

GOLD REACH RESOURCES LTD.
Management Discussion and Analysis
For the Nine Months Ended December 31, 2016

This Management’s Discussion and Analysis (“MD&A”) for Gold Reach Resources Ltd. (the “Company” or “GRV”) has been prepared by management dated February 27, 2017 and provides information on the Company’s operations for the nine months ended December 31, 2016 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 Nine Months Ended December 31, 2016 and the Audited Consolidated Financial Statements for the year ended March 31, 2016.

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 owns 72,691 hectares comprised of 123 claims in its Ootsa Property which contains the Seel and Ox deposits. The property is located immediately adjacent to the operating Huckleberry Mine which produces copper, molybdenum, silver, and gold, from similar style deposits.

From 2004 to present Gold Reach has conducted extensive exploration on the Ootsa property. The Company has drilled 122,066 metres of core in 352 holes, conducted metallurgical testing, completed numerous ground based geophysical surveys plus an airborne geophysical survey, and collected and assembled a database containing 9522 soil samples. The Ox and East and West Seel deposits, containing porphyry style Cu-Au-Mo-Ag mineralization, have largely been delineated and numerous exploration targets have been identified.

Ootsa Property Drill Hole Highlights

Drill Hole	Deposit	From (m)	To (m)	Width (m)*	Cu %	Au g/t	Mo%	Ag g/t	Cu Eq%**
S06-42	East Seel	22	160	138	0.84	0.06	-	22.11	1.07
S11-81	East Seel	38.5	176	137.5	0.39	0.34	-	-	0.63
S13-148	East Seel	31.7	178	146.3	0.51	0.59	-	2.33	0.94
S13-148	East Seel	31.7	76	44.3	0.94	1.12	-	3.46	1.76
S13-151	East Seel	32.9	193	160.1	0.33	0.38	-	2.01	0.61
S13-157	East Seel	31.7	218	186.3	0.37	0.41	-	1.82	0.67
S13-177	East Seel	26.8	213	186.2	0.39	0.53	-	1.86	0.78
S13-178	East Seel	26.5	170	143.5	0.46	0.55	-	2.43	0.87
S13-183	East Seel	38	134	96	0.58	0.62	-	2.75	1.04
S13-183	East Seel	76	100	24	1.11	1.22	-	4.98	2.01
S11-100	West Seel	170	736.7	566.7	0.25	0.173	0.028	3.4	0.51
S12-101	West Seel	262	1079	817	0.2	0.21	0.026	2.24	0.45
S12-101	West Seel	308	829.8	521.8	0.23	0.3	0.032	2.63	0.57

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S12-118	West Seel	350	887	537	0.27	0.19	0.055	2.69	0.65
S12-118	West Seel	356	660	304	0.33	0.24	0.065	3.41	0.79
S14-208	West Seel	283	591	308	0.28	0.26	0.046	3.5	0.68
S14-208	West Seel	431	591	160	0.38	0.41	0.056	4.29	0.93
S14-210	West Seel	199	867	668	0.28	0.17	0.033	3.34	0.56
S14-210	West Seel	361	533	172	0.39	0.29	0.062	4.99	0.89
Ox13-46	Ox	5.1	167	161.9	0.36	0.06	0.028	1.85	0.53
Ox13-62	Ox	5.8	86	80.2	0.43	0.07	0.035	1.73	0.63
Ox13-80	Ox	18.3	246	227.7	0.34	0.05	0.032	1.73	0.52
Ox13-108	Ox	10.5	120	109.5	0.33	0.06	0.038	1.57	0.54
Ox13-110	Ox	5.4	108.7	103.3	0.44	0.06	0.04	1.89	0.66
Ox13-114	Ox	4.9	130.2	125.3	0.38	0.07	0.015	1.9	0.51
Ox13-120	Ox	118	150.9	32.9	0.4	0.08	0.012	2.3	0.52

*Width refers to drill hole intercepts, true widths have not been determined. EOH = end of hole.

**Cu Eq. (copper equivalent) has been used to express the combined value of copper, molybdenum, gold and silver as a percentage of copper, and is provided for illustrative purposes only. No allowances have been made for recovery losses that may occur should mining eventually result. Calculations use metal prices of US \$2.50/lb copper, \$1200/oz gold, \$15 silver, and \$10/lb molybdenum using the formula $Cu\ Eq.\% = Cu\% + (Au\ g/t \times 0.701) + (Ag\ g/t \times 0.0087) + (Mo\% \times 4.01)$.

