

GOLD CANYON RESOURCES INC.

FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED AUGUST 31, 2010

The following Management Discussion and Analysis for *Gold Canyon Resources Inc.* (“the Company”), prepared as of **October 26, 2010**, should be read together with the unaudited consolidated financial statements for the nine month period ended August 31, 2010 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited consolidated financial statement statements for the year ended November 30, 2009 and the Management Discussion and Analysis for that year.

Additional information related to the Company is available on its website at www.goldcanyon.ca and on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Description of Business

The Company was incorporated on August 20, 1985 pursuant to the *Company Act* of British Columbia. Gold Canyon Resources Inc.’s primary business is the acquisition, exploration and development of properties containing or thought to contain valuable minerals. The Company has two wholly owned subsidiaries: Gold Canyon Resources USA Inc., (“GCU USA”) incorporated on June 21, 2001 in the State of Nevada (continued to the State of Colorado on December 17, 2009); and Gold Canyon Kratz Spring, LLC., (“Kratz Spring LLC”) incorporated on January 9, 2009 in the State of Colorado.

Presently the Company’s exploration efforts are focused in Ontario, Canada, the States of Nevada and Missouri in the United States and the Scandinavia region of Western Europe. The Company is currently exploring five projects ranging from early through advanced exploration stages. These projects are; Springpole Gold Project; Cordero Gallium Project; Favourable Lake Project (Poly- metallic); Horseshoe Island Gold Project; and Kratz Spring REE Project. The Springpole, Favourable Lake and Horseshoe Island Projects are under the control of the Company, while the Cordero Gallium Project is controlled by GCU USA and the Kratz Spring REE Project is controlled by Kratz Spring LLC.

Springpole Gold Project - The Springpole Gold Project is located about 70 miles (115 km) northeast of the town of Red Lake, in the Red Lake Mining District, in the district of Kenora in northwestern Ontario. The Company is in the exploration stage with respect to its interests in this mineral property which consist of 30 patented and 192 staked claims and cover approximately 20,000 acres. The Company maintains 100% control of all claims through leasehold interest and direct location.

On November 7, 2006, P& E Mining Consultants provided the Company with a National Instrument 43-101 (“NI 43-101”) compliant technical report and resource estimate. The complete technical report is available on the Company’s website (www.goldcanyon.ca) and SEDAR (www.sedar.com). In April 2007, the Company released the results of the 2007 winter program which consisted of approximately 2,000 meters of diamond drilling. In May 2008, the Company also announced the results of the 2008 winter drill program that consisted of 7 drill holes totalling 2,452 meters of diamond drilling. In August 2009, the Company commenced a comprehensive review of the Springpole Gold Project. The program lasted approximately six weeks, with the aim of enhancing the understanding of the geology of the deposit, in order to build a stronger resource model. A comprehensive review of the project was completed in January 2010 which outlined plans for a staged drill program ending in winter 2011 with the goal of expanding known mineralization and preparing the project for a pre-feasibility study. As part of this plan the Company commenced a drill program as announced on February 25, 2010. Drill results from six drill holes were announced in April 2010 and May 2010. In July 2010, the Company commenced a summer 2010 drill program which was completed in October 2010.

During the period, the Company renegotiated and amended an option agreement whereby legal title to certain claims passed to the Company and the net smelter royalty (“NSR”) was renegotiated down from 5% to 3%.

Cordero Gallium Project – The Company controls a 100% interest in the Cordero Gallium Project by leasehold interest and direct location through its 100% owned subsidiary Gold Canyon Resources USA Inc. The project, located in north-central Nevada consists of 175 claims, is the largest known primary gallium occurrence in North America. On April 20, 2006, *Réserva* International LLC provided the Company with a NI 43-101 compliant technical report and resource estimate. The complete technical report is available on the Company’s website (www.goldcanyon.ca) and SEDAR (www.sedar.com). Subsequent to the release of this report, the Company completed an additional 18,260 feet (5,566 m) of reverse circulation (RC) drilling in 81 drill holes. The NI 43-101 was then updated in January 2008 to include the results of these drill holes.

Favourable Lake Project - The Company acquired a 100% interest in the Favourable Lake Poly-metallic property in August 2005. The property is approximately 120 miles (200 km) north of Red Lake, Ontario and consists of 27 mineral claims (428 units) covering roughly 17,120 acres in the highly mineralised Favourable Lake Greenstone Belt. On December 22, 2005, the Company entered into a mineral property option agreement with Shoreham Resources Ltd (“Shoreham”) whereas Shoreham has the option to acquire up to an 80% undivided interest in the property when certain terms and milestones have been achieved as stated in the option agreement. Shoreham has exercised its option to acquire a 60% undivided interest. As a result, the Company and Shoreham formed a joint venture effective April 20, 2009. On March 1, 2010 Shoreham announced that it had commenced a winter drill program of up to 2,500 metres of drilling. Gold Canyon has elected not to participate in the funding of this program and so will have its interest in the joint venture diluted accordingly.

Horseshoe Island Gold Project - The Company acquired an assignment of an option to acquire 100% of 10 contiguous mineral claims (79 units) representing the Horseshoe Island gold occurrence held by Vital Resources Corp (“Vital”), on June 21, 2007. Additional ground was also staked which now links the Horseshoe Island property to the Springpole Gold Project totalling 14 claims (129 units) covering 5,160 acres. During the current year, the Company satisfied all the terms of the mineral property option agreement and now has a 100% interest in the in the claims. The Company will focus on the Au (gold) – Pt (platinum) – Pd (palladium) – Ni (nickel) – Cu (copper) potential of the new ground. On February 10, 2009, Carl D. Huston provided the Company with a NI 43-101 compliant technical report. The complete technical report is available on the Company’s website (www.goldcanyon.ca) and SEDAR (www.sedar.com).

Kratz Spring REE Project – The Company entered into a Joint Exploration Agreement (“JEA”) with Japan Oil, Gas and Metals National Corporation (“JOGMEC”) on January 22, 2009. Under the terms of the agreement JOGMEC earned an 80% interest in the Kratz Spring REE Project by making an initial contribution of US\$75,000 and reimbursed the Company of all property expenses incurred before March 31, 2009. The Company and JOGMEC will contribute funds to the exploration program in accordance with their respective equity interest.

