



BRALORNE GOLD MINES LTD.

(an exploration stage company)

Audited Financial Statements

For the years ended January 31, 2010 and 2009

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Bralorne Gold Mines Ltd. (an exploration stage company) are the responsibility of the Company's management. The financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the annual financial statements prior to their submission to the Board of Directors for approval.

The financial statements as at January 31, 2010 and 2009 and for the years then ended have been audited by Smythe Ratcliffe LLP, Chartered Accountants, and their report outlines the scope of their examination and gives their opinion on the financial statements.

"William Kocken"

William Kocken
CEO

Vancouver, British Columbia
May 18, 2010

"Lisa Sharp"

Lisa Sharp
CFO

AUDITORS' REPORT

TO THE SHAREHOLDERS OF BRALORNE GOLD MINES LTD. (an exploration stage company)

We have audited the balance sheets of Bralorne Gold Mines Ltd. (an exploration stage company) as at January 31, 2010 and 2009 and the statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
May 18, 2010

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Balance Sheets

As at January 31

	2010	2009
ASSETS		
Current		
Cash and cash equivalents	\$ 3,717,843	\$ 972,687
Prepaid expenses	9,928	19,684
Interest receivable	7,408	4,882
Taxes receivable	47,207	22,609
BC mining and exploration tax credit receivable	931,000	0
	4,713,386	1,019,862
Due from related party (Note 10(b))	7,551	3,411
Mineral property (Notes 6 and 10)	22,163,467	21,059,537
Equipment (Note 7)	35,784	30,082
Restricted cash (Note 5)	125,000	125,000
	\$ 27,045,188	\$ 22,237,892
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 199,522	\$ 175,565
Due to related parties (Note 10(c))	39,736	43,261
	239,258	218,826
Site restoration obligation (Note 8)	98,000	98,000
	337,258	316,826
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	30,807,988	28,959,672
Contributed surplus	7,797,919	4,440,977
Deficit	(11,897,977)	(11,479,583)
	26,707,930	21,921,066
	\$ 27,045,188	\$ 22,237,892

Nature of operations and going concern (Note 1)

Commitment (Note 11)

Subsequent Event (Note 15)

Approved by the Directors on behalf of the Board:

"Louis Wolfin" Director
Louis Wolfin

"William Kocken" Director
William Kocken

The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Statements of Operations
For the Years Ended January 31

	2010	2009
General and administrative expenses		
Administration services <i>(Note 10(a)(i))</i>	\$ 4,501	\$ 4,485
Amortization	8,475	6,134
Automobile	14,104	22,954
Consulting <i>(Note 10(a)(ii))</i>	370,115	67,573
Directors' fees <i>(Note 10(a)(v))</i>	27,500	18,000
Listing and filing fees	16,626	23,276
Office, occupancy and miscellaneous	28,165	64,640
Professional fees	37,459	51,464
Salaries and benefits	141,259	141,407
Shareholder information, net	(8,787)	53,521
Stock-based compensation <i>(Note 9(f))</i>	502,560	561,106
Travel and accommodation	38,519	28,260
Loss before other items and future income tax recovery	(1,180,496)	(1,042,820)
Other items		
Interest income	280,618	69,838
Flow-through share costs	(93,564)	(20,463)
Loss before future income tax recovery	(993,442)	(993,445)
Future income tax recovery <i>(Note 12)</i>	575,048	145,597
Net loss and comprehensive loss for the year	\$ (418,394)	\$ (847,848)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.05)
Weighted average number of common shares outstanding	18,651,834	16,074,337

The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Statements of Shareholders' Equity

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 31, 2008	14,607,160	\$27,286,153	\$3,744,181	\$(10,631,735)	\$20,398,599
Common shares issued for cash:					
Private placement <i>(Notes 9(b)(vi) and (vii))</i>	812,630	837,256	142,269	-	979,525
Share issue costs	25,631	(41,450)	3,441	-	(38,009)
Exercise of stock options	24,000	18,000	-	-	18,000
Exercise of warrants	995,290	995,290	-	-	995,290
Transfer of contributed surplus to share capital on exercise of stock options	-	10,020	(10,020)	-	-
Stock-based compensation	-	-	561,106	-	561,106
Income tax effect of flow-through share renunciation	-	(145,597)	-	-	(145,597)
Loss for the year	-	-	-	(847,848)	(847,848)
Balance January 31, 2009	16,464,711	28,959,672	4,440,977	(11,479,583)	21,921,066
Common shares issued for cash:					
Private placement <i>(Notes 9(b)(i), (ii) and (iii))</i>	6,243,047	3,103,478	2,623,913	-	5,727,391
Share issue costs	-	(829,112)	240,967	-	(588,145)
Exercise of options	24,667	18,500	-	-	18,500
Exercise of warrants	120,000	120,000	-	-	120,000
Transfer of contributed surplus to share capital on exercise of stock options	-	10,498	(10,498)	-	-
Stock-based compensation	-	-	502,560	-	502,560
Income tax effect of flow-through share renunciation	-	(575,048)	-	-	(575,048)
Loss for the year	-	-	-	(418,394)	(418,394)
Balance January 31, 2010	22,852,425	\$30,807,988	\$7,797,919	\$(11,897,977)	\$26,707,930

The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)
Statements of Cash Flows
For the Years Ended January 31

	2010	2009
OPERATING ACTIVITIES		
Net loss for the year	\$ (418,394)	\$ (847,848)
Adjustments for items not involving cash:		
Amortization	8,475	6,134
Stock-based compensation	502,560	561,106
Future income tax recovery	(575,048)	(145,597)
	(482,407)	(426,205)
Changes in non-cash working capital:		
Prepaid expenses	9,756	2,154
Interest receivable	(2,526)	25,223
Taxes receivable	(24,598)	58,834
Mining exploration tax credit receivable	(931,000)	0
Accounts payable and accrued liabilities	(72,903)	(16,097)
Cash used in operating activities	(1,503,678)	(356,091)
INVESTING ACTIVITIES		
Office equipment acquisitions	(14,177)	(15,850)
Mineral property expenditures, net of gold sales	(3,100,388)	(2,167,893)
BC mining and exploration tax credit	2,089,178	0
Cash used in investing activities	(1,025,387)	(2,183,743)
FINANCING ACTIVITIES		
Issuance of shares and units, net of issue costs	5,277,746	1,954,806
Amounts due from related parties, net	(3,525)	(2,606)
Cash provided by financing activities	5,274,221	1,952,200
Increase (decrease) in cash and cash equivalents	2,745,156	(587,634)
Cash and cash equivalents, beginning of year	972,687	1,560,321
Cash and cash equivalents, end of year	\$ 3,717,843	\$ 972,687

See Note 13 for supplemental cash flow information.

The accompanying notes are an integral part of these financial statements

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Financial Statements

For the years ended January 31, 2010 and 2009

1. Nature of Operations and Going Concern

Bralorne Gold Mines Ltd. ("Bralorne" or the "Company") was incorporated on July 10, 1992 under the laws of the province of British Columbia. The Company owns a 100% interest in a mineral property in British Columbia, Canada. It is in the process of exploring its mineral property interest and has not yet determined whether this property contains sufficient ore reserves, such that their recovery would be economically viable.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprises substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

As at January 31, 2010, the Company had working capital of \$4,474,128 (2009 - \$801,036) and a deficit of \$11,897,977 (2009 - \$11,479,583). Management believes the Company has raised sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due and to fund cash payments for planned exploration programs.

2. Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of commitments and contingencies at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Significant areas requiring the use of management's estimates include the balances of accrued liabilities, amortization rates of equipment, the recoverability of deferred mineral property expenditures, the determination of site restoration and environmental obligations, determination of the assumptions used in the calculation of stock-based compensation, allocation of proceeds for unit offerings and the valuation allowance for future income tax assets. Although management believes its estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(b) Cash equivalents

Cash equivalents consist of highly liquid investments, which are readily convertible into known amounts of cash.

2. Significant Accounting Policies (continued)

(c) Mineral property

The Company is in the exploration stage and defers all expenditures related to its mineral property until such time as the property is put into commercial production, sold or abandoned. Under this method, all amounts shown as mineral property represent acquisition, exploration and development costs incurred to date, net of recoveries and amounts amortized and/or written off and do not necessarily represent present or future values.

Inventory of gold flotation concentrate, gold dore bars and silver contained within the gold dore bars produced during the bulk sampling development stage are recorded as a component of mineral property costs. Proceeds from the sale of gold produced during the bulk sampling stage are deducted from accumulated mineral property costs.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, the expenditures will be charged to operations. The Company does not accrue the estimated future costs, such as land or property taxes, of maintaining its mineral property in good standing.

The carrying values of mineral properties, on a property-by-property basis, is reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its fair value. The ultimate recoverability of the amounts capitalized for the mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term that could adversely affect management's estimates and may result in future write-downs of capitalized mineral property carrying values.

(d) Equipment

Equipment is recorded at historical cost less accumulated amortization. Amortization is charged to operations in amounts sufficient to allocate the costs over the estimated useful life of the equipment using the declining balance method at the following annual rates:

Computer equipment and software	30%
Office equipment	20%
Vehicle	30%

(e) Site restoration obligation

The Company recognizes the fair value of liabilities for asset retirement obligations (referred to as "site restoration obligations") in the period in which they occur and/or in which a reasonable estimate of such costs can be made. Liabilities include those liabilities related to environmental protection and rehabilitation due to environmental law or contracts. The site restoration obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset.

Subsequently, the costs of site restoration are allocated to expenses using a systematic and rational method and are adjusted to reflect period-to-period changes in the liability resulting from the passage of time and/or revisions to either timing or the amount of the original estimate of the undiscounted cash flow.

2. Significant Accounting Policies (continued)

(f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(g) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or mineral properties, with the offset credit to contributed surplus. For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(h) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. The income tax benefits foregone are considered to constitute share issue costs and are reflected in share capital with an offsetting increase to future income tax liability.

(i) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(j) Accounting for equity units

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to warrants based on their fair value determined using the Black-Scholes option pricing model, and the remainder is allocated to common shares.

2. Significant Accounting Policies (continued)

(k) Financial instruments and comprehensive income

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

(l) Future accounting standards

(i) International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The IFRS standards will be effective for the Company for interim and fiscal period reporting commencing February 1, 2011. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended January 1, 2011 and earlier where applicable. The Company is currently in the planning stages to identify the impact of adopting IFRS on its financial statements; at this time, the impact of the transition to IFRS cannot be reasonably estimated.

(ii) Business Combinations (Section 1582); Consolidated Financial Statements (Section 1601); Non-Controlling Interests (Section 1602)

These new standards are based on the IFRS 3, "Business Combinations", and replace the existing guidance on business combinations and consolidated financial statements. These new standards require most assets acquired and liabilities assumed, including contingent liabilities, to be measured at fair value and all acquisition costs to be expensed, and also require non-controlling interests to be recognized as a separate component of equity and net earnings to be calculated without a deduction for non-controlling interests. The objective of these new standards is to harmonize Canadian accounting for business combinations with the International and United States accounting standards. The new standards are to be applied prospectively to business combinations on or after February 1, 2011, with earlier application permitted. There is currently no impact on the Company's financial statements.

3. Risk Management and Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, interest receivable, restricted cash, accounts payable and accrued liabilities, and amounts due to/from related parties. Cash and cash equivalents and restricted cash are classified as held-for-trading; amounts receivable, interest receivable and amounts due from related parties are classified as loans and receivables; and accounts payable and accrued liabilities, and amounts due to related parties are classified as other financial liabilities.

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Financial Statements

For the years ended January 31, 2010 and 2009

3. Risk Management and Financial Instruments (continued)

The carrying value of financial assets by category at January 31, 2010 and 2009 are as follows:

Financial Assets	2010		2009	
	Held-for-trading	Loans and receivables	Held-for-trading	Loans and receivables
Cash and cash equivalents	\$ 3,717,843	\$ -	\$ 972,687	\$ -
Interest receivable	-	7,408	-	4,882
Restricted cash	125,000	-	125,000	-
Amounts due from related party	-	7,551	-	3,411
	\$ 3,842,843	\$ 14,959	\$ 1,097,687	\$ 8,293

The carrying value of financial liabilities by category at January 31, 2010 and 2009 are as follows:

Financial Liabilities	2010		2009	
	Other Financial Liabilities		Other Financial Liabilities	
Accounts payable and accrued liabilities	\$	199,522	\$	175,565
Amounts due to related parties		39,736		43,261
	\$	239,258	\$	218,826

The carrying amounts of cash and cash equivalents, interest receivable, amounts receivable, restricted cash, and accounts payable and accrued liabilities are a reasonable estimate of their fair values because of their short term to maturity.

The fair values of amounts due to and from related parties are not readily determinable due to the nature of the amounts and the absence of a ready market for such instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents, amounts receivable, interest receivable, amounts due from related parties and restricted cash. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, interest receivable and restricted cash as all amounts are held at two Canadian financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	2010	2009
Term deposits	\$ 3,600,000	\$ 950,000
Cash held in bank accounts	117,843	22,687
Interest receivable	7,408	4,882
Restricted cash	125,000	125,000
	\$ 3,850,251	\$ 1,102,569

3. Risk Management and Financial Instruments (continued)

(a) Credit risk (continued)

Term deposits currently earn interest at 1.0% (2009 – 3.1%) and mature in November 2010 (2009 – March 2009); however, they can be cashed at any time. The credit risk associated with cash and term deposits held in Canada is minimized by ensuring that these financial assets are placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash and cash equivalents on hand. The Company maintains sufficient cash and cash equivalents at January 31, 2010 in the amount of \$3,717,843 (2009 - \$972,687) in order to settle current liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms with the exception of amounts due to related parties, which are due on demand. At January 31, 2010, the Company had accounts payable excluding accrued liabilities of \$154,715 (2008 - \$103,329), which are due within 30 days.

(c) Market risk

Market risk consists of interest rate risk, foreign exchange risk and other price risk. The only market risk to which the Company is exposed is as follows:

Interest rate risk

The Company's cash and cash equivalents and restricted cash consist of cash held in bank accounts, fixed income investments and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of January 31, 2010. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a significant effect on the Company.

4. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity instruments. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Management reviews the capital structure on a regular basis to ensure that objectives are met.

BRALORNE GOLD MINES LTD.
(an exploration stage company)

Notes to Financial Statements

For the years ended January 31, 2010 and 2009

4. Capital Management (continued)

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing due to the current difficult market conditions. There were no changes to the Company's capital management approach during the year.

5. Restricted Cash

The Company has placed deposits in the amount of \$125,000 at January 31, 2010 (2009 - \$125,000), registered in the name of the Ministry of Finance of British Columbia, as security for its mining permit and for reclamation. Deposits consist of guaranteed investment certificates earning interest at rates between 0.15% and 0.60%, and maturing between February 2, 2010 and November 1, 2010.

6. Mineral Property

The Company owns a 100% undivided interest in certain mineral properties located in the Lillooet Mining Division, British Columbia. The properties consist of 154 Crown-granted mineral claims, ten freehold parcels of land, two reverted Crown-granted claims and eight metric unit claims, all known as the "Bralorne Property".

