GOLDEN FAME RESOURCES CORP.

(*formerly Canfe Ventures Ltd.*)

Management's Discussion and Analysis

For the Seven Month Period Ended

December 31, 2010 and the Period Ended May 31, 2010

Background

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of May 2, 2011, should be read in conjunction with the audited consolidated financial statements of Golden Fame Resources Corp. (the "Company") for the period ended December 31, 2010 and accompanying notes thereto. These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

Cautionary Note Regarding Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Description of Business

Golden Fame Resources Corp. formerly known as Canfe Ventures Ltd., (the "Company" or "GFA") was incorporated under the Business Corporations Act (British Columbia) on January 14, 2008. On June 16, 2008, the Company completed its initial public offering of 3 million common shares at a price of $0.10 per share for gross proceeds of $300,000 (the "IPO"). On June 18, 2008, the Company officially began trading on the TSX Venture Exchange (the "Exchange") under the Exchange's capital pool program with the stock symbol "FEY.P".

On October 21, 2010, the Company completed its Qualifying Transaction which involved the acquisition of 87.5% of the issued and outstanding shares of Fame Oriented Holdings Limited ("Fame") and changed its name to Golden Fame Resources Corp. to better reflect its new business. Fame was incorporated in the British Virgin Islands ("BVI") under the BVI Business Companies Act on June 24, 2009. The transaction was recorded as a reverse acquisition ("RTO"), as the control of the Company was acquired by the corporate officers and former shareholders of Fame. Although legally GFA is regarded as the parent or continuing company, Fame is treated as the accounting acquirer under Canadian generally accepted accounting principles ("CGAAP"). Consequently, the Company is deemed to be a continuation of Fame and GFA is deemed to have been acquired in consideration for its issued and outstanding shares prior to the RTO. As a result, these consolidated financial statements reflect the financial position, operating results and cash flows of the legal subsidiary, Fame as at and for the seven months ended December 31, 2010 as Fame has changed its year end from May 31 to December 31 and the operations of GFA from October 22, 2010 to December 31, 2010.

The Company's new trading symbol is "GFA". The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties.

On October 21, 2010, the Company issued 16,000,000 common shares to BNR and EA at a deemed price of $0.15 for Fame's 10,000 common shares, which resulted in the BNR and EA holding approximately 75% of the outstanding shares of the Company. A finder's fee of 1,016,667 common shares, were issued to an arm's length party in connection with the Transaction.

The Transaction was accounted for as a reverse acquisition, as the control of the Company was acquired by BNR and EA. Although legally, the Company is regarded as the parent or continuing company, Fame is treated as the accounting acquirer under Canadian GAAP. Consequently the Company is deemed to be the continuation of Fame, which the 10,000 issued and outstanding common shares of Fame have been restated using the exchange ratio established in the Acquisition Agreement to arrive 16,000,000 common shares issued to effect the Transaction. The net liabilities of Canfe prior to the Transaction have been accounted for as a recapitalization in the consolidated financial statements.

The consolidated financial statements of the Company for the seven months ended December 31, 2010 include the operations of Fame and its subsidiary from June 1, 2010 to December 31, 2010 and the operations of Canfe from October 21, 2010 to December 31, 2010.

Under reverse takeover accounting, 6,278,942 common shares issued, which includes the 5,262,275 common shares issued and outstanding prior to the Transaction and the 1,016,667 common shares issued as the finder's fee for the Transaction are accounted for as a capital transaction as Canfe does not meet the definition of a business under the Canadian Institute of Chartered Accountant Handbook Emerging Issues Committee Abstract 124, "Definition of a Business". As a result, the net liabilities of $126,406 at Canfe upon the Transaction have been accounted as a recapitalization which recorded as a reduction to the retained earnings. A breakdown of Canfe's net liabilities as at October 21, 2010 is as follows:

Net liabilities acquired :

Cash and Cash equivalents	$	(255,048)
Prepaid expense		137,864
Receivable		77,989
Accounts payable		(87,211)
	$	(126,406)

Overall Performance

The following discussion of the Company's financial performance is based on the consolidated financial statements for the seven month period ended December 31, 2010 and for the year ended May 31, 2010.

As of December 31, 2010, the Company had cash of $354,947 (May 31, 2010 - $428,953) and total current assets of $494,742 (May 31, 2010 - $428,953).