The JEA has expanded its scope of work with a budget for the 2010 – 2011 fiscal year of US\$1,084,500.

Overall Performance

The Company incurred a net loss of \$947,749 (2009 - \$302,329) during the nine month period ended August 31, 2010. This is higher than the prior year. The most significant difference can be attributed to an increase in stock based compensation expense from \$196,359 to \$395,795 resulting from the granting of 2,335,000 stock options. Another significant difference is the unrealized loss of \$70,000 on marketable securities recognized during the current period compared to an unrealized gain of \$200,000 recognized during the prior year. Both of these components are non-cash items.

As at August 31, 2010, the Company had \$1,404,497 (2009 - \$1,298,154) in cash and cash equivalents and working capital was \$1,057,503 (2009 - \$1,345,019).

Other Events and Transactions

1. Completed a non-brokered private placement of 7,142,858 units at \$0.21 per share for gross proceeds of \$1,500,000. Each unit consists of one common share and one share purchase warrant exercisable at \$0.35 per share until January 25, 2012. The Company paid a finder’s fee of \$75,000 and issued 428,571 finder’s warrants exercisable at \$0.265 per share until January 25, 2012.
2. Completed a private placement of 1,714,285 common share units at a price of \$0.21 per unit for gross proceeds of \$360,000. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at \$0.35 per share until February 8, 2012.
3. 6,463,600 warrants exercisable at \$0.70 per share until December 14, 2009, expired unexercised.
4. Gold Canyon Resources USA Inc., originally incorporated in the State of Nevada on June 21, 2001, continued to the State of Colorado on December 17, 2009.

5. 1,075,000 stock options exercisable at \$0.48 per share until February 12, 2010, expired unexercised.
6. On February 25, 2010, announced the commencement of a Winter 2010 drill program at the Springpole Gold Project. This drilling is the first stage of a three stage drill program to be undertaken over until Winter 2011 and has been designed to expand know mineralization. The first stage plans to infill several critical gaps with the Portage zone where historic drilling encountered broad, shallow intercepts of gold mineralization associated with alkaline porphyry. On April 6, 2010, the Company announced the drill results from two of the six drill holes completed during the first stage.
7. Granted 1,945,000 stock options exercisable at \$0.24 per share until February 26, 2012.
8. Retained the services of Leo Karabelas of Frontline Communications of Toronto, Ontario, to provide various investor relations consulting services for, and on behalf of, the Company in connection with the Company's interactions with media, brokers-dealers, securities advisors, investment funds and members of the investment community. The Company has agreed to pay Mr. Karabelas an aggregate monthly fee of \$3,000 plus HST. The retainer was for a six month period effective February 1, 2010. It was renewed for another six month period effective August 1, 2010 and may be renewed for successive six month terms by the parties.
9. On March 1, 2010 Shoreham announced that it had commenced a winter drill program of up to 2,500 metres of drilling. The Company has elected not to participate in the funding of this program and so will have its interest in the joint venture diluted accordingly.
10. Attended and exhibited at the PDAC Conference 2010 in Toronto, Ontario from March 7 to 10, 2010.
11. Released drill results from its Winter 2010 drill program at Springpole Gold Project. The results included the first ever publicly reported silver assays from the project indicating that silver may be of economic importance at Springpole. For more detail, please refer to the Company's press releases dated April 6, 2010 and April 27, 2010 as filed on the Company's website and SEDAR.
12. Issued 950,000 common shares at \$0.10 per share for gross proceeds of \$95,000 pursuant to the exercise of stock options.
13. Held its Annual General Meeting on April 22, 2010 in Vancouver, BC at 2:00 p.m. All proposed resolutions were passed.
14. On May 11, 2010, JOGMEC approved a property investigation budget of US\$1,084,500 for the April 2010 to March 2011 time period. JOGMEC contributes 80% of the funding and holds an 80% option to all of the JEA projects.
15. On May 31, 2010, granted 190,000 stock options exercisable at \$0.26 until May 31, 2012.
16. Entered into an agreement with Jubilee Gold Inc. ("Jubilee") to transfer legal ownership of five patented claims forming part of the Company's Springpole Gold Project and to amend substantially the terms of the royalties associated with the claims under the original agreement dated June 30, 1986. Legal title of the five patented claims was transferred from Jubilee to the Company and the claims will be subject to a 3% NSR (a 5% NSR was set out in the original agreement), 1% of such royalty redeemable by the Company at any time upon payment of \$1 Million to Jubilee. In consideration of the renegotiated royalties, the Company paid to Jubilee the sum of US\$50,000 and issued an aggregate of 100,000 common shares in the capital of the Company to Jubilee. The Company is also obligated to issue 100,000 common shares to Jubilee upon each of the first to fifth anniversary of this agreement.
17. Completed a private placement offering of 6,250,000 flow-through share units ("Units") at a price of \$0.32 per Unit for gross proceeds of \$2,000,000. Each Unit consists of one flow-through common share and one-half of one transferable common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of \$0.42 per share expiring June 17, 2012. All securities issued are subject to a hold period expiring on October 18, 2010. The Company paid a finder's fee in cash of \$160,000, representing 8% of the gross proceeds.
18. On July 8, 2010 commenced the Summer 2010 drill program on the Springpole Gold Project. The program is expected to drill approximately 6,000 meters. Two drills from Rodren Drilling of Winnipeg, Manitoba were contracted to undertake the program. Drill results were released in August 2010 and September 2010. Refer to the Company's press releases dated August 16, 2010, August 30, 2010 and October 8, 2010 as filed on the Company's website and SEDAR.

19. Held a special meeting of the shareholders on August 12, 2010 where the shareholders approved a special resolution amending the authorized share capital of the Company to “Unlimited common shares without par value” and altering the Company’s Notice of Articles.
20. On August 31, 2010, granted 290,000 stock options exercisable at \$0.45 until August 31, 2012.