The following is a summary of the deferred mineral property expenditures for the Bralorne Property:

	2010	2009
Acquisition costs	\$ 2,442,347	\$ 2,442,347
Deferred exploration and development expenditures	17,492,354	16,515,977
Tailings pond	1,022,619	1,020,840
Mine and plant buildings, and equipment	2,429,108	2,303,334
Provision for reclamation	98,000	98,000
	<u>23,484,428</u>	<u>22,380,498</u>
Deduct: concentrate and gold dore sales	(1,320,961)	(1,320,961)
	<u>\$ 22,163,467</u>	<u>\$ 21,059,537</u>

As at January 31, 2010, the Company had inventory of gold and silver dore bars with a fair market value of \$498,715 (2009 - \$493,194). During the year ended January 31, 2010, the Company sold nil ounces of gold dore bars for proceeds of \$nil (2009 - \$145,678).

6. Mineral Property (continued)

Deferred exploration and development expenditures incurred on the Bralorne Property during the years ended January 31, 2010 and 2009 are as follows:

	2010	2009
Assays	\$ 39,344	\$ 44,032
Camp operations	109,977	64,642
Field office	92,566	68,749
Drilling	451,486	1,223,346
General exploration	2,305,092	680,845
Insurance	-	26,533
Mine power	54,050	76,148
Mill operating	-	353
Taxes and permits	13,040	13,507
Increase in deferred exploration expenditures	3,065,555	2,198,155
Deferred exploration and development expenditures, beginning of the year	16,515,977	14,317,822
Mining exploration tax credits (note 14)	(2,089,178)	-
Deferred exploration and development expenditures, end of the year	\$ 17,492,354	\$ 16,515,977

Realization of assets

The investment in and expenditures on the mineral property comprise a significant portion of the Company's assets. Realization of the Company's investment in this asset is dependent upon the establishment of legal ownership, the attainment of successful production from the property or from the proceeds of its disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

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.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property, the potential for production on the property may be diminished or negated.

6. Mineral Property (continued)

Environmental (continued)

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

7. Equipment

	2010		Net
	Cost	Accumulated Amortization	Book Value
Computer equipment	\$ 25,160	\$ 10,779	\$ 14,381
Computer software	5,340	5,339	1
Office equipment	6,518	4,996	1,522
Vehicle	48,041	28,161	19,880
	\$ 85,059	\$ 49,275	\$ 35,784

	2009		
Computer equipment	\$ 10,982	\$ 7,653	\$ 3,329
Computer software	5,340	5,339	1
Office equipment	6,518	4,616	1,902
Vehicle	48,041	23,191	24,850
	\$ 70,881	\$ 40,799	\$ 30,082

8. Site Restoration Obligation

Management has estimated that the present value of its site restoration obligation at January 31, 2010 totals \$98,000 (2009 - \$98,000), which amount has been added to the capitalized cost of the mineral property, and recognized as site restoration liability. The present value of the obligation was calculated using a risk-free interest rate of 7.13% (2008 - 5.75%) and an inflation rate of 2.04% (2008 - 2.38%). Reclamation activities are estimated to occur over a three-year period beginning in 2030. The undiscounted value of the obligation is \$110,000 (2008 - \$140,000).

9. Share Capital

(a) Authorized: Unlimited number of common shares without par value

(b) Issued

- (i) On November 9, 2009, the Company closed the final tranche of a brokered private placement issuing 1,175,600 non-flow-through units at a price of \$0.90 per unit for gross proceeds of \$1,058,040 and 387,000 flow-through units at a price of \$0.95 per unit for gross proceeds of \$367,650. Each non-flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until November 9, 2011.

The Company paid to certain finders a cash commission equal to 8% of the applicable gross proceeds of the financing (\$100,147) and issued compensation options to purchase common shares of the Company equal to 10% of the units and shares sold under the offering (78,010). Each compensation option is exercisable at a price of \$0.90 and entitles the holder to one common share and one common share purchase warrant, which is exercisable at a price of \$1.25 per share for 24 months expiring on November 9, 2011.

The fair value of the warrants and compensation options issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.26%, dividend yield of nil, volatility of 97.97% and an expected life of 24 months. Of the \$1,425,690 total aggregate proceeds raised, \$850,291 was attributable to common shares and \$575,399 was attributable to common share purchase warrants, which has been recorded in contributed surplus. The 78,010 compensation options were valued at \$34,239.

- (ii) On September 28, 2009, the Company closed a private placement issuing 3,470,222 non-flow-through units at a price of \$0.90 per unit for gross proceeds of \$3,123,200 and 828,462 flow-through units at a price of \$0.95 per unit for gross proceeds of \$787,039. Each non-flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until September 28, 2011.

The Company paid to certain finders a cash commission equal to 8% of the applicable gross proceeds of the financing (\$324,743) and issued compensation options to purchase common shares of the Company equal to 10% of the units and shares sold under the offering (365,168). Each compensation option is exercisable at a price of \$0.90 and entitles the holder to one common share and one common share purchase warrant, which is exercisable at a price of \$1.25 per share for 24 months expiring on September 28, 2011.

The fair value of the warrants and compensation options issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.26%, dividend yield of nil, volatility of 97.97% and an expected life of 24 months. Of the \$3,910,239 total aggregate proceeds raised, \$1,950,521 was attributable to common shares and \$1,959,718 was attributable to common share purchase warrants, which has been recorded in contributed surplus. The 365,168 compensation options were valued at \$195,509.

9. Share Capital (continued)

(b) Issued (continued)

(iii) On June 12, 2009, the Company closed a private placement issuing 75,263 flow-through shares at a price of \$1.10 per share for gross proceeds of \$82,789 and 70,000 super flow-through shares at a price of \$1.20 per share for gross proceeds of \$84,000. In addition, the Company issued 236,500 units at a price of \$0.95 per unit for gross proceeds of \$224,675. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant is exercisable for a term of 18 months into one common share at a price of \$1.25 until December 15, 2010. Of this amount, \$135,879 was attributable to common shares and \$88,796 was attributable to common share purchase warrants, which has been recorded in contributed surplus.

The Company paid to certain finders a cash commission equal to 6% of the applicable gross proceeds of the financing (\$22,943) and issued compensation options to purchase common shares of the Company equal to 8% of the applicable units and shares sold under the offering (29,880), exercisable at a price of \$1.25 per option for 18 months, expiring on December 15, 2010. The compensation options were valued at \$11,219. The fair value of the warrants and compensation options issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.27%, dividend yield of nil, volatility of 110.64% and an expected life of 18 months.

(iv) During the year ended January 31, 2010, 120,000 warrants were exercised for gross proceeds of \$120,000.

(v) During the year ended January 31, 2010, 24,667 stock options were exercised for gross proceeds of \$18,500. The Company reallocated the fair value of these options previously recorded in the amount of \$10,498 from contributed surplus to share capital.

(vi) On March 20, 2008, the Company closed a private placement issuing 300,000 units at a price of \$1.30 per unit for gross proceeds of \$390,000. Each unit consists of one flow-through common share and one non-flow-through share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one non-flow-through common share at a price of \$1.60 until March 19, 2009 and thereafter at \$2.00 until March 19, 2010. Of this amount, \$316,500 was attributable to common shares and \$73,500 was attributable to common share purchase warrants, which has been recorded in contributed surplus. Share issuance costs were \$8,533 in cash. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 2.60%, dividend yield of nil, volatility of 59.30% and an expected life of two years.

