This Management's Discussion and Analysis ("MD&A") for Gold Reach Resources Ltd. (the "Company" or "GRV") is dated August 23, 2012 and provides information on The Company's activities for the three months ended June 30, 2012 and to the date of this report. This discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements for the three months ended June 30, 2012 and the audited consolidated financial statements for the year ended March 31, 2012.

Business of the Company

The Company was incorporated in November 1965 and is engaged in the exploration and development of mineral properties hosting copper, gold, silver and molybdenum prospects located in central British Columbia. The Company continues to evaluate acquisition of additional mineral interests in Canada.

Overall Performance

EXPLORATION

Ootsa Property

The Company presently has 23,147.5 hectares comprised of 63 claims in its Ootsa Property which contains the Seel and Ox deposits.

From June 15 to October 21, 2011, The Company completed a substantial exploration program at the Ootsa property including 10,393.4 metres of core drilling in 20 holes at the Seel deposit. This drilling has substantially expanded the depth and strike length of the known mineralization at Seel, and has identified the West Seel deposit, a new zone of copper-gold-molybdenum-silver mineralization on the east side of the system Three deep holes tested the Cu-Au zone during the 2011 drilling program (holes S11-82, S11-88, and S11-90) and all 3 intersected long intervals of continuous mineralization with the zone remaining open at depth. This is highlighted by hole S11-90 which intersected 764.5 metres of continuous mineralization grading 0.17% Cu and 0.2 g/t Au (0.32% Cu Eq.). Holes drilled within the centre of the Cu-Au zone all intersected a higher grade zone at surface highlighted by hole S11-90 which intersected 194 metres grading 0.37% Cu and 0.42 g/t Au from 28 to 222 metres depth.

Holes 91, 95, and 97 to 100 have all intersected Cu-Au-Mo-Ag bearing porphyry style mineralization at the West Seel deposit. All of the holes into the West Seel zone have returned long intercepts of continuous mineralization highlighted by hole S11-100 which returned 567 metres grading 0.25% Cu, 0.17 g/t Au, 0.028% Mo, and 3.4 g/t Ag (0.51% Cu Eq.).

During July 2011, 44.5 line kms of 3-D IP was completed over the northern part of the claim block and resulted in a number of new anomalies being identified. Several of these anomalies have been followed up with surface mapping and soil sampling. Over 1500 soil samples have been taken, and the results have been compiled with surface mapping and geophysical results to prioritize targets for drill testing in 2012. Soil sampling at the Ox deposit has identified a copper in soil anomaly that is over 800m long by 250m wide that coincides with a historic IP chargeability anomaly.

In January 2012 a resource update was completed on the Seel deposit by Giroux Consultants Ltd. and was based on 28,294 meters of drilling in 100 holes. The updated resource estimate contains a 400% increase in resources. At a 0.2% Cu Eq cut off the Seel deposit contains an indicated resource of 28.13 million tonnes grading 0.22% Cu, 0.21 g/t Au, 0.007% Mo and 1.1 g/t Ag (0.40% Cu Eq) plus an inferred resource of

214.78 million tonnes grading 0.17% Cu, 0.13 g/t Au, 0.017% Mo, and 2.17 g/t Ag (0.33% Cu Eq). The majority of the resource sits in the inferred category reflecting the widely spaced nature of the deep drilling and step out holes completed during the 2011 drill program. This resource contains 805 million pounds of copper in the inferred category plus 136 million pounds of copper in the indicated category along with 897,694 ounce of gold in the inferred category plus 189,924 ounces of gold in the indicated category.

In May 2012 GRV started a 25,000 metre drilling program at the Ootsa Property aimed at expanding and defining the recently discovered West Seel deposit, and investigating the resource expansion potential at Ox.. In addition to drilling, the 2012 program will also include trenching, mapping, induced polarization geophysical surveying, and soil sampling.