2016 Preliminary Economic Assessment

In February 2016 the Company announced the results of a resource update and independent Preliminary Economic Assessment (PEA) for the Ootsa Project which was conducted by P&E Mining Consultants Inc. with input from Knight-Piesold Consulting and ERM Consultants Canada Ltd. Details of the resource update and PEA can be found in the Companies news release dated February 9th 2016, and a technical report documenting the study is available on SEDAR and on our website at www.goldreachresources.com. The resource update and PEA were done in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. The updated mineral resource estimate was prepared by Brian Ray, P.Geo. and Eugene Puritch, P.Eng., both Independent Qualified Persons as defined by National Instrument 43-101, and has an effective date of January 1, 2016. The Preliminary Economic Assessment has been prepared under the supervision of Eugene Puritch, P.Eng, an Independent Qualified Person as defined by National Instrument 43-101, and has an effective date of January 1, 2016.

The conceptual study demonstrates the potential to develop the Ootsa Project by means of contract mining and toll milling at low initial capital cost, low risk, and with rapid project payback and favorable economics. The conceptual operating plan for the Ootsa Project is based on the sequential open pit development of the East Seel, Ox, and West Seel deposits with crushed mill feed transported from Ootsa to the adjacent Huckleberry mill by means of an overland conveyor system employing a series of floating conveyor units to cross the intervening reservoir. A total of 65 million tonnes of mill feed grading 0.37% copper equivalent (0.25% Cu, 0.13 g/t Au, 0.016% Mo, 2.3 g/t Ag) is proposed in the study with a stripping ratio of 1.46:1. Using base case metal prices (US\$) of \$3/lb Cu, \$1260/oz Au, \$10.30/lb Mo, and \$17/oz Ag the study shows an after tax net present value discounted at 5% of C\$186 million and an after tax internal rate of return of 81%. The project has an initial capital cost of C\$64 million, a mine life of 12 years, and a 1 year payback period.

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The table below shows how the Ootsa Project value varies with changing metal prices and exchange rate.

Metal Price – Exchange Rate Sensitivity

Metal Price							
Cu	US \$/lb	2.25	2.50	2.75	3.00	3.25	3.50
Au	US \$/oz	1,140	1,180	1,220	1,260	1,300	1,340
Ag	US \$/oz	14.75	15.50	16.25	17.00	17.75	18.50
Mo	US \$/lb	6.70	7.90	9.10	10.30	11.50	12.70
Forex	US\$:C\$	0.73	0.75	0.78	0.80	0.83	0.85

NPV @ 5% (after tax)	C\$M	21	86	141	186	232	274
IRR (after tax)	%	31	54	69	81	92	103
Payback	yrs	1.6	1.2	1.1	1.0	0.9	0.8

Direct cash costs including all on-site costs of production are US\$1.33/lb Cu and all-in sustaining cash costs, including all costs of production plus sustaining capital are US\$2.09/lb Cu.

PEA disclaimers:

The stated 65 million tonnes of mill feed consists of 61 million tonnes of the Measured portion of the mineral resource at grades of 0.25% Cu, 0.13 g/t Au, 0.016%Mo, and 2.3 g/t Ag, plus 4 million tonnes of the Indicated portion of the mineral resource at grades of 0.24% Cu, 0.07 g/t Au, 0.015%Mo, and 2.3 g/t Ag.

NPV includes by-product credits for gold, molybdenum, and silver. A discount rate of 5% was applied to generate NPV based on the lower risk of the development relative to that of similar projects. A contingency factor of 30% was included in the initial capital cost estimate.

The PEA is based on the open pit development of the Ootsa Property by a contract miner, toll milling of Ootsa mill feed at the adjacent Huckleberry Mill at the end of current operations, and use of the existing Huckleberry site facilities on a fee-basis. There are currently no agreements in place to conduct toll milling of Ootsa mill feed at the Huckleberry facilities, nor is there any guarantee that the required agreements can be established on commercially acceptable terms to support the proposed development plan.

The projected mining method, potential production profile and other Ootsa Project economics referred to in this Management Discussion and Analysis are summarized from a PEA, which is filed on SEDAR, and are conceptual in nature and additional technical studies will need to be completed in order to fully assess the Ootsa Project's viability. The PEA should not be considered a Pre-feasibility or Feasibility Study, as the economic and technical viability of the project have not been demonstrated to that level. There is no certainty that a potential mining operation will be realized or that a production decision will be made. A mine production decision that is made prior to completing a Feasibility Study carries potential risks, specifically, mine design and mining schedules, metallurgical flow sheets and process plant designs may require additional detailed work and economic analysis and internal studies to ensure satisfactory operational conditions and decisions regarding future targeted production. Capital cost estimates above are preliminary in nature and will require a more detailed assessment in subsequent economic studies. Further, the advancement of the Ootsa Project is subject to requisite consents, permits and approvals, regulatory or otherwise for the Ootsa Project and there is no guarantee that Gold Reach would be successful in obtaining any or all of them.

