This Management's Discussion and Analysis ("MD&A") for Gold Reach Resources Ltd. (the "Company" or "Gold Reach") is dated June 28, 2012 and provides information on the Company's activities for the year ended March 31, 2012 and to the date of this report. This discussion and analysis should be read in conjunction with 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

Auro Property

The Company identified numerous magnetic and electromagnetic target areas on the Auro property from its 1,598 line kilometre airborne geophysical survey completed in the Spring of 2010. A detailed interpretation of the airborne geophysical survey combined with stream sampling results identified numerous areas requiring follow up ground work.

In the summer of 2010 additional stream and soil sampling follow us was completed along with 80 line km of 3D induced polarization geophysics. Drill targets were picked based on analysis of 3,000 soil samples and the interpretation of the 3D induced polarization survey.

Drilling permits were received in June 2011 and shortly after a camp was established on the property and drilling commenced. During June – July 2011 the Company completed an initial drill program of 3,009 metres on the Auro Property. A total of 11 holes were drilled and tested nine target areas within a 5km by 5km area. All of the holes were drilled in an area of up to 30 meters of overburden and were targeted based on induced polarization geophysical anomalies and indirect surface geochemical techniques.

Several holes encountered zones of alteration and anomalous mineralization. Hole Au-11-1 intersected 2.6 metres grading 0.1 g/t gold from 208 to 210.6 metres depth. Hole Au-11-5 intersected 3 metres grading 0.02% molybdenum from 328 to 331 metres depth and 3 metres grading 0.1% copper from 337 to 340 metres depth. Hole T5B-11 intersected 3 metres grading 0.1% copper from 131 to 134 meters depth, 3 metres grading 0.3% zinc from 137 to 140 metres depth, and 3 metres grading 0.14% copper and 23.4 g/t silver from 156 to 159 metres depth.

No large mineralized intervals were identified in this round of drilling, however, the alteration and elevated levels of gold, silver, copper, and zinc are encouraging Most of the drill holes encountered a large coarsely crystalline intrusive body containing localized zones of quartz-sulfide veining associated with patchy zones of potassium feldspar or sericite alteration, pyrite, and minor chalcopyrite and molybdenite. This geologic environment is considered to be too close to the large intrusive body for Blackwater-Davidson style mineralization, and the company will focus future exploration efforts at Auro looking at the zone farther outboard from the intrusive complex. To date less than 10% of the property has been systematically explored. A roughly 700 m long by 400 m wide chargeability anomaly has been identified outside of the intrusive body at a similar geological position as the 6.4 million ounce Blackwater deposit. This anomaly will be a priority drill target for future exploration programs.

On March 21, 2012 Gold Reach sold a 100% interest in the Auro and Auro South properties to New Gold Inc. for $6,000,000 cash. Gold Reach 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.

<u>Ootsa Property</u>

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, has identified a near surface zone of higher grade copper-gold mineralization on the east side of the deposit, and discovered the higher grade West Seel deposit. 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.).

In December 2011 Gold Reach commissioned a second resource estimate on the Seel deposit by Giroux Consultants Ltd. 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.

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. 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 based on 28,294 meters of drilling in 100 holes. 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 complete during the 2011 drill program.

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

Mineral Properties

Ootsa Property (Seel/Ox) – British Columbia

The Company acquired the interests in the Ootsa property in British Columbia during 2003 through to the date of this report.

Seel copper/gold/molybdenum deposit

The Company owns a 100% interest in the Seel deposit subject to a 2% Net Smelter Return Royalty ("NSR").

Ox copper/molybdenum deposit

The Company owns a 100% interest in the Ox deposit subject to a 2% NSR. The Company is entitled, at any time, to purchase a 1% portion of the NSR from Silver Standard Resources Inc. ("Silver") 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.

Auro Property Claims – British Columbia

Auro Property – Central

On January 12, 2010, the Company acquired a 100% interest in 13 new mineral claims comprised of 5,801 hectares ("Auro Property") directly adjacent to Richfield Ventures' 'Blackwater' Bulk Gold Target in central British Columbia. Terms of the property acquisition required a cash payment of $80,000 (paid) and the issuance of 150,000 common shares (issued). The Company paid the required cash portion of the purchase price by reaching an agreement with the vendor to apply the $80,000 in field costs previously paid against the purchase price.

