Victoria
GOLD CORP

(an exploration and development stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the year ended February 28, 2011

DATED: June 24, 2011

TABLE OF CONTENTS

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Management's Discussion and Analysis

This Management's Discussion and Analysis has been prepared as at June 24, 2011, 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 ("MD&A") of the operating results and financial position of the Company should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto of the Company for the years ended February 28, 2011 and February 28, 2010. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and all amounts are expressed in Canadian dollars, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

These consolidated financial statements and MD&A 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 and development stage company with interests in gold projects located in Nevada, USA and Yukon Territory, Canada. The Company's strategy is to maximize the reward of share price appreciation while minimizing risk. Victoria is focused on adding value per share by advancing its Eagle Gold deposit toward production while continuing to explore its key projects in Yukon and Nevada. Maintaining a low risk profile through project diversification, sound financial management, and operating in secure jurisdictions are key priorities for Victoria's management team.

CORPORATE ACTIVITIES (since March 1, 2010)

On April 23, 2010, the Company completed a transaction with Takara Resources Inc. ("Takara") to sell all of the issued and outstanding shares of StrataGold Guyana Inc. through an indirectly held, wholly owned subsidiary, Tassawini Gold (Barbados). Pursuant to this transaction, Takara issued 21,858,355 of its common shares to Victoria. The shares were subject to a 4-month hold period and will be held in escrow with a release as follows: 10% on issuance of the TSX Venture Exchange bulletin and 15% every six months thereafter for a period of three years. As of the date of this document, 25% of the shares have been released from escrow. Victoria is restricted, subject to Takara Board approval, from trading, on any one day, more than 25% of Takara's daily trading volume based on a 30-day average. Prior to closing, Victoria held 350,000 of Takara's shares and thus Victoria now currently holds 22,208,355 of Takara's issued and outstanding shares post-closing of the asset sale. Victoria is also entitled to an additional 4,000,000 shares of Takara in the event that Takara reaches certain operational or exploration milestones.

On June 23, 2010, the Company announced that Raul Madrid had decided to step down from his role as Vice President, Exploration.

On December 9, 2010, the Company announced that Mr. Dean (Ted) Wilton had joined the Company as Vice President, Exploration, based in Nevada.

Mr. Wilton is an established geologist with a broad range of experience over twenty years in the global gold exploration industry. Mr. Wilton has been involved in virtually every aspect of the geologic functions within the gold industry, including exploration, pre-development and development programs, and mine geology.

For Queenstake Resources USA, Inc., Mr. Wilton served as District Exploration Manager responsible for of all of the Company's exploration and mine geology programs at the Jerritt Canyon gold operation in northeastern Nevada.

For Kinross Gold Corporation, Mr. Wilton held various positions including Group Chief Geologist responsible for technical supervision of geologic activities at mines and global gold exploration projects. He was previously Technical Services Manager and Chief Geologist for Kinross' subsidiary Fairbanks Gold Mining, Inc. at the Fort Knox gold mine, Alaska where he was responsible for district-scale and regional exploration programs in Alaska and the Yukon Territory. He also served as Managing Director of Kinross Gold Australia, where he supervised gold exploration and pre-development programs primarily in Western Australia.

At Granges US, Inc. (now Vista Gold, Inc.), Mr. Wilton served as Exploration Manager, US & Mexico.

For Minorco USA/Independence Mining Company, Mr. Wilton was Vice President of Exploration for the Company. He was also Vice President, U. S. Exploration for Freeport McMoRan Gold.

Mr. Wilton is a "Qualified Person" under Canadian National Instrument 43-101 and a "Competent Person" under the Joint Ore Reserves Committee (JORC) of Australia.

On February 4, 2011, the Company announced the resignation of Chad Williams as Chief Executive Officer and President and the appointment of John McConnell as Chief Executive Officer and President. Mr. Williams and Mr. McConnell both remain as directors of the Company.

Prior to his appointment, Mr. McConnell served as Executive Vice President of Victoria, with responsibility for advancing the Company's existing projects towards production. Mr. McConnell is a well-respected mining engineer with over 30 years of experience in the mining industry. Prior to joining Victoria, Mr. McConnell held a number of leadership positions in the mining sector; including President and CEO of Western Keltic Mines Inc.

until its takeover by Sherwood Copper Corp, Vice President NWT Projects of De Beers Canada responsible for the development of the Snap Lake Diamond Mine and General Manager of the Nanisivik Mine on the northern tip of Baffin Island.

EXPLORATION AND DEVELOPMENT ACTIVITIES

The Company has incurred resource expenditures since inception and through February 28, 2011, net of property impairments and sales, totalling $70.7 million including the acquisitions of StrataGold ($11.4M) and Gateway ($5.2 million). During the year ended February 28, 2011, the Company incurred resource property expenditures totalling $17.4 million.

Comparatively, the Company had incurred resource expenditures since inception and through February 28, 2010, net of property impairments and sales, totalling $53.2 million including the acquisitions of StrataGold ($11.4M) and Gateway ($5.2 million). During the year ended February 28, 2010, the Company incurred resource property expenditures totalling $22.3 million including the acquisition of StrataGold ($11.4M) and net of property impairments ($2.1 million).

PROPERTY SUMMARIES

PROPERTY	COMPLETED ACTIVITIES (MARCH 1, 2010 – JUNE 24, 2011)	OUTLOOK* (THREE TO SIX MONTHS FORWARD)
Dublin Gulch - Eagle Gold Project	Completed the 2010 seasonal site program and are well into the 2011 seasonal site program. Both site programs include exploration drilling, environmental and permitting activities and engineering work. In April 2010, the Company filed a NI 43-101 Technical Report and Pre-Feasibility Study on the Eagle Gold Project. In late 2010, the Company engaged Wardrop, a Tetra Tech Company, to undertake a feasibility study. In late 2010, the Company submitted a Project Proposal which initiated the Yukon environmental assessment review process. In early 2011, the Company completed the installation of an all-season camp to allow for year round exploration and development. In May 2011, the Company filed a NI 43-101 Technical Report which outlined a mineral resource including 4.9 million ounces Indicated and 1.5 million ounces Inferred. In May 2011, the Company released assay results from 15 holes drilled into the Eagle Gold deposit in late 2010 and early 2011.	Complete the feasibility study. Complete adequacy review of the Project Proposal which will officially commence the screening process. Advance discussions on a benefits agreement with the First Nation of Na-Cho Nyak Dun.