9. Share Capital (continued)

(b) Issued (continued)

- (vii) On February 4, 2008, the Company closed a private placement issuing 512,630 units at a price of \$1.15 per unit for gross proceeds of \$589,525. Of this amount, \$520,756 was attributable to common shares and \$68,769 was attributable to common share purchase warrants, which has been recorded in contributed surplus. Each unit consists of one flow-through common share and one-half of one non-flow-through share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one non-flow-through common share at a price of \$1.50 until February 4, 2009 and thereafter at \$2.00 until February 4, 2010. Share issuance costs were \$38,009 in cash, 25,631 units valued at \$29,476, whereby \$26,035 was attributable to common shares and \$3,441 attributable to common share purchase warrants. Each finder's unit consists of one common share of the Company and one-half of one share purchase warrant with terms consistent with the warrants issued to investors. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 3.05%, dividend yield of nil, volatility of 60.74% and an expected life of two years.
- (viii) During the year ended January 31, 2009, 24,000 stock options were exercised for gross proceeds of \$18,000. The Company reallocated the fair value of these options previously recorded in the amount of \$10,020 from contributed surplus to share capital.
- (ix) During the year ended January 31, 2009, 995,290 warrants were exercised for gross proceeds of \$995,290.

(c) Compensation option

A summary of the compensation options during the years ended January 31, 2010 and 2009 is as follows:

	Underlying Options	Weighted Average Exercise Price
Balance, January 31, 2009	-	-
Issued	443,178	\$0.90
Balance, January 31, 2010	443,178	\$0.90

As at January 31, 2010 and 2009, the following compensation options were outstanding and exercisable:

Number of Compensation Options Outstanding and Exercisable			Exercise Price Per Share	Expiry Date
2010	2009			
365,168	-	\$0.90	September 28, 2011	
78,010	-	\$0.90	November 9, 2011	
443,178	-			

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9. Share Capital (continued)

(d) Share purchase warrants

A summary of the share purchase warrants issued, exercised and expired during the years ended January 31, 2010 and 2009 is as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, January 31, 2008	6,893,817	\$1.61
Issued	569,139	\$1.55
Exercised	(995,290)	\$1.00
Balance, January 31, 2009	6,467,666	\$1.67
Issued	6,127,664	\$1.25
Exercised	(120,000)	\$1.00
Expired	(4,308,334)	\$1.25
Balance, January 31, 2010	8,166,996	\$1.60

As at January 31, 2010 and 2009, the following share purchase warrants were outstanding and exercisable:

Number of Warrants Outstanding and Exercisable		Exercise Price Per Share	Expiry Date
2010	2009		
-	505,284 *	\$2.60	February 8, 2009
-	1,005,283**	\$1.00	April 30, 2009
-	271,900**	\$1.00	April 30, 2009
-	424,998**	\$1.00	April 30, 2009
-	1,965,000**	\$1.00	April 30, 2009
-	255,869	\$2.00	December 31, 2009
269,139	269,139	\$1.50/\$2.00	February 4, 2009/February 4, 2010
300,000	300,000	\$1.60/\$2.00	March 19, 2009/March 19, 2010
470,193	470,193	\$3.00	April 26, 2010
1,000,000	1,000,000	\$3.00	April 26, 2010
266,380	-	\$1.25	December 15, 2010
3,742,684	-	\$1.25	September 28, 2011
556,000	-	\$1.25	September 30, 2011
1,562,600	-	\$1.25	November 9, 2011
8,166,996	6,467,666		

During the year ended January 31, 2010, 6,570,842 warrants were issued, 120,000 warrants were exercised raising gross proceeds of \$120,000 and 4,308,334 warrants expired unexercised.

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For the years ended January 31, 2010 and 2009

9. Share Capital (continued)

(d) Share purchase warrants (continued)

*In February 2008, the Company amended the terms of 505,284 warrants by extending their expiry date from February 8, 2008 to February 8, 2009 and re-pricing their exercise price from \$3.25 to \$2.60. The aggregate fair value of the amendments to the warrants of \$nil has been estimated using the Black-Scholes option pricing model with the following assumptions for the fair value of the original warrants at the date of amendment and the fair value of the amended warrants at the date of the amendment, respectively: risk-free interest rates of 3.24% and 3.16%, dividend yield of nil and nil, volatility of 9.93% and 55.18%, and an expected life of 0.02 years and 1.02 years. During the year ended January 31, 2010, these 505,284 warrants expired unexercised.

**In December 2008, the Company amended the terms of 3,667,181 warrants as follows:

Number of Warrants	Previous Terms			Amended Terms	
	Exercise Price to June 1, 2008	Exercise Price June 1, 2008 to Expiry	Expiry Date	Exercise Price	Expiry Date
1,005,283	\$1.00	\$1.20	December 21, 2008	\$1.00	April 30, 2009
271,900	\$1.00	\$1.20	December 28, 2008	\$1.00	April 30, 2009
424,998	\$1.00	\$1.25	December 28, 2008	\$1.00	April 30, 2009
1,965,000	\$1.00	\$1.20	December 28, 2008	\$1.00	April 30, 2009

The aggregate fair value of the amendments to the warrants of \$346,182 has been estimated using the Black-Scholes option pricing model with the following assumptions for the fair value of the original warrants at the date of amendment and the fair value of the amended warrants at the date of the amendment, respectively: risk-free interest rates of 0.95% and 0.98%, dividend yield of nil and nil, volatility of 63.35% and 117.55%, and an expected life of 0.07 years and 0.41 years. During the year ended January 31, 2010, 120,000 of these warrants were exercised and 3,547,181 warrants expired unexercised.

(e) Stock options

The Company has a stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted equal in number up to 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The option price under each option is not less than the discounted market price on the grant date. The expiry date for each option is set by the Board of Directors at the time of issue and cannot be more than five years after the grant date.

9. Share Capital (continued)

(e) Stock options (continued)

A summary of the stock options granted, exercised and forfeited during the years ended January 31, 2010 and 2009 is as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding at January 31, 2008	1,184,000	\$1.16
Issued	506,000	\$0.78
Exercised	(24,000)	\$0.75
Forfeited	(117,500)	\$1.14
Options outstanding at January 31, 2009	1,548,500	\$1.04
Issued	791,500	\$0.84
Exercised	(24,667)	\$0.75
Forfeited	(107,000)	\$1.02
Options outstanding at January 31, 2010	2,208,333	\$0.98

During the year ended January 31, 2010, the Company granted a total of 791,500 stock options to directors, officers, employees and consultants with a weighted average exercise price of \$0.84 per share expiring on July 29, 2014 and January 15, 2015.

During the year ended January 31, 2009, the Company granted a total of 506,000 stock options to directors, officers, employees and consultants. Of the options granted 42,000 are exercisable at a price of \$1.16 per share until May 14, 2013 and 464,000 are exercisable at a price of \$0.75 per share until November 21, 2013.

At January 31, 2010, the Company has 2,208,333 stock options outstanding with a weighted average remaining contractual life of 2.95 years.