The following events occurred subsequent to August 31, 2010:

1. Commenced an office lease effective September 1, 2010. Payments pursuant to the terms of the lease are approximately \$27,834 per year for the first two years, approximately \$29,218 per year for the next two years and approximately \$29,915 in the final year of the lease.
2. Completed a private placement offering of 8,888,889 units (“Units”) at a price of \$0.45 per Unit for gross proceeds of \$4,000,000. Each Unit consists of one common share and one-half of one transferable common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share at a price of \$0.65 per share expiring September 23, 2012. All securities issued are subject to a hold period expiring on January 24, 2010. The Company paid finder’s fees in cash of \$139,125, representing 5% of the proceeds and 371,000 (6%) non-transferable share purchase warrants exercisable at a price of \$0.45 per share expiring September 23, 2012.
3. Entered into a new twenty-one year lease agreement with the owner of ten (10) patented claims forming part of the Company’s Springpole Gold Project in the Red Lake Mining District of Ontario, Canada for the purposes of facilitating the further exploration, development of and, if deemed economically viable, production from such patented claims.

The new lease replaces the original 1986 lease agreement between the land owner and Gold Fields Canadian Mining Limited (a predecessor of interest by way of assignment to the Company) and series of amendments to that original agreement. The Company continues to have the right to explore and, when and if deemed appropriate, commence commercial production from the ten patented claims (KRL No. 11233, 11234, 11235, 12896, 12897, 12898, 12899, 12900, 12901 and 13043) subject to the annual payment of advanced royalties. These patented claims are subject to a 3.0% net smelter royalty (“NSR”) in favour of the landowner (reduced from a 5% NSR as set out in the original agreement). This royalty can be bought down to 1% by the Company at any time upon payment of US\$1 Million per 1% royalty to the landowner. All previous payments made under the original agreement to date will not be carried forward under the new lease, regardless of whether designated as advance royalty paid on account of the properties subject to the original agreement.

4. Issued 75,000 common shares for gross proceeds of \$18,000 pursuant to the exercise of stock options.
5. Issued 214,286 common shares for gross proceeds of \$56,786 pursuant to the exercise of finder’s warrants.
6. Granted incentive stock options to certain directors, senior officers, employees and consultants to purchase an aggregate of 2,000,000 common shares at an exercise price of \$1.00 per share expiring October 13, 2012.
7. Announced that it is offering up to 6,000,000 flow-through units (the “FT Units”) priced at \$1.00 per FT Unit with each FT Unit consisting of one flow-through common share (the “FT Share”) and one-half of a share purchase warrant (a “Warrant”) for gross proceeds of up to \$6,000,000. Each full Warrant will entitle the holder to acquire a further common share of the Company at a price of \$1.25 per common share for a period of 24 months following the closing date.

Property Updates

In August 2009, the Company commenced a comprehensive review of the Springpole Gold Project. The program lasted approximately six weeks, with the aim of enhancing the understanding of the geology of the deposit, in order to build a stronger resource model. The comprehensive review was completed in January 2010. The most critical finding was that the Main, Camp and Portage zones are in all likelihood part of the same 1,200 m long, 300 m wide NW-trending body of near surface, <200 m deep, mineralization.

The Company has prepared plans for a staged drill program over the next 18 months with the goal of expanding known mineralization and preparing the project for a pre-feasibility study. As part of this plan the Company commenced a drill program as announced on February 25, 2010.

Two diamond core rigs completed 1,778 m (5,832 ft) of drilling in six holes in early March 2010. Due to unseasonably warm conditions, the program was terminated early when it was determined that winter road access was quickly deteriorating. This drilling comprises the first stage of a carefully designed, three stage drill program to be undertaken over the next 12 months. Stage one drilling filled several critical gaps within the Portage and Camp zones (please refer to news release dated January 11, 2010) where historic drilling encountered broad, shallow intercepts of gold mineralization associated with an alkaline porphyritic intrusion.

On April 6, 2010, the Company announced the results for the first two of six drill holes from the program. Drill hole SP10-002 encountered 3.30 grams per tonne (gpt) gold over 64.0 meters (0.096 opt gold over 209.9 ft) including 5.86 gpt gold over 9.0 meters (0.171 opt gold over 29.5 ft) and 7.23 gpt gold over 7.0 meters (0.211 opt gold over 23.0 ft). Drill hole SP10-001 encountered 1.31 gpt gold over 21.5 meters (0.038 opt gold over 70.5 ft) at shallows depth in the Camp Zone. On April 27, 2010, assay results for 2 additional drill holes were released with the first ever publicly reported silver assays from the project indicating that silver may be of economic importance at Springpole. See the table below for more details.

Table Summarizing Assay Results from Holes SP10-001 through SP10-006:

Portage Zone:

Hole	From (m)	To (m)	Length (m)	Gold (gpt)	Silver (gpt)	Tellurium (ppm)	Length (ft)	Gold (opt)	Silver (opt)
Previously reported:									
SP10-002	113.0	115.0	2.0	1.18	1.50	3.79	6.6	0.034	0.044
	140.0	141.0	1.0	1.60	12.40	10.70	3.3	0.047	0.362
	164.0	168.0	4.0	1.70	10.38	8.40	13.1	0.050	0.303
	180.0	181.0	1.0	1.38	24.70	12.80	3.3	0.040	0.721
	217.0	218.0	1.0	5.00	10.10	20.60	3.3	0.146	0.295
	247.0	311.0	64.0	3.30	14.51	16.59	209.9	0.096	0.424
<i>includes</i>	254.0	263.0	9.0	5.86	18.12	21.56	29.5	0.171	0.529
<i>includes</i>	277.0	284.0	7.0	7.23	27.26	27.86	23.0	0.211	0.796
New results:									
SP10-005	135.0	142.0	7.0	1.50	*	*	23.0	0.044	*
	213.0	268.0	55.0	2.21	*	*	180.4	0.065	*
	213.0	218.0	5.0	4.29	*	*	16.4	0.125	*
	222.0	223.0	1.0	16.28	*	*	3.3	0.475	*
	<i>Hole ends in mineralization</i>								
SP10-006	191.0	193.0	2.0	3.63	*	*	6.6	0.106	*
	225.0	226.0	1.0	3.24	*	*	3.3	0.095	*
	278.0	363.0	85.0	0.93	*	*	278.8	0.027	*
<i>includes</i>	290.0	363.0	73.0	1.00	*	*	239.4	0.029	*
<i>includes</i>	306.0	343.0	37.0	1.56	*	*	121.4	0.046	*
	<i>Hole ends in mineralization</i>								