Auro Property

On March 21, 2012 the Company sold its 100% interest in the Auro and Auro South properties to New Gold Inc. for $6,000,000 cash. The Company retains a 2% net smelter returns royalty on the Claims and New Gold has committed to spend Cdn. $1,500,000 on exploration expenditures on the Claims over the next 3 years.

Mineral Properties

The Company owns the following two contiguous claim groups collectively known as the Ootsa Property:

Seel Property

- a 100% interest in the Seel Property, located in central British Columbia, comprised of 25 claims totalling 13,142 hectares. Of the 25 claims, 17 claims totalling 8,466 hectares are subject to a 1% Net Smelter Return ("NSR"). The purchase agreement with the vendor, Rupert Seel has no buyout provision entitling the Company to purchase ant portion or all of the 1% NSR. The remaining 8 mineral claims were acquired by staking and accordingly there is no NSR payable.

Ox Lake Property

- a 100% interest in the Ox Lake property, located in central British Columbia, comprised of 38 mineral claims totalling 10,868 hectares. Of these 38 mineral claims, 14 claims totalling 575 hectares are subject to a 2% Net Smelter Return ("NSR"). The purchase agreement with the vendor, Silver Standard Resources Inc.,("Silver") the Company is entitled to purchase a 1% portion of the NSR from Silver at any time by the payment to Silver of $500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional $1,000,000. The remaining 14 mineral claims were acquired by staking and accordingly there is no NSR payable.

Separate from the Ootsa Property, the Company owns a NSR arising from the sale of its mineral interest in the following group of claims:

Auro Property

During January 2010 through April 2010, the Company acquired a 100% interest the Auro Property comprise of 17 mineral claims totalling 21,3481 hectares known as the Auro and Auro South claims located in central British Columbia. The Company retained a 2% NSR on all the claims, of which 1% can be purchased by the Company at any time for $500,000.

In March 2012, The Company sold all of the Company's mineral interests known as the Auro and Auro South properties ("Properties") to New Gold Inc. ("New Gold"). The Properties are located southeast of New Gold's Blackwater Gold deposit. Under the terms of the purchase agreement, the Company sold a 100% interest in the Properties for a Cdn. $6,000,000 cash payment. The Company has retained a 2% NSR on the Properties and New Gold has committed to spend Cdn. $1,500,000 ("the Work Commitment Amount") on exploration expenditures on the Properties as follows:

a) A minimum of $500,000 during the balance of 2012
b) A minimum of an additional $500,000 during calendar year 2013, and
c) A minimum of an additional $500,000 during calendar year 2014

If New Gold is unable to obtain an exploration permit from the Ministry of Energy and Mines (BC) pursuant to the Mines Act (BC) in 2012 authorizing certain exploration activities on the Properties in a timely manner, then New Gold shall have the right to apply the unspent portion of the $500K required to be spent during the balance of 2012 to the Work Commitment Amount required to be spent during calendar year 2013.

If New Gold fails to incur the minimum Work Commitment Amount within any of the periods disclosed as above, in lieu of the incurrence of such expenditures, within 30 days of the completion of such period, New Gold will pay to Gold Reach in cash an amount equal to such deficiency.

The sale arrangement with New Gold did not include the recovery of the Company's $22,500 rehabilitation bond which the Company estimates is fully recoverable from the provincial agency holding the bond.

Exploration and Evaluation Expenditures - during the three months ended June 30, 2012 the Company incurred the following resource property costs:

