued liabilities. At April 30, 2010, the carrying values of these instruments approximate their fair values based on the nature of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company also has a capital lease bearing interest at 8% per annum, repayable in monthly payments of \$8,487. The lease matures in 10 months. Further detail on the lease is available in Notes 7 and 17 of the financial statements for the year.

Commitments

As at April 30, 2010, capital commitments made to third parties included:

Capital Commitments	\$000
Property, Plant and Equipment	7,704
Underground Development	338
TOTAL	8,042

Capital commitments include Phase I, Phase II and ongoing project commitments as discussed above in the Capital Project Update section of this MD&A. Major commitments include: i) a dry expansion project, ii) the hoisting upgrade project and iii) mobile underground equipment required for maintaining and increasing production.

The Company had an outstanding commodity contract with Johnson Matthey Plc. to fix the price of 4,923 ounces of gold at an average price of \$1,169 per ounce to be delivered under this contract. As part of the commodity contract Johnson Matthey Plc. has a right to make a margin call if the price of gold falls below the price of the commodity contract until the full amount of the commodity contract has been satisfied. At the end of the quarter, \$16,000 was on deposit to cover the margin calls made by Johnson Matthey Plc.

A net smelter royalty is payable on a sliding scale commencing at 2% if the price of gold is equal to or greater than US\$300 per ounce and increasing to 4% if the price of gold sold is equal to or greater than US\$500 per ounce. The royalty terminates upon aggregate payments of \$15

million. During the year ended April 30, 2010, such royalties amounted to \$2,044,427 (2009: \$1,737,346). Of the \$15 million payable the Company has paid \$8,278,640.

An agreement between Queenston Mining Inc. and the Company was formed in April 2007 to explore the Morgan Property. The Company has agreed to spend \$770,000 on exploration of this property for the fiscal year 2010. As at April 30, 2010, the Company spent \$708,038 out of the \$770,000 and work is continuing into fiscal 2011 to complete the agreement. Expenditures were delayed on development as a result of refurbishment work required in the mining area and drilling is still ongoing.

Under its obligations pursuant to the Morgan Property purchase agreement, the Company completed the issuance of the final tranche of shares and made the final cash payment to the vendor. During the fiscal year, the Company's purchase obligations were completed.

On February 1, 2008 the Company submitted a revised end of mine life closure plan to the Ministry of Northern Development & Mines (MNDM) of the Province of Ontario. At the same time, the Company put in place a letter of credit for \$4,452,597 in favour of the MNDM which, in turn, refunded the Company the original mine closure bond for \$2,235,829 on April 17, 2008.

The MNDM advised the Company on May 12, 2008 that the amended closure plan submitted on February 1, 2008 did not address all of the prescribed requirements for a certified closure plan and on September 25, 2008 the Company received from the MNDM technical comments regarding the plan's shortcomings. As a consequence, in the spring of 2009 the Company engaged a third party consultant to provide assistance with assessment of the property's closure status in light of these comments. The company has received the consultant's report and is preparing a plan of action for dealing with the deficiencies in the Closure Plan. The Company has briefed the MNDM on its plans and progress to date and continues to work on the required revisions to the closure plan. .

The Wright Hargreaves Property is not included in the amended closure plan nor is there any financial assurance in place with respect to this property. A letter from the MNDM dated October 27, 2008 requires that the Company provide a schedule to determine how and when any hazards on this property will be rehabilitated. In its response on March 5, 2009 the Company issued a letter to MNDM explaining that a consultant has been retained to assist in the identification of potential hazards and related obligations, if any. A report has been completed and the MNDM has been briefed on its results. The Company is working on plan for Progressive Rehabilitation of this property to be submitted along with the revised closure plan.

Related Party Transactions

Pursuant to an agreement between the Company and Ionic Management Corp., the Company pays \$3,500 per month to Ionic in consideration of it providing corporate and administrative services to the Company. During the 2010 fiscal year the total fees paid to Ionic for services performed under the agreement were \$42,000 (2009: \$42,000). Ionic is a private management company and has one director (Brian E. Bayley) in common and a corporate secretary (Sandra Lee) in common with the Company.