On January 13, 2010, the Company staked an additional 19 new mineral claims comprising 8,224 hectares contiguous to the 13 Auro claims acquired on January 12, 2010. For ease of reference, these contiguous claims are referred to as the "Auro Property – Central".

Auro Property – South

In April 2010, the Company staked an additional 17 mineral claims comprised of 7,886 hectares that are non contiguous to the Auro Property – Central claims. These 17 additional claims are located approximately 18 kilometres south east of the above 32 claims. For ease of reference, these non contiguous claims are referred to as the "Auro Property – South".

As a consequence of the January 2010 acquisition and subsequent staking of additional claims, the Company owned a 100% interest in 49 claims in the Auro Property comprised 21,912 hectares. In August 2010, the Company amalgamated 32 of the 49 claims into 1 claim resulting in the Company now owning 18 claims with an unchanged total of 21,912 hectares.

Auro Property – North West

In early January 2011, the Company increased its land position at the Auro Property by entering into a purchase agreement to acquire a 100% interest in the 407 hectare Princess Claim from Tom Christianson for $8,000 cash (paid) and 40,000 shares (issued) at an ascribed price of $0.52 per common share.

The Princess claim are located in the northwestern corner of the Auro property and is surrounded by the Company's Auro claims, which are adjacent to Richfield Ventures (RVC: TSX-V) bulk gold discovery.

On March 21, 2012 Gold Reach sold a 100% interest in the Auro properties to New Gold Inc. for $6,000,000 cash. Gold Reach 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.

Acquisition, Exploration and Development Costs - 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
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	-	155,345	-	533,776
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	1,036,049	167,125	3,938,203
Less: Sale of Auro and Auro South	-	-	(2,102,970)	(167,125)	(2,270,095)
Total expenditures, net 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

During the year ended March 31, 2011 the Company incurred the following resource property costs:

	Seel	**OxLake**	**Auro**	**Total**
Property acquisition costs				
Balance, beginning of the year - April 1, 2010	$325,750	$280,000	$134,000	$739,750
Cash	-	-	11,164	11,164
Shares	-	-	20,800	20,800
Balance, end of the year	325,750	280,000	165,964	771,714
Deferred exploration and development costs				
Balance, beginning of the year – April 1, 2010	4,110,529	815,225	175,554	5,101,308
Incurred during the year:				
Drilling	38,959	-	-	38,959
Geology	29,260	6,540	134,516	170,316
Geophysics	14,143	-	184,550	198,693
Consulting fees	4,187	10,751	28,376	43,314
Field costs	-	-	195,804	195,804
Reclamation bond	-	-	5,000	5,000
Travel and accommodation	-	-	17,892	17,892
Assaying	-	-	81,762	81,762
Camp costs	-	-	119,588	119,588
Fuel	-	-	1,991	1,991
Insurance	-	-	4,968	4,968
Safety	-	-	1,845	1,845
Wages	-	-	112,568	112,568
Mapping	1,987	-	2,230	4,217
Other	5,225	-	22,777	28,002
Less: recovery of costs	(48,188)	-	-	(48,188)
Total expenditures during the year	45,573	17,291	913,867	976,731
Total expenditures, end of the year	4,156,102	832,516	1,089,421	6,078,039
Balance, end of the year	$4,481,852	$1,112,516	$1,255,385	$6,849,753

FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS

The Company's working capital as at March 31, 2012 was $6,273,222 (March 31, 2011 – $1,068,706). Administrative expenditures for the year ended March 31, 2012 were $1,622,433 (2011 – $894,414). These increased costs reflect the heightened activity level at the Company's exploration programs on its mineral properties. Share based payments were significantly higher for the year ended March 31, 2012 as were the investor relations expense as were management and administration fees and travel and promotion costs. 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. Expenditures on the Company's mineral interests during the year ended March 31, 2012 were $3,944,835 (2011 – $987,895). Financing activities during the year ended March 31, 2012 were $3,502,806 (2011 - $3,284,190) reflecting proceeds from the issuance of shares.

