



(an exploration stage company)
(previously Victoria Resource Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three months ended May 31, 2008

DATED: July 28, 2008

VICTORIA GOLD CORP.

(an exploration company)

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") has been prepared as at July 28, 2008, and contains certain "Forward-Looking Statements" within the meaning of the Canadian Securities laws. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of Victoria Gold Corp. ("the Company" or "Victoria") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

The following management's discussion and analysis of the operating results and financial position of the Company should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto of the Company for the three months ended May 31, 2008, and the audited consolidated financial statements of the Company and the notes thereto for the year ended February 29, 2008. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are expressed in Canadian dollars, unless otherwise stated.

On July 18, 2008, the Company changed its name from Victoria Resource Corporation to Victoria Gold Corp.. Victoria continues to be a Canadian company incorporated in the Province of British Columbia.

FORWARD LOOKING STATEMENTS

These consolidated financial statements and management's discussion and analysis contain certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate," "believe," "expect," "goal," "plan," "intend," "estimate," "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production and the timing thereof and costs and timing of drilling campaigns, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, exploration and drilling success or failure, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

OVERVIEW

Victoria is an exploration stage company with interests in eight gold projects located in Nevada covering an area of more than 100,000 acres. The Company's strategy is to add value per share through efficient exploration, accretive acquisitions and effective marketing. Victoria's management team endeavors to mitigate risk through vigilance, project diversification, sound financial management and exploring in relatively secure jurisdictions.

Bema Gold Corporation ("Bema"), the Company's former principal shareholder, provided management, administrative and technical services, including all geological assessments, to the Company. Accordingly, the Company was dependent on Bema to render such services (see "Related Party Transactions" herein). However, on November 6, 2006, Bema and Kinross Gold Corporation ("Kinross") announced that their boards of directors had unanimously approved Kinross' acquisition of Bema. The acquisition of Bema by Kinross was completed on February 27, 2007 by way of a shareholder-approved plan of arrangement whereby Kinross acquired all of the issued and outstanding common shares of Bema. As part of the plan of arrangement, Bema amalgamated with a subsidiary of Kinross and is now a wholly-owned subsidiary of Kinross named EastWest Gold Corporation ("EastWest Gold"). From February 27, 2007 to July 31, 2007, B2Gold Corp. ("B2Gold"), a private company formed by the former executives of Bema and which had common directors with Victoria, provided management services to the Company. On August 3, 2007, Victoria's shareholders elected new members to its board of directors, effectively ending the relationship with the common directors of B2Gold.

EXPLORATION ACTIVITIES

During the quarter ended May 31, 2008, the Company incurred resource property expenditures (on a cash basis) totaling \$1,355,803 (previous year, \$1,670,034) relating to its Nevada properties.

Victoria currently has interests in eight gold exploration projects located in Nevada covering an area of more than 100,000 acres. The Company either holds or can earn a 100% interest in each of the properties. Five of Victoria's properties are joint ventures with Newmont Mining Corporation ("Newmont") who hold back-in rights for 50% or 51% on each of the properties. All of the Company's properties are subject to royalties upon certain conditions. For more information on the joint venture agreements, royalties, property locations and other property details please see the Company's website at www.victoriaresourcecorp.com and the Financial Statements for the year-ended February 29, 2008, and Management's Discussion and Analysis related thereto, which are posted on www.sedar.com.

Property Summary

PROPERTY	RECENT ACTIVITIES (March 1, 2008 – July 28, 2008)	OUTLOOK (three to six months forward)
Cove McCoy	Two drills operating on Helen Zone, completed holes NW6A, NW8 and NW10	Continue drilling Helen zone, holes NW 9 and NW11 currently in progress; Part of 15 hole program
Mill Canyon	Repaired main road, preparation of sites for possible drilling	Possible drilling in the fall
Hilltop-Slaven	Preparation for and commencement of drilling	Currently drilling
Black Canyon	Limited due to Cove McCoy focus and seasonal access issues	Structural mapping; Plan to drill in the fall
Fourth of July	Similar to Black Canyon	Structural mapping
Relief Canyon	On-site structural mapping	Structural mapping
Seven Troughs	On-site structural mapping and grab sampling	Structural mapping and grab sampling
Summit	On-site structural mapping and grab sampling	Structural mapping and grab sampling; Plan to drill once permits received

RECENT ACTIVITIES

Cove-McCoy Property

During first quarter, March 1, 2008 through May 31, 2008, and through the date of this document, July 28, 2008, the Company continued drilling the Helen Zone. As of the date of this document, the Company has two drills on site.

