NV GOLD CORPORATION

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTH PERIOD ENDED FEBRUARY 28, 2011

The following management discussion and analysis for *NV Gold Corporation* ("the Company") is prepared as of **April 25, 2011** and should be read together with the unaudited consolidated financial statements for the six month period ended February 28, 2011 and related notes attached thereto (financial statements), 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 Company's audited consolidated financial statements for the year ended August 31, 2010 and its filing statement dated November 16, 2009.

Additional information related to the Company is available for view on SEDAR under the Company's profile at www.sedar.com and on the Company's website at www.nvgoldcorp.com.

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

NV Gold Corporation (the "Company") was incorporated under the laws of the province of British Columbia on May 23, 2007. On November 23, 2009, the Company completed its qualifying transaction by acquiring all of the issued and outstanding common shares of NV Gold Corporation (USA) ("NV Gold USA"), a private exploration stage company. The Company's principal business activity became the acquisition and exploration of mineral properties in the United States. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol NVX.

The consolidated financial statements contained herein include the accounts of the Company and its wholly owned subsidiary, NV Gold USA. All inter-company balances and transactions have been eliminated upon consolidation.

The Company is in the process of exploring and developing its mineral properties in the United States and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the mineral properties and upon future profitable production.

Overall Performance

As at February 28, 2011, the Company had $1,457,063 (August 31, 2010 - $655,573) in cash and working capital was $1,384,948 (August 31, 2010 - $603,548). The Company incurred a net loss of $239,730 (2010 - $463,425) during the six month period ended February 28, 2011. Included in this is a foreign exchange loss of $36,602 (2010 - $5,417(gain)) and interest income of $4,530 (2010 - $523) earned on funds held at the bank. The Company has increased the level of exploration activity since completing its qualifying transaction.

Other Events and Transactions

The following is a summary of significant events and transactions that occurred during the six month period ended February 28, 2011:

1. Commenced and completed a 2,355 metre 25 hole reverse-circulation (RC) drill program on the Afgan-Kobeh gold project. Drift Exploration Drilling was contracted to carry out RC drill program. Drill samples collected were submitted for analysis to ALS Chemex of Reno, Nevada. On December 16, 2010, the Company reported the results which included 18.2 metres of 4.2 grams per ton gold and 57.6 metres of 0.776 grams per ton gold. Additional details are available in the December 16, 2010 press release. The objective of the drill program, which consisted of testing new targets, infill drilling and step-out drilling, is the expansion of the NI 43-101 compliant gold resource of 50,000 ounces Indicated (1.85 million tons at 0.027 ounce per ton gold (0.926 gram per ton gold)) and 34,000 ounces Inferred (1.29 million tons at 0.026 ounces per ton gold (0.891 gram per ton gold)).

2. Completed the lease of the Roberts Gold Property located in Eureka County, Nevada effective October 26, 2010. The Company paid US$10,000 as an advance royalty payment on the date the lease agreement became effective and issued 250,000 units to terminate certain area of interest obligations to a third party. Each unit consists of one common share and one warrant exercisable at $0.40 until October 26, 2012. The common shares and warrants making up the units and the common shares issuable upon exercise of the warrants were subject to a hold period which expired on February 27, 2011.

3. Implemented a Whistleblower Policy in order to satisfy it obligations under Multilateral Instrument 52-101.

4. On November 23, 2010, 840,000 common shares were released from escrow leaving a balance of 3,360,000 remaining in escrow.

5. Held its Annual General Meeting on January 25, 2011. All proposed resolutions were passed.

Subsequent Events

Stock options granted

On March 2, 2011, the Company announced that it had 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, broker-dealers, securities advisors, investment funds and members of the investment community. The retainer is for a period of twelve months at $4,000 (plus HST) a month and may be renewed for successive six month terms by the parties. The Company also granted 100,000 stock options to Mr. Karabelas which are exercisable at $0.35 per share until March 2, 2016.

Private Placement

On March 3, 2011, the Company completed the first tranche of a non-brokered private placement for 2,264,000 units (the "Units") at $0.30 per Unit, for gross proceeds of $679,200. Each Unit is comprised of one common share and one-half of one non-transferable share purchase warrant which are exercisable at $0.40 per share until September 3, 2012. The Company paid a finder's fee of $3,000 in connection with certain subscriptions under the private placement.

The second tranche of the non-brokered private placement, consisting of 3,333,334 Units ($1,000,000) from one subscriber, an insider according to TSX-V rules, is pending completion subject to final acceptance by the TSX-V.