Selected Annual Information

Selected annual information for the three most recently completed fiscal years is as follows:

	Fiscal Year ended March 31 (audited)		
	2012	**2011**	**2010**
	(IFRS)	**(IFRS)**	**(CDN GAAP)**
Revenues	$Nil	$Nil	$Nil
Income (Loss) for the year	$1,786,947	($780,947)	($598,462)
Income (Loss) per share: Basic	$0.09	($0.07)	$(0.14)
Income (Loss) per share: Diluted	$0.06	($0.07)	$(0.14)
Total Assets	$14,913,165	$8,594,469	$6,283,171
Long Term Debt	$Nil	$Nil	$Nil
Mineral property cash expenditures	$3,944,835	$987,895	$177,051

Annual Results for the Year Ended March 31, 2012

During the year ended March 31, 2012, the Company incurred administrative expenditures of $1,622,433 (2011 - $894,414) and net exploration expenditures of $3,944,835 (2011 – $987,895). Administrative expenses increased during the year ended March 31, 2012 by $728,019 when compared to the year ended March 31, 2011.

The increase in administrative expenditures during the year ended March 31, 2012 compared to the year ended March 31, 2011 was attributable to the administrative costs associated with increased level of exploration activities on the mineral projects during fiscal 2012. Stock-based compensation expense was $934,050 (2011 - $371,376).

With the sale of the Auro and Auro South mineral interests for cash proceeds of $6,000,000 the Company has the financial resources available to commence a comprehensive exploration and development program on the Seel / Ox properties during fiscal 2013.

March 31, 2011 compared to March 31, 2010

During the year ended March 31, 2011, the Company incurred administrative expenditures of $894,414 (2010 - $621,108) and net exploration expenditures of $987,895 (2010 – $177,051). Administrative expenses increased during the year ended March 31, 2011 by $273,306 when compared to the year ended March 31, 2010.

The increase in administrative expenditures during the year ended March 31, 2011 compared to the period in 2010 was attributable to an increased level of exploration activities on the mineral projects with the accompanying increase in the administrative burden. In Fiscal 2011 the stock-based compensation expense of $371,376 contributed to an overall increase in the administrative expense total.

Fiscal 2010 compared to Fiscal 2009 was a year of minimal field exploration activities on the Seel/Ox Lake properties but in the latter part of Fiscal 2010, the Company diversified its mineral property portfolio through its acquisition of the Auro claims. Administrative costs were higher in 2010 than Fiscal 2009 due principally to the fiscal 2010 provision for stock-based compensation expense.

Selected Quarterly Information

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

	2012	2011				2010		
Basis of presentation	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
Quarter ended:	**March 31**	**Dec.31**	**Sept. 30**	**June 30**	**March 31**	**Dec. 31**	**Sept. 30**	**June 30**
Income (Loss)	$2,484,369	$(171,840)	$(325,506)	$(200,076)	$(282,155)	$(117,671)	$(141,998)	$(239,123)
Income (Loss) per share: basic	$0.13	($0.01)	($0.02)	($0.01)	$0.02	($0.01)	($0.01)	($0.02)
Income (Loss) per share:diluted	$0.08	($0.01)	($0.02)	($0.01)	$0.02	($0.01)	($0.01)	($0.02)
Weighted average of shares issued	19,488,188	20,573,901	17,856,741	15,576,545	11,542,381	11,797,011	10,921,008	10,554,022
Total Assets	$14,913,165	$11,368,387	$10,598,850	$8,921,246	$8,594,469	$8,578,918	$7,018,421	$7,077,154
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 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 March 31, 2012 was $6,280,738 (March 31, 2011 - $1,607,572). 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 year ended March 31, 2012 the Company issued 5,176,875 shares, 3,098,333 shares and 722,939 shares pursuant to the exercise of share purchase warrants, issuance of flow through shares and from the exercise of stock options, respectively, for gross proceeds of $3,502,807 (during the year ended March 31, 2011 - 4,884,345 shares issued pursuant to the issuance of flow through shares, issuance of 1,515,000 non flow through shares, 230,000 shares from the exercise of share purchase warrants, 20,000 shares from the exercise of stock options, respectively for gross net proceeds of $2,769,225 and 40,000 shares issued for the acquisition of a mineral property for consideration of $20,800).

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 March 31, 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 March 31, 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 March 31, 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 year to increase liquidity.

SHARE DATA

As of June 28, 2012, the Company had 26,795,308 common shares issued and outstanding, 2,671,717 options issued and outstanding, 8,204,178 share purchase warrants issued and outstanding and 91,640 agent share purchase warrants issued and outstanding (fully diluted – 37,762,843).