	Seel	Ox Lake	Auro	Total
Property acquisition costs				
Balance, beginning of the period	$ 326,347	$ 280,000	$ -	$ 606,347
Cash	268	-	-	268
Shares	-	-	-	-
Balance, end of the period	326,615	280,000	-	606,615
Deferred exploration and development costs				
Balance, beginning of the period	6,814,805	908,842	22,500	7,746,147
Incurred during the period:				
Drilling, blasting and trenching	501,731	-	-	501,731
Barge	15,485	-	-	15,485
Geology	68,758	-	-	68,758
Consulting fees	14,121	-	-	14,121
Field costs	214,853	-	-	214,853
Travel	8,459	-	-	8,459
Assaying	16,124	-	-	16,124
Camp costs	83,758	-	-	83,758
Fuel	64,941	-	-	64,941
Insurance	4,075	-	-	4,075
Wages and related expenses	126,913	-	-	126,913
Total expenditures during the period	1,119,218	-	-	1,119,218
Total expenditures, end of the period	7,934,023	908,842	22,500	8,865,365
Balance, end of the period	$ 8,260,638	$ 1,188,842	$ 22,500	$ 9,471,980

Exploration and Evaluation Expenditures - during the year ended March 31, 2012 the Company incurred the following resource property costs:

	Seel	Ox Lake	Auro	Auro South	Total
Property acquisition costs					
Balance, beginning of the year	$ 325,750	$ 280,000	$ 162,800	$ 3,164	$ 771,714
Cash	597	-	-	-	597
Shares	-	-	-	-	-
Less: Sale of Auro and Auro South	-	-	(162,800)	(3,164)	(165,964)
Balance, end of the year	326,347	280,000	-	-	606,347
Deferred exploration and development costs					
Balance, beginning of the year	4,156,102	832,516	1,089,421	-	6,078,039
Incurred during the year:					
Drilling, blasting and trenching	1,159,578	-	409,296	-	1,568,874
Barge	52,926	-	-	-	52,926
Geology	235,647	-	80,665	7,362	323,674
Geophysics	115,618	-	38,024	145,391	299,033
Consulting fees	72,010	-	10,500	-	82,510
Field costs	378,431	-	121,370	-	499,801
Reclamation bond	60,000	-	17,500	-	77,500
Travel and accommodation	21,275	-	7,898	-	29,173
Assaying	241,249	-	20,086	-	261,335
Camp costs	229,520	-	82,027	-	311,547
Fuel	108,092	-	46,932	-	155,024
Insurance	3,585	-	1,552	-	5,137
Safety	-	-	783	-	783
Wages	103,211	-	113,733	-	216,944
Mapping	-	-	11,081	-	11,081
B.C. mining tax credit	(157,859)	76,326	-	-	(81,533)
Other	35,420	-	40,627	14,372	90,419
Total expenditures during the year	2,658,703	76,326	1,002,074	167,125	3,904,228
Less: Sale of Auro and Auro South	-	-	(2,102,970)	(167,125)	(2,270,095)
Total net expenditures, end of the year	6,814,805	908,842	22,500	-	7,746,147
Balance, end of the year	$ 7,141,152	$ 1,188,842	$ 22,500	$ -	$ 8,352,494

FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS

The Company's working capital as at June 30, 2012 was $6,650,236 (March 31, 2012 – $6,273,222). Administrative expenditures for the three months ended June 30, 2012 were $693,960 (comparative quarter in 2011 – $202,663). All 2011 amounts are for the three months ended June 30, 2011. These increased costs reflect the heightened activity level at the Company's exploration programs on its mineral properties. The share based payments of $475,518 for the three months ended June 30, 2012 (Y2011 - $40,560) increased as were travel and promotion costs of $45,592 in the three months ended June 30, 2012 (Y2011 - $19,851). The cost of investor relations declined from $39,833 in Y2011 to $23,759 for the three months ended June 30, 2012. Management and administration fees increased in the three months ended June 30, 2012 from Y2011 of $34,032 to $58,582.

Cash flow from investing activities for the year ended March 31, 2012 included the $6,000,000 in cash proceeds arising from the sale in March 2012 of The Company's Auro and Auro South mineral interests. This cash infusion combined with the $1,898,054 in proceeds from the exercise of share purchase warrants and stock options resulted in the Company pursuing a more expansive exploration program for the three months ended June 30, 2012 when compared to the exploration costs Y2011. Expenditures on the Company's mineral interests during the three months ended June 30, 2012 were $1,119,218 (Y2011 – $628,245).