During September 2016 Gold Reach conducted grass roots reconnaissance exploration in the Troitsa Peak area, located about 8 km south of the Seel deposit, within the large Ootsa Property. A large zone of

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strong hydrothermal alteration was mapped and sampled. Gold Reach collected 47 samples from outcrop and float, and the results confirm the zone contains widespread and anomalous gold and silver. Gold results from the 47 samples range from <0.001 g/t to 1.4 g/t, with an average of 0.13 g/t. Silver results range from <0.5 to 197 g/t, with an average of 14 g/t. Samples of note include: a composite grab over 1 metre from an outcropping quartz vein and stockwork zone which returned 1.4 g/t gold and 40 g/t silver (sample 37903), a composite grab over 1 metre from an outcropping stockwork zone which returned 1.36 g/t gold (sample 37932), and a 2.5 metre chip sample from a silicified zone which returned 1.14 g/t gold and 27.5 g/t silver (sample 37948). At the eastern edge of the area evaluated, an outcrop of feldspar porphyry with a black fine-grained matrix was discovered. At this outcrop a float boulder of black matrix porphyry containing visible copper oxides was sampled and returned 4.78% copper and 96.9 g/t silver (sample 37931).

AURO PROPERTY

The Company retains a 2% net smelter return royalty on the Auro and Auro South properties and New Gold Inc. has spent the required Cdn. \$1,500,000 on exploration expenditures on the properties.

MINERAL PROPERTIES – Ootsa

The Company owns a 100% interest in the Ootsa property, located in central British Columbia, comprised of 123 mineral claims totalling 72,691.2 hectares of which 106 claims were acquired by staking and 17 claims acquired by purchase or option agreements.

Details of this property interest are as follows:

- 14 claims totalling 575 hectares, known as the Ox claims, are subject to a 2% Net Smelter Returns (“NSR”) royalty. The purchase agreement with the vendor, Silver Standard Resources Inc., (“Silver”) entitles the Company to purchase 50% of the 2% 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. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.
- There are four claims totalling 3,028 hectares, known as the Seel claims, which are subject to a 1% NSR. The Company is entitled at any time to purchase 50% of this 1% NSR for \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.
- Two additional claims known as the Swing claims (the “Captain Mine”) totalling 384 hectares, purchased in March 2014, are subject to a 2% NSR. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR from the vendor at any time by the payment to the vendor of \$500,000 or the Company may purchase the entire 2% NSR at any time by payment to the vendor of \$1,000,000.
- The Troitsa Peak claim totalling 211 hectares purchased in December 2014 is subject to a 1% NSR, half of which can be bought back at any time by the Company for \$500,000.

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- During the period of October 2014 through July 2016 the Company staked an additional sixteen contiguous claims totalling 3,851.58 hectares.
- On August 5, 2016, the Company purchased one claim for the total consideration of \$3,000 adding to the Troitsa Peak claims a total of 76.79 hectares.

The technical content in this MD&A has been reviewed and verified by Dr. Shane Ebert, a qualified person, as defined by National Instrument 43-101. Dr. Ebert is also a director and President of the Company.

Ootsa mineral property costs for the nine months ended December 31, 2016 and for the year ended March 31, 2016 are:

	For the nine months ended December 31, 2016	For the year ended March 31, 2016
Property acquisition costs:		
Balance, beginning of the period	\$ 1,147,036	\$ 1,145,566
Cash costs	3,134	1,470
Balance, end of the period	1,150,170	1,147,036
Deferred exploration and evaluation costs:		
Balance, beginning of the period	20,245,137	19,856,675
Incurred during the period:		
Barge	700	180
Preliminary economic assessment	-	263,075
Geology	6,750	199,335
Consulting fees – First Nations	25,000	10,000
Field costs	1,629	2,094
Travel	7,772	2,611
Assaying	2,902	916
Camp costs	3,439	11,615
Fuel	78	389
Insurance	-	515
Exploration tax credit recovery	-	(103,984)
Wages and related expenses	3,000	1,716
Total expenditures during the period	51,270	388,462
Balance, end of the period	20,296,407	20,245,137
Total deferred costs, end of the period	\$ 21,446,577	\$ 21,392,173

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Financial Condition, Results of Operations and Cash Flows

The Company's working capital as at December 31, 2016 was \$268,152 (March 31, 2016 – \$62,168).