PROPERTY	COMPLETED ACTIVITIES (March 1, 2010 – June 24, 2011)	OUTLOOK* (three to six months forward)
Dublin Gulch – Potato Hills Trend	Completed the 2010 exploration program including geological mapping, surface sampling and drilling. Released assay results from surface sampling and/or drilling from the Shamrock, Olive, Catto and Popeye zones.	Continue the 2011 exploration campaign including mapping, surface sampling and drilling on the zones identified by the 2010 program.
Cove Gold Project – Helen Zone	Submitted Plan of Operations (PoO) for underground development and exploration to the Bureau of Land Management (BLM). Received a letter of completeness of PoO from the BLM. In May 2011, the Company announced and filed an updated 43-101 Resource Estimate for the Helen Zone at the Cove Gold Project.	Upon receipt of all permits, the construction of service facilities, including; shop, offices, settling ponds and underground development may begin. Complete the surface drilling program to test the extent of the bedding parallel mineralized zone.
Santa Fe	Completed and released assays from Phase 2 drilling program which comprised 5 drill holes (BH-7 through BH-11).	Mapping, geophysical and geochemical surveys. Complete metallurgical studies. Target prioritization and possible drilling; dependent upon results at other properties and availability of resources.
Mill Canyon	Minimal exploration work.	Target prioritization and possible drilling; dependent upon results at other properties and availability of resources.
Relief Canyon	Minimal exploration work.	Minimal exploration work.
Big Springs	Permitting and environmental monitoring.	Structural mapping, permitting and environmental monitoring.

***OUTLOOK** includes forward-looking statements which are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. See page 1 "FORWARD-LOOKING STATEMENTS".

PROPERTY INFORMATION, RECENTLY COMPLETED ACTIVITIES & OUTLOOK

Dublin Gulch, Yukon Territory

The Dublin Gulch property includes the Eagle Gold Project and the Wolf Tungsten Deposit (previously referred to as the Mar-Tungsten Deposit). The property is located 85 km north of the village of Mayo in the Yukon, Canada. The property is centered on the confluence of the Haggart Creek and Dublin Gulch, at approximately 64°02' N and 135°50' W. The property consists of 1,912 quartz claims, 10 quartz leases, and one federal crown grant, comprising an aggregate area of 34,576 hectares.

On May 5, 2011, a NI 43-101 Technical Report outlining an updated mineral resource and led by Wardrop, a Tetra Tech Company ("Wardrop") on the Eagle Gold Project was filed on www.sedar.com.

On April 23, 2010, a NI 43-101 Technical Report summarizing the PFS and led by Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson") on the Eagle Gold Project was filed on www.sedar.com.

On December 1, 2008, a NI 43-101 Preliminary Assessment for the Wolf Tungsten Deposit was filed on www.sedar.com.

The property is subject to the following three royalties, which arise from underlying agreements:

1. with respect to a portion of the property, historically known as the Mar Gold Zone, an annually royalty payment of $20,000 or payment of 2% of gross returns received from the sale of all metals produced from the claims, whichever is greater, to a maximum of $1,000,000, after which the royalty reverts to 1% of the said gross returns,

2. with respect to the 36 claims on the Lynx Zone, a 1½% NSR royalty with annual advance royalty payments of $15,000; and

3. with respect to the 63 claims and leases historically known as the Mar Tungsten Property and Mar Tungsten Leases, a 1% NSR royalty.

Dublin Gulch - Eagle Gold Project, Yukon Territory

During the twelve months from June 23, 2010, the date of the Company's last annual MD&A, through to the date of this report, the Company completed its 2010 summer site program including exploration drilling, environmental and permitting activities and engineering work to support an upcoming feasibility study. On January 25, 2011 the Company announced it had engaged Wardrop, a Tetra Tech Company ("Wardrop"), to undertake a feasibility study on the Eagle Gold Project. The targeted completion date for the feasibility study is Q4 2011.

Work on environmental baseline studies culminated in the completion of a comprehensive Project Proposal that was delivered to the Yukon Environmental and Socio-Economic Assessment Board on December 20, 2010. The submission of the Project Proposal initiates the Yukon environmental assessment review process and is a pre-cursor to permitting for full scale mine development and operations.
On September 28, 2010, the Company announced that it had purchased an all-season camp. The camp includes kitchen and dining facilities with a 200 person capacity and dorm units with a 98 person capacity. The camp will allow year round exploration and is intended to be used through project construction and operations. The camp is in place and fully erected. Final finishes are expected to be completed over the next month.

On May 5, 2011, a NI 43-101 Technical Report outlining an updated mineral resource and led by Wardrop, a Tetra Tech Company ("Wardrop") on the Eagle Gold Project was filed on www.sedar.com.

Eagle Zone Resource Summary May 2011 (Ordinary Kriging)

INDICATED	TONNES	GRADE(G AU/T) NO CAP	GRADE(G AU/T) CAPPED	GOLD (OUNCES*) NO CAP	GOLD (OUNCES*) CAPPED
Granodiorite	203,280,554	0.70	0.68	4,580,805	4,475,397
Metasediment	18,913,024	0.68	0.63	412,016	385,603
Total/Average	222,193,578	0.70	0.68	4,992,821	4,861,001
Inferred	**Tonnes**	**GRADE(G AU/T) NO CAP**	**GRADE(G AU/T) CAPPED**	**GOLD (OUNCES*) NO CAP**	**GOLD (OUNCES*) CAPPED**
Granodiorite	68,019,034	0.60	0.58	1,302,859	1,276,558
Metasediment	9,911,733	0.87	0.68	275,848	218,196
Total/Average	77,930,767	0.63	0.60	1,578,707	1,494,754

* 1 troy ounce = 31.10348g

On May 16, 2011, the Company reported the results from fifteen diamond drill core holes completed in late 2010 and early 2011 on the Eagle Gold Deposit.