Mineral Properties

Shamrock (Cobre) Copper Property

The Company has a 10 year lease with MinQuest, Inc. of Reno, Nevada on the Shamrock (Cobre) copper project located in Grant County, New Mexico, USA pursuant to which the Company paid US$30,000. The Company is required to incur exploration expenditures of US$100,000 by March 31, 2011 (incurred) and incur US$350,000 by March 31, 2012 and US$425,000 by March 13, 2013 and US$250,000 per year thereafter to March 31, 2020. The Company is also required to pay US$30,000 by March 31, 2011 (paid) and make an annual cash payment which increases by US$5,000 each year escalating to US$75,000 for the lease year ended March 31, 2020. The lease is for a 100% interest, subject to a 3% net smelter returns royalty ("NSR"), and is renewable for a further 10 years.

Afgan-Kobeh Property

The Company has an agreement with Gold Standard Royalty (Nevada) Inc., ("Gold Standard") to acquire a 100% interest in the Afgan-Kobeh project located in Eureka County, Nevada. Under the terms of the agreement, the Company paid US$100,000 in cash (another US$100,000 to be paid by June 14, 2011) and issued 600,000 common shares at a fair value of $150,000 and 600,000 share purchase warrants at an exercise price of $0.40 per share expiring June 14, 2012 with a fair value of $62,374 using the Black-Scholes option pricing method with a volatility of 100%, risk free interest rate of 1.81%, an estimated useful life of 2 years and 0% annual dividend rate. The property is subject to a 1% NSR.

Under the terms of the agreement, Gold Standard has the right to nominate a director to the Company's Board of Directors.

The Afgan-Kobeh project covers approximately 2,180 acres and consists of 109 unpatented claims. In 2004, Castleworth Ventures Inc. reported a NI 43-101 compliant resource estimate in respect of the property comprising an indicated gold resource of 50,000 ounces (1.85 million tons at an average grade of 0.027 oz Au/ton (0.926 g Au/t)) and an inferred gold resource of 34,000 ounces (1.29 million tons at an average grade of 0.026 oz Au /ton (0.891 g Au/t)) using a cut-off of 0.010 oz Au/ton (0.343 g Au/t), based on 145 drill holes completed prior to 1998. The historic report also recommends exploration of several targets established from the accumulation of earlier work. This project is located in northeastern Nevada, approximately 28 miles northwest of the town of Eureka along the Battle Mountain-Eureka Trend (also referred to as the Cortez Trend).

Commenced and completed a 25-hole, 2,355-metre reverse-circulation drill program. The program focused on the expansion of the NI 43-101 compliant gold resource as described above. Assays results were announced on December 16, 2010.

Significant intercepts from the Company's drill program are summarized in the table below. True widths will be determined as holes are interpreted from cross-sections.

Hole #	Interval (m)	Sub-Interval	TD (m)	length (m)	length (ft)	Au (gpt)	Au (opt)
AF10-1	47-65.2		71.2	18.2	60.0	4.200	0.122
inc		54.5-62.1		7.6	25.0	5.490	0.160
AF 10-2	43.9-98.5		107.6	54.5	180.0	0.400	0.012
inc		81.8-94.5		13.7	45.0	0.572	0.017
AF10-5	3.0-15.2		30.3	12.1	40.0	0.472	0.014
AF10-6	18.2-25.8		45.5	7.6	25.0	0.994	0.029
AF10-7	0-22.8		45.5	22.8	75.0	0.894	0.026
inc		0-10.6		10.6	35.0	1.447	0.042
AF10-8	27.3-34.8		68.2	7.6	25.0	0.838	0.024
AF10-9	1.5-24.2		24.2	22.7	75.0	0.857	0.025
inc		16.7-24.2		7.5	25.0	1.501	0.044
AF10-10	1.5-7.6		34.8	6.1	20.0	0.331	0.010
AF10-11	37.9-47.0		77.3	9.1	30.0	0.923	0.027
AF10-15	71.2-78.8		90.9	7.6	25.0	0.563	0.016
AF10-16	42.4-63.6		121.2	21.2	70.0	0.480	0.014
AF10-17	39.4-57.6		113.6	18.2	60.0	0.500	0.015
AF10-18	118.2-134.8		134.8	16.7	55.0	0.277	0.008
AF10-19	39.4-63.6		301.5	24.2	75.0	0.177	0.005
AF10-20	53.0-110-6		110.6	57.6	190.0	0.776	0.023
inc		62.1-81.8		19.7	65.0	1.733	0.051
AF10-21	3.0-34.8		40.9	31.8	105.0	0.703	0.020
inc		13.6-24.2		10.6	35.0	1.347	0.039
AF10-22	37.9-60.6		80.3	22.7	75.0	0.628	0.018
inc		45.5-56.1		10.6	35.0	1.112	0.032
AF10-24	198.5-216.7		216.7	18.2	60.0	0.768	0.022
inc		212.1-216.7		4.6	15.0	2.280	0.066

A second drill program is planned during Spring 2011 following detailed review and analysis of this program.

