



**MANAGEMENT'S DISCUSSION & ANALYSIS OF
FINANCIAL CONDITIONS & RESULTS OF OPERATIONS**

FOR THE THREE MONTHS ENDED MARCH 31, 2012

FORM 51-102F1

This Management's Discussion and Analysis ("MD&A") is an overview of the activities of **Goldsource Mines Inc.** (the "Company" or "Goldsource") for the three months ended March 31, 2012. The MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three months ended March 31, 2012 and 2011 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The following should also be read in conjunction with the audited financial statements and related MD&A for the year ended December 31, 2011, and all other disclosure documents of the Company. All amounts are stated in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company's website www.goldsourcemines.com. The date of this MD&A is May 16, 2012. This MD&A contains forward looking information. Reference to the risk factors described in the "Cautionary Statement" on page 8 of this MD&A is advised.

FIRST QUARTER HIGHLIGHTS

- Goldsource received proximate analyses for the 8 core holes completed during the Fall 2011 exploration program. Multiple intercepts of up to 32 metres of continuous thermal coal were encountered. The proximate analyses were completed by Loring Labs in Calgary, Alberta.
- Goldsource strengthened its land position by the conversion of its three year exploration permits to Coal Mineral Leases. The Company received 81 Coal Mineral Leases comprising 56,109 hectares from the Saskatchewan Ministry of Energy and Resources that cover all of the coal deposits discovered to date as well as areas that are considered favourable for the discovery of additional coal deposits.
- Goldsource filed its "Updated Resource Estimate on the Border Coal Project Saskatchewan, Canada, NI 43-101 Technical Report", dated March 19, 2012, on SEDAR at www.sedar.com. Results of the new resource estimate show an increase of 47.8% in the Indicated Resources from 79.1 million tonnes of coal to 117.0 million tonnes of coal. (Refer to Exploration section for further discussion).

OVERVIEW OF THE BUSINESS

Goldsource Mines Inc. (TSX-V: GXS) is a Canadian resource company engaged in the exploration and development of Canada's newest coal field in the province of Saskatchewan. Its mineral interests presently consist of coal exploration properties located in Saskatchewan and Manitoba in Canada referred to as the "Border Coal Project".

The Company's discovery of major thermal coal occurrences in east-central Saskatchewan in 2008 resulted in aggressive exploration and development of this new coal discovery. Since the initial discovery, Goldsource has drilled 154 holes, and found substantial coal resources in 17 deposits with an expenditure as at March 31, 2012 of approximately \$18.5 million since the discovery. Overall, the estimated coal resources at Border consist of 117 million Indicated tonnes and 33.0 million Inferred tonnes, as stated in the "Updated Resource Estimate on the Border Coal Project Saskatchewan, Canada, NI 43-101 Technical Report", dated March 19, 2012, that was prepared by N. Eric Fier, CPG, P.Eng., Chief Operating Officer and Qualified Person for the Company and posted on SEDAR at www.sedar.com. This Updated Resource Estimate relies on work completed and reported on in the Preliminary Assessment Report on the Border Coal Project Saskatchewan, Canada (effective date February 15th, 2011 and amended March 5th, 2012) that was independently prepared by Marston Consultants of Calgary, AB ("Marston") and EBA Engineering Consultants of Vancouver, BC ("EBA").

Marston and EBA completed a Preliminary Assessment (PA) report on the Border Coal Project, in March 2011 (as amended in March 2012). As part of the PA, Marston examined the economic viability of establishing a facility to convert the Border coals to liquids (CTL). Marston relied on CTL sources for the capital cost estimates associated with such a facility. The total installed cost of the facility has been estimated to be \$1.94 billion and was allocated over five years with commencement depending on the rate of advancement of Pre-Feasibility and Feasibility studies. There would be an additional \$90 million dollars of sustaining capital required over the life the project. All capital and operating costs are to a Preliminary Assessment level and were established using quotes, experience, and factored industry standard numbers. Costs are to a +/-30% accuracy as are typical for this level of evaluation. Under the assumptions of the economic model and using a 5% discount rate, the discounted Net Present Value of the project is estimated to be \$256 million. Management recognizes the project requires a special expertise and financial capacity to bring it to fruition and will actively seek out a participant with these capabilities.