As at January 31, 2010 and 2009, the following stock options were outstanding and exercisable:

Number of Options Outstanding		Number of Options Exercisable		Exercise Price per Share	Expiry Date
2010	2009	2010	2009		
956,000	956,000	956,000	956,000	\$1.16	January 16, 2011
-	50,000	-	50,000	\$1.16	July 23, 2012
40,500	60,500	40,500	60,500	\$1.16	November 29, 2012
42,000	42,000	42,000	21,000	\$1.16	May 14, 2013
379,000	440,000	379,000	440,000	\$0.75	November 21, 2013
59,333	-	59,333	-	\$0.75	July 29, 2014
731,500	-	731,500	-	\$0.85	January 15, 2015
2,208,333	1,548,500	2,208,333	1,527,500		

9. Share Capital (continued)

(f) Stock-based compensation

Stock-based compensation expense is determined using the fair value method. The Company estimated the fair value of options granted during the year ended January 31, 2010 of \$502,560 (2009 - \$223,660) using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2010	2009
Risk-free interest rate	2.49%	2.57%
Expected dividend yield	0%	0%
Expected stock price volatility	81.34%	82.45%
Expected option life in years	5	5
Forfeiture rate	0%	0%

During the year ended January 31, 2010, the Company recorded stock-based compensation expense on options vested during the year of \$502,560 (2009 - \$561,106), allocated as follows:

	2010	2009
Directors, officers and employees	\$ 471,254	\$ 193,710
Consultants	31,306	21,214
Modification of warrants (Note 9(c))	-	346,182
	\$ 502,560	\$ 561,106

At January 31, 2010 there is \$nil (2009 - \$8,735) in unrecognized stock-based compensation, to be recognized in future periods.

Option pricing models require the input of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

10. Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not disclosed elsewhere in these statements are as follows:

- (a)** During the year ended January 31, 2010, the Company paid, or made provision for the future payment of, the following amounts to related parties:
- (i) \$187,005 (2009 - \$205,631) for administrative fees, overhead expenses and reimbursement of out-of-pocket operating expenditures on the Company's behalf and \$19,995 (2009 - \$17,157) for certain mineral property expenses to Oniva International Services Corp. ("Oniva"), a private company beneficially owned by the Company and five other reporting companies related through common directors;
 - (ii) \$360,000 (2009 - \$67,500) as consulting fees to three private companies controlled by directors;

10. Related Party Transactions (continued)

(a) (continued)

- (iii) \$96,000 (2009 - \$96,000) for general exploration expenses on the mineral property to a private company controlled by the President and Chief Executive Officer of the Company for geological consulting and general mine management;
- (iv) \$4,500 (2009 - \$Nil) for general exploration expenses on the mineral property to the Chief Operating Officer;
- (v) \$27,500 (2009 - \$18,000) for directors' fees to certain directors of the Company; and
- (vi) \$406,092 (2009 - \$285,894) for drilling expenses from a private drilling company with common management.

(b) Due from related party consists of the following:

	2010	2009
ABC Drilling	\$ 7,551	\$ 3,411

The above noted related party is related through common management and directors.

(c) Due to related parties consists of the following:

	2010	2009
Coral Gold Resources Ltd.*	\$ -	\$ 27,998
Hazeldene Farm Ltd.*	9,728	-
Dr. Matthew Ball	4,725	-
Oniva International Services*	16,283	15,263
Due to Directors	9,000	-
	\$ 39,736	\$ 43,261

*The above noted related parties are related through common directors or are beneficially owned by the Company and five other companies related through common directors.

Related party balances are unsecured, due on demand and do not bear interest.

11. Commitment

The Company entered into a cost sharing agreement dated October 1, 1997 and amended November 1, 2003 to reimburse Oniva for a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses referred to above. The agreement may be terminated with one month's notice by either party.

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12. Income Taxes

Income tax recovery differs from the amount that would result from applying the Canadian federal and provincial statutory income tax rates to loss before income taxes. For the year ended January 31, 2010 the statutory tax rate is 25.00% (2009 – 30.92%). These differences result from the following items:

	2010	2009
Income tax recovery at the statutory income tax rate	\$ 298,033	\$ 307,140
Share issuance costs	102,896	9,341
Stock-based compensation	(150,768)	(173,475)
Non-deductible amortization expense	(2,543)	-
Non-capital loss carry-forwards expired	-	(28,780)
Change in timing differences	(94,407)	26,755
Effect of CRA audit adjustments to tax pools	(307,891)	-
Effect of additions to resource pools	526,818	-
Effect of share issuance costs	248,735	-
Effect of changes in the tax rates	(174,279)	(34,601)
Change in the valuation allowance	128,454	39,217
Future income tax recovery	\$ 575,048	\$ 145,597

The components of the future income tax assets and liabilities, after applying substantively enacted tax rates of 25.00% (2009 – 26.00%) are as follows:

	2010	2009
Non-capital loss carry-forwards	\$ 1,576,064	\$ 1,282,523
Equipment tax cost in excess of book value	175,300	180,108
Share issuance costs and other	182,400	63,302
Future income tax assets	1,933,764	1,525,933
Less: valuation allowance	(293,634)	(422,088)
Future income tax assets, net	1,640,130	1,103,845
Future income tax liability		
Mineral property expenditures renounced	(1,640,130)	(1,103,845)
Future income taxes, net	\$ -	\$ -

The valuation allowance reflects the Company's estimate that the benefits of the future income tax assets are not more likely than not to be realized.

The Company has accumulated non-capital losses for income tax purposes of approximately \$6,315,000. The losses expire in the following years:

2011	\$ 244,000
2015	1,006,000
2026	1,317,000
2027	1,170,000
2028	1,100,000
2029	643,000
2030	835,000
	\$ 6,315,000

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12. Income Taxes (continued)

In addition, the Company has accumulated Canadian Exploration and Development Expenses for income tax purposes of approximately \$13,236,851 (2009 - \$14,353,823). The expenditures pools can be carried forward indefinitely to be applied against taxable income of future years.

The Company has approximately \$389,287 (2009 - \$491,938) in pre-production mining expenditures income tax credits, which may be used to offset federal income taxes payable. Credits may be carried forward for a maximum of 20 years to be applied against federal income taxes payable of future years.

During the year ended January 31, 2010, the Company renounced \$2,300,191 (2009 – \$559,988) of qualifying Canadian Exploration and Development Expenditures pursuant to the issuance of flow-through shares.

13. Supplemental Cash Flow Information

	2010	2009
Non-cash transactions for the years ended January 31		
Amounts due from related parties included in mineral property	\$ 7,551	\$ 3,411
Accounts payable and accrued liabilities included in mineral property	\$ 127,061	\$ 30,201
Other supplemental cash flow information:		
Cash paid during the year for		
Interest expense	\$ -	\$ -
Income tax expense	\$ -	\$ -

14. Mining Exploration Tax Credit (“METC”)

The Company recognizes METC amounts receivable from the government and records those amounts as a recovery in the period in which recoverability can be established and the amount quantified. During the 2010 fiscal year, the Company received a cash payment of \$1,423,672 for the METC and interest related to the fiscal years ended January 31, 2004, 2005, 2006 and 2007. Of this amount, \$1,158,178 was METC including the reduction of deferred exploration expenses. The balance of \$265,494 was recorded as interest income. An additional amount of \$931,000 for METC claims for the years ended January 31, 2008, 2009 and 2010 has been recorded as receivable at January 31, 2010.

15. Subsequent Event

Subsequent to year-end, certain directors of the Company exercised 22,000 options at \$0.75 per share.

The following discussion and analysis of the operations, results and financial position of Bralorne Gold Mines Ltd. (the "Company" or "Bralorne") for the year ended January 31, 2010 should be read in conjunction with the January 31, 2010 Financial Statements and the notes thereto.

This Management Discussion and Analysis ("MD&A") is dated May 26, 2010 and discloses specified information up to that date. Bralorne is classified as a "venture issuer" for the purposes of National Instrument 51-102. The Company's financial statements are prepared in accordance with generally accepted accounting principles in Canada. The significant policies are outlined in Note 2 to the Financial Statements and have been applied consistently for the twelve months ended January 31, 2010. Unless otherwise cited, references to dollar amounts are Canadian dollars.