Roberts Gold Property

The Company entered into a mining lease agreement for the Roberts Gold Property. The property is contiguous to and north of the Company's Afgan-Kobeh property located in Eureka County, Nevada. Pursuant to the terms of the mining lease agreement, the Company paid advance royalty payments of US$10,000 upon the lease agreement becoming effective on October 26, 1010, an is obligated to pay a further US$10,000 six months thereafter (paid March 14, 2011), US$20,000 on the first five anniversary dates of the effective date of the lease agreement thereafter, and US$30,000 on each such anniversary date thereafter. The Company is responsible for all property maintenance obligations and has granted the lessor a 3% NSR. The Company has the right to purchase 25% of the royalty at any time for US$1,000,000 and a further 25% for US$2,000,000 at any time. The Company issued 250,000 units to terminate certain area of interest obligations to a third party. Each unit consists of one common share and one warrant to purchase an additional common share at a price of $0.40 per share expiring October 26, 2012 with a fair value of $22,660 using the Black-Scholes option pricing method with a volatility of 100%, risk free interest rate of 1.42%, an estimated useful life of 2 years and 0% annual dividend rate. The common shares and warrants making up the units and the common shares issuable upon exercise of the warrants were subject to a hold period which expired on February 27, 2011.

Summary of Quarterly Results

The Company does not have historical quarterly results for comparison because it was incorporated on July 10, 2009.

	Three month period ended February 28, 2011	Three month period ended November 30, 2010	Three month period ended August 31, 2010	Three month period ended May 31, 2010
Total assets	$ 2,393,527	$ 1,219,088	$ 1,166,778	$ 1,121,289
Working capital	1,384,948	299,004	603,548	982,762
Shareholders' equity	2,259,487	1,116,645	1,108,857	1,050,221
Interest income	295	4,235	760	365
Net income (loss)	(167,358)	(72,372)	3,665	(546,674)
Other comprehensive loss	-	-	-	-
Loss per share	(0.01)	(0.01)	(0.00)	(0.04)

	Three month period ended February 28, 2010	Three month period ended November 30, 2009	Period from incorporation on July 10, 2009 to August 31, 2009
Total assets	$ 1,597,774	$ 1,815,301	$ 233,257
Working capital	1,080,223	1,217,482	51,913
Shareholders' equity	1,573,370	1,670,079	194,122
Interest income	462	61	-
Net loss	(99,446)	(358,039)	(35,686)
Other comprehensive loss	-	-	(190)
Loss per share	(0.01)	(0.03)	(0.01)

The Company completed its qualifying transaction through a reverse takeover of NV Gold USA on November 23, 2009. As a result, there is limited quarterly information to report. The Company completed a brokered and non-brokered private placement issuing 5,093,500 common shares for total gross proceeds of $1,273,375 in November 2009. The Company paid the agent a commission of $60,000, a corporate finance fee of $5,000, and an administration fee of $5,000 and other expenses of $18,972. The Company also issued 260,000 agent's warrants and 141,080 common shares as finder's fees. The Company expanded its exploration program on the Fisher Canyon claims in Nevada and then subsequently decided to relinquish its interest in the Fisher Canyon Claims. As a result, $483,319 in acquisition and exploration costs were charged to operations during the fiscal year ended 2010. During the six month period ended February 28, 2011, the Company incurred $278,857 in exploration related expenditures on its mineral properties which is comprised of $28,883 on the Shamrock Property and $249,974 on the Afgan-Kobeh Property and $90,373 in mineral property acquisition costs for the Roberts Gold Property. During the six month period ended February 28, 2011, the Company received $1,310,200 in subscription proceeds for a private placement of which was completed subsequent to the period.

The Company has not paid any dividends and it has no present intention of paying dividends on its common shares as it anticipates all available funds will be invested to finance the growth of its business.

Results of Operations

During the six month period ended February 28, 2011, the Company had a net loss of $239,730 (2010 - $457,485). The net loss is comprised of some of the following items:

- Advertising and promotion costs of $18,697 (2010 - $5,726) are related to press release dissemination and fees paid to third parties to increase the Company's awareness about its projects.