Camp Zone:

Hole	From (m)	To (m)	Length (m)	Gold (gpt)	Silver (gpt)	Tellurium (ppm)	Length (ft)	Gold (opt)	Silver (opt)
Previously reported:									
SP10-001	12.5	34.0	21.5	1.31	*	*	70.5	0.038	*
	50.0	58.0	8.0	1.90	*	*	26.2	0.055	*
<i>includes</i>	54.0	58.0	4.0	3.44	*	*	13.1	0.100	*
	89.0	91.0	2.0	1.74	*	*	6.6	0.051	*
	118.0	127.0	9.0	1.84	*	*	29.5	0.054	*
SP10-003	70.0	71.0	1.0	1.29	*	*	3.3	0.038	*
	77.0	78.0	1.0	1.20	*	*	3.3	0.035	*
	109.0	110.0	1.0	1.82	*	*	3.3	0.053	*
	130.0	131.0	1.0	2.09	*	*	3.3	0.061	*
	143.0	147.0	4.0	1.00	*	*	13.1	0.029	*
	217.0	219.0	2.0	3.56	*	*	6.6	0.104	*
SP10-004	31.0	72.0	41.0	1.08	*	*	134.5	0.032	*
<i>includes</i>	31.0	49.0	18.0	1.40	*	*	59.0	0.041	*
<i>includes</i>	36.0	38.0	2.0	2.21	*	*	6.6	0.065	*
	83.0	87.0	4.0	3.02	*	*	13.1	0.088	*
	94.0	95.0	1.0	1.04	*	*	3.3	0.030	*
	101.0	103.0	2.0	1.08	*	*	6.6	0.032	*
	107.0	109.0	2.0	1.61	*	*	6.6	0.047	*
	116.0	121.0	5.0	1.05	*	*	16.4	0.031	*
	140.0	143.0	3.0	1.22	*	*	9.8	0.036	*
	147.0	148.0	1.0	1.20	*	*	3.3	0.035	*
	152.0	154.0	2.0	1.08	*	*	6.6	0.032	*
	159.0	160.0	1.0	1.36	*	*	3.3	0.040	*
	216.0	217.0	1.0	1.06	*	*	3.3	0.031	*
	247.0	248.0	1.0	1.03	*	*	3.3	0.030	*

m = meter, gpt = grams per tonne, ppm = parts per million, ft = feet, opt = oz per ton

* = awaiting assays and analyses

Stage two drilling commenced on July 8, 2010. Stage three drilling is planned during the winter of 2010-11.

Some of the significant results announced to date from the Summer 2010 drill program were as follows:

- 217.0 meters at 1.57 grams per tonne gold (712 feet at 0.046 oz per ton gold) in hole SP10-007 and 123.0 meters at 1.45 grams per tonne gold (404 feet at 0.042 oz per ton gold) in hole SP10-008.
- 94.0 meters at 2.51 grams per tonne gold (308 feet at 0.073 oz per ton gold) and 36 meters at 1.58 grams per ton gold (118 feet at 0.046 oz per ton gold) in hole SP10-011, and 164.0 meters at 1.02 grams per tonne gold (538 feet at 0.030 oz per ton gold) and 77.0 meters at 1.74 grams per tonne gold (253 feet at 0.051 oz per ton gold) in hole SP10-009.
- 305 meters at 1.03 grams per tonne gold (1,000 feet at 0.030 oz per ton gold) including 174 meters at 1.35 grams per tonne gold (571 feet at 0.039 oz per ton gold) in hole SP10-016.

The tables below summarize the assay results from Holes SP10-007 through SP10-017, from the Summer 2010 drill program:

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP10-007	33.0	250.0	217.0	1.57	712	0.046
<i>includes</i>	46.0	57.0	11.0	3.47	36	0.101
<i>includes</i>	76.0	79.0	3.0	3.83	10	0.112
<i>includes</i>	101.0	102.0	1.0	8.15	3	0.238
<i>includes</i>	124.0	143.5	19.5	2.92	64	0.085
<i>includes</i>	172.0	181.0	9.0	4.01	30	0.117
<i>includes</i>	187.0	204.0	17.0	2.22	56	0.065
<i>includes</i>	209.0	221.0	12.0	3.23	39	0.094
SP10-008	141.0	160.0	19.0	0.53	62	0.015
	257.0	316.0	59.0	0.98	194	0.029
<i>includes</i>	280.0	282.0	2.0	11.26	7	0.329
<i>No recovery from 316-328 meters due to broken ground</i>						
	328.0	451.0	123.0	1.45	404	0.042
<i>includes</i>	350.5	360.0	9.5	2.40	31	0.070
<i>includes</i>	376.0	391.0	15.0	3.69	49	0.108

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP10-009	0-3 meters is overburden					
	3.0	167.0	164.0	1.02	538	0.030
<i>includes</i>	40.0	43.0	3.0	3.85	10	0.112
<i>includes</i>	56.0	71.0	15.0	3.81	49	0.111
<i>includes</i>	59.0	65.0	6.0	5.92	20	0.173
<i>includes</i>	121.0	124.0	3.0	2.80	10	0.082
<i>includes</i>	149.0	151.0	2.0	3.87	7	0.113
<i>includes</i>	164.5	167.0	2.5	3.17	8	0.093
	214.0	226.0	12.0	1.08	39	0.032
	No recovery from 238-244 meters due to broken ground					
	244.0	321.0	77.0	1.74	253	0.051
<i>includes</i>	254.5	296.5	42.0	2.49	138	0.073
SP10-011	0.0	36.0	36.0	1.58	118	0.046
<i>includes</i>	24.0	32.5	8.5	3.16	28	0.092
	73.0	128.0	55.0	0.50	180	0.015
	140.5	155.0	14.5	0.70	48	0.020
	169.0	187.0	18.0	0.46	59	0.013
	229.0	323.0	94.0	2.51	308	0.073
<i>includes</i>	242.5	295.0	52.5	3.83	172	0.112
<i>includes</i>	258.0	261.0	3.0	15.69	10	0.458