Shareholders' equity is comprised of share capital of $1,027,776 (May 31, 2010 - $10,028), contributed surplus of $1,003,722 (May 31, 2010 - $Nil), accumulated other comprehensive loss of $991 (May 31, 2010 - $791) and a deficit of $169,513 (May 31, 2010 - $2,468) for a total shareholders' equity of $1,860,994 (May 31, 2010 - $6,769).

Working capital (deficiency), which is current assets less current liabilities, is $477,948 as at December 31, 2010 compared to $(978,342) as at May 31, 2010.

During the period ended December 31, 2010, the Company reported a net loss of $40,639 ($0.00 basic and diluted loss per share) compared to a net loss of $2,468 ($0.00 basic and diluted loss per share) from the period ended May 31, 2010.

As at December 31, 2010, 30,278,942 common shares of the Company were issued and outstanding.

As at December 31, 2010, the Company had no earnings and financed its exploration activities by the issuance of its common shares.

Selected Annual Information

The net loss for the seven months period ended December 31, 2010 was $40,639 (year ended May 31, 2010 – $2,820). The loss was primarily the result of advertising and promotion fees of $17,678 (May 31, 2010 – $Nil), accounting fees of $12,882, (May 31, 2010 – $106) and consulting fees of $10,000 (May 31, 2010 – $Nil).

Financial results for the seven months period ended December 31, 2010 and year ended May 31, 2010 were as follows:

	Seven months ended December 31, 2010 $	June 24, 2009 (inception) to May 31, 2010 $
Interest Income	20	21
Net Loss	40,639	2,468
Total Assets	1,877,788	1,415,033
Total Liabilities	16,794	1,407,297
Working Capital (Deficiency)	477,948	(978,344)
Shareholders' Equity	1,860,994	6,769

Results of Operations

During the period ended December 31, 2010, the Company incurred a net loss of $40,639 compared to a net loss of $2,468 for the period ended May 31, 2010. The operating loss of $43,414 was mainly due to advertising and promotion fees of $17,678 (May 31, 2010 – $Nil) relating to corporate marketing services; accounting fees of $12,882 (May 31, 2010 – $106) related to the previous year's financial statement audit and accounting work carried out; consulting fees of $10,000 related to management and advisory services provided by a consultant of the Company; legal fees of $Nil (May 31, 2010 – $583) related to general corporate matters; transfer agent and regulatory fees of $1,460 (May 31, 2010 – $636) and general and administrative expenses of $1,394 (May 31, 2010 – $1,516).

During the period from incorporation to December 31, 2010, there were no operating revenues as the Company was still in the exploration stage.

Due to the Company being in its early stage of development, management foresees further increases in the Company's expenditures in the future years resulting from its exploration activities. These expenditures are contingent upon the Company's ability to fund these projects through private placements and other forms of financing. In the event that the Company does not receive the required funding, management will review all on-going expenditures and take appropriate actions to remedy the funding shortage.

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for the last eight completed quarters:

	December 31 2010[2]	August 31, 2010	May 31, 2010	February 28, 2010
Net Loss	(40,575)	(64)	(408)	(917)
Loss Per Share[1]	(0.00)	(0.00)	(0.00)	(0.00)
	November 30, 2009	August 31, 2009	May 31, 2009	February 28, 2009
Net Loss	(540)	(603)	N/A	N/A
Loss Per Share[1]	(0.00)	(0.00)	N/A	N/A

(1) Presented on basic and diluted basis.
(2) Concurrent with the closing of the qualifying transaction, Fame changed its year end from May 31, 2010 to December 31, 2010, as such the quarter ended December 31 represents four months activity.

Overall, accounting fees, consulting fees, advertising and promotion fees are the major components that caused variances in net loss from quarter to quarter. During the four month period ended December 31, 2010, the major expenses of the Company are accounting fees of $12,776, consulting fees of $10,000, advertising and promotional fees of $17,678, and a foreign exchange gain of $3,209.

During the quarter ended August 31, 2010, the major expenses of the Company were general office and administration fees of $64.

During the quarter ended May 31, 2010, the major expense of the Company was office and administration of $408.

During the quarter ended February 28, 2010, the major expense of the Company was general office and administration fees of $917.

During the quarter ended November 30, 2009, the major expenses of the Company were transfer agent and regulatory fees of $454 and accounting fees of $106.

During the quarter ended August 31, 2009, the major expense of the Company was legal fees of $583.