Since the year-ended February 29, 2008, the Company has released assays from holes NW6A, NW8 and NW10. On April 10, 2008, the Company released results from NW6A, which intersected 39.6 m grading 11.8 g/t. Results from NW8 were released on June 20, 2008 and included 9.1 m of 13.9 g/t. On July 14, 2008, the results from NW10 were released and included 6.1 m of 6.3 g/t. These three holes substantially increase the knowledge of the geometry of the Helen Zone and provide added information that the zone is growing in size with every hole drilled. Hole NW6A demonstrates that thick sections of gold mineralization continue to characterize, as well as expand, the center of the SSE plunging structural intersection system within the Helen zone. Like NW6A, NW1 and NW5 are also within this center. NW8 better defines the western wing of the intersection zone and shows that gold mineralization continues more than 90 m below NW7 and NW5. NW8 thereby demonstrates that the gold system has a drilled continuity of a minimum of 150 m down plunge using gold intercepts from holes drilled to date. Adding 30 m above NW1 and below NW8 also provides a possible, current plunge length of about 210 m for the growing intersection zone. Likewise, the width of the Helen zone, especially to the SE along the NW striking structural system, has expanded to about 150 m as a result of drilling NW10. Adding similar limits to the current width indicates that the Helen zone has a possible size of just over 200 m down and across plunge. Exploration continues to probe down plunge and across this large, but still expanding gold system.

Hilltop Property

A drill rig arrived on the Hilltop property on July 10, 2008. Set-up and collaring was completed and drilling commenced on July 14, 2008. As at July 27, 2008, the first hole of this campaign had reached a depth of over 350 m.

Summit Property

Exploration at the Summit property continues to expand a substantial zone of outcrops of hydrothermal dolomite, which is the main host to high-grade gold zones drilled by previous companies. Their drilling occurs as a small area (~200 m X 100 m) within the 500 m by 500 m zone currently being expanded by Victoria geologists. This zone appears to continue under post-mineral volcanics, to the north, west, and south, defined by previous step-out drilling. Gold-bearing hydrothermal dolomite encountered in this drilling beneath the volcanics, continues a minimum of 200 m to the north, and about 100 meters to the west indicating that the hydrothermal foot-print could be more than 700 m by 600 m.

OUTLOOK

Cove-McCoy Property

Drilling on holes NW9 and NW11 will continue and is scheduled to be completed over the next month with assays being received thereafter. The rigs will then move on to holes NW12 through NW15. This drilling is intended to improve the understanding of the potential size, grade and geometry of this system.

Once the current 15 hole program has been completed, management will determine if construction of an adit, from the open pit to the Helen Zone (approximately 600 m) to facilitate underground drilling of the Helen Zone, is justified.

The Helen Zone is one of eight postulated structural intersection zones located within the "NW-Cove" target. In turn, the NW-Cove target is just the first of fourteen target areas on the Cove-McCoy Property that may be drilled by the Company.

Mill Canyon Property

Dependent upon drilling success at the Hilltop Property, a rig may be moved to the Mill Canyon Property to drill the Ralph J. Roberts zone and the Higher Open Cut zone in the fall. Mill Canyon is one of Victoria's highest priority properties for advancement.

Hilltop Property

Drilling will continue on hole #1 and is scheduled be completed in August with assays expected thereafter. Further drilling on the Hilltop property will be dependent upon the results of hole #1 as well as other priorities as evaluated at the Company's other properties.

Black Canyon Property

Additional systematic structural mapping will take place to further optimize the sites to drill the highest potential targets. The timing of future drilling is dependent upon drill success at other properties, weather conditions and high-calibre rig availability. However, advancing Black Canyon remains a priority for Victoria. The plan is to drill this property in early fall but will depend on the availability of the Company's resources including quality drill crews.

Fourth of July Property

Further structural mapping is required on this property. Timing of future work will depend on availability of the Company's resources.

Relief Canyon Property

Further structural mapping is required however; timing will be dependent on availability of the Company's resources.

Seven Troughs Property

Further structural mapping and collection of grab samples will continue.

Summit Property

Structural mapping along with grab sampling will continue and should provide initial drill targets. Permits to drill are expected to be favourably resolved by the fall at the latest. The timing of future drilling is dependent upon drill success at other properties and drill rig availability. The Summit property is also a high-priority target for Victoria.

RESULTS OF OPERATIONS

Three months ended May 31, 2008 and 2007

The following information has been extracted from the Company's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), for each of the quarters ended May 31 in the three-year period ended May 31, 2008.