APPENDIX 1

SELECTED FINANCIAL INFORMATION & REVIEW OF OVERALL PERFORMANCE

Financial Highlights <i>(All amounts in 000s of Canadian Dollars, except shares and per share figures)</i>	Year Ended April 30,		
	2010	2009	2008
Gold Sales (ounces)	46,962	43,545	52,019
Average Price (per ounce)	1,091	1,000	797
Revenue	51,232	43,542	41,436
Operating Expenses	53,953	47,536	39,609
Exploration Expenditure	5,285	3,652	3,877
Net Income (loss)	(12,262)	(10,483)	(3,346)
Per share (basic and diluted)	(0.20)	(0.19)	(0.06)
Cash Flow from (used in) operating activities	(954)	(5,138)	2,158
Cash Flow from financing activities	69,409	13,079	12,341
Cash Flow from (used in) for investing activities	(40,938)	(21,737)	(25,171)
Net increase (decrease) in cash	27,517	(13,796)	(10,672)
Cash at end of period	29,323	1,806	15,603
Short-term investments	30,233	23,638	15,389
Total cash resources	59,556	25,444	30,992
Total Assets	162,207	100,896	91,521
Total Liabilities	16,530	14,127	10,053
Working Capital	55,699	26,358	30,056
Weighted average number of shares outstanding	62,628,013	56,349,826	55,470,107
Dividends per share	NIL	NIL	NIL

APPENDIX 2

OPERATIONS REVIEW (Quarterly Comparatives)

Q4/10 Results	Commentary	Comparatives			
		Q3/10	B/ (W)*	Q4/09	B/ (W)
15,925 ounces	Ounces delivered to the mill continued to increase throughout the fourth quarter with the mine returning to a normal production rate by April. Ore tonnage production returned to the levels of the fourth quarter of fiscal 2009 by April, 2010. A total of 14,995 ounces were poured during the quarter compared to 16,090 ounces poured during Q4/09.	8,221 ounces	94%	20,411 ounces	(22)%
0.32 opt	The ore grade for the quarter was low as the ore faces mined were in a lower grade cycle when mining resumed after filling as a number of lower grade pillars had been left to be recovered.	0.35 opt	(9)%	0.42 opt	(24)%
7,592 tons	The increase in waste tonnage going to the mill was directly linked to an increase in waste development on the 53 Level during the quarter. The 53 Level development waste is being milled until an alternative waste handling system is completed.	3,385 tons	124%	4,891 tons	55%
85 feet	The overall level of operating development was low in the quarter as most stopes were filling or mining.	321 feet	(74)%	1,978 feet	(96)%
25,160 tons	Ore generated from production, development and exploratory mining in the SMC was higher than last quarter as the mine returned to production and the production was higher than the same quarter one year ago as more ore faces were in production.	7,758 tons	224%	18,176 tons	38%
24,635 tons	Ore generated from production, development and exploratory mining in the Main Break increased as more faces were in production than in the previous quarter, but decreased year over year as mining in the SMC was given more resources.	16,430 tons	50%	31,979 tons	(23)%
2,537 feet	Capital development increased as more development headings were opened and larger equipment deployed.	1,708 feet	49%	2,096 feet	21%
49,795 tons	Tons of ore milled increased as the mine came back into production and almost reached the levels of one year ago.	24,188 tons	106%	50,851 tons	(2)%

*B / (W) = Better / (Worse)

FINANCIAL REVIEW (Quarterly Comparatives)

