GOLDEN FAME RESOURCES CORP.

(*formerly Canfe Ventures Ltd.*)

Management's Discussion and Analysis

For the Six Month Period Ended

June 30, 2011 and May 31, 2010

Background

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 23, 2011, should be read in conjunction with the condensed consolidated interim financial statements of Golden Fame Resources Corp. (the "Company") for the period ended June 30, 2011, as well as the audited consolidated financial statements for the period ended December 31, 2010 and accompanying notes thereto. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and this discussion includes the results of the Company's subsidiaries, Fame Oriented Holdings Ltd. and Golden Fame (USA) Inc.

During the period ended June 30, 2011, 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.

As of January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") and the following disclosure, and associated condensed interim financial statements, are presented in accordance with the International Accounting Standard 34, Interim Financial Reporting. The comparative periods for fiscal 2010 have been restated in accordance with IFRS, noting the change in year end from May 31 to December 31.

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

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 International Financial Reporting Standards ("IFRS"). 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.

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 IFRS. Consequently the Company is deemed to be the continuation of Fame, of 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.

Concurrent with the transaction, Fame changed its year end from May 31 to December 31. The audited 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 IFRS 3 "Business Combinations". 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)

Management Changes

On March 30, 2011, Robert Bick resigned his position as President and CEO of the Company. On the same date, Graham M. Clark Jr. was appointed as President, CEO and director of the Company.

On March 30, 2011, Peter Bryant resigned his position as director of the Company.

On April 12, 2011, David Velisek was appointed as VP Business Development and Peter Hughes was appointed as Corporate Secretary of the Company.

Overall Performance

The following discussion of the Company's financial performance is based on the condensed consolidated interim financial statements for the six month period ended June 30, 2011, and the audited financial statements for the period ended December 31, 2010.

The condensed consolidated interim statement of financial position as at June 30, 2011 indicates a cash position of $6,579,563 (December 31, 2010: $354,947) and total assets of $8,955,782 (December 31, 2010: $1,877,788).

Shareholders' equity is comprised of share capital of $8,179,555 (December 31, 2010 - $1,027,776), reserves (other reserve and warrant reserve) of $1,175,721 (December 31, 2010 - $1,003,722), accumulated other comprehensive loss of $966 (December 31, 2010 - $966), accumulated deficit of $529,627 (December 31, 2010 - $169,234) and non-controlling interest of $4,114 (December 31, 2010 - $304) for a total shareholders' equity of $8,820,569 (December 31, 2010 - $1,860,994).

Working capital, which is current assets less current liabilities, is $6,707,080 as at June 30, 2011, compared to $477,948 as at December 31, 2010.

During the six month period ended June 30, 2011, the Company reported a net loss of $360,393 ($0.01 basic and diluted loss per share) compared to a net loss of $1,440 ($0.00 basic and diluted income per share) for the six month period ended May 31, 2010.

As at June 30, 2011, 56,026,607 common shares of the Company were issued and outstanding.

As at June 30, 2011, the Company had no earnings and financed its exploration activities through equity financing.

Results of Operations

During the six month period ended June 30, 2011, the Company incurred a net loss of $360,393 compared to a net loss of $1,440 for the six month period ended May 31, 2010. The operating loss of $360,393 was mainly due to advertising and promotion fees of $117,099 (May 31, 2010 – $Nil); consulting fees of $99,108 (May 31, 2010 – $Nil); transfer agent and regulatory fees of $40,119 (May 31, 2010 – $622), accounting fees of $26,060 (May 31, 2010 – $Nil), legal fees of $18,341 (May 31, 2010 – $Nil), management fees of $29,665 (May 31, 2010 - $Nil) and office and administrative expenses of $21,668 (May 31, 2010 – $886).

Advertising and promotion fees of $117,099 (May 31, 2010 – $Nil) relate to the set up of the Company website and the need for additional corporate marketing services during 2011.

Consulting fees of $99,108 (May 31, 2010 – $Nil) relate to advisory and IR services provided by a number of consultants.

Transfer agent and regulatory fees of $40,119 (May 31, 2010 – $622) relate to general transfer agent services provided during the period.

Accounting fees of $26,060 (May 31, 2010 – $Nil) relate to the audit fees paid in relation to the audit of the Company's financial statements for the year ended December 31, 2010.