Selected Quarterly Information

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

Basis of presentation	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Quarter ended:	Dec 31-2016	Sep 30-2016	Jun 30-2016	Mar 31-2016	Dec 31-2015	Sep 30-2015	Jun 30-2015	Mar 31-2015
Income (Loss)	(\$138,731)	(\$340,866)	(\$275,268)	(\$115,270)	(\$209,890)	(\$332,988)	(\$426,840)	(\$226,048)
Income (Loss) per share: basic	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Weighted average of shares issued	46,976,040	45,850,587	42,134,374	39,575,012	40,600,829	38,387,967	37,643,881	36,403,128
Total Assets	\$21,950,663	\$22,122,236	\$22,164,765	\$21,842,598	\$22,068,083	\$22,022,319	\$22,087,193	\$21,972,844
Long-Term Liabilities	\$110,000	\$110,000	\$110,000	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil

Results for the 3rd Quarter Ended December 31, 2016

During the three months ended December 31, 2016 the Company's administrative expenditures were \$138,731 (2015 – \$209,890) and included share based payments of \$nil (2015 - \$nil), management costs of \$45,162 (2015 - \$102,689), professional fees of \$48,422 (2015 – \$25,384), travel and promotion costs of \$3,731 (2015 – \$8,572) and investor relations of \$5,665 (2015 - \$27,625). All comparative amounts refer to the three months ended December 31, 2015.

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 December 31, 2016 was \$389,388 (March 31, 2016 - \$216,485).

On July 19, 2016 the Company closed a non-brokered private placement comprised of 4,666,666 units at a purchase price of \$0.15 per unit for gross proceeds of \$700,000. Each unit consisted of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to purchase an additional common share at a price of \$0.22 per share at any time on or before July 19, 2019. Each warrant is subject to accelerated expiry provisions such that if at any time after the date of Closing of the private placement, the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.40 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.

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The Company paid a finder's fee of \$12,880 cash and issued 42,934 finder warrants with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.22 per share at any time on or before July 19, 2019.

The Company intends, if possible, to raise further financing by way of equity issuances, applying for refundable tax credits or private loans in order to meet its exploration and working capital requirements as and when needed.

During the nine months ended December 31, 2016 there were no exercises of any share purchase warrants. There were 175,000 stock options exercised for gross proceeds of \$19,250.

FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

All financial instruments 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 and cash equivalents and amounts receivable, which are designated as loans and receivables and measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities 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 capital of the Company consists of shareholders' equity - \$21,066,636 (March 31, 2016 - \$20,955,054).

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

Share Data

As at February 27, 2017 the Company had 46,976,040 common shares issued and outstanding, 4,395,821 options issued and outstanding, 7,323,217 share purchase warrants issued and outstanding, 42,934 finders' warrants issued and outstanding resulting in a fully diluted shares position of 58,738,012 shares.

On January 3, 2017, Stock Options entitling the holders thereof to acquire 923,000 common shares at \$0.60 per share expired unexercised.

On January 17, 2017, the Company granted 793,000 stock options which are exercisable at any time prior to January 17, 2022 with an exercise price of \$0.12.

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Related Party Transactions

The Company incurred the following transactions with companies controlled by directors of the Company:

	For the nine months ended December 31,	
	2016	2015
Management fees – mineral property costs	\$ 5,500	\$ 16,967
Professional fees - administration	18,825	38,025
Management and administration	207,763	302,902
	\$ 232,088	\$ 357,894
Key management personnel compensation:		
Management fees	\$ 232,088	\$ 357,894
Non-key management personnel compensation:		
Directors' fees	\$ 3,000	\$ -
Key management personnel compensation comprised of:		
Short term employee benefits	\$ 232,088	\$ 357,894
Share-based payments	138,257	98,770
	\$ 370,345	\$ 456,664

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.

Pursuant to the terms of a settlement agreement related to the resignation of the Company's President and CEO in June 2016, the Company is obligated to pay the following non-interest bearing amounts totalling \$330,000 (of which a provision of \$195,381 is included in trade and other payables at March 31, 2016 including the Bonus payable of \$150,000), as follows:

- (a) \$110,000 on July 15, 2016 (paid)
- (b) \$110,000 on June 27, 2017
- (c) \$110,000 on June 27, 2018

These payment dates are subject to acceleration in the event that the Company raises an additional \$3,000,000 of equity capital during the twelve months ended June 27, 2017, whereby all remaining settlement amounts would become due.

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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) 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.

b) 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.

c) Income Taxes

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same entity against which the unused tax losses can be utilized.

However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

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d) British Columbia Mining Exploration Tax Credit (“BCMETC”) Claim

In late July 2015 the Company received \$335,730, the entire BCMETC claim including interest related to the year ended March 31, 2015. On August 22, 2016 the Company received \$68,272, the entire BCMETC claim including interest related to the year ended March 31, 2016. The Company remains eligible for additional annual BCMETC refunds in the coming years based on their qualified costs for each applicable period.

New Standards, Interpretations and Amendments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. These new standards, interpretations and amendments, which have not been yet been applied are included in the Unaudited Condensed Consolidation Interim Financial Statements for the nine months ended December 31, 2016.

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 respect to the Annual and 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 Audited Consolidated Financial Statements for the Year ended March 31, 2016 provide a breakdown of the general and administrative expenses for the period 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

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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 through 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 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

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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 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.

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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 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.