The Company continues to focus its efforts on the delineation of the coal occurrences identified on the Border Property in east-central Saskatchewan and to examine potential markets and processes that can utilize Border coals.

EXPLORATION

BORDER COAL PROPERTY, Saskatchewan

Updated Resource Estimates (NI 43-101 Technical Report, dated March 19, 2012)

Results of the new resource estimate show an increase of 47.8% in the Indicated Resources from 79.1 million tonnes of coal to 117.0 million tonnes of coal. The increase is solely based on the addition of the coal sub-basin, Niska 105 which was drilled the fall of 2011. As a result of the increase, Indicated Resources now exceed 100 million tonnes which Goldsource and its independent consultants consider a threshold for a potential economic coal project.

Revised Coal Resources at the Border Coal Project			
Category	2009 (000's Tonnes)	2011 (000's Tonnes) *	2012 (000's Tonnes) *
Indicated	63,500	79,161	117,017
Inferred	89,600	33,003	33,003

*based on using an average coal density of 1.38 from lab and downhole geological test work

2012 Border Update

In February 2012, Goldsource received proximate analyses for the 8 core holes completed during the Fall 2011 exploration program. Multiple intercepts of up to 32 metres of continuous thermal coal were encountered. Five of the 6 drill holes that intercepted significant coal were in the Niska 105 deposit.

Hole ID	Deposit	From (m)	To (m)	Coal (m)	Ash (ad) %	H2O (ar) %	Sulphur (ar) %	CV (ad) KJ/Kg
BD11-142	Pasquia 98	76.1	78.7	2.6	26.1	26.4	1.5	15,292
BD11-143	Niska 105	121.0	133.3	12.3	15.2	21.0	2.6	23,631
		140.0	143.1	3.1	20.9	19.5	2.6	21,556
		166.8	179.6	12.8	20.3	19.2	2.6	22,597
		189.0	201.4	12.4	12.6	25.4	2.6	24,193
BD11-144	Niska 105	82.0	93.3	11.3	21.8	22.3	3.5	21,570
		104.5	115.6	11.1	13.8	26.7	2.6	23,927
		148.3	155.5	7.2	15.3	21.5	2.7	24,063
		166.7	176.3	9.6	14.5	24.7	3.1	23,908
BD11-145	Niska 105	61.0	92.5	31.5	13.3	29.6	2.5	24,402
		103.0	107.1	4.1	13.4	32.2	2.6	24,952
		112.4	117.3	4.9	16.9	28.2	2.5	23,976
		123.9	133.8	9.9	36.1	27.1	1.9	17,632
BD11-146	Niska 105	73.0	105.6	32.6	19.9	26.0	2.3	22,570
		116.7	126.9	10.2	21.1	27.2	2.3	22,134
		136.9	142.0	5.1	17.1	25.3	2.1	21,353
BD11-147	Niska 105	76.0	85.0	9.0	18.5	28.2	2.8	21,380
		88.0	105.3	17.3	25.5	28.5	2.4	20,425
		112.6	117.8	5.2	20.4	24.8	2.3	21,396

The weighted average ash and calorific values on an air dried basis for the previously reported Indicated Resources were 24.4% and 17,555 KJ/Kg respectively and for the previously reported Inferred Resources these values were 25.11% and 19,620 KJ/Kg respectively. The weighted average ash and calorific values for the reported intercepts in respect of the six drill holes were 18.6 % and 22.570 KJ/Kg respectively. These results show a notable improvement in the general characteristics of the coal quality of Niska 105 that could make it one of the best deposits found to date.

The proximate analyses were completed by Loring Labs in Calgary, Alberta. The compilation of drill results were completed which enabled the Company to prepare an updated NI 43-101 technical report dated March 19, 2012 on the resource estimate at the Border Coal property. The revised resource estimate shows an increase in Indicated Resources with the sole addition of coal deposit, Niska 105. There are a number of priority targets yet to be tested that could add to the overall resource base of the area.

EXPLORATION (continued)

The next steps in the development of the Border Coal Project would be to collect a cumulative 5-10 tonne coal bulk sample by way of large diameter drilling, do coal technology (coal to liquids (CTL) and gasification) laboratory test work including sodium and sulphur reduction testing and continue collecting environmental baseline data.