Q4/10 Results (\$000's)	Commentary	Comparatives			
		Q3/10	B/ (W)*	Q4/09	B/ (W)
15,630	Revenue increased as 7,749 more ounces of gold were sold compared to the previous quarter. 2,492 fewer ounces were sold compared to Q4/09 for reasons explained above.	6,177	153	18,210	(14)%
13,560	<p>Operating Costs</p> <p>Compared to the third quarter of fiscal 2010: Operating expenses increased by \$4.6 million mainly due to a \$3.5 million dollar increase in mining and maintenance costs as production resumed and manpower shifted back from capital projects to operations. In addition, milling and support service costs increased by \$0.3 and \$0.2 million respectively. Significant fluctuations in gold inventory levels and valuation also occurred as a result of varying operating costs, production coming back online and the restocking the mill circuits during both quarters. There was a positive adjustment of \$2.6 million in the third quarter and a positive adjustment of \$1.3 million in the fourth quarter creating a \$1.3 million dollar negative difference compared to the third quarter. These increases were offset by \$0.7 million in lower depreciation and depletion expense.</p> <p>Compared to the fourth quarter of fiscal 2009: Operating expenses decreased \$0.7 million mainly due to a timing difference between production and sales causing a negative change in inventory value (\$2.0 million) which was offset by a decrease in mining costs (\$0.6 million) as explained in the annual "Financial Review" section above, the reclassification of some stock based compensation expense (\$1.2 million) from operating to other expense and a decrease in depreciation expense of \$0.9 million.</p>	8,979	(51)%	14,289	5%
766	General and administrative expenses were higher then previous quarters as a result of increased spending in labour, contractors and filing fees as discussed for the annual review above ("Financial Review").	649	(18)%	645	(19)%
1,615	Exploration costs increased compared to the previous quarters due to a slight increase in exploration activity as well as a refinement in cost allocation processes that encompass all activities rather than solely operating and development to better depict the use of materials and services.	1,108	(46)%	1,043	(55)%
5,168	Capital spending on mine development increased compared to the previous year with more invested in projects such as ongoing refurbishment combined with more development headings being opened, but decreased compared to the previous quarter as production came back online and some efforts were shifted away from refurbishment.	6,523	(21)%	2,554	102%
4,733	Capital spending on equipment increased during the quarter compared to the previous quarter and the same quarter last year due to large investments in facility upgrades. Projects which continued to progress included the new changing facility, compressor system upgrades, and the hoist expansion initiative.	2,238	111%	1,678	182%
23,324	The increase in total spending compared to the previous quarter reflects higher operating costs and capital expenditures as explained above.	16,409	42%	16,263	43%
282	Other income increased during the quarter from the sale of a tower mill (\$210,000).	74	285%	70	305%

*B / (W) = Better / (Worse)

APPENDIX 3

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of the Company's accounting policies are presented in accordance with Canadian GAAP as set out in Note 2 to the financial statements for the fiscal year. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The preparation of the Company's financial statements depends upon estimates of proven and probable reserves, measured and indicated mineral resources and recoverable ounces, assumptions of operating costs and future gold prices and possible values assigned to potential resources on exploration properties. Such estimates and assumptions affect the cost recovery of long-lived assets and the rate at which depletion and amortization are charged to earnings. In addition, management must estimate costs associated with mine reclamation and closure costs.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

Going Concern

While the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations into the foreseeable future, certain historical adverse conditions and events, could cast significant doubt upon the validity of this assumption and hence the appropriateness of the use of accounting principles applicable to a going concern.

During the years ended April 30, 2010 and 2009, the Company incurred losses of \$12.3 million and \$10.5 million, respectively. Cash flow required for operating activities, including exploration costs charged to operations of \$8.9 million, aggregated \$6.1 million for the two years in total. The funds required to continue operations and exploration activities during this period were financed primarily from the issue of equity.

At April 30, 2010, the Company had working capital of \$55.7 million. Management projects that these funds, together with cash flow from operations, will be sufficient to meet the Company's obligations and capital expenditure plans for the foreseeable future. Nevertheless, differences are likely to occur between actual results and those predicted by management, and those differences may be material. It is possible that the operations will not generate sufficient cash flow for the Company to continue in the normal course without funding being provided from outside sources.

Management has been successful in obtaining sufficient funding for the Company's operating and capital exploration requirements in the past and will pursue additional funding in the future, if necessary. There is, however, no assurance that such funding will be available to the Company, or that it will be available on terms which are acceptable to management. If (i) operations do not generate sufficient cash flow and (ii) sufficient funding for the Company's operating and capital expenditure requirements on terms acceptable to management is not available, the Company may not be able to continue as a going concern.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Mineral Properties & Deferred Exploration Costs

The Company expenses exploration expenditures and near term ore development costs as incurred. Property acquisition costs and longer term development costs incurred to expand ore reserves are deferred and depleted on a units-of-production basis over proven and probable reserves which are currently accessible by the Company. Management's estimate of gold price, recoverability, proven and probable reserves, operating capital and reclamation costs are subject to risk and uncertainties affecting the recoverability of the Company's investment in mineral properties. The Company assesses capitalized costs for recoverability on an annual basis or more frequently if changes in circumstances suggest that possible impairment. Where information is available and conditions suggest impairment, estimated future net cash flows are calculated using estimated future prices, reserves and operating, capital and reclamation costs on an undiscounted basis. If the net carrying value of the property exceeds the estimated future undiscounted net cash flows, the property will be written down to fair value.

