GOLD CANYON RESOURCES INC.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTH PERIOD ENDED FEBRUARY 28, 2010

The following Management Discussion and Analysis for *Gold Canyon Resources Inc.* ("the Company"), prepared as of **April 27, 2010**, should be read together with the unaudited consolidated financial statements for the three month period ended February 28, 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 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. 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 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 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 the 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 outlines 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. Drill results from two of the six drill holes were announced on April 6, 2010.

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 covering over 3,800 acres, is the largest known primary gallium occurrence in North America. On April 20, 2006, R*êserva* 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 consist 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 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 has an option to acquire an 80% interest in the Kratz Spring project by making an initial contribution of US$75,000 and additional funding by March 31, 2009. The Company and JOGMEC will contribute funds to the exploration program in accordance with their respective equity interest.

Kratz Spring identified an Iron Oxide Copper Gold +/- REE (IOCG) deposit located in the St. Francois Mountains of southeastern Missouri. This region hosts several iron-oxide +/- apatite +/- Cu-Au-REE deposits. The GCU / JOGMEC joint exploration agreement is directed towards identification of Rare Earth Element (REE) resources.

On May 15, 2009, the Company and JOGMEC agreed to renew its JEA arrangement and have agreed to a US $460,000 research budget of which JOGMEC will contribute 80% of the funding. This budget is for the April 2009 ~ March 2010 time period.

Overall Performance

The Company incurred a net loss of $465,436 (2009 - $212,254) during the three month period ended February 28, 2010. This is higher than the prior year. The most significant difference can be attributed to an increase in stock based compensation expense from $128,404 to $283,485 resulting from the granting of 1,945,000 stock options and a decrease in the unrealized gain on marketable securities from $70,000 to $15,000. Both of these components are non-cash items.

As at February 28, 2010, the Company had $1,899,463 (2009 - $1,466,110) in cash and cash equivalents and working capital was $1,778,150 (2009 - $1,491,456).

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 fees of $75,000 and issued 428,571 finder's warrants.

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. 1,075,000 stock options exercisable at $0.48 per share until February 12, 2010, expired unexercised.

5. Announced the commencement of a program to drill at least 4,300 meters on the Springpole Gold Project over the next few weeks. This drilling will be the first stage of a three stage drill program to be undertaken over the next 14 months and has been designed to expand know mineralization. The first stage will infill several critical gaps with the Portage zone where historic drilling encountered broad, shallow intercepts of gold mineralization associated with alkaline

porphyry. Subsequently on April 6, 2010 announced the drill results from two of the six drill holes completed during the first stage.

6. Granted 1,945,000 stock options exercisable at $0.24 per share until February 26, 2012.

The following events occurred subsequent to February 28, 2010:

1. 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 retainer is for a period of six month and may be renewed for successive six month terms by the parties. The Company has agreed to pay Mr. Karabelas an aggregate monthly fee of $3,000 plus GST.

2. 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.

3. Attended and exhibited at the PDAC Conference 2010 in Toronto, Ontario from March 7 to 10, 2010.

4. Released drill results from four of the six holes from its recently completed first stage of the Winter 2010 drill program. 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.

5. Issued 150,000 common shares are $0.10 per share for gross proceeds of $15,000 pursuant to the exercise of stock options.

6. Held its Annual General Meeting on April 22, 2010 in Vancouver, BC at 2:00 p.m. All proposed resolutions were passed.

Property Updates

Springpole Gold Project

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. It appears that a staged drill program focused on 1) drilling the gap between the Camp and Portage zones, 2) drilling the gap between the Camp and Main zones and 3) shallow drilling above historic holes on the Portage zone could have an immediate impact on the size of the resource, which presently stands at 7,100 oz gold measured; 38,400 oz gold indicated; and 197,100 oz gold inferred (see the Company's independent NI 43-101 Technical Report and Resource Estimate dated November 20, 2006, prepared by P & E Mining Consultants Inc.). Additional potential was recognized southeast of the Portage Zone where four widely spaced holes indicate mineralization continues at least another 700 m making this zone nearly 2 km long. It is also clear that the Portage Zone is open below 200 m and that a few deeper holes in this zone could enlarge the system.