Depending on the availability of funds the bulk sampling program could be carried out during the 2012 winter drilling season. The cost to complete further exploration, the bulk sampling and test work program prior to any Pre-Feasibility Study is estimated at \$5 million.

For further information, please refer to News Releases dated February 1, 2012, and March 19, 2012, on the Company's website at www.goldsources.com, and filed on SEDAR at www.sedar.com.

Westcore Energy Ltd. Agreement

In March 2011, the Company executed a definitive Joint Venture Agreement with Westcore Energy Ltd. ("Westcore") pursuant to a letter agreement dated December 10, 2009 by which Goldsource provided Westcore with specific drill sites on its Saskatchewan and Manitoba coal lands. Drilling of these prime coal targets was successful in intersecting substantial thicknesses of coal and accordingly Goldsource received 1,100,000 shares of Westcore and earned a 25% working interest in certain of Westcore's Manitoba and Saskatchewan coal permits. Under the terms of JV Agreement, Goldsource has the option to participate as to its 25% in any subsequent coal lands acquired by Westcore. Westcore is also required to spend \$3.0 million on exploration of the permits prior to Goldsource contributing its 25% share.

During 2011, Westcore announced the preliminary results of its successful 2011 winter exploration program in which 23 drill holes of a total 39 hole program were drilled on the Black Diamond Property in which Goldsource holds a 25% interest. The program focused on 4 principal targets (Ambit, Cyclops, Athena and Calypso) and 2 satellite deposits (Ambit and Athena). Substantial thickness of coal ranging from 22.1 metres to 75.2 metres were encountered in 11 of the 23 holes in the six deposits drilled.

During 2011, Goldsource was notified by Westcore of its intent to carry out an extensive winter drill program on Westcore's Black Diamond property in Manitoba and the Hudson Bay North property in Saskatchewan in which the Company retains a 25% working interest. The primary objectives of the program are to delineate previously identified coal deposits and to test several new geophysical targets identified from interpretation of airborne geophysics carried out in 2010 and 2011. Westcore expects to drill 30 to 38 holes (3600 metres) at Black Diamond and has been approved for up to 20 holes for the Hudson Bay North property, drilling of which will be contingent on the successful results from the Black Diamond drilling.

In March, 2012, Westcore announced preliminary results of 7 holes drilled at different targets. All 7 holes successfully intercepted coal zones, with composite thickness ranging from 13 metres to 73.6 metres in different deposits. The results have eclipsed Westcore's previous thickest coal intercepts and they expect them to add significant tonnage to their upcoming resource calculation.

RESULTS OF OPERATION AND FINANCIAL CONDITION

Summary of Quarterly Results – Unaudited

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	Q1 March 31, 2012	Q4 December 31, 2011	Q3 September 30, 2011	Q2 June 30, 2011	Q1 March 31, 2011	Q4 December 31, 2010	Q3 September 30, 2010	Q2 June 30, 2010
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Comprehensive loss for the period ⁽¹⁾	(165,941)	(103,747)	(548,757)	(265,134)	(118,047)	(3,240,153)	(421,452)	(638,655)
Loss per share								
Basic and diluted	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)	(0.16)	(0.00)	(0.03)
Total assets ⁽²⁾	20,870,738	21,361,720	21,791,314	21,842,438	18,609,926	18,258,477	20,524,949	20,863,457
Total liabilities ⁽³⁾	202,090	550,699	901,186	464,261	511,643	174,277	244,585	468,682

- ¹⁾ The large net loss for the fourth quarter of 2010 was due primarily from the write-off of mineral property expenditures.
- ²⁾ The increase in assets in the second quarter of 2011 was due to the completion of two offerings for total gross proceeds of \$3,708,400.
- ³⁾ Increase in liabilities in the third quarter of 2011 relates to payables from the 2011 fall exploration program at the Boarder Coal Project.