Throughout this report we refer to "Bralorne", the "Company", "we", "us", "our" or "its". All these terms are used in respect of Bralorne Gold Mines Ltd. ***We recommend that readers consult the "Cautionary Statement" on the last page of this report.*** Additional information relating to the Company is available on SEDAR at www.sedar.com.

Business Description

The Company is a natural resource company, primarily engaged in the acquisition, exploration and development of natural resource properties since its inception. The Company's principal business activity for the last 15 years has been the exploration and development of certain mineral properties located in the Lillooet Mining District of British Columbia in the Bridge River area near Lillooet, specifically referred to as the Bralorne, Pioneer and King gold mines. The Property includes mineral properties that have produced approximately 4 million ounces of gold from 8 million tons of ore over 40 years in the historic Bralorne gold camp of British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol BPM, on the OTC PK under the symbol BPMSF and on the Berlin & Frankfurt Stock Exchanges under the symbol WKN A0B75M or GV7.

The Property consists of 154 Crown granted mineral claims, ten freehold parcels of land, two reverted Crown granted claims and eight metric unit claims that includes the former Bralorne, Pioneer and King gold mines in the historic Bridge River gold mining camp of southwest British Columbia. The entire Bralorne Gold Mine Property covers approximately 2,490 hectares. The Property is located 160 kilometres due north of Vancouver, British Columbia, Canada.

The claims comprising a small portion of the Property are subject to an underlying covenant in which the Company is required to pay 1.6385% of Net Smelter Proceeds of Production to Bralorne Resources Limited of Calgary, Alberta. In addition, there is an underlying agreement on 12 specific crown grants that requires the Company to pay to Bralorne Resources Limited of Calgary, Alberta, an amount of fifty cents (\$0.50) per ton of ore produced from these claims, if the ore grade exceeds $\frac{3}{4}$ (0.75) ounce per ton gold.

Overall Performance

Over the past year there was a shift in emphasis to underground development aimed at proving up resources. Diamond drill exploration was continued to search for new veins and to further test known structures. The following is a summary of significant events and transactions during the year ended January 31, 2010 to the date of this MD&A:

A review of the 2008 surface drill program results in 3D was performed by Garth Kirkham of Beacon Hill Consultants early in the year. This review included inspection of the drill core and sending samples to Eco-Tech in Kamloops, BC for independent assays. The drilling results combined with the 3D modelling suggested 3 new possible parallel structures may be present in addition to the known BK and Alhambra veins. Confirmation drilling was recommended.

This recommendation was then followed by an updated NI 43-101 report prepared by Dr. Matt Ball in June 2009. The resource estimate for the property was updated with all the information from the most recent drifting program completed in late 2008. It includes an estimate for the new BK Zone at the 800 level. The updated resource estimate is summarized in the Table below. According to Dr Ball, **the total contained gold is estimated at 77,750 ounces/2,418,365 grams (Measured= 9,200oz / 286,262g & Inferred = 68,550oz / 2,132,103g).**

Updated Resource Estimate for the Bralorne Mine Property

Vein	Measured		Inferred	
	Tonnes	g/T Au	Tonnes	g/T Au
51B FW "A" King	9,566	12.00	4,420	9.35
51B FW "B"			53,142	11.01
51B FW "C"			7,165	19.95
51B FW "D" Taylor			20,578	31.74
BK above 800 Level	3,884	21.26	6,260	21.53
BK below 800 Level	4,176	21.27	10,766	21.53
Total	17,627	16.24	142,330	14.98

Based on the findings of the 2008 program, the 2009 drilling program was then developed by Dr. Ball. The objectives of the program are provided below:

- a. Further define the BK vein above the 800 level. A number of diamond drill holes were designed to test the vein above the sublevel being developed at the 575 Level and to test extensions to the east and west.
- b. Test parallel structures such as the Alhambra vein and other inferred structures lying both south and north of the BK vein, above 800 level. This will allow the Company to confirm the three new interpreted vein structures and test their resource potential.
- c. Test for new structures in the under-explored BK Gap area above 800 level and south of Alhambra structure.

This program included both surface and underground drilling. Permits were applied for and granted. The surface program was initiated in September and results for the first 12 included several significant drill intercepts with the highest being 43.51g/t over 0.6m true width for hole number SB09-149.

In addition to the exploration drilling program, mine development was started in April of 2009 on the new BK portal from the surface to intersect the 575 level. Due to the difficult ground conditions the advance has been slow. Corrective action had to be taken and Roktek Services was contracted for this service. The work of stabilizing the ground was successfully completed by November.

While the repairs were being done on the new BK portal the mine crew mobilized equipment and initiated work on the new Taylor portal when the permit was granted in October. This work consisted of upgrading the access road and driving a 228 meter cross cut from the surface to the 400 level to access the 51B FW and Taylor veins.

Underground Exploration

Exploration is continuing over the winter with underground development of the BK vein and the 51BFW and Taylor veins in the Bralorne Pioneer gap.

On the BK vein, raise development was conducted to further define the gold mineralized shoots above the 800 Level. Two raises were driven up from the drift level, inclined at 50 degrees within the vein, to confirm the grade and limits of potentially economic mineralization encountered in two sections of the drift in 2008. The eastern raise was started on December 3rd and as of December 15th was driven a length of approximately 30.5 meters (100 feet). The western raise was started on January 4th and driven a length of 36 Meters (120 feet). Both raises show that the BK vein mineralization is continuous above the 800 Level.

Eastern BK Raise

The eastern raise was collared in a gap in mineralization at 800 Level and driven up to the east into one of two mineralized blocks. The raise encountered significant mineralization at 8.5 meters (28 feet) to the top of the raise at 29 meters (96 ft). Preliminary results from the on-site laboratory in 9 assays ranges from **2.78 to 306.2 g/T Au (0.081 to 8.93 oz/ton) with an average grade of 44.61 g/T Au (1.301 oz/ton) uncut over a true width of 0.61 meters (2.0 feet). The cut grade is 22.11 g/T Au (0.645 oz/ton) using the historic cutting procedure (> 3.0 oz cut to 3.0 oz).** The adjacent wall rock grade averages 1.44 g/T Au (0.042 oz/ton). The overall grade of the raise material estimated from the chip sample assays is 12.79 g/T Au (0.373 oz/ton) uncut or 6.89 g/T Au (0.201 oz/ton) cut. The average grade of corresponding muck samples is 6.75 g/T Au (0.197 oz/ton) which reconciles with the chip sample cut grade estimate.

In February 2010 the Company reported a revised grade of the vein from 11 assay traverses (including check assay results) as ranging from **2.78 to 60.7 g/T Au (0.081 to 1.77 oz/ton) with an average grade of 20.7 g/T Au (0.604 oz/ton) over a true width of 0.58 meters (1.9 feet).** The average grade of the zone over a nominal mining width of 1.2 meters (4 feet) is 11.9 g/T Au (0.348 oz/ton). The revised grade is only slightly lower than the preliminary estimate, with the difference being attributed to a significant nugget effect due to the mineralization containing coarse particulate gold.

The vein at the top of the raise is well developed and the last two sample traverses assayed 60.7 g/T over 0.6 meters and 45.7 g/T over 0.8 meters (1.77 oz/ton over 2.0 ft and 1.333 oz/ton over 2.5 ft). This is very encouraging because previous results from underground drilling indicated low grade in this vicinity.