Results from the fifteen holes are summarized in the following table:

TABLE 1: DRILL HOLE ASSAY DATA, EAGLE GOLD DEPOSIT: HOLE NUMBER	FROM (meters)	TO (meters)	LENGTH (meters)	GRADE (g Au/tonne)	TRUE WIDTH (meters)
DG10-405C	29.60	169.77	140.17	0.40	98.11
including	38.70	53.90	15.20	0.83	10.64
and including	104.18	143.80	39.62	0.53	27.73
DD10-406C	45.90	200.25 [eoh]	**154.35**	**0.89**	**108.04**
including	52.40	96.62	44.22	1.04	30.95
and including	117.95	152.98	35.03	1.27	24.52
and including	174.37	200.25	25.88	1.24	18.11
DG10-407C	32.91	72.54	39.63	2.05	27.74
including	32.91	49.69	16.78	3.61	11.74
and	99.97	202.69 [eoh]	**102.72**	**1.03**	**71.90**
including	145.69	188.36	**42.67**	**1.53**	**29.86**
DG10-408C	0.00	63.10 [eoh]	**63.10**	**1.45**	**44.17**
DG10-409C	2.10	201.20 [eoh]	**199.10**	**0.95**	**139.37**
including	28.00	75.20	**47.20**	**1.57**	**33.04**
and including	133.20	171.30	**38.10**	**1.47**	**26.67**
DG10-410C	0.00	57.81 [eoh]	**57.81**	**1.05**	**40.46**
DG10-411C	0.00	102.71	**102.71**	**0.73**	**71.89**
including	12.77	56.99	**44.22**	**1.05**	**30.95**
and including	81.38	102.71	**21.33**	**0.70**	**14.93**
DG10-412C	15.24	199.03 [eoh]	**183.79**	**1.04**	**128.65**
including	21.34	77.72	**56.38**	**1.73**	**39.46**
DG10-413C	56.39	199.64	**143.25**	**0.57**	**100.27**
including	94.99	147.83	**52.84**	**0.84**	**36.98**
DG10-414C	0.00	56.39	**56.39**	**0.71**	**39.47**
including	25.91	54.86	**28.95**	**0.89**	**20.26**
and	77.72	204.12 [eoh]	**126.40**	**0.79**	**88.48**

TABLE 1: DRILL HOLE ASSAY DATA, EAGLE GOLD DEPOSIT: HOLE NUMBER	FROM (meters)	TO (meters)	LENGTH (meters)	GRADE (g Au/tonne)	TRUE WIDTH (meters)
including	152.40	202.69	**50.29**	**1.01**	**35.20**
DG10-415C	45.70	60.96	**15.26**	**0.54**	**10.68**
and	74.68	85.34	**10.66**	**1.03**	**7.46**
and	107.00	128.02	**21.02**	**1.10**	**14.71**
and	143.36	164.59	**21.23**	**0.46**	**14.86**
DG10-416C	33.53	199.64	**166.11**	**0.63**	**116.27**
including	65.53	105.16	**39.63**	**0.95**	**27.74**
and including	139.93	163.07	**23.14**	**1.11**	**16.19**
DG10-417C	7.50	21.34	**13.84**	**1.22**	**9.68**
and	54.86	121.92	**67.06**	**0.82**	**46.94**
including	67.06	100.58	**33.52**	**1.26**	**23.46**
and	131.06	201.17 [eoh]	**70.11**	**1.38**	**49.07**
including	158.50	196.60	**38.10**	**1.98**	**26.67**
DG10-418C	0.00	118.87	**118.87**	**0.52**	**83.20**
including	88.59	114.30	**25.71**	**1.04**	**17.99**
DG10-419C	30.34	65.53	**35.19**	**0.82**	**24.63**
and	79.09	201.17 [eoh]	**122.08**	**1.01**	**85.45**
including	102.11	172.21	**70.10**	**1.50**	**49.07**

Notes:

1. "eoh" denotes end of hole.
2. "True Width" is approximately 70% of "Length".

During the remainder of calendar 2011 the Company plans to;

(a) complete the adequacy review of the Project Proposal and officially start the YESAA screening process;

(b) prepare applications for a water license, quartz mining license and ancillary permits to support mine development and operations;

(c) complete the feasibility study; and

(d) advance discussion on a benefits agreement with the First Nation of Na-Cho Nyak Dun.

Dublin Gulch – Potato Hills Trend, Yukon Territory

During the twelve months from June 23, 2010, the date of the Company's last annual MD&A, through to the date of this report, the Company completed its 2010 summer site program including geological mapping, surface sampling and exploration drilling.

On November 28, 2010, the Company announced it had discovered multiple new gold zones at Dublin Gulch. The 2010 exploration campaign successfully identified an important large scale structural corridor now referred to as the Potato Hills Trend ("PHT"). The November 28, 2010 news release included surface samples and/or drill intersections with encouraging gold content from the Shamrock, Olive, Catto and Popeye zones.

An extensive 2011 Dublin Gulch exploration program is expected to start much earlier than previous campaigns due to the availability of the all-season camp. The program will include further geologic mapping and surface sampling on the greater Dublin Gulch property and may include further drilling on the zones identified by the 2010 program.

Cove Gold Project – Helen Zone, Nevada

On June 15, 2006, the Company entered into a "Minerals Lease and Agreement" to lease a portion of the Cove-McCoy Mine project, located in north-central Nevada, from Newmont Mining Corporation ("Newmont"). Under the terms of the agreement, the Company is subject to yearly work commitments in the cumulative, aggregate amount of US$8.5 million. The Company has completed the entire US$8.5 million work commitment. Newmont has a back-in right that it may exercise anytime prior to the delivery of a positive feasibility study as defined in the agreement for a minimum of 500,000 ounces of gold resources. Upon delivery of such a study Newmont must make a decision with respect to the back-in within 90 days or the back-in right terminates. Should the back-in right be exercised, the property will revert to a 51% Newmont/ 49% Victoria joint venture with Newmont as operator. In order to acquire a 51% interest, Newmont is required to solely fund all joint venture expenditures in an amount equal to 250% of the expenditures incurred on the Cove property from June 15, 2006 to the effective date of the joint venture agreement. Should Newmont elect not to back-in, Victoria will pay a US$1.5 million cash payment to acquire Newmont's remaining rights to the project and will grant Newmont a sliding scale net smelter return royalty ("NSR") which will be 5%, inclusive of any other royalties that apply to the property or portions of the property.

