

GOLD CANYON RESOURCES INC.

FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED AUGUST 31, 2008

The following MD&A for *Gold Canyon Resources Inc.* (“the Company”), prepared as of October 3, 2008, should be read together with the unaudited consolidated financial statements for the nine month period ended August 31, 2008 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, 2007 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. 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 Horseshoe Island Gold 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 225 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 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. The 2008 winter drill program commenced in March 2008. Results from the 2,452 meter program of 7 drill holes were released in April 2008. This program focused on step-out drilling to test the strike and dip potential of the new sedimentary hosted semi-massive sulphide intersection that returned 0.25 opt gold over 14 feet (8.4 g/t over 4.26 m) from last year’s hole BL07-383.

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, *Réserva* International LLC 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). 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 Company integrated the new data with previous data. On February 11, 2008, the Company was provided with an updated NI 43-101 compliant resource report by *Réserva* International LLC. In March 2008, the Company staked 102 Lode Mining Claims and 48 Mill Site Claims contiguous to the Cordero Gallium Project. In April 2008, the Company retained SRK Consultants (U.S.) Inc. to undertake an environmental planning study and a geo-hydrological study at the Cordero Gallium Project.

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. An airborne radiometrics survey covering a 7 mile (11 km) strike length over the area where the exploration team discovered significant uranium mineralization commenced in June 2007. Fieldwork commenced in early August 2007. Final reports and maps have been received from Terraquest Ltd. During the nine month period ended August 31, 2008, the Company's management decided not to continue exploration of the project and terminated the mineral property option agreement by paying \$70,000 to the optionor. As a result, all costs associated with the property totaling, \$202,206, have been written off to operations.

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 currently held by Vital Resources Corp ("Vital"). Additional ground was also staked which now links the Horseshoe Island property to the Springpole Gold Project. The Company will focus on the Au (gold) – Pt (platinum) – Pd (palladium) – Ni (nickel) – Cu (copper) potential of the new ground. A summer exploration consisting of line-cutting and Metal Mobile Ion (MMI) soil geochemistry sampling commenced in June 2008.

Performance Summary

The following is a summary of significant events and transactions that occurred during the nine month period ended August 31, 2008:

1. Closed a 6,000,000 unit non-brokered private placement at \$0.50 per unit for gross proceeds of \$3,000,000. Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.70 until December 14, 2009. The Company paid finder's fees of \$60,000 in cash, issued 179,600 units at the same terms as those to be issued pursuant to the private placement and 284,000 warrants exercisable at \$0.70 until December 14, 2009.
2. Issued 646,000 common shares for proceeds of \$204,600 pursuant to the exercise of stock options ranging in price from \$0.25 to \$0.35 per share.
3. Issued 3,194,825 common shares for proceeds of \$1,310,819 pursuant to the exercise of warrants ranging in price from \$0.40 to \$0.46 per share.
4. Commenced large diameter core drilling on the Cordero Gallium Project. The core drilling program is designed to follow-up on the results from the previous drill campaigns and to further test the new high grade model that returned up to 245 g/t gallium over 25 feet, as well as test Rare Earth Element anomalies previously identified.
5. Commenced metallurgical scoping work designed to build on past metallurgical work. Mountain States R&D International, Inc. ("MSRDI") of Arizona has received a bulk sample and has commenced work, having as its goal a final process flow diagram for the production of gallium and other Rare Earths occurring at Cordero
6. The Company was notified by Shoreham on the commencement of its winter 2008 Geophysics and drilling program on the Borland Lake Silver target, Favourable Lake Project, Red Lake District, Ontario.
7. Released an updated National Instrument 43-101 Technical Report and Resource Estimation for the Cordero Gallium Project. The gallium resource estimation was received from Timothy Carew of *Réserva* International LLC an independent mining consultant and Qualified Person. The total measured and indicated resource of Gallium Metal is 713,930 kg and the total inferred resource of Gallium Metal is 334,590 kg.
8. Granted 1,200,000 stock options to certain directors, senior officers and consultants exercisable at \$0.48 until February 12, 2010.
9. In respect with the Cordero Gallium Project, the Company signed a Mineral Lease and Assignment Amendment Agreement with Tech on February 6, 2008. Pursuant to the amendment agreement, the Company will be entitled, at any time prior to the Company or its nominee(s) commencing commercial production on the properties, to acquire up to 1.5% NSR as set out under the terms of the original assignment agreement (with respect to the Cordero Property) and the lease agreement (with respect to the Caley Property) at a price of US\$500,000 per 0.5% NSR.
10. Received 250,000 common share of Shoreham pursuant to the terms of the December 22, 2005 mineral property option agreement with Shoreham.