Legal fees of $18,341 (May 31, 2010 – $Nil) relate to general legal costs incurred throughout the period.

Management fees of $29,665 (May 31, 2010 - $Nil) relate to consulting fees paid to the Company's President and CEO for the period April to June 2011.

Office and administrative expenses of $21,668 (May 31, 2010 – $886) increased over the period due to a general increase in business activity.

During the period from incorporation to June 30, 2011, 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:

	June 30, 2011*	March 31, 2011*	December 31, 2010*(3)	August 31, 2010*
Net (Loss)/Income(1)	(302,111)	(58,284)	(40,297)	(64)
Loss Per Share(2)	(0.01)	(0.00)	(0.00)	(0.00)
	May 31, 2010*	February 28, 2010*	November 30, 2009*	August 31, 2009*
Net (Loss)/Income(1)	(585)	(857)	(495)	(529)
(Loss)/Income Per Share(2)	(0.00)	(0.00)	(0.00)	(0.00)

(1) Net (loss)/income is presented net of non-controlling interests.
(2) Presented on basic and diluted basis.
(3) 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 of activity.

* The Company adopted IFRS on January 1, 2011 in line with the change in year end (effective date of transition: June 24, 2009) and therefore comparative figures for 2010 and 2009 are presented under IFRS.

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 three month period ended June 30, 2011, the major expenses of the Company were advertising and promotional fees of $86,536, consulting fees of $84,108, transfer agent & regulatory fees of $31,030, management fees of $29,665 and accounting fees of $26,060.

During the quarter ended March 31, 2011, the major expenses of the Company were advertising and promotional fees of $30,563, consulting fees of $15,000 and transfer agent and regulatory fees of $9,092.

During the four month period ended December 31, 2010, the major expenses of the Company were 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 transfer agent and regulatory fees of $613.

During the quarter ended February 28, 2010, the major expense of the Company was office and administration of $809.

During the quarter ended November 30, 2009, the major expenses of the Company were general office and administration 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 $604.

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 condensed consolidated financial statements of the Company are 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.

Mineral Properties and Deferred Exploration Expenditures

	From June 24, 2009 to May 31, 2010	Additions	December 31, 2010	Additions	June 30, 2011
Goldridge Property					
Acquisition Costs	158,100	364,336	522,436	8,517	530,953
Exploration Expenditures:					
Travel and accomodation	42,852	(1,029)	41,823	-	41,823
General administration	58,475	35,377	93,852	10,003	103,855
Legal fees	50,119	(1,293)	48,826	-	48,826
General consulting	123,677	(1,343)	122,334	-	122,334
Geological consulting	185,616	3,527	189,143	11,791	200,934
Equipment and field expenses	17,818	(460)	17,358	-	17,358
Reports and data	-	-	-	-	-
Project supervision	-	-	-	-	-
Project administration	-	-	-	-	-
Road repair	46,945	(1,211)	45,734	-	45,734
Drilling	296,351	(7,648)	288,703	-	288,703
Miscellaneous	6,127	6,710	12,837	-	12,837
Goldridge acquisition and exploration costs	986,080	396,966	1,383,046	30,311	1,413,357
Algun Dia Project					
Acquisition Costs	-	-	-	397,553	397,553
Exploration Expenditures:					
Travel and accomodation	-	-	-	3,295	3,295
General administration	-	-	-	2,199	2,199
Legal fees	-	-	-	-	-
General consulting	-	-	-	2,117	2,117
Geological consulting	-	-	-	45,408	45,408
Equipment and field expenses	-	-	-	194,869	194,869
Reports and data	-	-	-	29,158	29,158
Project supervision	-	-	-	3,976	3,976
Project administration	-	-	-	21,557	21,557
Road repair	-	-	-	-	-
Drilling	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Algun Dia acquisition and exploration costs	-	-	-	700,132	700,132
Total acquisition and exploration costs	986,080	396,966	1,383,046	730,443	2,113,489

Goldridge Property

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.

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

Algun Dia Gold Project

On May 18, 2011, the Company, signed an Option Agreement to acquire up to a 70% interest in the Algun Dia gold project located in the Leon-Guanajuato region of Mexico and owned by Senor Rodolfo Rodriguez Aldaco ("Aldaco").