During twelve months from June 23, 2010, the date of the Company's last annual MD&A, through to the date of this report, the Company submitted permit applications to the Bureau of Land Management and the Nevada Department of Environmental Protection. These permits, if granted, will allow the Company to proceed with the Cove, Helen Zone underground program.

On May 12, 2011, a Preliminary Assessment and NI 43-101 Technical Report outlining an adjusted mineral resource and led by Scott Wilson on the Helen Zone of the Cove Gold Project was filed on www.sedar.com.

HELEN ZONE - INFERRED MINERAL RESOURCE ESTIMATE – MAY 2011			
TONS		GOLD GRADE (oz Au/st)	OUNCES OF GOLD
Helen Zone -- Upper	48,500	0.66	32,000
Helen Zone -- Lower	343,100	0.58	199,300
Helen Zone -- Total	391,600	0.59	231,300

Next steps at the Cove Gold Project – Helen Zone may include a surface drilling program to test the extent of the bedding parallel mineralized zone and construction of a ramp from the side of the existing open pit to access the underground Helen Zone. This may be followed by underground in-fill drilling and bulk sampling.

Santa Fe, Nevada

Victoria has the right to earn up to a 70% interest in the Santa Fe property, located in Mineral County, in southwest Nevada, USA, in accordance with the terms of an agreement dated May 21, 2008 with Homestake Mining Company of California ("Homestake"), a subsidiary of Barrick Gold of North America, by spending US$5,000,000 over five years to earn 60% (US$2,050,000 of which must be incurred by 31 December 2010 and has been expended) and an additional US$1,500,000 in the sixth year of the agreement to increase its interest to 70%. No cash payments are required under the terms of the option agreement. After Victoria has earned its interest, Homestake has the right to participate in a pro rata joint venture or to receive a 3% net smelter royalty production interest. Including 60 upatented claims staked on behalf of Victoria in March 2009 and September 2010, the Santa Fe property consists of 286 claims, including 24 patented claims.

During the twelve months from June 23, 2010, the date of the Company's last annual MD&A, through to the date of this report, the Company completed its Phase 2 drill program on the property.

Results of the Phase 2 program are summarized below:

SUMMARY OF SELECTED RESULTS FROM SANTA FE PHASE 2 DRILLING		
DRILL HOLE	**INTERVAL (m)**	**GOLD GRADE (g/t)**
BH-7	52.1	1.41
And	121.9	1.23
BH-8	10.7	1.16
And	32.0	0.81
BH-9	19.8	1.93
And	38.1	2.31
BH-10	28.7	1.91
And	50.1	1.00
BH-11	14.2	2.47

Next steps at Santa Fe include the initiation of geophysical and geochemical surveys to better define areas that have the potential to host significant gold mineralization both near surface and at depth in the BH area and elsewhere on the property.

SELECTED ANNUAL INFORMATION

The following information has been extracted from the Company's consolidated financial statements prepared in accordance with Canadian GAAP, for each of the years ended February 28 or 29.

Selected Annual Information ended:

	2011	**2010**	**2009**
Total revenues	$ -	$ -	$ -
Net loss year to date	$ 2,556,846	$ 6,200,202	$ 10,099,793
Net loss per share year to date – basic and diluted	$ 0.010	$ 0.033	$ 0.100
Total assets	$ 106,818,481	$ 75,830,466	$ 37,245,325
Total non-current liabilities	$ 1,001,787	$ 719,765	$ 219,208

RESULTS OF OPERATIONS

Years ended February 28, 2011 and 2010

The Company reported a loss of $2,556,846 ($0.010 per share) for the year ended February 28, 2011, compared to a loss of $6,200,202 ($0.033 per share) in the equivalent period during the previous year. The current year's reduced loss is due to the gain on the sale of property, lower salaries, lower consulting, legal and accounting fees and lower resource property impairments partially offset by higher stock-based compensation.

VARIANCE ANALYSIS	2011	2010	2011 VS 2010 VARIANCE HIGHER/(LOWER)
Expenses			
Stock-based compensation	$ 982,472	$ 462,180	$ 520,292
Salaries	1,399,548	2,092,017	(692,469)
Office and administrative	588,332	560,007	28,325
Consulting	144,193	303,577	(159,384)
Marketing	394,744	450,577	(55,833)
Legal and accounting	404,313	537,529	(133,216)
Interest and bank charges	21,356	20,447	909
Amortization	56,691	151,169	(94,478)
Resource property costs and impairments	2,761	2,104,534	(2,101,773)
	3,994,410	6,682,037	(2,687,627)
Loss before the undernoted expenses	3,994,410	6,682,037	(2,687,627)
Foreign exchange loss/ (gain)	314,761	509,640	(194,879)
Loss/(gain) on fair value of marketable securities	4,577	808	3,769
Loss/(gain) on disposal of mineral properties	(902,292)	346,962	(1,249,254)
Loss/(gain) on sale of short term investment	(18,788)	-	(18,788)
Loss/(gain) on equity investment	443,284	-	443,284
Loss/(gain) on JV investment	-	(206,824)	206,824
Income tax recovery	(1,090,574)	(1,070,433)	(20,141)
Interest income	(188,532)	(61,988)	(126,544)
Net loss and comprehensive loss for the period	2,556,846	6,200,202	(3,643,356)

During the year ended February 28, 2011, the Company reported stock-based compensation expense of $982,472 versus $462,180 for the previous year's comparable period. The increase in stock-based compensation expense is due to the vesting schedule and a higher fair value of options granted. Salaries are $692,469 lower year over year as the previous year included severance associated with the StrataGold acquisition. Office and administration expenses are $28,325 higher than the previous year's comparable period due to corporate administrative expenses. Consulting expenses ($159,384 lower) and Marketing ($55,833 lower) due to higher reliance on internal staff. Legal and accounting expenses ($133,216 lower) due to the transition of operations associated with the StrataGold acquisition which occurred during the previous year. Amortization is lower by $94,478 as assets were part of the mineral property sale during the year. Losses on foreign exchange during the year ended February 28, 2011 were $314,761 compared to a loss of $509,640 in the previous year's comparable period due to fluctuations in the Canadian and US exchange rate. During the year ended February 28, 2011 the Company reported a loss in the fair value of marketable securities of $4,577 compared to $808 in the previous year's comparable period. The current year's loss on equity investment is $443,284 compared to nil during the previous year. There was a gain on sale of short term investments of $18,788 compared to nil during the previous year. These cost increases were offset by a gain on sale of mineral properties of $902,292 compared to a loss of $346,962 during the previous year. The current period's resource property write-off is $2,761 compared to $2,104,534 during the previous year.