Due to the completion of the qualifying transaction, which was recorded as a reverse acquisition, the control of the Company was acquired by the corporate officers and former shareholders of Fame. Although legally GFA is regarded as the parent or continuing company, Fame is treated as the accounting acquirer. Consequently, the consolidated financial statements of the Company is deemed to be continuation of Fame and GFA is deemed to have been acquired in consideration for its issued and outstanding shares prior to the RTO. As a result, these consolidated financial statements reflect the financial position, operating results and cash flows of the legal subsidiary, Fame as at and for the seven months ended December 31, 2010 as Fame has changed its year end from May 31 to December 31 and the operations of GFA from October 22, 2010 to December 31, 2010.

Mineral Properties and Deferred Exploration Expenditures

On October 30, 2009, Golden Fame (USA) Inc. (the "Assignee" or "GF") entered into an assignment agreement with Copper One USA Inc. (the "Assignor") under which the Assignor has assigned 100% of its right, title and interest in the Goldridge Property (also known as the Dos Cabezas Property) for the total price of $150,000 (paid) and reimbursement of expenses incurred by the Assignor of $204,413 (paid). In addition, the Company agreed to be irrevocably bound by all the terms identified in the Dos Cabezas Purchase Agreement (see below) with the exception of the obligation of the first payment of $50,000 to Fronteer Development (USA) Inc. which was made by the Assignor.

Dos Cabezas Purchase Agreement

On July 31, 2009, Assignor entered into an option agreement with Fronteer Development (USA) Inc. (the "Fronteer") under which Assignor has the right to purchase the Dos Cabezas Property in southern Arizona for the total price of $400,000 payable over 3 years. To ensure that the Dos Cabezas Agreement is held in good standing, the Company is committed to pay the cash as the following:

July 31, 2009 $50,000 (paid by Assignor)
July 31, 2010 $100,000 (paid)
July 31, 2011 $100,000 (paid)
July 31, 2012 $150,000 (paid)

On June 3, 2010, Fame USA paid to Fronteer the outstanding balance of cash purchase payments for the Gold Ridge Property of $350,000. Fame USA now owns the entire interest of Fronteer in the Gold Ridge Property consisting of private property, patented mining claims, and unpatented mining claims, subject to a 2% Net Smelter Returns royalty payable to Fronteer. Fame USA has the right to purchase from Fronteer one-half of the Net Smelter Returns royalty any time before October 9, 2029, by paying Fronteer $500,000. Fame USA also received an assignment from Fronteer of all its rights as lessee to a leased group of 12 unpatented mining claims which are subject to payment to the lessor of a Net Smelter Returns royalty of 3%, with an annual advance minimum royalty payment of $8,800, and payment to Fronteer of an additional Net Smelter Returns royalty of 1% on production from the leased claims.

Goldridge Property	**From inception to May 31, 2010**	**Additions**	**December 31, 2010**
Acquisition Costs	158,100	364,336	522,436
Exploration Expenditures			
Travel and accommodation	42,852	(1,029)	41,823
General administration	58,475	35,377	93,852
Legal fees	50,119	(1,293)	48,826
General consulting	123,677	(1,343)	122,334
Geological consulting	185,616	3,527	189,143
Equipment and field expenses	17,818	(460)	17,358
Road repair	46,945	(1,211)	45,734
Drilling	296,351	(7,648)	288,703
Miscellaneous	6,127	6,710	12,837
Total acquisition and exploration costs	986,080	396,966	1,383,046

The reduction in the exploration expenditures pertains to changes in foreign exchange rate between May 31, 2010 and October 21, 2010, the date of the RTO.

Financing Activities

On October 21, 2010, concurrent with the closing of the Qualifying Transaction, the Company completed a private placement a private placement raising $1,200,000 by the issuance of eight million units (the "Units") at a price of $0.15 per Unit. Each Unit consists of one common share and one share purchase warrant (the "Warrant"). Each Warrant entitles the holder to purchase, for a period of three years following the closing, one additional common share at a price of $0.15 per share. The total finders' fees of

$182,252, which includes cash of 105,666 and 628,400 warrants, fair valued at $76,586 were paid.

Liquidity and Capital Resources

As at December 31, 2010, the Company had an accumulated deficit of $169,513. The Company expects to incur losses for at least the next 24 months. There can be no assurance that the Company will ever make a profit. To achieve profitability, the Company must advance the Goldridge Property through further exploration in order to bring the Goldridge Property to a stage where the Company can attract the participation of a major resource company, which has the expertise and financial capability to take the Goldridge Property to commercial production. There are no assurances that the Company can attract the participation of a major resource company or that the Goldridge Property will be put into commercial production.