Under the terms of the Agreement, the Company can earn a 70% interest in the Algun Dia project over a three-year period by making payments to Aldaco totaling US$4.3 million, issuing to Aldaco 3 million common shares of the Company, and expending a minimum of $6.5 million on exploration/development work on the project over a three year period.

Prior to signing the Letter of Intent in April 2011, the Company paid Aldaco $50,000USD. On June 30, 2011, in line with the Option Agreement the Company issued 1,000,000 to Aldaco.

The Company has completed an initial round of geological due diligence analysis and sampling of both surface mineralization and underground workings on the property. The Company's sampling confirmed significant gold, silver and copper mineralization including an underground channel sample across a portion of the vein in the Santa Cecelia drift with 3 meters grading 9.93 ppm gold, 74.1 ppm silver, and 6890 ppm copper. The surface sampling produced a chip sample across 3 meters which assayed 65.2 ppm gold, 35.8 ppm silver, and 1890 ppm copper. Other surface samples of note included a 3-meter chip sample assaying 5.16 ppm gold, 563 ppm silver, and 9430 ppm copper.

Chalcopyrite mineralization is visible in samples from underground and on surface and the Company obtained copper values as high as 2.4% in a 1.2 meter channel sample on the surface and as high as 1.98% in a channel 1 meter channel sample from underground.

To date only approximately 25% of the total strike length of the vein-hosting San Cayetano structure has been tested by drilling and underground exploration works, leaving the majority of the strike length and down-dip extension yet to be explored. The structure, which hosts a brecciated, copper-silver-gold bearing vein system, is open to depth. At least five additional structures have been recognized with outcropping characteristics similar to the San Cayetano vein, providing yet additional exploration targets.

The Company has submitted applications for permits for blasting and for further adit excavation with the expectation to have such permits in place by the end of July 2011. The proposed work program includes driving approximately 600 meters of underground decline on the main, Santa Cecelia vein that will probe the vein system to a depth of over 100 meters below the present surface and existing historic stopes. This internal ramp will provide three-dimensional data regarding the geology and sulfide mineralization, will provide for bulk metallurgical samples, and will allow for the construction of underground drill stations which will allow for detailed drilling of short holes for the purpose of generating ore reserve calculations.

Additionally Golden Fame has also initiated the mobilization of a drill program with the intention of completing approximately 7,000 - 10,000 meters by the end of this year.

During a prior drill program two of the drill holes intersected the Santa Cecelia vein at approximately 140 meters down-dip, and records indicate that both holes encountered gold, silver and copper mineralization. According to these historical records (not been verified by the Company), drill hole number AD-8 encountered 14 meters assaying 2.34 g/t gold, 120.3 g/t silver and 1.88% copper. Hole AD-10 drilled 16 meters assaying 1.71 g/t gold, 104 g/t silver and 1.51% copper. Both holes were drilled at angles to intersect the vein at close to true width.

Golden Fame's minimum work expenditure for the first six months is $2 million to be completed by December 31, 2011. The 2011 exploration program will include drilling to explore for down dip and strike extensions of the productive Santa Cecelia vein, surface mapping and sampling of several other mineralized zones on the property and importantly, completing a new exploration decline on the Santa Cecelia vein.

Financing Activities

During the period ended June 30, 2011 Company engaged in the following financing activities:

The Company completed a non-brokered private placement raising gross proceeds of $7,100,290, by the issuance of 22,190,375 units at a price of $0.32 per unit.

The Company issued 2,517,290 common shares upon the exercise of share purchase warrants for gross proceeds of $377,594.

The Company issued a total of 40,000 common shares upon the exercise stock options for gross proceeds of $4,000.

Liquidity and Capital Resources

For the period ended June 30, 2011, the Company had an accumulated deficit of $529,627. 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 and the Algun Dia Project through further exploration in order to bring both properties 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 each 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 or Algun Dia Project will be put into commercial production.

For the period ended June 30, 2011, the working capital of the Company was $6,707,080. Additional financing will be required to fund the cost of continued acquisitions and exploration development of the Goldridge Property and Algun Dia Project 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. To date the Company currently has 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. The CFO of the Company is also a Senior Manager of Baron. During the period ended June 30, 2011, the Company recorded $40,000 in consulting fees (2009 – $Nil). On June 1, 2011, the Company amended the monthly fee amount to $15,000.

During the period, the Company paid $30,950 in marketing services to OnPage Media Corp., a company of which 50% is owned by a director of the Company.