Total assets increased by $31.0 million from $75.8 million to $106.8 million during the period from March 1, 2010 to February 28, 2011. Current assets increased by $6.2 million (see "Liquidity and Capital Resources" herein), Investment in Takara Resources Inc. increased by $2.9 million, property and equipment increased by $4.4 million while resource properties increased by $17.5 million due to continued exploration expenditures. Total liabilities, primarily accounts payable and accrued liabilities were lower by $1.5 million due to timing of payments associated with regular operating activities.

Summary of Unaudited Quarterly Results:

	28 FEB 11	30 NOV 10	31 AUG 10	31 MAY 10
Total Revenues	$ -	$ -	$ -	$ -
Loss	$532,853	$ 876,341	$ 1,079,232	$ 68,420
Loss per share – basic and diluted	$ 0.002	$ 0.003	$ 0.005	$ 0.000
	28 FEB 10	**30 NOV 09**	**31 AUG 09**	**31 MAY 09**
Total Revenues	$ -	$ -	$ -	$ -
Loss	$ 109,425	$ 3,006,879	$ 2,175,098	$ 908,800
Loss per share – basic and Diluted	$ 0.000	$ 0.015	$ 0.012	$ 0.006

LIQUIDITY AND CAPITAL RESOURCES

At February 28, 2011, the Company had cash and cash equivalents of $25,666,536 (February 28, 2010 - $19,846,495) and a working capital surplus of $25,489,392 (February 28, 2010 – $17,554,700). The increase in cash and cash equivalents of $5.8 million over the year ended February 28, 2011, was due to the issuance of common shares for cash and the exercise of warrants and options ($34.4 million increase in cash) offset by investing activities ($25.0 million use of cash) for the on-going exploration of the Company's resource properties) and operating expenses and changes in working capital including foreign exchange losses ($3.6 million use of 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. These combined factors lend significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements have been prepared using Canadian GAAP applicable to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations as they come due. These consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The Company is in the process of advancing its mineral properties and the recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral property costs represent incurred costs to date and do not necessarily represent future values.

The Company holds the predominant amount of its cash in chequing and investment accounts at a major Canadian bank. The investment accounts predominantly invest in Government of Canada treasury bills.

OPERATING ACTIVITIES

During the year ended February 28, 2011, operating activities, including non-cash working capital changes, required funding of $3.6 million (as compared with the same period during the previous year that required funding of $4.0 million). The year over year decrease in cash required for operating activities is due to a lower net loss for the period after reversing items not affecting cash.

RELATED PARTY TRANSACTIONS

During the year ended February 28, 2011 $2,567,041 was paid to Directors and Officers of the Company who are not independent, including salary, bonus and stock options vested during the year ($2,248,638 for the year ended February 28, 2010).

FINANCING ACTIVITIES

On August 24, 2010 the Company closed a brokered agreement, with a syndicate of underwriters, led by GMP Securities L.P. and including Cormark Securities Inc., Wellington West Capital Markets Inc., NCP Northland Capital Partners Inc., Paradigm Capital Inc., Raymond James Ltd., RBC Capital Markets and Scotia Capital Inc. (collectively, the "Underwriters), of 41,112,500 common shares of the Company at a price of C$0.70 per Share, for aggregate gross proceeds of C$28,778,750 (the "Offering"). Kinross Gold Corporation purchased 6,000,000 shares of the Offering and held a 19.1% interest in the Company as at August 24, 2010. The Underwriters received a cash commission equal 5.5% of the gross proceeds from the sale of the Offering.

August 24, 2010 Financing
(All amounts are approximate)

USE OF PROCEEDS, AS PER SHORT FORM PROSPECTUS DATED AUGUST 16, 2010 DESCRIPTION	BUDGET AS PER ORIGINAL DISCLOSURE	ACTUAL SPENT AS AT FEBRUARY 28, 2011	REMAINING TO BE SPENT*	CURRENT TOTAL FORECAST	VARIANCE CURRENT FORECAST LESS ORIGINAL BUDGET
Eagle Gold Project development	$8.0	$5.5	$7.5	**$13.0**	$5.0
Cove Project development	$10.0	$0	$7.0	**$7.0**	($3.0)
Nevada exploration	$5.0	$1.0	$4.0	**$5.0**	$0
Corporate expenses	$0.5	$1.0	$0.0	**$1.8**	$1.3
Total:	**$23.5**	**$7.5**	**$19.3**	**$26.8**	**$3.3**

*Remaining funds are held in the form of cash or cash equivalents.

The $3.3M variance between Current Forecast and Original Budget is due to an oversubscription of the financing.

On April 20, 2010, the Company closed a non-brokered private placement flow-through offering (the "Offering") raising gross proceeds of approximately $4.3 million, representing the issuance of 4,100,000 common shares priced at $1.05 per share. Finders' fees of $225,500 were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

April 20, 2010 Financing
(All amounts are approximate and are as at August 31, 2010)

USE OF PROCEEDS DESCRIPTION	BUDGET AS PER ORIGINAL DISCLOSURE	ACTUAL SPENT AS AT NOVEMBER 30, 2010	REMAINING TO BE SPENT	CURRENT TOTAL FORECAST	VARIANCE CURRENT FORECAST LESS ORIGINAL BUDGET
Eagle Exploration	$4.3	$4.3	$0	**$4.3**	$0

On November 24, 2009, the Company closed a brokered agreement of 23,809,522 special warrants ("Special Warrants"), priced at $0.63 per Special Warrant, for gross proceeds of $14,999,999 (the "Offering"). Each Special Warrant was exercisable into one common share of the Company (a "Common Share). On January 26, 2010, the Company received a receipt for its final prospectus which qualified the distribution of Common Shares issuable upon exercise of the Special Warrants. Kinross Gold Corporation ("Kinross") purchased 3,174,603 Special Warrants of the Offering and, after conversion of the Special Warrants into Common Shares, held a 21% interest in the Company as at November 24, 2009. Raymond James Limited, led a syndicate of underwriters in connection with the Offering and received a cash commission equal to 6% of the gross proceeds from the sale of the Offering.

