

GOLD CANYON RESOURCES INC.

FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS THREE MONTH PERIOD ENDED FEBRUARY 28, 2007

The following MD&A for *Gold Canyon Resources Inc.* (“the Company”), prepared as of April 27, 2007, should be read together with the unaudited consolidated financial statements for the three month period ended February 28, 2007 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.

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.

The Company was incorporated on August 20, 1985 pursuant to the *Company Act* of British Columbia.

Description of Business

Gold Canyon Resources Inc.’s primary business is the acquisition, exploration and development of properties containing or thought to contain valuable minerals. Presently the Company’s exploration efforts are focused in Ontario, Canada and the State of Nevada in the United States. The Company is currently exploring four projects ranging from early through advanced exploration stages. These projects are; Springpole Gold Project; Cordero Gallium Project; Favourable Lake Project (Poly-metallic); and the Bear Head Uranium Project.

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 220 claims and cover approximately 20,000 acres. The Company maintains 100% control of all claims through leasehold interest and direct location. A summer program commenced in June 2006 with the intention of following up work in areas which yielded promising geological, geophysical and geochemical results from past programs. On November 7, 2006, P& E Mining Consultants provided the Company with a National Instrument 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). The 2007 winter program commenced on February 20, 2007 which consisted of approximately 2,000 meters of diamond drilling. The drill results were released in April 2007.

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 1,900 acres, is the largest known primary gallium occurrence in North America. On April 20, 2006, Reserva International LLC provided the Company with a National Instrument 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). The Company commenced a resource conversion drilling program of approximately 15,000 feet in August 2006. Drill results were announced in October, November 2006 and March 2007.

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 268 individual claims units covering roughly 10,590 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”).

Bear Head Uranium Project – The Company acquired a 100% interest in 30 claims covering approximately 7,770 hectares (19,200 acres) in the Favourable Lake Area located approximately 120 miles (200 km) north of Red Lake, Ontario.

Performance Summary

The following is a summary of significant events and transactions that occurred during the three month period ended February 28, 2007:

1. Completed a non-brokered private placement for 1,760,000 common share units at a price of \$0.28 per unit for gross proceeds of \$492,800. Each unit consists of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.40 per share for a period of 2 years. Regulatory approval was received on December 13, 2006
2. Completed the first tranche of a non-brokered private placement of 1,340,000 common share units at a price of US\$0.26 (Cdn\$0.30) for gross proceeds of US\$348,400 (Cdn\$402,000) on January 2, 2007. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at US\$0.39 (Cdn\$0.45) per share expiring January 2, 2009. Completed the second and final tranche of a non-brokered private placement of 400,000 common share units at a price of US\$0.26 (Cdn\$0.30) for gross proceeds of US\$104,000 (Cdn\$120,000) on January 22, 2007. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at US\$0.39 (Cdn\$0.45) per share expiring January 22, 2009. The Company paid finder's fees of \$4,560 in cash.
3. Granted 1,075,000 stock options to certain directors, senior officers and consultants exercisable at \$0.35 per share until December 29, 2008.
4. Issued 565,000 common shares for gross proceeds of \$169,500 pursuant to the exercise of stock options.
5. On January 3, 2007, the Company announced that a contract had been awarded to major Drilling International for a minimum of 2,000 meters (6,562 feet) of drilling at the Springpole Gold Property. Crews will be on-site early in January and drilling is expected to commence by the end of January. The program will focus on the north-west extension to the Core Area resources and also on the new Southwest Target Area several kilometres away.
6. On January 8, 2007, announced drill results from 25 reverse circulation drill holes in the C-15 zone continue to expand the known high grade gallium mineralization (greater than 100 g/t). Drill holes C-115, C-128 and C-116, each containing gallium intercepts greater than 100 g/t.
7. On February 14, 2007, announced the appointment of Mr. Vic Weckerle to provide investor relations and administrative services to the Company. Ms. Elaine Einarson, who had previously been retained by the Company in a capacity similar to Mr. Weckerle, has moved on to further develop her career.
8. On February 20, 2007, announced the commencement of the 2007 winter drill program at the Springpole Lake Gold Project.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

	Three Months Ended February 28, 2007	Three Months Ended February 28, 2006
Total interest income	\$ 1,441	\$ 719
Net loss before extraordinary items	(396,788)	(313,533)
Net income (loss)	(396,788)	(313,533)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)
Total assets	14,988,314	12,595,133
Total long-term liabilities	1,332,000	-
Cash dividends	-	-

The Company earns interest revenue from cash held in banks. It continued its exploration work on the Springpole and Cordero properties. Current period operating expenses are comparable to the previous year when a non-cash charge to operations of \$265,198 (2006- \$143,063) resulting from the stock based compensation expense is excluded from the net loss for the year.