RESULTS OF OPERATION AND FINANCIAL CONDITION (continued)

Comparison of the three months ended March 31, 2012 and March 31, 2011

The loss and comprehensive loss for the three months ended March 31, 2012 is \$165,941 as compared to \$118,046 in 2011. The principal differences and significant amounts of note are as follows:

- General and administrative expenses decreased to \$173,757 (2011 - \$189,212) due a reduced level of corporate activity.
- Other income is \$60,095 (2011 - \$Nil) arising from the renunciation of the flow-through shares issued in May 2011.
- Share-based compensation decreased to \$22,742 (2011 - \$127,549) due to a decrease in the number of options vesting. There were no incentive stock options granted during the three month period ended March 31, 2012 (2011 – Nil).
- Unrealized loss (gain) on held-for-trading securities amounted to \$33,750 (2011 – (\$198,000)) on valuation of the Company's 675,000 (2011 - 1.1 million) Westcore common shares. Under IFRS, held-for-trading securities are to be recorded at fair value at each reporting date and the resulting gains or losses are to be included in the results for the period.

INVESTOR RELATIONS ACTIVITIES

Management and company personnel currently perform all investor relation services. There are no external investor relation contracts or commitments at March 31, 2012. Investor relations activities consist mainly of web-site and print advertising. Shareholder communications comprises communicating with existing shareholders, broadcasting news releases, printing, production work for the Company's website, and direct website expenses. The Company also attends trade shows on a regular basis to present the affairs and merits of the Company to potential investors.

CASHFLOWS

The Company has financed its operations to date primarily through the issuance of common shares. The Company currently has no operations from which to derive revenues.

Operating Activities	(190,337)	(93,704)
Investing Activities	(45,392)	34,675
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Net decrease in cash	(235,729)	(59,029)
Cash beginning of period	415,039	132,634
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Cash end of period	179,310	73,605

Investing Activities – three months to March 31, 2012

During the three months ended March 31, 2012, the Company redeemed short term investments for total proceeds of \$250,000 (2011 - \$150,000).

The Company spent \$297,676 (2011 – \$116,040) on exploration and evaluation at the Border Coal Project.

Goldsource received interest totaling \$2,284 (2011 - \$715) from short term investments held.

LIQUIDITY AND CAPITAL RESOURCES

		March 31, 2012	December 31, 2011
Assets			
Cash and short term investments	(i) \$	1,442,040	\$ 1,925,839
Other current assets	(i)	181,569	239,835
Non-current assets		19,247,129	19,196,046
Total Assets		20,870,738	21,361,720
Liabilities			
Current liabilities	(ii)	202,090	490,604
Non-current liabilities		-	60,095
Total Liabilities	\$	202,090	\$ 550,699
Working Capital	(i-ii) \$	1,421,519	\$ 1,675,070

Assets

Cash and short term investments decreased from the redemption of \$250,000 in short term investments, which was used to settle payables outstanding at December 31, 2011. The Company will continue to monitor cash resources against expenditures forecasts to assess financing requirements.

Other current assets decreased primarily from the fair value change in held-for-trading securities. At March 31, 2012, the fair value of the Company's 675,000 Westcore common shares decreased to \$135,000 (2011 - \$168,750).

Non-current assets increased primarily from technical work performed on the Border Coal Project.

Liabilities

Current liabilities decreased to \$202,090 (2011 - \$490,604) from settlement of payables relating to the 2011 fall exploration program.

Non-current liabilities of \$Nil (2011 - \$60,095) arises from the renunciation of the flow-through shares issued in May 2011.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2012, the Company had no off-balance sheet arrangements, such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instrument obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

RELATED PARTY TRANSACTIONS

Refer to Note 10 of the condensed interim financial statements for the period ended March 31, 2012.

OTHER CORPORATE INFORMATION

On March 1, 2012 the common shares of the Company were suspended from trading on the TSX-V when the British Columbia Securities Commission issued a cease trade order ("CTO") against Goldsource on the basis that the Company's independent Technical Report (the "PA") filed on March 15, 2011 and subsequent disclosure documents on the Border Coal Project were not in the required form because they disclosed coal resources in a "Speculative" category that is not permitted under National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The Company has since retracted all references to Speculative coal resources in these documents, and the CTO was revoked effective March 9, 2012. On March 16, 2012, Goldsource's common shares were reinstated for trading.

SUBSEQUENT EVENT

In May, 2012, the Company renewed 53 of 81 coal mineral leases granted by the Saskatchewan Ministry of Energy and Resources. The Company paid \$195,958 in annual rentals for the period June 9, 2012 to June 8, 2013 for the 53 coal mineral leases comprising 35,629 hectares.

OUTSTANDING SHARE CAPITAL

Capital stock

Unlimited number of common shares without nominal or par value. Unlimited number of preferred shares without nominal or par value (none outstanding).