Selected Quarterly Information

The following table provides selected financial information of the Company for each of the last eight quarters:

	2012		2011					
Basis of presentation	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Quarter ended:	**30-Jun**	**31-Mar**	**Dec.31**	**Sept. 30**	**30-Jun**	**31-Mar**	**Dec. 31**	**Sept. 30**
Income (Loss)	($678,998)	$2,484,369	($171,840)	($325,506)	($200,076)	($282,155)	($117,671)	$(141,998)
Income (Loss) per share: basic	($0.03)	$0.13	($0.01)	($0.02)	($0.01)	$0.02	($0.01)	($0.01)
Weighted average of shares issued	23,603,061	19,488,188	20,573,901	17,856,741	15,576,545	11,542,381	11,797,011	10,921,008
Total Assets	$16,898,695	$14,913,165	$11,368,387	$10,598,850	$8,921,246	$8,594,469	$8,578,918	$7,018,421
Long-Term Liabilities	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

Liquidity and Capital Resources

As an exploration stage company, the Company's liquidity position decreases as mineral exploration and evaluation expenditures plus administrative expenses are incurred. To mitigate this liquidity risk, the Company budgets both exploration and administrative expenditures and closely monitors its liquidity position. The Company's cash position as at June 30, 2012 was $6,938,012 (March 31, 2011 - $6,280,738). The Company intends, if possible, to raise further financing by way of equity issuances or private loans in order to meet its exploration and working capital requirements as and when needed.

During the three months ended June 30, 2012 the Company issued 1,400,000 common shares as part of two private placement financings for gross proceeds of $1,390,000, 119,000 common shares arising from the exercise of stock options for gross proceeds of $62,000 and 743,424 common shares arising from the exercise of share purchase warrants for gross proceeds of $446,054

FINANCIAL INSTRUMENTS

All financial instruments, including derivatives, are included on the Company's balance sheet and measured at either fair value or amortized cost.

The Company's financial assets consist of cash, cash equivalents and other receivables.The Company's financial liabilities consist of trade accounts payable and other liabilities, promissory notes payable and due to related parties, which are designated as other financial liabilities and measured at amortized cost. The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The Company does not have any instruments measured at fair value.

The types of the risk exposure and the ways in which such exposures are managed are provided as follows

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at June 30, 2012, the Company holds no foreign currencies and is not exposed to any currency risk arising from fluctuation in foreign exchange rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. Given the minimal amounts of these instruments, The Company is not exposed to any significant credit risk as at June 30, 2012.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the consolidated financial statements is interest income on Canadian dollar cash. As at June 30, 2012, the Company is exposed to a interest rate risk on the interest income on its cash and cash equivalents. After taking into account the expected consumption of a portion of the principal from the internal funding of ongoing operations and expected exploration and evaluation expenditures The Company considers its interest rate risk as minimal and immaterial and does not enter into any interest rate hedging contracts.

The Company has no interest-bearing debt with long-term maturities and therefore considers this risk to be immaterial. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liability. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. Additional capital was successfully obtained during the period to increase liquidity.

SHARE DATA

Subsequent to June 30, 2012, an additional 42,000 share purchase warrants were exercised at $0.60 per share and resulted in proceeds of $25,200 to the Company, an additional 55,000 share purchase warrants were exercised at $0.90 per share and resulted in proceeds of $49,500 to the Company and 59,818 in agents warrants were exercised at $0.60 and resulted in proceeds of $35,891 to the Company. As of August 23, 2012, the Company had 26,897,126 common shares issued and outstanding, 2,671,717 options issued and outstanding 8,162,178 share purchase warrants issued and outstanding and 31,822 agent share purchase warrants issued and outstanding (fully diluted – 37,762,843).