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.

Subsequently 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). While 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. See the table below for more details. 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.

Two diamond core rigs completed 1,778 m (5,832 ft) of drilling in six holes in late February and early March. 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.

Stage two drilling is planned between June and September 2010. Stage three drilling is planned during the winter of 2010-11.

Table Summarizing Significant Drill Intercepts from Holes SP10-001 and -002

(m = meters; gpt = grams per tonne; opt = ounces per tonne)

Hole	From (m)	To (m)	Length (m)	Gold (gpt)		Length (feet)	Gold (opt)
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
including	*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
SP10-002							
	113.0	115.0	2.0	1.18		6.6	0.034
	140.0	141.0	1.0	1.60		3.3	0.047
	164.0	168.0	4.0	1.70		13.1	0.050
	180.0	181.0	1.0	1.38		3.3	0.040
	217.0	218.0	1.0	5.00		3.3	0.146
	247.0	311.0	64.0	3.30		209.9	0.096
including	*254.0*	*263.0*	*9.0*	*5.86*		*29.5*	*0.171*
including	*277.0*	*284.0*	*7.0*	*7.23*		*23.0*	*0.211*

Results in the table above are preliminary

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, at this time, 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 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. 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

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 Project

Pursuant to the Joint Exploration Agreement ("JEA") signed on January 22, 2009, the Company reached an agreement with JOGMEC for a property investigation budget of US$125,000 up to March 31, 2009 and US$460,000 from April 2009 to March 2010. JOGMEC contributes 80% of the funding and holds an 80% option to all of the JEA projects.

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.

Summary of Quarterly Results

Three Months Ended

	February 28, 2010	November 30, 2009	August 31, 2009	May 31, 2009
Total assets	$ 21,391,452	$ 19,666,954	$ 19,701,579	$ 19,353,868
Mineral property costs	19,141,326	18,433,984	18,114,464	17,879,023
Working capital	1,778,150	910,658	1,345,019	1,384,113
Shareholders' equity	19,762,421	18,187,794	18,521,920	18,325,858
Interest revenues	671	639	1,669	423
Net income (loss)	(465,436)	(792,091)	(119,894)	23,319
Earnings (loss) per share	(0.008)	(0.010)	(0.001)	0.001

Three Months Ended

	February 28, 2009	November 30, 2008	August 31, 2008	May 31, 2008
Total assets	$ 19,410,153	$ 19,469,650	$ 19,661,903	$ 20,028,861
Mineral property costs	17,741,576	17,724,782	17,477,290	17,247,413
Working capital	1,491,456	1,593,147	2,136,571	2,711,056
Shareholders' equity	18,296,039	18,379,890	18,515,033	18,860,017
Interest revenues	8,725	12,815	55,450	9,590
Net loss	(212,254)	(22,853)	(359,183)	(328,193)
Earnings (loss) per share	(0.001)	(0.001)	(0.007)	(0.006)

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 it Springpole Gold, Horseshoe Island, Cordero Gallium and Kratz Spring 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 three month period ended February 28, 2010, the Company earned management income of $9,445 by charging a management fee, through its wholly owned subsidiary, Kratz Spring LLC to JOGMEC to manage the Kratz Spring Project pursuant to the terms of the JEA. The Company raised gross proceeds of $1,860,000 by issuing 8,857,143 units from two private placements and share issue costs of $103,422 comprising legal and regulatory fees associated with the private placements. The Company incurred property investigation costs of $6,768 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: $679,549 on the Springpole Project, $936 on the Horseshoe Island Project and $4,357 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 $465,436 (2009 - $212,254) for the three month period ended February 28, 2010. Some of the significant expenses incurred are as follows:

Consulting fees of $5,542 (2009 - $13,549) 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 $9,443 (2009 - $7,507) relates to directors' and officers' liability insurance and general and commercial liability insurance. It has increased because the Company purchased additional general and commercial liability.