November 24, 2009 Financing
(All amounts are approximate)

USE OF PROCEEDS, AS PER SHORT FORM PROSPECTUS DATED JANUARY 26, 2010 DESCRIPTION	BUDGET AS PER ORIGINAL DISCLOSURE	ACTUAL SPENT AS AT NOVEMBER 30, 2010	REMAINING TO BE SPENT	CURRENT TOTAL FORECAST	VARIANCE CURRENT FORECAST LESS ORIGINAL BUDGET
Eagle Gold Project exploration	$3.0	$0.8	$0	**$0.8**	$(2.2)
Eagle Gold Project development	$7.0	$6.2	$0	**$6.2**	$(0.8)
Corporate expenses	$2.1	$2.1	$0	**$2.1**	$0
Nevada exploration	$2.0	$5.0	$0	**$5.0**	$3.0
Total:	**$14.1**	**$14.1**	**$0**	**$14.1**	**$0**

Spending on Nevada exploration is expected to be $3M higher than original disclosure due to favourable exploration results at the Santa Fe project. The variance in Eagle Gold Project exploration will be funded by the April 20, 2010 flow-through financing. The variance in Eagle Gold Project development will be funded by cash received through the exercise of stock options and warrants.

On August 6, 2009, the Company closed a brokered private placement of 4,231,055 flow-through common shares priced at $0.45 each, for gross proceeds of $1.9 million (the "Offering"). Sandfire Securities Inc. (the "Agent") acted as agent and received a cash commission equal to 7% of the gross proceeds from the sale of the Offering. The Agent was also issued broker warrants to purchase 285,285 common shares of the Company at a price of 0.45 per common share until August 6, 2010. All securities issued pursuant to the Offering were subject to a four month hold period which expired on December 12, 2009.

August 6, 2009 Financing
(All amounts are approximates)

USE OF PROCEEDS DESCRIPTION	BUDGET AS PER ORIGINAL DISCLOSURE	ACTUAL SPENT AS AT MAY 31, 2010	REMAINING TO BE SPENT	CURRENT TOTAL FORECAST	VARIANCE CURRENT FORECAST LESS ORIGINAL BUDGET
Eagle Exploration	$1.9	$1.9	$0	**$1.9**	$0

Pursuant to the terms of the warrants issued on December 18, 2008, if the closing price of common shares of the Company on the TSX Venture Exchange was equal to or greater than $0.35 per common share for a period of 20 consecutive trading days at any time after four months and one day from the date of the issue of the warrants, the Company was entitled to accelerate the expiry date of the warrants. The Company delivered such notice to the warrant holders that it was exercising the foregoing right of acceleration such that the term of the warrants would expire on July 18, 2009. 10,647,000 warrants (representing all of the warrants issued in the December 18, 2008 placement) were subsequently exercised providing the Company with proceeds of $2,661,750.

On June 4, 2009, the Company completed the acquisition of StrataGold by way of Plan of Arrangement. Pursuant to the Arrangement, holders of StrataGold shares were entitled to receive 0.1249 of a Victoria common share for each StrataGold common share held totalling 23,000,709 common shares to shareholders of StrataGold.

On May 1, 2009, the Company issued 200,000 shares to a consultant of the Company to settle an outstanding debt.

On March 13, 2009, the Company closed a brokered private placement of 15,832,000 Units and 6,791,800 Subscription Receipts priced at $0.45 each, for gross proceeds of $10.2 million (the "Offering"). Each Unit "Unit" consists of one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitled the holder to acquire one additional common share at a price of $0.55 until March 13, 2012. Each Subscription Receipt was converted, upon satisfaction of certain escrow release conditions, into one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "SR Warrant"). Each SR Warrant entitled the holder to acquire one additional common share of the Company at a price of $0.55 until March 13, 2011. The escrow release conditions include the completion by the Company of the acquisition of StrataGold Corporation ("StrataGold") announced on February 11, 2009 (the "StrataGold Acquisition") and have been fully met. Wellington West Capital Markets Inc. led a syndicate including Raymond James Ltd., Haywood Securities Inc. and M. Partners (together, the "Agents") in connection with the Offering. As compensation for services rendered in connection with the Offering, the Agents were paid a cash commission equal to 7% of the gross proceeds from the sale of Units and Subscription. The Agents were also issued broker warrants to purchase 1,583,666 Common Shares of the Company at a price of $0.45 per Common Share until March 13, 2010. All securities issued pursuant to the Offering were subject to a four month hold period which expired on July 13, 2009.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of June 23, 2011, the number of issued common shares was 276,959,761. (294,999,392 on a fully diluted basis).

As at June 23, 2011, there were 13,793,631 director, employee and consultant stock options outstanding with an exercise price ranging from $0.21 to $10.64 per share and expiring between April 20, 2011 and February 9, 2016. This represents approximately 5% of the issued and outstanding common shares. As at June 23, 2011, there were 4,776,000 warrants outstanding with an exercise price of $0.55 per share and with expiration dates of March 13, 2011 and March 13, 2012.

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.

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.

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.

Operations

Victoria's operations are subject to operational risks and hazards inherent in the mineral exploitation and extraction industry, including, but not limited to, variations in grade, deposit size, earthquakes and other Acts of God, density and other geological problems, hydrological conditions, availability of power, metallurgical and other processing problems, mechanical equipment performance problems, drill rig shortages, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, labour, and adverse weather conditions. Should any of these risks and hazards affect any of Victoria's exploration and development activities, it may cause delays or a complete stoppage in Victoria's exploration or development activities, which would have a material and adverse effect on the business of Victoria.

Government regulations and permitting

Victoria's exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, mine development and protection of endangered and protected species, treatment of indigenous peoples and other matters. Each jurisdiction in which Victoria has properties regulates mining and mineral exploration activities. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to Victoria or its properties, which could have a material and adverse effect on Victoria's current exploration and development activities. Where required, obtaining necessary permits can be a complex, time-consuming process and Victoria cannot provide assurance whether any necessary permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Victoria from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

Title

The acquisition of title to mineral properties is a very detailed and time consuming process. Title to, and the area of, mineral concessions and claims may be disputed. While Victoria believes it has diligently investigated title to the mineral concessions and claims underlying its properties, Victoria cannot guarantee that title to any such properties will not be challenged, or that title to such properties will not be affected by an unknown title defect. Victoria has not surveyed the boundaries of all of its mineral properties and consequently the boundaries of the properties may be disputed.