11. Completed the 2008 winter drill program on the Springpole Gold Project. The drill program consisted of 2,452 metres diamond drilling of 7 drill holes on the new sediment-hosted gold zone discovered at the end of the 2007 winter drill program.
12. Attended and exhibited at PDAC 2008 in Toronto, Ontario from March 2 to 5.
13. Staked 102 Lode Mining Claims and 48 Mill Site Claims, contiguous to its Cordero Gallium Project in Humboldt County, Nevada, USA.
14. Received an update on the winter 2008 program on its Favourable Lake Poly-metallic Project from the project operator, Shoreham. The operators' field team collected 11 one-metre diamond saw cut samples. Five of these samples returned assays values as over silver limit values exceeding the analytical limits of over 300 grams per tonne.
15. Exhibited at the International Conference on Compound Semiconductor Manufacturing Technology ("CS Mantech 2008") in Chicago, Illinois from April 14 to 17, 2008.
16. Retained the services of SRK Consultants (U.S.) Inc. ("SRK") to undertake an environmental planning study and a geo-hydrological study at its Cordero Gallium Project in Humboldt County, Nevada. SRK will provide the Company with a scoping level assessment of environmental permitting requirements.
17. Held its Annual General Meeting on April 24, 2008 in Vancouver, B.C. All proposed resolutions were passed along with the appointment of two new directors, Garry Smith and Douglas Christopherson.
18. Commenced the summer exploration program for 2008 on the Horseshoe Island property. Line-cutting and Mobile Metal Ion (MMI) soil geochemistry sampling are under way. The summer program will expand the MMI coverage on the property and follow-up any new zones with prospecting and channel sampling. The summer program will continue to explore the property for gold and follow up on the historic occurrences and expand upon MMI soil surveys performed during 2007.
19. 200,000 stock options exercisable at \$0.30 until June 1, 2008, expired unexercised.
20. Mr. Vic Weckerle resigned from his position of providing investor relations and administrative services to the Company effective June 30, 2008. His 60,000 stock options exercisable at \$0.40 until February 20, 2009 and 10,000 stock options exercisable at \$0.50 until October 4, 2009, were cancelled on July 30, 2008.
20. The Company wrote-off all costs associated with the Bear Head Uranium Project as it decided not to continue exploration of the project. As a result, \$202,206 in mineral property costs were charged to operations
21. Commenced a Reverse Circulation (RC) drill program on the Cordero Gallium Project in Nevada. The drill program is designed to follow up and further test newly defined structurally controlled exotic metal anomalies. Also, it will provide additional metallurgical information on the rare and exotic metals that have been identified by previous RC and recent large diameter core drilling completed at Cordero. This drill program will consist of six holes having an aggregate length of approximately 2,500 feet.

Summary of Quarterly Results

	Three Months Ended			
	August 31, 2008	May 31, 2008	February 29, 2008	November 30, 2007
Total assets	\$ 19,661,903	\$ 20,028,861	\$ 20,141,420	\$ 16,805,532
Mineral property costs	17,477,290	17,247,413	16,282,955	15,543,787
Working capital	2,136,571	2,711,056	3,596,017	1,001,532
Shareholders' equity	18,515,033	18,860,017	18,779,284	15,445,892
Interest revenues	55,450	9,590	7,399	4,189
Net income (loss)	(359,183)	(328,193)	(424,073)	223,250
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	0.01

	Three Months Ended			
	August 31, 2007	May 31, 2007	February 28, 2007	November 30, 2006
Total assets	\$ 15,879,505	\$ 15,685,286	\$ 14,988,314	\$ 14,203,;
Mineral property costs	15,186,438	14,677,244	14,244,684	13,922,443
Working capital	624,999	958,733	657,861	67,136
Shareholders' equity	14,496,178	14,323,464	13,590,764	12,678,021
Interest revenues	2,211	6,154	1,441	7,488
Net loss	(327,465)	63,068	(396,788)	(62,484)
Loss per share	(0.01)	0.01	(0.01)	(0.01)

Significant changes in key financial data from 2006 to 2008 can be attributed to the Company increasing its mineral property costs each year by incurring exploration related expenditures on its Springpole Gold, Bear Head, Horseshoe Island and the Cordero Gallium properties. Funding for the properties has been accomplished through the completion of several equity financings and the exercise of stock options and warrants.

The Company earns interest revenue from cash held in banks. It continued its exploration work on all its properties. Current period operating expenses have increased when compared to the previous year when a non-cash charge to operations of \$291,706 (2007- \$397,990), resulting from stock based compensation expense, is excluded from the net loss for the period.