- Consulting fees of $109,735 (2010 - $31,882) have increased over the comparative period because two directors are charging consulting fees and an independent consultant charged fees for services provided in connection with the non-brokered private placement that was completed subsequent to the period. During the comparative period, only the Company's president charged consulting fees effective November 1, 2009.

- Office and general costs of $12,395 (2010 -$6,094) have increased because the Company's activities have increased which includes office rent of $5,227 (2010 - $1,822).

- Professional fees of $52,960 (2010 - $71,676) are comprised of $36,800 (2010 - $43,655) for legal and $16,160 (2010 - $28,021) for audit and accounting fees. Professional fees were higher in the comparative period because the qualifying transaction and reverse takeover completed last year required significantly more time from legal and financial experts.

- Registration and filing fees of $2,613 (2010 - $1,257) consist of ongoing regulatory fees associated with maintaining public company status.

- Stock-based compensation expense of $Nil (2010 - $330,895) relates to the fair value assigned to Nil (2010 - 1,025,000) stock options granted to directors, officers and a consultant. The fair value was calculated using the Black-Scholes option pricing model. This is a non-cash charge to operations.

- Transfer agent fees of $3,129 (2010 - $4,011) have decreased over the comparative period as a result of fewer treasury order requests processed by the transfer agent

- Travel and related costs of $375 (2010 - $10,916) relate to directors and officers traveling to the Company's mineral properties and for other Company related matters.

- The Company had a foreign exchange gain (loss) of ($39,602) (2010 - $5,417). The Company has substantial assets and expenses in US Dollars which are converted to Canadian Dollars for financial reporting purposes. The Canadian Dollar has appreciated in value when compared to the US Dollar.

- Earned interest income of $4,530 (2010 - $523) on funds held in the bank.

Related Party Transactions

The Company entered into the following transactions with related parties during the six month period ended February 28, 2011:

i) Paid or accrued $43,235 (2010 - $29,977) in consulting fees and $5,227 (2010 - $3,702) in office and general costs to a director of the Company.

ii) Paid or accrued $9,000 (2010 - $Nil) in consulting fees to a company controlled by a director of the Company.

iii) Paid or accrued $17,800 (2010 - $17,303) in professional fees to a company controlled by an officer of the Company.

Included in accounts payable and accrued liabilities is $12,134 (August 31, 2010 - $5,000) due to the above related parties.

The related party transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related party.

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able 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 and to commence profitable operations in the future.

	February 28, 2011	August 31, 2010
Working capital	$ 1,384,948	$ 603,548
Deficit	(1,275,910)	(1,036,180)

Net cash used in operating activities for the period was $219,485 (2010 - $132,666). This amount consists of an operating loss of $239,730 (2010 - $457,485), an increase in accounts receivable of $24,534, an increase in prepaids of $31,495 and an increase of $76,274 in accounts payable and accrued liabilities.

Net cash used in investing activities for the period was $289,225 (2010 – provided by $419,452) for mineral property and deferred exploration costs. During the comparative period the Company received $672,586 in cash acquired in the reverse takeover of NV Gold USA, $23,857 for the acquisition of a reclamation bond related to the Fisher Canyon claims, $241,779 incurred as mineral property and deferred exploration costs and $12,502 relating to deferred acquisition costs in connection with the aforementioned acquisition.

Financing activities provided net cash of $1,310,200 (2010 - $712,637) from subscription proceeds received. During the comparative period the company received proceeds of $803,037 from the issuance of capital stock and paid $90,400 in share issue costs.

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 precious minerals or base metals or interests related thereto. The economics of developing and producing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined and the prices of minerals and metals. Depending on the foregoing, the Company may determine that it is impractical to continue commercial production. Prices, which have fluctuated significantly, are affected by many factors beyond the Company's control including anticipated changes in international investment patterns and monetary systems, economic growth rates and political developments. The

supply of precious minerals or base metals is related to the economics of new mine production and operating costs for existing producers, as well as the demand from financial institutions and consumers. If the market price 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.

Financial Instruments and Risk Management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Cash is carried at fair value using a level 1 fair value measurement.

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	$ 1,457,063	$	$	$ 1,457,063
Reclamation bonds	23,490			23,490
Total	$ 1,480,553	$	$	$ 1,480,553

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. The Company's receivables are mainly GST recoverable from the Canadian Government.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at February 28, 2011, the Company had a cash balance of $1,457,063 to settle current liabilities of $134,040. All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

(b) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level

of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Foreign currency risk

The Company's operations are currently primarily in the United States which exposes the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian and United States dollars. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, and cash.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at February 28, 2011.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 5 in the unaudited consolidated financial statements for the six month period ended February 28, 2011 for description of the capitalized exploration and development costs presented on a property-by-property basis.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this Management Discussion and Analysis:

	Number of shares Issued or issuable
Common shares	17,120,660
Stock options	1,365,000
Warrants	4,528,750
Agent's warrants	260,000

As at February 28, 2011 there are 3,360,000 common shares held in escrow.