Western BK Raise

The western raise was collared on January 4th at the west side of the larger of two mineralized blocks and it was driven to a total of 36.5 meters (120 feet). The grade of the vein from 15 assay traverses ranges from **1.54 to 136.97 g/T Au (0.045 to 3.995 oz/ton) with an average grade of 35.23 g/T Au (1.028 oz/ton) over a true width of 0.8 meters (2.6 feet).** The grade of the zone over a minimum mining width of 1.2 meters (4.0 feet) averages 25.2 g/T Au (0.736 oz/ton) uncut, or 22.9 g/T Au (0.668 oz/ton) using the historical mine cutting procedure of reducing assays over 3.0 to 3.0 oz/ton. The results are comparable to the average grade of the same mineralized shoot on the 800 Level drift, which is 24.8 g/T Au over 1.3m (0.722 oz/ton over 4.4 ft) along a strike length of 53.9 meters (177 ft). The vein at the top of the raise is mineralized, indicating that the raise did not reach the upper limit of the gold mineralization.

New Vein

A new unexpected vein was cross cut in the new 400 Level Adit, which was broken through to the Bralorne 400 Level. The vein was intersected just east of historic workings on the Coronation or 77 vein, and was explored by drifting to the east (7.3m) and west (11m) of the cross-cut. The grade of the vein from 10 assay traverses ranges from **0.79 to 66.65 g/T Au (0.023 to 1.944 oz/ton) with an average grade of 9.95 g/T Au (0.290 oz/ton) over a true width of 0.8 meters (2.7 feet)**. The grade of the zone over a minimum mining width of 1.2 meters (4.0 feet) averages 4.4 g/T Au (0.129 oz/ton) over an average width of 1.3 meters (4.2 feet). Top cutting was not required as there were no extreme high assays. The vein is interpreted to be a split off of the main Coronation (77 vein). Further exploration drilling is being planned to determine its potential extensions.

All underground chip samples were collected by employees of the company and preliminary assays were performed by employees at the on-site assay laboratory. Normal fire assay procedures were followed using 30g (1 assay ton) charges. Repeat analyses and/or metallics screen assays are routinely performed on high grade samples. Check sample pulps and rejects were submitted to Eco Tech Laboratories in Kamloops for verification.

North Vein

Near the end of the year, the North vein in the former King mine was identified as a target for underground exploration. Plans were made to drive an access drift followed by sublevels and raises to explore the vein and define ore grade material indicated on historic mine plans. The target lies above the 800 Level and extends up to and above the 700 Level.

Surface Exploration

Surface drilling in the BK Gap targeted the BK vein and inferred parallel veins. All of the holes intersected alteration zones and quartz veins. The BK vein was pierced above the planned 575 sublevel above the 800 Level. A total of 3,651.4 meters in 16 holes was drilled before the program was halted due to freezing winter conditions. Five holes remain to be drilled in addition to the hole underway when the drilling stopped.

Drilling results were announced in January 2010 as given in Table 1. The Company considers all intercepts assaying 0.1 oz/ton Au or greater as significant, but cautions that these intercept data are preliminary in nature and not conclusive evidence of the likelihood of the occurrence of an economic mineral deposit.

All holes were drilled at NQ size and the recovered core was split for sample collection. One half of the core was sent for analysis and the other half has been kept and stored at the core facility located at the mine site. Samples were shipped to Eco Tech Laboratory Ltd. at Kamloops, BC, and gold geochemical analyses were done by the fire assay method using a 1 assay ton charge. Quality control was monitored by inclusion of reference standards and blank samples in 10% of the samples, and by repeat analyses on selected pulps. Additional analyses of selected samples were done at a second commercial laboratory as a further check. These second check assays confirmed the original assays with the exception of the high grade intercept in hole SB09-149, where a check metallics assay returned a value of 104.52 g/T (3.048 opt).

Table 1. Significant Assays from 2009 Drill Program

DDH	Az.	Inc.	From (m)	To (m)	Core Interval (m)	True Width (m)	Au (oz/ton)	Au (g/T)	Comment	Target
SB09-149	360	-45	172.1	173.0	0.9	0.6	1.269	43.51	Vein Zone (50% vein)	BK
"			176.2	176.9	0.8	0.5	0.167	5.73	Vein	BK
SB09-151	360	-57	54.6	55.0	0.5	0.2	0.141	4.83	Vein	Alhambra
"			55.0	55.8	0.8	0.4	0.098	3.36	Vein Zone (50% vein)	Alhambra
"			178.7	179.2	0.5	0.2	0.277	9.50	Vein - contains VG	BK
SB09-154	360	-54	20.7	21.6	0.9	0.5	0.098	3.36	Alteration Zone	Alhambra
"			149.4	150.3	0.8	0.4	0.129	4.42	Vein	BK
"			192.0	192.9	0.9	0.5	0.137	4.70	Alteration Zone	BK north
SB09-158	360	-55	95.3	96.0	0.7	0.3	0.113	3.87	Alteration Zone	Alhambra
"			165.5	165.8	0.3	0.2	0.347	11.90	Vein	BK south
"			202.4	203.0	0.6	0.3	0.104	3.57	Vein Zone (15% vein)	BK
"			208.1	208.8	0.7	0.3	0.142	4.87	Vein Zone (18% vein)	BK
SB09-160	360	-56	228.9	230.7	1.8	0.9	0.120	4.10	Alteration Zone	BK north
"			232.9	234.1	1.2	0.6	0.105	3.60	Alteration Zone	BK north
"			254.8	255.7	0.9	0.5	0.100	3.43	Alteration Zone	BK north
SB09-161	360	-55	74.4	77.4	3.0	1.5	0.188	6.44	Alteration Zone	Alhambra
"			78.3	79.9	1.5	0.8	0.203	6.97	Alteration Zone	Alhambra
"			163.4	164.7	1.3	0.7	0.156	5.36	Alteration Zone	BK
SB09-162	180	-45	135.0	135.8	0.8	0.5	0.095	3.26	Alteration Zone	BK 8
SB09-163	180	-45	15.2	15.8	0.6	0.4	0.197	6.75	Vein	BK 11

Plans for the near future include:

- 1) Develop draw points and initiate stopping from the 800 level on the BK Zone, and build up a stock pile of development material to prepare for mill production.
- 2) Explore the North vein in the King mine area by developing drift access, raises and sublevels to confirm the historic resource. Trial mining to follow on positive results.
- 3) Continue exploration and development of inferred resources on the 400 level 51B Footwall and Taylor Zones to prove-up tonnage and prepare for mining.
- 4) Continue the decline to the 575 level to explore the upper BK vein.
- 5) Complete the surface drilling program to test the extensions of the BK zone to the east and west and explore parallel structures.
- 6) Commence underground drilling in 2010.
- 7) Continue on-going compilation of historic data (data mining) to identify new exploration and development targets.

Selected Annual Information

Year Ended	January 31, 2010	January 31, 2009	January 31, 2008
Revenue	\$ —	\$ —	\$ —
Loss before other items	(1,180,496)	(1,042,820)	(663,923)
Income (loss) for the year	(418,394)	(847,848)	(658,756)
Income (loss) per share - basic and diluted	(0.02)	(0.05)	(0.05)
Total Assets	27,045,188	22,237,892	20,803,131
Total Liabilities	337,258	316,826	404,532
Working Capital	4,474,128	801,036	1,387,175

The 2010 fiscal year saw the Company raise net proceeds of \$5,274,221 through the issuance of shares. The proceeds from fiscal 2010 along with the continued exploration on the Bralorne Property significantly increased total assets and working capital while liabilities remain constant.

The loss before other items remains relatively constant due to the majority of expenditures being deferred to mineral property with the major difference resulting in the fluctuation of non-cash items such as stock-based compensation and future income taxes. The differences in the loss of the three comparative years are primarily attributable to future income tax recovery amounts related to the issuance of flow-through shares. During the current year, the Company recorded a recovery of \$575,048 as compared to the prior year of only \$145,597.