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.

Commitments

On June 15, 2011, the Company entered into a 6 month consulting agreement with Michael Rapsch to provide investor relations services to the Company. The Company will pay Michael Rapsch a consulting fee of $4,250 per month during the term of the agreement. Both the Company and Michael Rapsch may renew the agreement at the end of the term in writing for a further 6 months.

Critical Accounting Estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) The provision for income taxes which is included in the consolidated statements of comprehensive loss and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.

(b) The recoverability of exploration and evaluation assets in the consolidated statements of financial position.

Financial Instruments

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at fair value but through profit and loss are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

a) Cash and trade receivables have been classified as loans and receivables.

b) Payables and accruals have been classified as financial liabilities not at fair value through profit and loss.

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 August 23, 2011 (Report Date), the Company has 56,279,467 common shares, 18,381,840 warrants and 2,630,000 options issued and outstanding.

Additional Disclosure for Venture Issuers Without Significant Revenue

The Company has expensed the following material cost components:

	Period Ended June 30, 2011	Period Ended May 31, 2010
	$	$
Consulting Fees	99,108	-
Advertising and Promotion	117,099	-
Transfer Agent and Regulatory Fees	40,119	622
Management Fees	29,665	-
Accounting Fees	26,060	-

During the period ended June 30, 2011, $99,108 in consulting fees were paid to consultants of the Company to provide management and advisory services and IR 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 June 30, 2011, $117,099 in advertising and promotion fees were paid in relation to corporate marketing services and the set up of the Company's website.
During the period ended June 30, 2011, $40,119 in transfer agent and regulatory fees were paid in relation to general transfer agent service fees incurred.

During the period ended June 30, 2011, $29,665 in management fees were paid to the Company's President and CEO for the period April to June 2011.

During the period ended June 30, 2011, $26,060 in accounting fees were paid in relation to the audit of the Company's financial statements for the year ended December 31, 2010.

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.

Transition to International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, IFRS became Canadian GAAP for publicly accountable enterprises. Due to the change in year end from May 31 to December 31 during 2010, the Company's interim consolidated financial statements for the first quarter of 2011 are reported in accordance with IFRS, with comparative information for 2010 restated.

The Company developed and executed a changeover plan in order to begin reporting in accordance with IFRS from January 1, 2011. The changeover plan included a diagnostic phase, an impact analysis, evaluation on conversion phase and an implementation and review phase, each of which set out activities to be performed over the life of the project, resulting in the Company's first interim reporting under IFRS for the first quarter of 2011. The implementation and review phase will continue and the company will continue to monitor accounting and regulatory developments and evaluate impacts on our financial reporting, and continuing to fulfill presentation and reporting requirements and culminate in the preparation of our financial reporting under IFRS in 2011.

Significant Differences between IFRS and Canadian GAAP in the Company's Financial Statements

• *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 Company has applied this standard to all equity instruments that were granted since the transition date (June 24, 2009).

• *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.

• *The effects of changes in foreign exchange rates* ("IFRS 21")

The Company has elected not to retrospectively apply the requirements for cumulative translation differences that existed at the date of transition to IFRS. Therefore, the cumulative translation differences for all foreign operations are set to zero at the date of transition of IFRS.

Mandatory Exemptions at IFRS Transition Date

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

Reconciliations from Canadian GAAP to IFRS

The Company's interim condensed consolidated financial statements for the first quarter of 2011 include reconciliations from our previous Canadian GAAP reporting to IFRS for our opening balance sheet as at June 24, 2009, our comparative balance sheet as at December 31, 2010 and our statements of comprehensive loss, cash flows and changes in shareholders' equity for the six months ended May 31, 2010 and the year ended December 31, 2010.

The Company's significant accounting policies under IFRS are disclosed in our interim condensed consolidated financial statements for the second quarter of 2011, and resulting accounting changes are highlighted in our reconciliations from previous Canadian GAAP reporting.

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

(a) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. The Company has not early adopted the standard and is currently assessing the impact it will have on the condensed consolidated financial statements.

(c) IFRS 11, Joint Arrangements

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

(d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

(e) IFRS 13, Fair Value Measurements

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, expect in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently assessing the impact of the standards on its condensed consolidated financial statements.

The Company anticipates that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Company.

Other MD&A Requirements

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