Portage Zone Results

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP10-016	181.0	187.0	6.0	0.94	20	0.027
	206.0	511.0	305.0	1.03	1000	0.030
<i>includes</i>	289.0	463.0	174.0	1.35	571	0.039
<i>includes</i>	289.0	292.0	3.0	7.30	10	0.213
<i>includes</i>	312.0	322.0	10.0	2.94	33	0.086
<i>includes</i>	387.0	397.0	10.0	2.08	33	0.061

Hole ends in mineralization

Short intervals of no core recovery were encountered at 247-250 m and 445-448 m

Zones of no recovery were given 0 gold grade in the weighted calculations above

SP10-012	275.0	408.0	133.0	0.79	436	0.023
<i>includes</i>	275.0	284.0	9.0	2.54	30	0.074
<i>includes</i>	359.0	362.0	3.0	8.76	10	0.256

This hole deviated, and as a result, did not test the full width of the targeted zone

Short intervals of no core recovery were encountered at 314-317 m, 329-332 m and 362-365 m

Zones of no recovery were given 0 gold grade in the weighted calculations above

SP10-010 Hole was lost in bad ground before reaching target

East Extension Zone Results							
Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)	
SP10-013	9.0	26.0	17.0	0.50	56	0.015	
	39.0	41.0	2.0	1.28	7	0.037	
	54.0	60.0	6.0	0.45	20	0.013	
	74.0	78.0	4.0	1.65	13	0.048	
	101.0	109.0	8.0	0.72	26	0.021	
	122.0	124.0	2.0	3.45	7	0.101	
SP10-014	0.0	27.0	27.0	0.35	89	0.010	
	43.0	52.0	9.0	0.61	30	0.018	
	66.0	120.0	54.0	0.64	177	0.019	
	<i>includes</i>	66.0	69.0	3.0	1.72	10	0.050
		208.0	222.0	14.0	0.99	46	0.029
<i>includes</i>	219.0	221.0	2.0	4.47	7	0.131	
SP10-015	77.0	97.0	20.0	0.60	66	0.018	
	<i>includes</i>	90.0	91.0	1.0	4.44	3	0.130
SP10-017	90.0	107.0	17.0	0.78	56	0.023	
	<i>includes</i>	92.0	94.0	2.0	3.39	7	0.099

Gold and Silver Assays from holes SP10-007, -008, -009 and -011										
Hole	From (meters)	To (meters)	Length (meters)	Previously Announced Gold (grams per tonne)	Silver (grams per tonne)	Length (feet)	Previously Announced Gold (oz per ton)	Silver (oz per ton)	Silver to gold ratio	
SP10-007	33.0	250.0	217.0	1.57	7.44	712	0.046	0.217	4.74	
<i>includes</i>	46.0	57.0	11.0	3.47	5.12	36	0.101	0.150	1.48	
<i>includes</i>	76.0	79.0	3.0	3.83	2.93	10	0.112	0.086	0.77	
<i>includes</i>	101.0	102.0	1.0	8.15	4.20	3	0.238	0.123	0.52	
<i>includes</i>	124.0	143.5	19.5	2.92	12.16	64	0.085	0.355	4.16	
<i>includes</i>	172.0	181.0	9.0	4.01	9.98	30	0.117	0.291	2.49	
<i>includes</i>	187.0	204.0	17.0	2.22	22.71	56	0.065	0.663	10.23	
<i>includes</i>	209.0	221.0	12.0	3.23	26.00	39	0.094	0.759	8.05	
SP10-008	141.0	160.0	19.0	0.53	0.58	62	0.015	0.017	1.09	
	257.0	316.0	59.0	0.98	4.86	194	0.029	0.142	4.96	
<i>includes</i>	280.0	282.0	2.0	11.26	4.20	7	0.329	0.123	0.37	
No recovery from 316-328 meters due to broken ground										
	328.0	451.0	123.0	1.45	9.71	403	0.042	0.284	6.70	
<i>includes</i>	350.5	360.0	9.5	2.40	10.81	31	0.070	0.316	4.50	
<i>includes</i>	376.0	391.0	15.0	3.69	40.94	49	0.108	1.195	11.09	
SP10-009	0-3 meters is overburden									
	3.0	167.0	164.0	1.02	2.68	538	0.030	0.078	2.63	
	<i>includes</i>	40.0	43.0	3.0	3.85	2.20	10	0.112	0.064	0.57
	<i>includes</i>	56.0	71.0	15.0	3.81	6.37	49	0.111	0.186	1.67
	<i>includes</i>	59.0	65.0	6.0	5.92	6.55	20	0.173	0.191	1.11
	<i>includes</i>	121.0	124.0	3.0	2.80	1.57	10	0.082	0.046	0.56
	<i>includes</i>	149.0	151.0	2.0	3.87	7.30	7	0.113	0.213	1.89
	<i>includes</i>	164.5	167.0	2.5	3.17	36.72	8	0.093	1.072	11.58
		214.0	226.0	12.0	1.08	29.35	39	0.032	0.857	27.18
	No recovery from 238-244 meters due to broken ground									
	244.0	321.0	77.0	1.74	6.53	253	0.051	0.191	3.75	
<i>includes</i>	254.5	296.5	42.0	2.49	10.30	138	0.073	0.301	4.14	
SP10-011	0.0	36.0	36.0	1.58	6.26	118	0.046	0.183	3.96	
	<i>includes</i>	24.0	32.5	8.5	3.16	17.21	28	0.092	0.503	5.45
		73.0	128.0	55.0	0.50	4.44	180	0.015	0.130	8.88
		140.5	155.0	14.5	0.70	0.43	48	0.020	0.013	0.61
		169.0	187.0	18.0	0.46	0.75	59	0.013	0.022	1.63
		229.0	323.0	94.0	2.51	10.69	308	0.073	0.312	4.26
	<i>includes</i>	242.5	295.0	52.5	3.83	17.22	172	0.112	0.503	4.50
	<i>includes</i>	258.0	261.0	3.0	15.69	42.43	10	0.458	1.239	2.70

Cordero Gallium Project

On October 10, 2008, the Company announced, due to the turmoil in the global financial markets, the uncertainty of near term gallium prices, and the recent sharp rise in the prices of the key chemicals needed to produce gallium, that it has elected to suspend the preparation of a preliminary feasibility study at the Cordero Gallium Project. The Company continues to monitor gallium prices and the situation at Cordero.