As at December 31, 2010, the working capital of the Company was $477,948. Additional financing will be required to fund the cost of continued acquisitions and exploration development of the Goldridge Property as well as to meet its ongoing day-to-day operating requirements. Currently, management is actively searching for new sources of capital for the further development of the Company. There are currently no long-term debts, capital lease obligations, operating leases or purchase obligations.

The Company currently has no established credit lines with any chartered banks or other financial institutions. The Company expects to rely upon equity financing as its primary source of funding. There are no assurances that the Company will be able to negotiate equity financings on terms acceptable to management of the Company or at all.

Off Balance Sheet Arrangements

There are currently no off balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company.

Related Party Transaction

On November 1, 2010, the Company entered into a 12 month management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), whereby Baron agreed to act as corporate advisor and CFO of the Company in return for a monthly fee of $5,000. During the year, the Company recorded $10,000 in consulting fees (2009 – $Nil).

These transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements and the reported amount of revenues and expenses during the period.

Significant areas requiring the use of management estimates include assumptions and estimates relating to but not limited to, the determining of mineral resources, fair values for purposes of impairment analysis, reclamation obligations, stock-based compensation and warrants, valuation allowances for future income tax assets, and future income tax liabilities.

Future Changes in Accounting Policies

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

International Financial Reporting Standard (“IFRS”)

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

Financial Instruments and Risk Management

The Company designated its financial instruments into one of the following five categories: held-for-trading; available for-sale; held-to-maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held-for-trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due to a related party. The Company has classified its cash and cash equivalents as held for trading, which is measured at fair value. Accounts payable and accrued liabilities and due to related party are classified as other financial liabilities, which are measured at amortized cost. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements. For the 7 months period ended December 31, 2010 and the year ended May 31, 2010, the fair value of cash and cash equivalents was measured using Level 1 inputs.

The three levels of the fair value hierarchy are:
• Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities in active markets;
• Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data
• Level 3 - Significant unobservable inputs which are supported by little or no market activity.

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from the markets.

The fair value of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties approximate their carrying values due to the short-term nature of these instruments.

As at December 31, 2010, the Company's financial instruments are comprised of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 354,947	$ -	$ -	$ 354,947
Total	$ 354,947	$ -	$ -	$ 354,947

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At December 31, 2010, there were no financial assets or liabilities measured and recognized in the balance sheet at fair value that would be categorized as Level 2 or Level 3 in the fair value hierarchy previously noted.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest risk.

Credit risk

The Company is exposed to credit risk through its cash and cash equivalents which is held at a Canadian financial institution. The Company believes this credit risk is insignificant.

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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had a cash balance of $354,947 to settle current liabilities of $16,794. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because of its short-term investment nature.

Foreign currency rate risk
As at December 31, 2010, the Company does not believe its overall exposure to currency risk for its obligations denominated in United States dollars is significant.

Outstanding Share Data

The Company's issued and outstanding share capital as at the date of this report is as follows:

(1) Authorized: Unlimited common shares without par value

(2) As at May 2, 2011 (Report Date), the Company has 31,901,932 common shares, 7,045,410 warrants and 180,000 options issued and outstanding.

Additional Disclosure for Venture Issuers Without Significant Revenue

The Company has expensed the following material cost components:

	Year ended December 31, 2010	Year ended May 31, 2010
	$	$
Accounting Fees	12,882	106
Consulting Fees	10,000	-
Advertising and Promotion	17,678	-

During the period ended December 31, 2010 $12,882 in accounting fees was paid in relation to the previous year's financial statement audit.

During the period ended December 31, 2010, consulting fees totalling $10,000 were mainly paid a consultant of the Company to provide management and advisory services to the Company. The transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the related parties, and were recorded at the exchange amount.

During the period ended December 31, 2010 $17,678 in advertising and promotion fees were paid in relation to corporate marketing services.

Risks and Uncertainties

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company competes with other junior mineral exploration companies, some of which have greater financial resources and technical facilities. The business of mineral exploration and extraction involves a high degree of risks and few properties that are explored are ultimately developed into production. In addition to specific risks disclosed throughout this discussion, other risks facing the Company include reliance on third parties, environmental and insurance risks, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility and title risks.