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 \$396,788 (2006 - \$313,533) during the three month period ended February 28, 2007. The expenses incurred are as follows:

Consulting fees of \$3,000 (2006 - \$9,970)
Foreign exchange (gain) loss of (\$14,474) (2006 - \$26,727)
Insurance expense of \$13,396 (2006 - \$14,334)
Interest expense of \$322 (2006 - \$11,727)
Investor relations costs of \$34,719 (2006 - \$25,305)
Management fees of \$13,786 (2006 - \$10,236)
Office and miscellaneous costs of \$11,857 (2006 - \$8,284)
Professional fees of \$47,628 (2006 - \$54,213)
Regulatory fees of \$6,325 (2006 - \$314)
Stock-based compensation costs of \$265,198 (2006 - \$143,063)
Telephone \$2,461 (2006 - \$1,846)
Transfer agent fees of \$3,421 (2006 - \$2,063)
Travel and promotion costs of \$17,400 (2006 - \$3,804)
Website design and maintenance \$809 (2005 - \$1,557)

Management fees are paid or accrued to three directors. One director is paid \$2,500 / month. The second director is paid US\$800 / month and a third director is paid US\$1,000 / month.

During the current period, the Company incurred \$13,396 (2006 - \$14,334) in insurance expense, most of which relates to directors' and officers' liability insurance.

The Company incurred interest expense of \$322 (2006 - \$11,727). The expense was much higher during the previous comparative period because of an interest penalty paid on the flow-through private placements from June 2004 and December 2004.

During the current period, the Company incurred \$34,719 (2006 - \$25,305) in investor relations expenses which were costs for attendance at investment conferences, advertising, promotional packages, fax dissemination of news releases to shareholders and the maintenance of a website. Effective February 14, 2007, the Company retained the services of Mr. Vic Weckerle to provide investor relations and administrative services to the Company. The Company will pay Mr. Weckerle a monthly fee of \$5,000 plus GST, and reimburse Mr. Weckerle for other miscellaneous expenses incurred in providing services. Mr. Ms. Elaine Einarson, who had previously been retained by the Company in a capacity similar to Mr. Weckerle, has moved on to further develop her career.

Professional fees are comprised of \$18,668 (2006 - \$22,033) for legal, \$6,580 (2006 - \$8,500) for audit related costs and \$22,380 (2006 -\$23,380) was for accounting and administration fees to a company, which a director is president.

Effective December 1, 2006, the Company adopted a new accounting policy with respect to marketable securities. The Company will record marketable securities held for trading at fair value on the balance sheet. Any changes in the fair value will be recognized in net income. During the three month period ended February 28, 2007, the Company recognized an unrealized appreciation in marketable securities of \$10,000. This relates to 500,000 shares of Shoreham Resources Ltd that it holds for trading.

Summary of Quarterly Results

	Three Months Ended			
	February 28, 2007	November 30, 2006	August 31, 2006	May 31, 2006
Total assets	\$ 14,988,314	\$ 14,203,216	\$ 13,945,721	\$ 14,012,751
Mineral property costs	14,244,684	13,922,443	13,302,208	12,643,493
Working capital	657,861	67,136	527,356	1,307,387
Shareholders' equity	13,590,764	12,678,021	13,850,312	13,954,635
Interest revenues	1,441	7,488	5,265	2,655
Net loss	(396,788)	(62,484)	(277,674)	(244,925)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended			
	February 28, 2006	November 30, 2005	August 31, 2005	May 31, 2005
Total assets	\$ 12,595,133	\$ 12,227,788	\$ 12,485,194	\$11,613,439
Mineral property costs	12,089,938	11,583,175	11,234,540	10,519,197
Working capital	397,838	527,616	1,040,755	244,675
Shareholders' equity	12,491,838	11,097,268	12,275,295	10,763,872
Interest revenues	719	6,317	9,287	16,510
Net loss	(313,533)	(278,713)	(154,455)	(273,675)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

Significant changes in key financial data from 2005 to 2007 can be attributed to the Company increasing its mineral property costs each year by incurring exploration related expenditures on its Springpole Gold Property and its Cordero Gallium Project. Funding for the properties has been accomplished through the completion several equity financings.

Liquidity

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, 2007	November 30, 2006
Working capital	\$ 657,861	\$ 67,136
Deficit	(9,106,385)	(8,709,597)

Net cash used in operating activities for the period consists primarily of the operating loss and a change in non-cash working capital.

Net cash used by operating activities during the period was \$273,976 compared to net cash used of \$259,980 during the previous year.