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that there solution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

Fair value of financial instruments

The carrying values for primary financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate fair values due to their short-term maturities.

Risk exposure is summarized as follows:

(e) Credit risk

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to restricted cash arises from the possibility that any counterparty to an instrument fails to perform. The Company's restricted cash includes reclamation bonds. Reclamation bonds reflect non-interest bearing cash deposits held with governmental agencies representing the state of Nevada and joint venture partners and interest bearing certificates of deposit held by Wells Fargo. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of such receivables and reclamation bonds.

(f) 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 manages liquidity risk through the management of its capital structure and financial leverage. Accounts payables and accrued liabilities are due within the current operating period, from March 1, 2011 through May 31, 2011.

(g) Market risk

I. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited as these investments, although available for sale, renew daily. The short-term investments included in cash and cash equivalents earn interest at prevailing rates.

II. Foreign currency risk

The Company incurs exploration expenditures in the United States and holds a portion of its cash and cash equivalents in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings may be adversely impacted by fluctuations in foreign exchange. The Company does not undertake currency hedging activities.

III. Price risk

The Company's financial assets and liabilities are not exposed to price risk with respect to commodity prices. The Company's exploration drill programs are exposed to price risk, of which the Company has little control. The Company's exploration drill programs are carried out by outside contractors. Cost increases for consumables such as fuel and drill bits are indirectly passed on to the Company through its contracted drill programs.

There has been no significant change in the risk factors affecting the Company on a period over period basis.

Sensitivity Analysis

The following table summarizes the sensitivity of the Company's cash, cash equivalents and restricted cash to changes in interest rates and foreign exchange rates over the twelve month reporting period ended February 28, 2011.

		CARRYING		INTEREST RATE CHANGE (1)			FOREIGN CURRENCY CHANGE (2)	
		AMOUNT		+ 1%	- 1%		+ 10%	- 10%
Cash and cash equivalents (Cdn $)								
Cash - Cdn$ denominated		629,791		6,298	(6,298)		-	-
Cash - US$ denominated		5,011,741		50,117	(50,117)		501,174	(501,174)
Treasury funds –Cdn$ denominated		20,025,004		200,250	(200,250)		-	-
Total cash and cash equivalents		25,666,536		256,665	(256,665)		501,174	(501,174)
Reclamation bonds - US$ denominated (non-interest bearing)		401,048		-	-		40,105	(40,105)
Reclamation bonds - US$ denominated (interest bearing)		317,922		3,179	(3,179)		31,792	(31,792)
Total amount or impact - cash and deposits		26,385,506		259,844	(259,844)		573,071	(573,071)

1) Interest earned on the Company's interest bearing cash accounts, treasury funds and certificates of deposit is at prevailing rates that fluctuate with changes in banking interest rates and Government t-bill rates. Management believes that a plus or minus 1% annual change in rates is a reasonable estimate of variability over a twelve month period.

2) The Company's US dollar cash balance, US dollar reclamation bonds and US dollar based certificates of deposit are subject to foreign exchange risk. Management has shown a sensitivity analysis of a plus or minus change of 10%.

ACCOUNTING CHANGES

RECENT ACCOUNTING PRONOUNCEMENTS

The Company will cease to prepare its consolidated financial statements in accordance with Canadian GAAP as set out in Part V of the CICA Handbook – Accounting ("Canadian GAAP") for the periods beginning on March 1, 2011 when it will start to apply International Financial Reporting Standards as published by the International Accounting Standards Board. Consequently, future accounting changes to Canadian GAAP are not discussed in these consolidated financial statements as they will not be adopted by the Company.

Adoption of International Financial Reporting Standards (IFRS)

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company is required to apply all of those IFRS standards which are effective for the fiscal year ending February 28, 2012 and apply them to its opening March 1, 2010 balance sheet. The Company has completed the initial diagnostic phase and has continued to update its review during the first quarter. The Company expects to finalize its implementation plan during the remainder of the 2010 fiscal year.

The Company's IFRS implementation project consists of three primary phases which will be completed by a combination of in-house resources and external consultants.

- Initial diagnostic phase ("Phase I") – Involves preparing a preliminary impact assessment to identify key areas that may be impacted by the transition to IFRS. Each potential impact identified during this phase is ranked as having a high, moderate or low impact on our financial reporting and the overall difficulty of the conversion effort.
- Impact analysis, evaluation and solution development phase ("Phase II") – Involves the selection of IFRS accounting policies by senior management and the review by the audit committee, the quantification of the impact of changes on our existing accounting policies on the opening IFRS balance sheet and the development of draft IFRS financial statements.
- Implementation and review phase ("Phase III") – Involves training key finance and other personnel and implementation of the required changes to our information systems and business policies and procedures. It will enable the Corporation to collect the financial information necessary to prepare IFRS financial statements and obtain audit committee approval of IFRS financial statements.

Financial reporting expertise and communication to stakeholders

The Company has retained an external consultant to establish appropriate IFRS financial reporting expertise at all levels of the business. The Company has also provided Audit Committee members with detailed project scoping, timelines and deliverables. Based on matters brought to their attention the Audit Committee members will review the Audit Committee Charter and make changes to reflect the requirements for IFRS financial expertise if deemed to be necessary. The Audit Committee will continue to receive periodic presentations and project status updates from the external consultant and management.

The Company has completed the preliminary diagnostic phase and has disclosed in the following paragraphs specific actions taken to facilitate adoption of IFRS effective March 1, 2011. The Company is also in the late stages of Phase II, Impact Analysis and Phase III, Implementation. The Company will also continue to review and update its preliminary conclusions from the diagnostic phase during Q1 2011 as new facts emerge.