Changeover Plan to International Financial Reporting Standards ("IFRS")

In February 2008, the AcSB confirmed that publicly accountable enterprises are required to adopt IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Following this timeline, the Company will issue its first set of consolidated financial statements prepared under IFRS for the interim periods ending March 31, 2011 and for the fiscal year ending December 31, 2011. The standard also requires that the comparative figures for 2010 be based on IFRS.

The Company has begun the process of transitioning from Canadian GAAP to IFRS. It has established a project plan, allocated internal resources and engaged consultants to manage the transition from Canadian GAAP and IFRS.

The Company is evaluating its overall readiness to transition from Canadian GAAP to IFRS including the readiness of its Board of Directors and Audit Committee.

The IFRS convergence project consists of three primary phases which in certain cases will occur concurrently as IFRS is applied in specific areas:

Phase 1 – Initial Scoping and Impact Assessment Analysis: to isolate the key areas that will be impacted by the transition to IFRS. This phase has been completed.

Phase 2 – Evaluation and Design: to identify specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements. This stage has been completed.

Phase 3 – Implementation and Review: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the Company's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant consolidated financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the consolidated financial statements. The implementation of changes to business processes and controls have been fully implemented.

In phase one the Company has identified the areas where there is the most potential for a significant impact to the Company's consolidated financial statements. The areas which could have a material impact are as follows.

• *First-time Adoption of International Financial Reporting Standards* ("IFRS 1")

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), sets forth guidance for the initial adoption of IFRS. Commencing for the period ended March 31, 2011; the Company will restate its comparative fiscal 2010 consolidated financial statements for annual and interim periods to be consistent with IFRS. In addition, the Company will reconcile equity and net earnings from the then-previously reported fiscal 2010 Canadian GAAP amounts to the restated 2010 IFRS amounts.

IFRS generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and certain optional exemptions to this general principle.

The Company anticipates using the following IFRS 1 optional exemptions:
• to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;
• to apply the requirements of IFRS 2, Share-Based Payments, to equity instruments granted which had not vested as of the Transition Date;

Changes to estimates previously made are not permitted. The estimates previously made by the Company under Canadian GAAP will not be revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

• *Share-Based Payment* ("IFRS 2")

IFRS and Canadian GAAP largely converge on the accounting treatment for share based transaction with only a few differences. For stock options that vest in installments, IFRS 2 requires the Company to determine the fair value of each installment as a separate share option grant while Canadian GAAP treats the entire grant of stock options as a pool and recognize expense on a straight line basis. Under IFRS the Company must make an estimate of stock options that are forfeited before they vest whereas under Canadian GAAP the Company records forfeitures as they occur. The change in this accounting policy is not expected to have a material impact on the Company's consolidated financial statements.

• *Exploration for and evaluation of mineral resources* ("IFRS 6")
Under the Company's current accounting policy, acquisition and exploration costs of mineral properties are capitalized as incurred. IFRS 6 permits mining companies to retain their existing policies with respect to the capitalization of exploration and evaluation costs until guidance that is more definitively developed in this area. Such guidance is not expected to be issued until after the Company's changeover to IFRS. The Company will retain its existing policies with respect to mining interests and exploration costs.

• *Foreign Currency* ("IAS 21")

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with IAS 21 and the entity's financial results and position should be measured using the currency of the primary economic environment in which the entity operates. Currently the functional currency of the consolidated entity is the Canadian dollar which is also the presentation currency of the Company's consolidated financial statements. The management will assess the appropriate functional currency based on existing circumstances which may have a significant impact on the Company's consolidated financial statements.

• *Income Taxes* ("IAS 12")

Fundamentals of accounting for income taxes are the same under IFRS as they are under Canadian GAAP. In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes. The International Accounting Standards Board ("IASB") is currently reviewing IAS based on various meetings and comments received and will consider whether to propose limited amendments. The Company does not expect any changes to its accounting policies related to income taxes that would have a material impact on its consolidated financial statements.

At present, the Company is in the implementation phase of the conversion, and is in the process of updating its significant accounting policies, adjusting its accounting systems, and design tools and processes for the preparation of IFRS information, including comparative and opening balance sheet information. In addition, the Company will evaluate its internal and disclosure control processes as a result of its conversion to IFRS. To date the Company has designed model IFRS financial statements including all note disclosures and disclosures required for the MD&A.

In the period leading up to the changeover in 2011, IASB will also continue to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

Other MD&A Requirements

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