Investor relations costs of $13,747 (2009 - $19,903) were for the attendance at investment conferences, advertising, promotional packages, fax dissemination of news releases to shareholders and the maintenance of a website. This has decreased as the Company has scaled back its investor relations activities provided by consultants. However, on March 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 GST. The services are to be provided for a period of six months and may be renewed for successive six month terms.

Management fees of $27,857 (2009 - $40,176) 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 $55,809 (2009 - $34,284) are comprised of $20,934 (2009 - $14,554) for legal and $34,875 (2009 - $19,730) for accounting and administration fees to a company, which a director is president.

Property investigation costs of 32,994 (2009 - $20,475) relate to costs incurred on searching and investigation of potential mineral property acquisitions. Of these costs, $14,011 (2009 – $Nil) 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 $70,057 (2009 - $92,761), of which $56,046 (2009 – $74,209) were recovered from JOGMEC.

Salaries and benefits of $13,189 (2009 - $10,021) relate to the administrative staff salary and payroll taxes.

Stock-based compensation expense of $283,485 (2009 - $128,404) 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 $25,352 (2009 - $12,504) have increased over the prior year because the Company's president made various trips to consult and discuss with experts the progress and direction of the Company's Springpole and Kratz Spring projects.

Interest income of $671 (2009 - $8,725) was earned on funds invested in interest bearing instruments. This has decreased because the Company invested the net proceeds from the private placements in late January 2010. As a result, the interest earned was minimal.

Management income of $9,445 (2009 - $15,538) 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.

Unrealized gain in marketable securities of $15,000 (2009 - $70,000) 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.

	February 28 2010	November 30, 2009
Working capital	$ 1,778,150	$ 910,658
Deficit	(11,848,190)	(11,382,754)

Net cash used in operating activities during the period was $217,102. This consists of items not affecting cash of: $208 as amortization of equipment, $283,485 as stock based compensation expense and a $15,000 unrealized gain of marketable. The balance of the cash used in operating activities is a net negative change of $19,688 in non-cash working capital items comprising of a $11,794 increase in receivables, a decrease of $19,748 in prepaids, a $27,737 decrease in accounts payable and accrued liabilities and a $766 decrease in amounts due to related parties. Net cash used in operating activities during prior year was $143,944.

Financing activities provided net cash of $1,756,578 comprising of $1,860,000 in gross proceeds received from the issuance of 8,857,143 common shares and the payment of $103,422 in share issue costs. There were no financing activities during the prior year.

Net cash used in investing activities was $530,501 which is all related to deferred exploration costs. During the prior year, net cash used in investing activities which was $51,416.

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 2009 and cover anticipated administrative expenses throughout the next 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 three month period ended February 28, 2010, the Company entered into transactions with related parties as follows:

a) Paid or accrued management fees and employee benefits of $27,857 (2009 - $27,844) to three directors of the Company.

b) Paid or accrued $39,975 (2009 - $25,080) for accounting, secretarial, rent and administrative services to a company of which a director is president.

d) Paid or accrued $2,500 (2009 - $6,250) for geological consulting fees, which are included in deferred exploration costs, to an officer of the Company.

e) Paid or accrued $31,182 (2009 - $56,166) for geological consulting fees, of which $2,542 (2009 - $11,055) 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	$ 1,899,463	$ -	$ -	$ 1,899,463
Marketable securities	285,000	-	-	285,000
Restricted cash	17,250	-	-	17,250
Reclamation bond	14,772	-	-	14,772
Total	$ 2,216,485	$ -	$ -	$ 2,216,485

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.

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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.

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 February 28, 2010, the Company had cash of $1,899,463 to settle current liabilities of $437,031 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 three month period ended February 28, 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	66,330,270
Stock options	6,040,000
Warrants	10,285,714

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.