Management estimates, using a constant gold price of \$1,051 per ounce versus the average gold price of \$1,153 in the fourth quarter of fiscal 2010 and operating costs similar to historical costs incurred over the past year, that annual production of approximately 65,000 to 80,000 ounces for each year would be required to cover costs of operations and estimated capital expenditures required for mining operations. To date, the Company has not been successful in sustaining this higher rate of production.

Closure Costs

The Company has an obligation to reclaim its properties after the minerals have been mined from the site, and has estimated the costs necessary to comply with existing reclamation standards. These estimates are recorded as a liability at their fair values in the periods in which they occur. If the estimate of reclamation costs proves to be inaccurate, the Company could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense, resulting in a reduction in the Company's earnings and net assets.

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at the financial year ended April 30, 2010. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at April 30, 2010 to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company.

Internal Control over Financial Reporting

As at the financial year ended April 30, 2010, the Chief Executive Officer and Chief Financial Officer evaluated the design and operating effectiveness of the Company's internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operating effectiveness of internal control over financial reporting was effective as at April 30, 2010 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with Canadian GAAP. During the year ended April 30, 2010, there has been no change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting.

Adoption of International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board (AcSB) and the Canadian Securities Administrators (CSA) have confirmed January 1, 2011 as the date IFRS will replace Canadian Generally Accepted Accounting Principles (Canadian GAAP) for publicly accountable, profit-oriented enterprises. Therefore, effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, IFRS will replace the standards and interpretations currently applicable to publicly accountable, profit-oriented enterprises under Canadian GAAP.

Accordingly, the Company will issue its last financial statements prepared in accordance with Canadian GAAP for its fiscal year ending April 30, 2011. Starting from the first quarter of its 2012 fiscal year, the Company's financial statements will be prepared in accordance with IFRS, with previous year comparative figures and May 1, 2010 (date of transition) opening balance sheet restated to conform with such IFRS, along with reconciliations from Canadian GAAP to IFRS, as per the guidance provided in IFRS 1, *First-Time Adoption of International Financial Reporting Standards*.

The transition to IFRS presents a change in the fundamental principles upon which financial reporting is conducted and requires significant analysis and planning to ensure a proper transition.

The Company is progressing well on the various phases of its implementation plan that comprises the following:

- Identification of adequate resources to conduct the implementation.
- An ongoing extensive analysis of the expected accounting differences between Canadian GAAP and IFRS.
- An ongoing assessment of the expected impact of the accounting differences on its financial statements, including the review of choices available upon the initial adoption of IFRS.
- Training sessions for key finance personnel and management throughout the implementation process.
- A review of the potential impact on the business activities of the Company, on its disclosure controls and internal controls over financial reporting, and on its financial reporting systems.

The Company has identified the areas noted below as those expected to have the most significant impact on its IFRS financial statements. The differences and impact described below may be subject to change as modifications to Canadian GAAP and IFRS standards may occur prior to May 1, 2011, the changeover date. The Company will continue to disclose additional impacts in future MD&As as they are determined.

a) First time adoption of IFRS

The Company's adoption of IFRS will require the application of IFRS 1, *First Time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity applies all IFRS effective at the end of its first IFRS reporting period retrospectively, with a number of optional exemptions and mandatory exceptions. The most significant IFRS 1 exemptions that are expected to apply to the Company upon adoption are summarized below.

- Property, plant and equipment, including mineral properties

The Company may elect to report items of property, plant and equipment, including mineral properties, in its opening balance sheet on the transition date at a deemed cost instead of the actual cost that would be determined under IFRS. The deemed cost of an item may be either its fair value at the date of transition to IFRS or an amount determined by a previous revaluation under Canadian GAAP (as long as that amount was close to either its fair value, cost or adjusted cost). The exemption can be applied on an asset-by-asset basis.