As at March 31, 2012, the Company had outstanding 27,033,729 common shares. In addition the Company had outstanding 3,595,000 share purchase options and 3,336,192 share purchase warrants for total diluted shares outstanding of 33,964,921.

As at the date hereof, there had been no change in the total diluted shares outstanding of 33,964,921.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, short term investments, securities, amounts receivable, accounts payable and accrued liabilities. They are initially recorded at amounts that approximate their fair values.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, interest rate risk and market risk. Where material these risks are reviewed and monitored by the Board of Directors.

a. Capital Risk Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise. The Company considers the items included in the shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. As at March 31, 2012, the Company did not have any debt and is not subject to externally imposed capital requirements.

b. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company's cash is invested in business accounts with a quality financial institution and which is available on demand for the Company's programs, and is not invested in any asset backed commercial paper. However, the Company will require significant additional funding in the future to continue to explore and develop its Border Coal Project. Accordingly, there is a risk that the Company may not be able to secure adequate funding on reasonable terms, or at all, at that future date.

c. Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, short term investments and amounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and short term investments with a high-credit quality financial institution. Receivables are due primarily from the government.

d. Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and short term investments. The Company's practice has been to invest cash at floating rates of interest, in short term investments, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in short term investments as they are generally held with a large and stable financial institution. As at March 31, 2012, with all other variables unchanged, a 1 percentage point change in interest rates would not have a significant impact on the Company's loss and comprehensive loss for the period.

e. Market Risk

The Company's exposure to market risk arises from their held-for-trading securities in Westcore. There is a risk the Company would recognize a loss as a result of a decrease in the fair value of the investment given the nature of Westcore, a mining exploration company.

CRITICAL ACCOUNTING ESTIMATES

The preparation of Goldsource's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Mineral Properties

The cost of acquiring, exploring and developing mineral properties and the cost to increase future output by providing access to additional reserves or resources, are deferred. After a mine commences production, these costs are depleted using the unit of production method.

The Company considers both internal and external sources of information in assessing whether there are any indicators that the Company's mineral properties are impaired. External sources of information considered include changes in market conditions, the economic and legal environment in which the Company operates that are not within its control and the impact these changes may have on the recoverable amount. Internal sources of information include the manner in which the mineral properties are being used or are expected to be used and indications of the economic performance of the assets.

In estimating the recoverable amount of the Company's mineral properties, management estimates the discounted future after-tax cash flows expected to be derived from the Company's mineral properties and the appropriate discount rate. Reductions in commodity price forecasts, increases in estimated future costs of production, increases in estimated future capital costs and reductions in the amount of recoverable reserves and resources could each result in a write-down of the carrying amount of the Company's mineral properties.

Share based payments

The Company uses assumptions to determine the fair value of share based payments.

NEW STANDARDS NOT YET ADOPTED

The International Accounting Standards Board ("IASB") issued the following pronouncements that are effective for years beginning January 1, 2013, or later and may affect the Company's future financial statements.

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

These new and revised accounting standards have not yet been adopted by SilverCrest, and the Company has not yet completed the process of assessing the impact that they will have on its financial statements, or whether to early adopt any of the new requirements.

CAUTIONARY STATEMENT AND DISCLAIMER

Readers of this MD&A are encouraged to read the "Risk Factors" contained in the Company's revised Annual Information Form ("AIF") dated March 16, 2012. There have been no major changes from the reported risks factors outlined in this AIF. Important risk factors to consider, among others, are

- Financing risks
- Licenses and permits
- Mineral reserve and resource estimates
- Operating hazards and risks
- Substantial volatility of share price

Certain statements contained in this MD&A and elsewhere constitute "forward-looking statements" within the meaning of Canadian securities legislation and the United States Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include: the availability of funds; the timing and content of work programs; results of exploration and evaluation activities, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimations, receipt and security of coal permits and mineral property titles; project cost overruns or unanticipated costs and expenses, fluctuations in product prices; currency fluctuations; and general market and industry conditions.

Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the condensed interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the three month period ended March 31, 2012.

QUALIFIED PERSON

Technical information contained in this MD&A has been prepared by or under the supervision of N. Eric Fier, CPG, P.Eng, who is a 'Qualified Person' for the purpose of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").