Favourable Lake Project

During the year ended November 30, 2009, the Company was notified by Shoreham that it plans to exercise its option to acquire a 60% undivided interest in the Favourable Lake property. As a result, the Company and Shoreham formed a joint venture on terms set out in the joint venture agreement dated April 20, 2009, with respect to joint venture interests equal to the initial interest of each party in the Favourable Lake property, subject to adjustment in accordance with the terms of the joint venture. On March 1, 2010 Shoreham announced that it had commenced a winter drill program of up to 2,500 metres of drilling. The Company elected not to participate in the funding of this program and so will have its interest in the joint venture diluted accordingly.

Horseshoe Island Gold Project

On February 10, 2009, Carl D. Huston provided the Company with a NI 43-101 compliant technical report. The complete technical report is available on the Company's website (www.goldcanyon.ca) and SEDAR (www.sedar.com). Mr. Huston recommends, "to delve deeper into private sources of the historic drill data in order to retrieve additional valuable data. Contacting the companies that performed work there may yield fruit. From additional information, a better compilation of the drilling could be achieved to avoid costly repeated efforts and to focus exploration dollars." The Company intends to follow Mr. Huston's recommendation.

During the year ended November 30, 2009, the Company earned its 100% interest pursuant to satisfying all the terms of the mineral property option agreement with regards to the Horseshoe Island claims.

Kratz Spring REE Project

During the year ended November 30, 2009, Kratz Spring LLC entered into an 18 month option agreement to evaluate and lease tailings and mine dumps originating from the Iron Mountain IOCG +/- REE deposit in the State of Missouri. The work on this evaluation continues and is being conducted as part of the JEA between Kratz Spring LLC and its joint venture partner JOGMEC.

Joint Exploration Agreement

On May 11, 2010, the Company and JOGMEC renewed its JEA arrangement and agreed to a US\$1,084,500 property evaluation budget for the April 2010 to March 2011 time period. JOGMEC contributes 80% of the funding and holds an 80% option to all of the JEA projects. One of the projects that the Company was evaluating under the JEA arrangement was the Benson Mines IOCG +/- REE deposit in the State of New York. During the nine month period ended August 31, 2010, the Company decided not to pursue this deposit any further.

Summary of Quarterly Results

	Three Months Ended			
	August 31, 2010	May 31, 2010	February 28, 2010	November 30, 2009
Total assets	\$ 23,376,023	\$ 20,868,284	\$ 21,391,452	\$ 19,666,954
Mineral property costs	21,421,986	19,635,068	19,141,326	18,433,984
Working capital	1,057,503	982,264	1,778,150	910,658
Shareholders' equity	21,324,444	19,460,009	19,762,421	18,187,794
Interest revenues	2,286	6,387	671	639
Net income (loss)	(145,328)	(336,985)	(465,436)	(792,091)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
	Three Months Ended			
	August 31, 2009	May 31, 2009	February 28, 2009	November 30, 2008
Total assets	\$ 19,701,579	\$ 19,353,868	\$ 19,410,153	\$ 19,469,650
Mineral property costs	18,114,464	17,879,023	17,741,576	17,724,782
Working capital	1,345,019	1,384,113	1,491,456	1,593,147
Shareholders' equity	18,521,920	18,325,858	18,296,039	18,379,890
Interest revenues	1,669	423	8,725	12,815
Net loss	(119,894)	23,319	(212,254)	(22,853)
Earnings (loss) per share	(0.01)	0.01	(0.01)	(0.01)

Significant changes in key financial data from 2008 to 2010 can be attributed to the Company increasing its mineral property costs each year by incurring exploration related expenditures on its Springpole Gold, Horseshoe Island, Cordero Gallium and Kratz Spring REE properties. Funding for the properties has been accomplished through the completion of several equity financings and the exercise of stock options and warrants. The Kratz Spring property specifically is being financed jointly by the Company and JOGMEC pursuant to the terms of the JEA.

The Company earns interest revenue from cash held in banks and financial institutions. During the nine month period ended August 31, 2010, the Company earned management income of \$48,739 by charging a management fee, through its wholly owned subsidiary, Kratz Spring LLC to JOGMEC, to manage the Kratz Spring Project and the identification and evaluation of Rare Earth Element projects pursuant to the terms of the JEA. The Company raised gross proceeds of \$3,860,000 by issuing 15,107,143 units from three private placements and paid share issue costs of \$293,396 comprising legal and regulatory fees associated with the private placements. The Company also raised gross proceeds of \$95,000 from the exercise of 950,000 stock options. The Company incurred property investigation costs of \$100,542 on the Kratz Spring Project pursuant to the terms of the JEA. The Company continued its exploration work on its mineral properties by incurring the following expenditures during the current period: \$2,903,447 on the Springpole Gold Project, \$38 on the Favourable Lake Project, \$1,471 on the Horseshoe Island Gold Project and \$60,546 on the Cordero Gallium Project. The Company has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance the growth of its business.

Results of Operations

The Company incurred a net loss of \$947,749 (2009 - \$302,329) for the nine month period ended August 31, 2010. Some of the significant expenses incurred are as follows:

Consulting fees of \$11,049 (2009 - \$14,926) have decreased over the comparative period because the services provided by a mining consultant to help evaluate the economic feasibility of the Company's various projects have been capitalized and allocated to the Company's mineral exploration projects.