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 \$1,111,449 (2007 - \$661,185) during the nine month period ended August 31, 2008. Some of the significant expenses incurred are as follows:

Consulting fees were \$36,906 (2007 - \$9,525) have increased over the comparative period because the Company retained the services of a mining consultant to help evaluate the economic feasibility of the Company's various projects.

Insurance expense of \$14,295 (2007 - \$14,969) relates to directors' and officers' liability insurance.

During the current period, the Company incurred \$141,154 (2007 - \$113,637) 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. Consultants are used to provide the Company various investor relations and administrative services. Mr. Vic Weckerle was paid \$5,000 plus GST until June 30, 2008 and was reimbursed for other miscellaneous expenses incurred in providing services. The Company had also retained the services of Sheldon Swaye to provide the Company with various business consulting and financial public relations services in connection with the Company's interactions with media, brokers, dealers, securities advisers, investment funds and members of the investment community. Mr. Swaye was paid \$4,000 plus GST until May 31, 2008.

Management fees of \$66,389 (2007 - \$46,546) are paid or accrued to three directors. One director is paid \$4,000 per month. This was increased to \$7,000 per month starting May 2008. The second director is paid US\$800 per month and a third director is paid US\$1,000 per month.

Professional fees of \$129,037 (2007 - \$128,557) are comprised of \$34,777 (2007 - \$58,292) for legal, \$14,670 (2007 - \$9,520) for audit related costs and \$79,590 (2007 - \$60,745) for accounting and administration fees to a company, which a director is president.

Stock-based compensation expense of \$291,706 (2007 - \$397,990) was recognized during the 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 is used to calculate the fair value.

Travel and promotion expenses of \$79,462 (2007 - \$50,873) have increased over the previous comparative period because of numerous trips the Company's directors and others have taken to conduct site visits on the Springpole and Cordero properties.

The Company recorded other income of \$65,000 (2007 - \$Nil) comprising of 250,000 common shares of Shoreham. The common shares were received pursuant to the terms of a December 22, 2005 mineral property option agreement on the Favourable Lake Property with Shoreham.

During the current period, the Company recognized an unrealized depreciation in marketable securities of \$190,000. This relates to 1,000,000 shares of Shoreham that it holds for trading. During the previous comparative period, the Company recognized an unrealized appreciation in marketable securities of \$92,500 on 750,000 shares of Shoreham that it held.

During the current period, the Company wrote-off mineral property costs of \$202,206 (2007 - \$Nil) relating to the Bear Head Uranium Project.

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, 2008	November 30, 2007
Working capital	\$ 2,136,571	\$ 1,001,532
Deficit	(10,258,981)	(9,147,532)

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 \$586,208 compared to net cash used of \$582,822 during the previous comparative period.

Financing activities provided net cash of \$3,878,684 which is comprised of \$3,965,420 from the issuance of common shares, and paid \$86,736 in share issue costs. Financing activities provided net cash of \$2,048,052 during the previous comparative period.

Net cash used in investing activities was \$2,171,122 which is comprised of \$115,000 spent on the acquisition of mineral claims and \$2,054,586 incurred in deferred exploration costs on its mineral properties and the acquisition of equipment of \$1,536. Net cash of \$1,230,662 was used in investing activities during the previous comparative period.

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 2008 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 and Horseshoe Island Projects.

Related Party Transactions

During the nine month period ended August 31, 2008, the Company entered into transactions with related parties as follows:

- a) Paid or accrued management fees of \$64,383 (2007 - \$46,545) to three directors of the Company.
- b) Paid or accrued \$94,490 (2007 - \$73,795) for accounting, secretarial, rent and administrative services to a company controlled a director of the Company.
- c) Paid or accrued \$7,500 (2007 - \$4,250) to an officer of the Company for geological consulting fees, which are included in deferred exploration costs.
- d) Paid or accrued \$106,725 (2007 - \$139,571) to a company controlled by an officer of the Company for geological consulting fees and services, which are included in deferred exploration costs.
- e) Paid or accrued \$18,846 (2007 - \$Nil) for geological consulting fees, \$16,516 (2007 - \$Nil) for consulting fees and \$586 (2007 - \$Nil) for property investigation 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.

Financial Instruments & Other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, reclamation bonds, 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.

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.

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 5 in the unaudited consolidated financial statements for the nine month period ended August 31, 2008 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	53,723,127
Stock options	3,861,000
Warrants	10,192,600

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer (“CFO”) are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s consolidated financial statements for external purposes in accordance with Canadian GAAP. The design of the Company’s internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company’s financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

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.

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.