The table below summarizes the expected timing of key activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Completed
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Completed
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	In progress, completion expected during fiscal Q1 of 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	In progress, completion expected during Q1 of 2011
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout fiscal 2010 and 2011

The differences that have been identified in the diagnostic phase are summarized below.

a) <u>Transitional Impact on Financial statement presentation and classification</u>
The Company's financial statements will have a different format upon transition to IFRS.

The components of a complete set of IFRS financial statements are: statement of financial position (balance sheet), statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes including accounting policies. The income statement will be presented as a component of the statement of comprehensive income. The balance sheet may be presented in ascending or descending order of liquidity. The income statement is classified by each major functional area – marketing, distribution, etc.
Impact on Company: *The Company will reformat the financial statements in compliance with IAS 1.*

b) <u>IFRS-1 Transitional policy choices and exceptions for retrospective application</u>
IFRS-1 contains the following policy choices with respect to first-time adoption that are applicable to the Company.

<u>Designation of previously recognized financial instruments:</u>
IFRS: IAS 39 restricts the circumstances in which the option to measure a financial instrument at fair value through profit or loss is available. In particular, an entity is permitted to designate, at the date of transition to IFRSs, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets certain criteria. **Canadian GAAP**: Contains no similar restriction.
Impact on Company: *The Company has certain marketable securities that it has designated as held-for-trading. The Company has determined that this has no transitional impact.*

<u>Property, plant & equipment:</u> IFRS 1 provides a one-time choice of measuring property, plant and equipment at its fair value as deemed cost at the date of transition and using those amounts as deemed cost or using the historical valuation under the prior GAAP. For the purpose of subsequent measurement, the Company has elected to apply the cost model for property, plant & equipment rather than the fair value model available under IFRS.

Impact on Company: *The Company has elected not to use fair value as historical cost bases under Canadian GAAP have been determined to be substantially the same under IFRS at transition date of March 1, 2010.*

c) <u>Mandatorily applicable standards with retrospective application (i.e., not specifically exempt under IFRS - 1)</u>

<u>Mineral resource properties and deferred exploration costs</u>

Upon adoption of IFRS the Company will have a choice between retaining its existing policy of capitalizing all pre feasibility evaluation and exploration ("E&E") expenditures and electing to change its policy retrospectively to expense all pre feasibility E&E costs.

Impact on Company: *The Company has decided to continue to apply its existing policy in this area and as such there is no material transitional impact.*

<u>Property, plant and equipment - cost</u>

IFRS: IAS 16 contains more extensive guidance with respect to components within PP&E. When an item of property, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is accounted for separately (component accounting). **Canadian GAAP**: Section 3061 essentially contains similar guidance but is less extensive.

Impact on Company: *The Company has determined that there is no material transitional impact.*

<u>Future income taxes recognized in connection with Flow-through shares</u>

Under Canadian GAAP, the Company followed the recommendations of the Emerging Issues Committee ("EIC") of the CICA with respect to flow-through shares, as outlined in EIC-146. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is reasonable assurance that the expenditures will be made. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

Impact on Company: As part of the transition to IFRS the Company proposes to adopt a policy to allocate the proceeds between the offering of the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors. The liability is reduced and the reduction of premium liability is recorded in other income on a pro-rata basis based on the corresponding eligible expenditures that have been incurred relative to total expenditures committed under the program and it is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities. Further, the corresponding reduction of share capital in respect of flow-through share financing as previously recorded under Canadian GAAP is now recorded in tax provision in the statement of net loss and comprehensive loss. The Company estimates the effects of this change at transition date of March 1, 2010 to be as follows:

(1) Premium on flow-through shares: decrease deficit and share capital at March 1, 2010 by approximately $508,000,

(2) Renouncement of flow through tax credits: decrease share capital and deficit March 1, 2010 by approximately $501,000 to reverse the original entry upon renouncement of flow through tax credits.

<u>Provision for environmental rehabilitation</u>

IFRS – IFRS 37 applies to a constructive obligation, where the event creates valid expectations that the entity will discharge the obligation, as well as a legal obligation. The amount recognized should be the best estimate of the expenditure required to settle the obligation at the balance sheet date. Present value should be used where the effect of the time value of money is material. The discount rate (or rates) utilized should be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimate. **Canadian GAAP** – CICA Section 3110 applies to legal obligations associated with the retirement of a tangible

long-lived asset. Such an obligation is to be initially measured at fair value in the period in which the obligation is incurred, unless it cannot be reliably measured at that date.
Impact on Company: *The Company does not expect a material transitional impact.*

Functional currency

The Company uses the Canadian dollar as both its functional and reporting currency. IAS 21 contains a more comprehensive framework for the determination of functional currency.
Impact on Company: *The Company does not expect a material transitional impact.*

Share based compensation

IFRS: Under IFRS 2, graded vesting awards must be accounted for as though each instalment is a separate award. IFRS does not provide for an election to treat the instruments as a pool and recognize expense on a straight line basis. **Canadian GAAP**: Straight line basis is permissible under Canadian GAAP.
Impact on Company: *The Company has recognized option expense on a graded basis that is consistent with the IFRS 2 amortization methodology. Accordingly, the Company does not expect any transitional impact for options unvested at March1, 2010.*

Impact on the Company's systems and processes

Based on findings from the diagnostic phase of the project the Company does not expect that adoption of International Accounting Standards will have a pervasive impact on its present systems and processes. The Company expects to implement certain minor changes to the general ledger account descriptions as well as the calculation methodologies currently in use for certain specific financial statement areas such as asset impairment, share based compensation etc. As the accounting policies are finalized, appropriate changes to ensure the integrity of disclosure controls and procedures will be made. For example, any changes in accounting policies could result in additional controls or procedures being required to address reporting of first time adoption as well as ongoing IFRS reporting requirements. The certifying officers plan to complete the design, and initially evaluate the effectiveness of, any significant changes to controls to prepare for certification under IFRS in 2011.

OFF-BALANCE SHEET TRANSACTIONS

During the most recent fiscal year ended February 28, 2011, 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, restricted cash, accounts receivable, loan 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, a joint venture partner or as letters of credit at Wells Fargo and represent restricted cash, which 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 leading to currency risk arising from fluctuations in the $C and $US exchange rate. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

ADDITIONAL INFORMATION

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

"John McConnell"	**"Marty Rendall"**
John McConnell	Marty Rendall
Chief Executive Officer & President	Chief Financial Officer