Related Party Transactions

During the year ended March 31, 2012, management and director fees of $125,000 (2011: $114,000) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.

During the year ended March 31, 2012, mineral property consulting fees of $199,618 (2011: $25,700) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.

During the year ended March 31, 2012, administration fees of $31,410 (2011: $14,600) and rent of $Nil (2011: $8,200) were paid to a Company controlled by a director or officer of the Company.

Included in accounts payable and accrued liabilities is $25,139 (2011: $Nil) owing to two directors of the Company for unpaid management and legal fees.

Included in other receivables is $79,805 (2011: $Nil) owing from a director of the Company for the overpayment of his credit card, and from a company with directors in common for its share of the office rent and administration costs.

Due to related party at March 31, 2012 of $Nil (2011: $85,709) is payable to a company with directors in common. The amount owed is in the form of a promissory note that is unsecured, bears interest at the rate of 12% per annum, and is payable on demand. Included in the amount repaid during the year to the related party is interest of $2,814 (2011: $10,200).

During the year ended March 31, 2012, legal fees of $36,330 (2011: $Nil) 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 March 31, 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) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only 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.

(e) 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 12 of the consolidated Fiancial Statement for the year ended March 31, 2012.

Changes to Accounting Policies

International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace Canada's current generally accepted accounting principles ("GAAP") for publicly accountable profit-orientated enterprises for interim and annual financial statements commencing after January 1, 2011. The Company's year end is March 31 of each year. The first year of reporting for the Company using IFRS is the fiscal 2012 year commencing April 1, 2011 and ending on March 31, 2012.

Accordingly, the Company has prepared its financial statements for fiscal 2012, the year ending March 31, 2012 using IFRS with comparatives for fiscal 2011, using IFRS.

The Company has completed its IFRS transition date compilation and has included that reconciliation to Canadian GAAP in the unaudited condensed consolidated financial statements for the three months ended June 30, 2011.

For detailed review of the IFRS first time adoption and reconciliations to Canadian GAAP for the applicable periods, reference is made to Notes 20 of the audited consolidated financial statements for the year ended March 31, 2012.

The areas noted below had most significant effects on financial reporting.

The Company applied the following optional exemptions:

Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 Share-based Payments to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Extinguishing Financial Liabilities with Equity Instruments

The Company has chosen to apply the transitional provisions in IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments prospectively from the transition date. As a result any extinguishing financial liabilities with equity Instruments prior to the transition date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Mandatory Exceptions:

Derecognition of Financial Assets and Liabilities

The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

Reconciliations of pre-changeover Canadian GAAP for the Statements of Financial Position, Statements of Comprehensive Loss/Income and Statements of Cash Flow to IFRS

IFRS 1 requires an entity to reconcile the statements of financial position, comprehensive loss and cash flows for prior periods from pre-changeover Canadian GAAP to IFRS. The changes made to the statement of financial position and statements of comprehensive income have resulted in no material adjustments to the statements of cash flows. Accordingly, no reconciliations of cash flows have been provided.

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 Annual MD&A (together the "Annual 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 Annual 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, 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 development costs 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 annual MD&A, additional, important factors, if any, are identified here.

Risks and Uncertainties

Early Stage – Need for Additional Funds

Gold Reach has no history of profitable operations and its present business is at an early stage. As such, Gold Reach 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 Gold Reach 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.

Gold Reach 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 Gold Reach has been successful in the past in obtaining financing though the sale of equity securities or joint ventures, there can be no assurance that Gold Reach 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 Development

Exploration for minerals or precious gems is a speculative venture involving substantial risk. There is no certainty that the expenditures made by the Company and/or its Subsidiaries will result in discoveries of commercial metal 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 Gold Reach 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 Gold Reach 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

Gold Reach'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. Gold Reach intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, 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 Gold Reach 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. Gold Reach 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.

Gold Reach 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, Gold Reach 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 Gold Reach's shares will be subject to market trends generally and the value of Gold Reach's shares on the TSX Venture Exchange may be affected by such volatility.

Economic Conditions

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

Dependence on Management

Gold Reach 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 Gold Reach.

Conflicts of Interest

Gold Reach'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 Gold Reach may participate, the directors and officers of Gold Reach may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, Gold Reach 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 Gold Reach are required to act honestly, in good faith and in the best interests of Gold Reach.

Approval

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