Selected Annual Information:

	2008	2007	2006
Total revenues	\$ -	\$ -	\$ -
Net loss	\$ 423,645	\$ 19,489	\$ 179,444
Net loss per share – basic and diluted	\$ 0.005	\$ 0.000	\$ 0.003
Total assets	\$ 37,750,359	\$ 24,067,979	\$ 25,382,909
Total long-term liabilities	\$ 212,669	\$ 220,323	\$ 1,455,755

The Company reported a loss of \$423,635 (\$0.005 per share) for the three months ended May 31, 2008, compared to a loss of \$19,489 (\$0.000 per share) in the equivalent period during the previous year. The increase in the current year loss resulted from lower foreign exchange gains, higher stock-based compensation expenses and increased general and administrative expenses due to the implementation of a full-time dedicated management team and the opening of the corporate office in Toronto. During the three months ended May 31, 2008, the Company recorded a gain due to foreign exchange of \$41,651 compared to a gain of \$148,504 during the three months ended May 31, 2007. For the three months ended May 31, 2008, the Company reported stock-based compensation expense of \$175,138 versus \$58,231 for the three months ended May 31, 2007. The increase in stock-based compensation expense is primarily due to options granted upon the appointment of the new management team and board of directors of the Company.

Other expenses, exclusive of foreign exchange gains, stock-based compensation and interest income, were \$344,070 for the quarter ended May 31, 2008, compared to \$133,208 for the same period in the previous year. Year over year increases in salary (\$116,907), office and administrative (\$43,817), marketing (\$37,644) and legal (\$11,673) are all related to the implementation of a full-time management team. Interest and bank charges decreased to \$1,888 in the quarter ended May 31, 2008, compared to \$35,559 in the comparable previous period due to repayment of the note payable to EastWest Gold Corporation in November 2007. Interest income increased to \$53,922 in the most recent period ended compared to \$23,446 in the previous year. This increase is due to higher cash balances. There were no property write-offs in the three months ended May 31, 2008 whereas \$19,318 was written off in relation to the Pinson-Preble property during the three months ended May 31, 2007.

Total assets increased by approximately \$0.9 million during the three months ended May 31, 2008, as current assets decreased by \$0.6 million (see "Liquidity and Capital Resources" herein) and resource properties increased by \$1.5 million due to continued exploration expenditures relating to the Company's properties. Total liabilities decreased by approximately \$0.6 million due to the repayment of accounts payable and accrued liabilities.

Summary of Unaudited Quarterly Results:

	<u>31 May 08</u>	<u>29 Feb 08</u>	<u>30 Nov 07</u>	<u>31 Aug 07</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss	\$ 423,635	\$ 453,156	\$ 697,047	\$ 344,890
Loss per share – basic and diluted	\$ 0.005	\$ 0.005	\$ 0.009	\$ 0.004

	<u>31 May 07</u>	<u>28 Feb 07</u>	<u>30 Nov 06</u>	<u>31 Aug 06</u>
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss	\$ 19,489	\$ 2,819,179	\$ 271,745	\$ 278,316
Loss per share – basic and Diluted	\$ 0.000	\$ 0.045	\$ 0.004	\$ 0.004

The Company reported a loss of \$2,819,179 (\$0.045 per share) for the fourth quarter ended February 28, 2007 due to the write-off of the Pinson-Preble property in the amount of \$2,636,238. The losses incurred in each of the remaining quarters related primarily to general and administrative expenses, including stock-based compensation.

LIQUIDITY AND CAPITAL RESOURCES

At May 31, 2008, the Company had cash and cash equivalents of \$9,084,445 (February 29, 2008 - \$9,922,962) and a working capital surplus of \$9,205,333 (February 29, 2008 – \$9,178,519). The decrease in cash and cash equivalents of \$0.8 million over the quarter was due to the on-going exploration of the Company's resource properties (\$1.3 million use of cash), operating expenses and changes in working capital (\$1.1 million use of cash) net of issuance of common shares for cash and on the exercise of warrants and options (\$1.6 million increase in cash).

The Company's ability to meet its obligations and maintain operations is contingent upon successful completion of additional financing arrangements. The Company periodically seeks financing to continue the exploration of its mineral properties and to meet its ongoing administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that additional funding will be available in the future. In the event that additional funding is not obtained, there is significant doubt about the Company's ability to continue as a going concern.

The Company holds the predominant amount of its cash in chequing accounts at a major Canadian bank and treasury management funds ("the Funds") which are managed by a wholly-owned subsidiary of a major Canadian bank. The Funds predominantly invest in Government of Canada treasury bills.