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 IFRS. 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 September 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

International Financial Reporting Standards Changeover Plan and Assessment

In February 2008, the Accounting Standards Board ("AcSB") confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for public accountable enterprises for fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year.

The Company will transition to IFRS effective January 1, 2011 and plans to issue its first interim financial statements under IFRS for the three month period ending November 30, 2011 and a complete set of financial statements under IFRS for the year ending August 31, 2012.

A changeover plan is being established to convert to the new standards within the allotted timeline and is expected to consist of the following three key phases:

1. Phase 1 – Assess the impact;
2. Phase 2 - Design; and
3. Phase 3 - Implementation

Phase one will carry out a detailed assessment of the impact of the conversion to IFRS.

Phase two will build the tools required for the conversion based on management's decisions about accounting options and the related disclosures.

Phase three will roll-out the designed changes. The changes will include the development of the new accounting policies and consolidation templates, the preparation of the IFRS financial statements, and related note disclosure.

The Company is going to consult external advisors to assist in the development and execution of a changeover plan to complete the transition to IFRS.

The key elements of the Company's changeover plan will include the impact of IFRS on the following items:

- Accounting policies

- Property, Plant and Equipment ("PP&E")

IFRS and Canadian GAAP contain the same basic principles of accounting for property, plant and equipment; however, there are some differences between them. For example, capitalization of directly attributable costs in accordance with IAS 16, Property, Plant and Equipment ("IAS 16") may require measurement of an item of property, plant and equipment upon initial recognition to include or exclude certain previously recognized amounts under Canadian GAAP. Specifically, there may be changes in accounting for:

- The amount of capitalized overheads;
- The capitalization of major inspections that were previously expensed under Canadian GAAP;
- The capitalization of depreciation for which the future economic benefits of that asset are absorbed in the production of other assets; and
- The capitalization of borrowing costs in accordance with IAS 23, borrowing Costs.

Management does not expect this change to have an impact on the Company's financial position.

- *Impairment of Assets*

IAS 36, Impairment of Assets ("IAS 36") uses a one-step approach for testing and measuring asset impairments, with asset carrying values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discount cash flows. The use of discount cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent write-downs in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses. Management does not expect this change to have an impact on the Company's financial position.

- *Exploration and Evaluation of Mineral Resources*

Under the Company's current accounting policy, acquisition and exploration costs of mineral properties are capitalized as incurred. IFRS 6 permits mining companies to retain their existing policies with respect to the capitalization of exploration and evaluation costs until guidance is more definitively developed in this area. Such guidance is not expected to be issued until after the Company's changeover to IFRS. The Company will retain its existing policies with respect to mining interests and exploration costs.

- *Income Taxes*

IAS 12, Income Taxes ("IAS 12") prescribes that an entity account for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Therefore, where transactions and other events are recognized in earnings, the recognition of deferred tax assets or liabilities which arise from those transactions should also be recorded in earnings. For transactions that are recognized outside of the statement of earnings, either in other comprehensive income or directly in equity, any related tax effects should also be recognized outside of the statement of earnings.

The most significant impact of IAS 12 on the Company will be derived directly from the accounting policy decisions made under IAS 16. Management does not expect this change to have an impact on the Company's financial position.

- *First-Time Adoption of International Financial Reporting Standards*

Under IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1") provides the framework for the first time adoption of IFRS and specifies that an entity shall apply the principles under IFRS retrospectively. All adjustments that arise on retrospective conversion to IFRS from other GAAP should be recognized directly in retained earnings. Certain optional exemptions and mandatory exceptions to retrospective application are provided for under IFRS 1.

Under IFRS 1, an entity has the option to retroactively apply IFRS 3 to all business combinations or may elect to apply the standard prospectively only to those business combinations that occur after the date of transition. The CICA Handbook Section 1582, Business Combinations and Section 1602, Non-Controlling Interests are substantially aligned with the accounting for business combinations and non-controlling interests under IFRS 3. Management does not expect this change to have an impact on the Company's financial position.

Outlook

The Company's primary focus for the foreseeable future will be on the exploration and development of its mineral properties in Nevada and New Mexico.