Financing activities provided net cash of \$1,044,333 during the current period and \$548,040 during the previous year from the issuance of common stock.

Net cash used in investing activities was \$322,241 during the current period and \$507,593 in the previous year. During the current period, cash was expended primarily on exploration work on the Springpole and Cordero properties.

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.

Capital Resources

- b) Completed a non-brokered private placement 1,760,000 common share units at a price of \$0.28 per unit for gross proceeds of \$492,800. Each unit consists of one common share and one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at \$0.40 per share expiring December 12, 2008. The Company paid a finder's fess of \$336 in cash.
- b) Completed the first tranche of a non-brokered private placement of 1,340,000 common share units at a price of US\$0.26 (Cdn\$0.30) for gross proceeds of US\$348,400 (Cdn\$402,000) on January 2, 2007. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at US\$0.39 (Cdn\$0.45) per share expiring January 2, 2009. Completed the second and final tranche of a non-brokered private placement of 400,000 common share units at a price of US\$0.26 (Cdn\$0.30) for gross proceeds of US\$104,000 (Cdn\$120,000) on January 22, 2007. Each unit is comprised of one common share and one non-transferable share purchase warrant exercisable at US\$0.39 (Cdn\$0.45) per share expiring January 22, 2009. The Company paid finder's fees of \$4,560 in cash.
- c) Issued 565,000 common shares for gross proceeds for \$169,500 pursuant to the exercise of stock options

The Company has sufficient funds to meet its property maintenance payments for 2006 and 2007 and cover anticipated administrative expenses throughout the upcoming new fiscal year. It will continue to focus its exploration and development efforts on its Springpole, Cordero, Favourable Lake and Bear Head Projects.

Related Party Transactions

During the three month period ended February 28, 2007, the Company entered into transactions with related parties as follows:

- a) Paid or accrued management fees of \$13,786 (2006 - \$10,236) to three directors of the Company.
- b) Paid or accrued \$26,730 (2006 - \$27,730) for accounting, secretarial, rent and administrative services to ASI Accounting Services Inc, a company controlled by Ron Schmitz, a director of the Company.
- c) Paid or accrued \$Nil (2006 - \$25,661) for geological consulting fees, which are included in deferred exploration costs, to a director of the Company.
- d) Paid or accrued \$750 (2006 - \$20,500) for geological consulting fees, which are included in deferred exploration costs, to an officer of the Company.
- e) Paid or accrued \$43,450 (2006 - \$Nil) for geological consulting fees, which are included in deferred exploration costs, to a company controlled by an officer of the Company.
- f) Paid or accrued consulting fees of \$Nil (2006 - \$9,970) to a director of the Company.
- g) Two of the Company's directors, transferred Nil (2006 - 50,000 (25,000 each)) common shares of the Company, on behalf of the Company, valued at \$Nil (2006 - \$23,500) pursuant to the amended Caley property agreement.

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.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The fair value of amounts due to related parties is not determinable as they have no specific repayment terms.

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.

Change in Accounting Policy

Effective December 1, 2006, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) under CICA Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861 Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

As a result of the adoption of these new standards, the Company has classified its marketable securities as held-for-trading. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost. During the three month period ended February 28, 2007, the Company recognized an unrealized appreciation in marketable securities of \$10,000. This relates to 500,000 shares of Shoreham Resources Ltd that it holds for trading.

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 audited consolidated financial statements for the year ended November 30, 2006 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 at April 27, 2007:

Common shares	40,265,024
Stock options	3,724,000
Warrants	9,029,586

Changes to Internal Controls

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded based on our evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations. There has been no change in the Company's internal control over financial reporting during the review period that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

Subsequent Events

The following events occurred subsequent to February 28, 2007:

- a) The Company received \$25,000 cash and 250,000 common shares of Shoreham Resources Ltd ("Shoreham") pursuant to the terms of a December 22, 2005 mineral property option agreement with Shoreham on the Company's Favourable Lake Property.
- b) Issued 25,000 common shares for gross proceeds of \$8,000 pursuant to the exercise of stock options.
- c) Announced drill results from 15 reverse circulation drill holes from Stage I delineation drilling at the Company's Cordero Gallium Project located in Humboldt County, Nevada, USA.
- d) Announced the results from its 2007 Winter Drill Program. Hole BL07-383 tested a significant new style of gold mineralization outside of the Core Resource Estimate and hit 0.245 ounces per ton gold over 14 feet within a broader 20 foot zone of bedded, cherty sulphides with minor banded iron formation.
- e) Held its Annual General Meeting on April 26, 2007 in Vancouver, BC. All proposed resolutions were passed.

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.