The Company intends to elect not to report any items of property, plant and equipment, including mineral properties, in its opening balance sheet on the transition date at a deemed cost instead of the actual cost that would be determined under IFRS. The Company will instead report the items at cost. Therefore, this optional exemption is expected to have no impact at the transition date and thereafter.

- Asset retirement obligation

In accounting for changes in obligation to dismantle, remove and restore items of property, plant and equipment, the guidance in IFRS requires changes in such obligations to be added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. Rather than recalculating retrospectively the effect of all such changes throughout the life of the obligation, an entity may elect to measure the liability and the related depreciation effects at the date of transition to IFRS.

The Company intends to elect to measure the asset retirement obligation and the related depreciation effects at the date of transition to IFRS. The expected transition impact has not yet been quantified.

b) Ongoing accounting policies

- Property, plant and equipment, including mineral properties

Under IFRS, either a historical cost model or a revaluation model can be used to value property, plant and equipment. The Company intends to value its property, plant and equipment using the cost model. This is expected to have no impact at the transition date and thereafter.

In addition, under IFRS, where part of an item of property, plant and equipment has a cost that is significant in relation to the cost of the item as a whole, it must be depreciated separately from the remainder of the item. Canadian GAAP is similar in this respect but has less extensive guidance. The expected impact at the transition date and thereafter has not yet been quantified.

- Impairment of long lived assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. IFRS uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use, which is based on discounted future cash flows. This may potentially result in more impairment losses where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. This is expected not to have an impact at the transition date. Subsequent to the transition date, any potential impact will be dependent upon future circumstances as described above.

In addition, under IFRS, impairment losses previously recognised must be reversed if the circumstances leading to the impairment changed and caused the impairment to be reduced. Canadian GAAP prohibits reversal of impairment losses. The Company has not recognised any impairment losses in the past so no reversal of impairment losses would be required on the transition date to IFRS.

- Provisions, including asset retirement obligation

IFRS requires a provision to be recognized when there is a present obligation as a result of a past transaction or event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation. “Probable” in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is “likely”, which is a higher threshold than “probable”. Therefore, it is possible that there may be some liabilities not recognized under Canadian GAAP which would require a provision under IFRS. Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low end), and the requirement under IFRS for provisions to be discounted where material. These differences are not expected to have a material impact at the transition date. Subsequent to the transition date, provisions may be recognized more frequently under IFRS than under Canadian GAAP.

In relation to asset retirement obligation (ARO), measurement under IFRS shall be based on management’s best estimate, while measurement under Canadian GAAP is based on the fair value of the obligation (which takes market assumptions into account). Under IFRS, cash flow estimates are discounted to present value where the effect of the time value of money is material; the discount rate utilised should be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, unless those risks have been built into the cash flow estimates. Canadian GAAP requires the use of a credit adjusted risk free rate to discount cash flow estimates. The unwinding of the discount, or accretion, under IFRS shall be included in finance costs whereas under Canadian GAAP there is no prescribed presentation for the accretion which is currently included in operating costs. Under IFRS, the provision for ARO should be reviewed at the end of each reporting period and adjusted to reflect the current best estimate; changes may result from changes in the amount or timing of the cash outflows or changes in discount rates. This is different from Canadian GAAP where changes in discount rates alone would not result in a change in the ARO. Accordingly, the Company will need to assess the discount rate applicable to the ARO on an ongoing basis. The expected impact of the aforesaid differences related to ARO at the transition date and thereafter has not yet been quantified.

- Share-based payments

Under IFRS, each installment of share options that vest in installments shall be treated as a separate award with a different fair value. Unlike Canadian GAAP, IFRS does not provide for an election to treat such options as a pool and recognise the expense on a straight line basis. Currently the Company records forfeitures as they occur. However, upon transition to IFRS, the Company will be required to make an estimate of the forfeiture rates for use in the determination of the total share based compensation expense. The Company has established that the use of the Black-Scholes model will be an acceptable method to estimate the fair value of the options at the date of grant under IFRS, and this is consistent with the Company’s current practice. The aforesaid differences will result in a difference in valuation of the share based awards and timing differences for the recognition of compensation expenses. The expected impact has not yet been quantified.