Insurance expense of \$11,313 (2009 - \$12,646) relates to directors' and officers' liability insurance and general and commercial liability insurance. It is comparable to the prior year.

Investor relations costs of \$77,558 (2009 - \$36,459) were for the attendance at investment conferences, advertising, promotional packages, fax dissemination of news releases to shareholders and the maintenance of a Company website. Effective February 1, 2010, the Company retained the services of Leo Karabelas of Frontline Communications of Toronto, Ontario, to provide various investor relations consulting services to the Company for a monthly fee of \$3,000 plus HST. The services are to be provided for a period of six months. The contract was renewed for another six month term effective August 1, 2010 and may be renewed for successive six month terms.

Management fees of \$83,362 (2009 - \$95,001) are paid or accrued to three directors. One director is paid \$7,000 per month. In addition to this the Company pays federal payroll taxes on these management fees. A second director is paid US \$800 per month and a third director is paid US \$1,000 per month. The figure is higher in the prior year because the Company paid outstanding federal payroll taxes from prior years.

Professional fees of \$206,003 (2009 - \$121,029) are comprised of \$87,648 (2009 - \$39,054) for legal, \$11,310 (2009 - \$8,250) for audit related fees and \$107,045 (2009 - \$73,725) for accounting and administration fees to a company, of which a director of the Company is president. The Company has become more active during the current period when compared to the prior year. The Company completed three private placements, completed a winter drill program and a summer program is nearing completion on its Springpole Gold Project. As a result, professional fees have increased accordingly as the Company utilized the services of legal and financial consultants.

Property investigation costs of \$119,440 (2009 - \$69,151) relate to costs incurred on searching for and the investigation of potential mineral property acquisitions. Of these costs, \$100,542 (2009 - \$67,228) relate to the strategic alliance expenditures incurred by the Company pursuant to the JEA that it signed with JOGMEC. Total costs incurred pursuant to the JEA were \$502,713 (2009 - \$336,139), of which \$402,171 (2009 - \$268,911) were recovered from JOGMEC.

Salaries and benefits of \$39,946 (2009 - \$36,778) relate to the administrative staff salary and payroll taxes.

Shareholder costs of \$32,463 (2009 - \$10,644) consist of costs associated with the mailing of year end information to shareholders and legal and other costs related to the annual general meeting. These costs have increased when compared to the prior year because during the current period because the Company held two shareholder meetings which were the annual general meeting and a special meeting.

Stock-based compensation expense of \$395,795 (2009 - \$196,359) was recognized during the current period. This is a non-cash expense which records the fair value of stock options that have vested during the period. The Black-Scholes option pricing model was used to calculate the fair value.

Travel and promotion expenses of \$54,090 (2009 - \$43,921) have increased over the prior year because the Company's president made various trips related to meeting and discussing with special advisors on the progress and direction of the Company's Springpole and Kratz Spring projects.

Interest income of \$9,344 (2009 - \$10,817) was earned on funds invested in interest bearing instruments.

Management income of \$48,739 (2009 - \$40,891) relates to management fees charged, through its wholly owned subsidiary, Kratz Spring LLC, to JOGMEC to manage the Kratz Spring Project pursuant to the terms of the JEA.

Received proceeds of \$155,860 (2009 - \$Nil) which represents the winding-up of its interest in a general partnership that was formed with two other companies from a prior year.

Unrealized loss in marketable securities of \$70,000 (2009 – an unrealized gain of \$200,000) was recognized. This relates to the fair market value adjustment to the 1,000,000 shares of Shoreham that it holds for trading.

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing in the future.

	August 31, 2010	November 30, 2009
Working capital	\$ 1,057,503	\$ 910,658
Deficit	(12,330,503)	(11,382,754)

Net cash used in operating activities during the period was \$566,597. This consists of items not affecting cash of: \$751 as amortization of equipment, \$395,795 as stock based compensation expense and \$70,000 unrealized loss of marketable securities. The balance of the cash used in operating activities is a net negative change of \$85,394 in non-cash working capital items comprising of a \$87,583 increase in receivables, a decrease in prepaid expenses of \$12,328, which includes a \$9,000 security deposit on an office lease, a \$10,894 decrease in accounts payable and accrued liabilities and an increase of \$755 in amounts due to related parties. Net cash used in operating activities during prior year was \$246,133.

Financing activities provided net cash of \$3,661,604 comprising of \$3,860,000 in gross proceeds received from the issuance of 15,107,143 common shares and the payment of \$293,396 in share issue costs. The remainder of the net cash, \$95,000, was raised from the exercise of 950,000 stock options. During the prior year, financing activities provided net cash of \$248,000.

Net cash used in investing activities was \$2,580,998 which is comprised of \$2,554 for the acquisition of equipment, \$200,000 paid as an advance to a drilling contractor and \$2,378,444 incurred in deferred exploration costs related to its mineral properties. During the prior year, net cash used in investing activities which was \$365,183.

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. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of gold, silver, base metals or interests related thereto. The economics of developing and producing gold properties are affected by many factors including the cost of operations, variations in the grade of ore mined and the price of gold. Depending on the price of gold, the Company may determine that it is impractical to continue commercial production. The price of gold has fluctuated widely in recent years. Gold prices are affected by many factors beyond the Company's control including anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments, extent of sales of reserves by governments and shifts in the private supply of and demand for gold. The supply of gold consists of a

combination of new mine production and existing stocks held by governments, producers, financial institutions and consumers. If the market price for gold falls below the Company's full production costs and remains at such levels for any sustained period of time, the Company will experience losses and may decide to discontinue operations or other development of a project or mining at one or more of its properties.

The Company has sufficient funds to meet its property maintenance payments for 2010 and cover anticipated administrative expenses throughout the remainder of the fiscal year. It will continue to focus its exploration and development efforts on its Springpole, Cordero, Favourable Lake, Horseshoe Island and Kratz Spring Projects.