During the quarter ended May 31, 2008 and up to the date of this report, the Company had no off-balance sheet transactions.

OPERATING ACTIVITIES

During the quarter ended May 31, 2008, operating activities, including non-cash working capital changes, required funding of \$1,136,558 (as compared with the same period during the previous year that required funding of \$36,997). The year over year increase in cash required for operating activities is due to higher salary, general and administrative expenses, legal expenses, marketing expenses and repayment of accounts payable and accrued liabilities.

RELATED PARTY TRANSACTIONS

During the quarter ended May 31, 2008, Raul Madrid, an officer of the Company, exercised options to purchase 200,000 common shares of the Company at 0.91 per common share. As at May 31, 2008, the funds for this purchase had not been received and have been included in accounts receivable.

For the three months ended May 31, 2008 and 2007, the Company had the following transactions (recorded at exchange value) and balances with Mr. Madrid:

	2008	2007
Consolidated Balance Sheets		
Accounts receivable	\$ 182,000	\$ -

The outstanding receivable at May 31, 2008, from Mr. Madrid was paid in full on June 13, 2008.

During the quarter ended May 31, 2007, EastWest Gold provided administrative services while B2Gold, a company that had common directors with Victoria, provided management services to the Company.

For the three months ended May 31, 2008 and 2007, the Company had the following transactions (recorded at exchange value) and balances with EastWest Gold:

	2008	2007
Consolidated Statements of Loss		
Interest expense on notes payable	\$ -	\$ 34,613
Accounting	-	22,500
	\$ -	\$ 57,113
Consolidated Balance Sheets		
Accounts payable	\$ -	\$ 252,696

Notes payable represent advances from EastWest Gold during fiscal 2006 and 2007, bearing interest at the US prime lending rate plus 2%. There is no interest expense for the three months ended May 31, 2008, as the note payable, including accrued interest, was repaid in full on November 28, 2007 in the amount of \$1,280,303.

For the three months ended May 31, 2008 and 2007, the Company had the following transactions (recorded at exchange value) with B2Gold:

	2008	2007
Consolidated Statements of Loss		
Office and administration	\$ -	\$ 7,600
Accounting	-	4,400
Rent and utilities	-	4,800
Management fees	-	3,000
	\$ -	\$ 19,800

FINANCING ACTIVITIES

On November 28, 2007 the Company repaid \$1,280,303 as payment in full of the note payable, including accrued interest to EastWest Gold Corporation. The amount outstanding at February 28, 2007 was \$1,406,859.

During the quarter ended May 31, 2008, 1,535,000 share purchase warrants (1,530,000 at \$0.85 and 5,000 at \$0.75), and 375,000 stock options (25,000 at \$0.65 and 350,000 at \$0.91) were exercised for total proceeds of \$1,639,005.

On November 7, 2007, the Company closed a brokered private placement of 19,500,000 Units (the "Units") priced at \$0.70 per Unit, for gross proceeds of \$13.65 million (the "Offering"). Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at an exercise price of \$0.85 for an eighteen month period until May 7, 2009. EastWest Gold participated in the offering and, as at November 30, 2007, held a 27% interest in the Company. EastWest Gold continued to hold a 27% interest in the Company at February 29, 2008. Chad Williams, President, CEO and Director of the Company purchased 793,300 Units of the Offering. Blackmont Capital Inc. and CIBC World Markets Inc. acted as co-lead agents in connection with the offering, together with Orion Securities Inc. (collectively the "Agents"). As compensation for services rendered in connection with the Offering, the Agents were paid an aggregate cash commission of \$810,264 and were issued broker warrants to purchase an aggregate of 1,007,520 common shares of the Company at a price of \$0.74 per common share until November 7, 2008. For accounting purposes, the Company has determined a value of \$4,146,798 (\$3,772,343 for the purchase warrants and \$374,454 for the Agents' warrants) for the warrants. The fair values of the warrants were calculated using the Black-Scholes option-pricing model. All securities issued pursuant to the Offering were subject to a four month hold period that expired on March 8, 2008. Victoria is using the proceeds from this Offering for exploration of its Nevada properties and for general corporate purposes.

On July 31, 2007, the Company closed a non-brokered private placement of 3,333,333 units priced at \$0.60 per unit, for gross proceeds of \$2 million (the "Offering"). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at an exercise price of \$0.75 for a two year period until July 31, 2009. The Company paid a cash finder's fee in the amount of \$5,880. EastWest Gold purchased 850,000 of the Units at \$0.60 and as at August 31, 2007 held a 28.3% interest in the Company. Chad Williams, President, CEO and Director of the Company, purchased 792,333 units of the Offering. The Company used the proceeds from this Offering for exploration of its Nevada properties and for general corporate purposes.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of July 28, 2008, the number of issued common shares was 93,570,152 (108,538,713 on a fully diluted basis).