Related Party Transactions

During the three months ended June 30, 2012, with comparative amounts for the three months ended June 30, 2011, the following related party disbursements were recorded:

i) Management and administration fees of $47,100 (2011- $36,000) were paid to directors or officers of The Company or to companies controlled by directors or officers of the Company.

ii) Mineral property consulting fees of $52,000 (2011 - Nil) were paid to directors or officers of The Company or to companies controlled by directors or officers of the Company.

iii) Legal fees of $8,820 (2011 – not applicable) were paid to a professional law firm in which a director is a principal.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate such arrangements in the foreseeable future. There are no contingent liabilities.

Critical Accounting estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

(a) Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time of the rehabilitation costs are actually incurred.

At June 30, 2012, the Company did not have any significant rehabilitation provisions.

(b) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(c) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(d) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9 (f) of the unaudited condensed consolidated interim Financial Statements for the three months ended June 30, 2012.

Future Accounting Policies

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

Effective for The Company's annual reporting period beginning April 1, 2012:

- IFRS 9, Financial Instruments, Classification and Measurement. The Company anticipates that the adoption of this standard will have no material impact except for additional disclosures.
- IFRS 10, Consolidated Financial Statements, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control. The Company anticipates that the adoption of this standard will have no material impact.
- IFRS 11, Joint Arrangements, replaces IAS 31, Interests in Joint Ventures. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will follow accounting much like that for jointly controlled assets and jointly controlled operations under IAS 31. The Company anticipates that the adoption of this standard will have no material impact.
- IFRS 12, Disclosure of Interests in Other Entities, sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28, Investments in Associates. The Company anticipates that the adoption of this standard will have no material impact.
- IFRS 13, Fair Value Measurement, this new standard sets out a framework for measuring fair value and the disclosure requirements for fair value measurements.
- There have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10- 13.
- IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements and this accompanying interim MD&A (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by The Company with the Interim Filings on SEDAR at www.sedar.com.

Disclosure for Venture Issuers without Significant Revenue

Consistent with other junior companies in the mineral exploration industry, the Company has no source of operating revenue. The Company's unaudited condensed consolidated interim financial statements for the three months ended June 30, 2012 and the audited consolidated financial statements for the year ended March 31, 2012 provide a breakdown of the general and administrative expenses for the year under review and an analysis of the capitalized and expensed exploration and evaluation incurred on its mineral properties.

Forward-Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, amongst other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the interim MD&A, additional, important factors, if any, are identified here.

Risks and Uncertainties

Early Stage – Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required.

Although the Company has been successful in the past in obtaining financing though the sale of equity securities or joint ventures, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Exploration and Evaluation

Exploration for minerals is a speculative venture involving substantial risk. There is no certainty that the expenditures made by the Company and/or its Subsidiary will result in discoveries of commercial mineral reserves.

Mining and development risk always accompany anticipated rewards, and uncertainties always exist where mineral properties are concerned. Uncertainties include the size, grade and recovery of a natural occurring mineral deposit. Although exploration and development efforts can outline a mineral deposit with a degree of certainty, ultimate grade and tonnages are never fully known until mining has been completed.

Metal and prices are also a significant factor in the development decision for a mineral property, as a mine may not be economically feasible in a period of depressed prices. Factors, beyond the control of The Company may affect the marketability of any minerals discovered. Pricing is affected by numerous factors such as international economic and political trends, global or regional consumption and demand patterns, and increased production by current producers.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned.

Environmental Regulations, Permits and Licences

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards, and enforcement, and higher fines and penalties for non-responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact of the Company and cause increases in capital expenditures or productions costs or reduction in levels of productions at producing properties or requirements abandonment or delays in development of new mining properties.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share costs incurred under agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Price Volatility of Public Stock

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the TSX Venture Exchange may be affected by such volatility.

Economic Conditions

Unfavourable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of Interest

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholding in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act ("Corporations Act") in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

Approval

The Audit Committee has reviewed and approved the disclosure included in this MD&A. A copy of the interim and annual and MD&A's will be provided to anyone who requests it. Additional Information relating to the company can be found at the Company's website www.goldreachresources.com or www.sedar.com.