Related Party Transactions

During the nine month period ended August 31, 2010, the Company entered into transactions with related parties as follows:

- a) Paid or accrued management fees of \$83,362 (2009 - \$96,415) to three directors of the Company.
- b) Paid or accrued \$107,045 (2009 - \$73,725) for accounting and administrative services to a company of which a director is president.
- c) Paid or accrued \$2,500 (2009 - \$9,750) for geological consulting fees, which are included in deferred exploration costs, to an officer of the Company.
- d) Paid or accrued \$25,873 (2009 - \$68,965) for geological consulting fees, of which \$1,347 (2009 - \$24,809) are included in deferred exploration costs, to a director of the Company.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

The Company entered into a management consulting agreement effective May 1, 2007 with the president of the Company for management services and administration services expiring May 1, 2012. The Company paid a monthly fee of \$4,000 during the performance of the services up to April 30, 2008. Effective May 1, 2008, the management fee increased to \$7,000 a month.

Financial Instruments

Fair value

The carrying value of receivables and accounts payable and accrued liabilities and due to related parties approximated their fair value because of the short-term nature of these 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 and cash equivalents	\$ 1,404,497	\$ -	\$ -	\$ 1,404,497
Marketable securities	200,000	-	-	200,000
Restricted cash	17,250	-	-	17,250
Reclamation bond	14,772	-	-	14,772
Total	\$ 1,636,519	\$ -	\$ -	\$ 1,636,519

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash and cash equivalents, receivables, marketable securities, restricted cash, and reclamation bonds.

The Company's cash and cash equivalents, marketable securities, and restricted cash are held with high-credit quality financial institutions. The reclamation bonds are held with Nevada Bureau of Land Management. Receivables mainly consist of goods and services tax due from the Federal Government of Canada and from JOGMEC pursuant to the terms of the JEA.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at August 31, 2010, the Company had cash of \$1,404,497 to settle current liabilities of \$859,579 which have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market prices, such as interest rates and foreign exchange rates.

i) Interest rate risk

The Company has cash and cash equivalent balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

ii) Foreign exchange rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying values of cash and cash equivalents, receivables, marketable securities, restricted cash, reclamation bonds 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.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk.

Critical Accounting Policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and form the basis for the following discussion and analysis of critical accounting policies and estimates. The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities during the course of preparing these financial statements. On a regular basis, the Company evaluates estimates and assumptions including those related to the recognition of stock-based compensation.

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

Recent Accounting Pronouncements

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 International Financial Reporting Standards. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. 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 consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

International financial reporting standards (“IFRS”)

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company will be December 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Additional Information

Additional information related to the Company is available for view on the Company’s website at www.goldcanyon.ca and on the Canadian Securities Administrator’s System for Electronic Document Analysis and Retrieval (SEDAR) database at www.sedar.com.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 6 in the unaudited consolidated financial statements for the nine month period ended August 31, 2010 for description of the capitalized exploration and development costs presented on a property-by-property basis.

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of this Management Discussion and Analysis:

Common shares	82,658,445
Stock options	7,555,000
Warrants	18,011,873

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company’s control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be

maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Financial risks include commodity prices, interest rates and the Canadian / United States exchange rate, all of which are beyond the Company's control.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the company must meet in order to maintain its exchange listing.

Changeover Plan to International Financial Reporting Standards (“IFRS”)

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (IASB) will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

For the Corporation, the changeover to IFRS will be required for interim and annual financial statements beginning on November 30, 2011. In order to prepare for the changeover to IFRS, the Company has developed an IFRS conversion plan comprised of three phases:

Phase description and status

1. Preliminary planning and scoping

This phase involves development of the IFRS conversion plan. The IFRS conversion plan includes consideration of the impacts of IFRS on the Company's consolidated financial statements, internal control over financial reporting, information systems and business activities such as foreign operations, compensation metrics, personnel and training requirements. Based on Management's review of IFRS and current Company processes, minimal impact is expected on information systems, operations of foreign subsidiaries and compensation metrics. An initial assessment identified standards of high or medium priority to the Company, based on a number of factors. The International Accounting Standards Board has activities currently underway which may, or will, change the standards effective upon the Company's adoption of IFRS, and therefore may impact this initial high level assessment. The Company will assess any such change as a component of its Detailed Impact Assessment phase and update its IFRS conversion plan as appropriate.

2. Detailed impact assessment

This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company's consolidated financial statements, along with quantification of impact on key line items and disclosures. The assessment to date is that the Company has not identified any differences between its existing accounting policies under Canadian GAAP to those it expects to apply in its first IFRS financial statements. The International Accounting Standards Board (“IASB”) continues to amend and add to current IFRS standards with several projects underway. The Company's transition plan includes monitoring actual and anticipated changes to IFRS and related rules and regulations and assessing the impacts of these changes on the Company and its financial statements, including expected dates of when such impacts are effective.

3. Implementation

This phase will embed the required changes for conversion to IFRS into the underlying financial disclosure and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant consolidated financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS consolidated financial statements.

A detailed analysis of the difference between IFRS and the Company's accounting policies as well as an assessment of the impact of various alternatives are in progress. Changes in accounting policies are likely and may materially impact the Company's Consolidated Financial Statements.

Outlook

The Company's primary focus for the foreseeable future will be on reviewing its financial position and the ability to finance new business ventures in the mineral resource industry.

Cautionary Note to United States Investors Concerning Forward Looking Statements - The future conduct of the Company's business and the feasibility of its mineral exploration properties are dependent upon a number of factors, and there can be no assurance that the Company will be able to conduct its operations as contemplated. Certain statements contained in this release using the terms "may", "expects to", "projects", "estimates", "plans", and other terms denoting future possibilities, are forward-looking statements in accordance with the Private Securities Litigation Reform Act of 1995. The accuracy of these statements cannot be guaranteed as they are subject to a variety of risks that are beyond our ability to predict or control and which may cause actual results to differ materially from the projections or estimates contained herein. The risks include, but are not limited to, those risks set out in the company's disclosure documents and its annual, quarterly and current reports; and the other risks associated with start-up mineral exploration operations with insufficient liquidity, and no historical profitability.