As at July 28, 2008, there were 4,174,375 director, employee and consultant stock options outstanding with an exercise price ranging from \$0.60 to \$1.00 per share and expiring between February 27, 2009 and January 22, 2013. As at July 28, 2008, there were 10,794,186 warrants outstanding with exercise prices ranging from \$0.74 to \$0.85 per share and with expiration dates ranging between November 7, 2008 and July 31, 2009.

RISK AND UNCERTAINTIES

Exploration and mining risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company does not have any resource or reserves, as defined by National Instrument 43-101, *Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators*, and any exploration programs are an exploratory search for ore.

Financial capability and additional financing

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan.

Metal prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices have historically fluctuated widely, particularly in recent years, and are affected by factors beyond the Company's control, including inflation, international economic and political trends, currency fluctuations, interest rates, global and regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted and can render any deposit uneconomic.

Dependence on key personnel

Many of Victoria's personnel are specialized, highly skilled and experienced. The Company's future exploration success will depend to a significant extent on its ability to attract and retain qualified personnel. While Victoria has not experienced any significant difficulties to date in attracting and retaining personnel, there can be no assurance that this will continue. The loss of key personnel could have a material adverse effect on the Company's operations and business prospects.

Currency risk

As at May 31, 2008, the Company's expenditures are predominantly made in US dollars and any future equity raised is expected to be in Canadian dollars. As such, the Company is subject to risk due to fluctuations in the exchange rates for the US and Canadian dollar. The Company does not hedge against foreign currency fluctuations.

ACCOUNTING CHANGES

Effective March 1, 2008, the Company adopted new accounting recommendations from the CICA, Handbook, Section 1535 – "Capital Disclosures," Section 3862 – "Financial Instruments – Disclosure," Section 3863 – "Financial Instruments - Presentation," and Section 3031 – "Inventories." The changes are applied prospectively with no restatement of prior periods.

(i) Capital Disclosures, Section 1535

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and, (iv) if it has not complied, the consequences of such non-compliance. The disclosures required by adoption of this section are presented in Note 14 – Management of Capital.

(ii) Financial Instruments, Sections 3862 and 3863

The new Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosure and Presentation," revising and enhancing its disclosure requirements and carrying forward, unchanged, its presentation requirements. These new sections place increased emphasis on disclosures about the nature

and extent of risks arising from financial instruments and how the entity manages those risks. The disclosures required by adoption of this section are presented in Note 12 – Financial instruments and risk management.

(iii) Inventories, Section 3031

Section 3031 relates to the accounting for inventories and revises and enhances the requirements for assigning costs to inventories. As at March 1, 2008, the adoption of this standard has had no effect on the Company's results of operation, cash flows or financial position.

FUTURE ACCOUNTING CHANGES

Goodwill and Intangible Assets, Section 3064

Section 3064 replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This standard is effective for interim and annual consolidated financial statements for the Company's fiscal year beginning on or after October 1, 2008, specifically March 1, 2009.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In January 2006, the CICA's Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability (“PAE's”). The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcCB confirmed that the use of IFRS would be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. A calendar year end public company will be required to have prepared in time for its first quarter 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

OFF-BALANCE SHEET TRANSACTIONS

During the most recent three months ended May 31, 2008 and up to the date of this report, the Company had no off-balance sheet transactions.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and reclamation bonds. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The reclamation bonds are held with a state of Nevada governmental institution and a joint venture partner and represent restricted cash that will be returned to the Company upon the satisfactory completion of reclamation obligations. The reclamation bonds and certain of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are denominated in US currency leading to currency risk arising from fluctuations in the Canadian and US exchange rate. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES, AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the CEO and the CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, CEO and the CFO have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* of the Canadian Securities Administrators) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the CEO and the CFO, as appropriate in order to allow timely decisions regarding required disclosure.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time. The Company has assessed the design of its internal controls over financial reporting and management believes that its internal controls provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP as at, and for the period ended, May 31, 2008. There were no changes in the Company's internal controls over financial reporting during the first quarter ended May 31, 2008 that have materially affected or are reasonably likely to affect its internal controls over financial reporting.

ADDITIONAL INFORMATION

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

“Chad Williams”

Chad Williams
Chief Executive Officer & President

“Marty Rendall”

Marty Rendall
Chief Financial Officer