- Revenue recognition

Under IFRS, the Company will recognise revenue when all significant risks and rewards of ownership of the gold is transferred to the purchaser, which occurs when the gold is received by the purchaser. Under C-GAAP, the revenue is recognised on title transfer of the gold to the purchasers, which up to January 6, 2010 was occurring upon receipt of the gold by the purchaser and subsequent to January 6, 2010 occurs on the value date of the Early Settlement. On the date of transition to IFRS, the Company expects that the last gold bar shipped in fiscal 2010 and received by the purchaser on April 30, 2010 will be recognised in the revenue of fiscal 2011 under C-GAAP while it will be recognised in fiscal 2010 under IFRS. The impact at the date of transition is expected to be a decrease in revenue. The impact for the remainder of fiscal 2011 will be dependent upon future circumstances as described above.

The above list and related comments should not be regarded as a complete list of changes that will result from the transition to IFRS. It is intended to highlight those areas believed to be most significant. The differences described are those existing based on Canadian GAAP and IFRS as of the date of this report.

c) IFRS impact on the organisation

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS (i.e. interim financial statements for the three months ended July 31, 2011) will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

The Company has obtained an understanding of IFRS from intensive training of its finance personnel.

The Company believes that the impact of the conversion to IFRS on its information systems, and on its disclosure controls and internal control over financial reporting will not be significant.

CHANGES IN ACCOUNTING POLICIES

Effective May 1, 2009, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3064 Goodwill and Intangible Assets, CICA Handbook Section 3862 Financial Instruments and CICA EIC 174 Mining Exploration Costs.

The initial adoption of this new standard had no material impact on the Company’s financial statements.

(a) Goodwill and Intangible Assets.

The new section prescribes standards for the accounting for goodwill and intangible assets. This standard did not have a significant impact on the Company’s financial position or results.

(b) Financial Instruments

The amendments made to Handbook Section 3862 Financial Instruments include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements for publicly accountable enterprises.

(c) EIC 174

This abstract provides guidance for mining exploration enterprises on the capitalization of exploration costs, when an assessment of impairment of these costs is required and conditions indicating impairment. This abstract did not have a significant impact on the Company's financial position or results.

Accounting Changes

The following Canadian accounting pronouncements were issued and not yet adopted by the Company:

- CICA Handbook Section 1582, Business Combinations. The new section prescribes how an organization recognizes, measures and discloses and business combination. This standard is not expected to have a significant impact on the Company's financial position or results. This is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.
- CICA Handbook Section 1601, Consolidated Financial Statements. The new section prescribes consolidation accounting standards. This standard is not expected to have a significant impact on the Company's financial position or results. This is effective for fiscal years beginning on or after January 1, 2011.
- CICA Handbook Section 1602, Non-Controlling Interests. The new section prescribes standards for the accounting for a non-controlling interest in business combination. This standard is not expected to have a significant impact on the Company's financial position or results. This is effective for fiscal years beginning on or after January 1, 2011.
- Adoption of International Financial Reporting Standards (IFRS) – see above.

APPENDIX 4

OTHER MATTERS

Outstanding Share, Option & Warrant Data

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

Security	Shares issued or Issuable	Weighted Average Exercise Price
Common Shares	67,730,634	--
Options	1,399,000*	\$7.55
Warrants	3,537,936	\$9.72

*if all options have fully vested

Forward Looking Information

Certain statements in this MD&A constitute 'forward looking statements'. While these statements are made as of the date hereof they refer to future events. Any forward looking statements are based upon reasonable assumptions, but no guarantees or assurances can be given that actual results will be consistent with such statements.

Forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- Risks inherent in natural resource exploration, development and production
- Lack of operating cash flow and the Company's reliance on additional capital
- Competition in the mineral exploration and mining industries
- Governmental regulation and environmental liability
- Uncertainty of title of resource properties
- Results of legal claims made by or against the Company

A comprehensive list of the risks and uncertainties are set out in the Company's AIF. Readers should not place undue reliance on any forward looking statements.