Results of Operations

Three months ended January 31, 2010 compared with the three months ended January 31, 2009.

Head Office-General And Administrative Expenses

General and administrative expenses totaled \$417,831 for the three months ended January 31, 2010 compared with \$663,259 for the three months ended January 31, 2009, a decrease of \$245,428. The main decreases were \$117,771 in office, \$50,376 in shareholder information and \$97,820 in stock-based compensation. These decreases were offset by increase of \$10,000 in consulting fees, \$8,681 in salaries and benefits and \$5,213 in travel. The decrease in office was attributable to the reclassification of flow-through share costs of \$93,564. Stock-based compensation was higher in the prior year as the amount included an expense related to the amendment of warrants. During the current period, there was a credit to shareholder information of \$75,000 which resulted in the significant reduction in shareholder information. This credit related to the reversal of an accrual from several years back. The Company also reversed a prior accrued liability of \$27,998 to a related party resulting in a lower amount of \$24,207 for office and occupancy.

Income / Loss For The Period

The income for the three months ended January 31, 2010 was \$71,697 compared with a loss of \$523,486 for the three months ended January 31, 2009, a decrease of \$595,183. This decrease was mainly attributable to a significant increase of \$429,451 in future income tax recovery in the current period. As discussed above, general and administrative expenses decreased by \$151,864. This was offset by a lower amount of interest income in the current period from \$14,639 in the prior year to \$8,044 in the current year. In addition, in the three months ended January 31, 2009, the Company recognized \$20,463 in flow through share costs with nil being reported in the current period.

Twelve months ended January 31, 2010 compared with the twelve months ended January 31, 2009.

Head Office-General And Administrative Expenses

General and administrative expenses totaled \$1,180,496 for the year ended January 31, 2010 compared with \$1,042,820 for the year ended January 31, 2009, an increase of \$137,676. Generally, administrative expenses are lower as compared to the prior year due to a general overall reduction in expenditures. Decreases include \$8,850 in automobile expense, \$6,650 in listing and filing fees, \$14,005 in professional fees, \$36,475 in office occupancy, \$58,546 in stock-based compensation and \$62,308 in shareholder information. These decreases were offset by increases of \$302,542 in consulting fees, \$9,500 in director's fees and \$10,259 in travel. This increase in consulting fees is attributable to one-time payments of \$300,000 to management. The Company authorized payments to the Board during the third quarter of the year ended January 31, 2009; therefore there was no expense in the first half of fiscal year 2009. Shareholder information costs were lower in the current year due to a one-time credit of \$75,000 from a prior accrued liability. This was also the case with office and occupancy costs as the Company recorded a one-time credit of \$27,998 of a prior amount due to a related party. Professional fees were lower in the current year due to lower legal and accounting costs. As discussed above, stock-based compensation was lower in the current year as the result of a one-time expense during fiscal year 2009 related to the amendment of warrants.

Loss For The Period

The loss for the year ended January 31, 2010 was \$418,394 compared with a loss of \$847,848 for the year ended January 31, 2009, a decrease of \$429,454. This difference was mostly resulting from a significant increase of \$429,451 in future income tax recovery along with an increase of \$210,780 in interest income which primarily relates to one-time interest income of \$265,493 for the B.C. Mining Exploration Tax Credit refunds. Offsetting these differences were increases of \$137,676 in general and administrative expenses as discussed above and of \$73,101 in flow through share costs in current year.

Summary of Quarterly Results

Period ended	Jan 31 2010 Q4	Oct 31 2009 Q3	Jul 31 2009 Q2	Apr 30 2009 Q1	Jan 31 2009 Q4	Oct 31 2008 Q3	Jul 31 2008 Q2	Apr 30 2008 Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Net Income (Loss)	71,697	(246,149)	(146,342)	(97,600)	(523,486)	(101,561)	(107,344)	(115,457)
Income (Loss) per Share basic and diluted	0.00	(0.03)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)

The Company's quarterly general and administrative costs remain relatively stable. Factors causing significant changes between quarters have primarily been items such as stock-based compensation and future income tax expenses or recoveries which are not expensed in every quarter. As in Q4 of 2010, a positive quarterly result recorded because of a significant future income tax recovery which more than offset the expenses in other areas.

Liquidity and Capital Resources

During the year ended January 31, 2010 the Company received over \$1.4M for mineral exploration and interest on its Bralorne Property. As was the case in the previous year, the mill has been shut and the Company has been focused on drilling, development and exploration. In conjunction with exploration activities work concerning environmental studies and compliance measures continues. At this time the Company has no operating revenues.

At January 31, 2010, the Company held \$498,715 worth of gold dore bars and silver that were produced during the bulk sampling stage in a prior year in safe-keeping and working capital of \$4,474,128 and cash and cash equivalents of \$3,717,843. The Company is continuing its exploration drilling program and has outlined a plan to spend approximately \$2.5 million on the BK Zone. The Company has sufficient cash on hand at this time to finance the exploration work on its mineral properties and maintain administrative operations.

On November 9, 2009, the Company closed the final tranche of a brokered private placement issuing 1,175,600 non-flow-through units at a price of \$0.90 per unit for gross proceeds of \$1,058,040 and 387,000 flow-through units at a price of \$0.95 per unit for gross proceeds of \$367,650. Each non-flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until November 9, 2011. The Company paid a cash finder's fee of \$100,147. Proceeds net of share issuance costs were \$1,265,740.

On September 28, 2009, the Company closed a private placement issuing 3,470,222 non flow-through shares at a price of \$0.90 per unit for gross proceeds of \$3,123,200 and 828,462 flow-through shares at a price of \$0.95 per unit for gross proceeds of \$787,039. Each non flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. The flow-through shares will entitle the investor to the tax benefits of the qualifying Canadian exploration expenses incurred by the Company. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until September 28, 2011. The Company paid a cash finder's fee of \$324,743. Proceeds net of all share issuance costs were \$3,508,704.

On June 12, 2009, the Company closed a private placement issuing 75,263 flow-through shares at a price of \$1.10 per unit for gross proceeds of \$82,789 and 70,000 super flow-through shares at a price of \$1.20 per unit for gross proceeds of \$84,000. In addition, the Company issued 236,500 units at a price of \$0.95 per unit for gross proceeds of \$224,675. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant is exercisable for a term of 18 months into one common share at a price of \$1.25 per share until December 15, 2010. The Company paid a cash finder's fee of \$22,943. Proceeds net of all share issuance costs were \$364,802.

During the year ended January 31, 2010, 120,000 warrants were exercised for gross proceeds of \$120,000 and 24,667 stock options were exercised for gross proceeds of \$18,500.

During the year ended January 31, 2010, 24,667 stock options were exercised for gross proceeds of \$120,000.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprise substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the continued support from its directors, the discovery of economically recoverable reserves, the ability of the Company to obtain the financing necessary to

complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Transactions with Related Parties

During the year ended January 31, 2010, the Company paid, or made provision for the future payment, of the following amounts to related parties:

- (i) \$187,005 (2009 - \$205,631) for administrative fees, overhead expenses and reimbursement of out-of-pocket operating expenditures on the Company's behalf and \$19,995 (2009 - \$17,157) for certain mineral property expenses to Oniva International Services Corp. ("Oniva"), a private company beneficially owned by the Company and five other reporting companies related through common directors;
- (ii) \$360,000 (2009 - \$67,500) as consulting fees to three private companies controlled by directors;
- (iii) \$96,000 (2009 - \$96,000) for general exploration expenses on the mineral property to a private company controlled by the President and Chief Executive Officer of the Company for geological consulting and general mine management;
- (iv) \$4,500 (2009 - \$Nil) for general exploration expenses on the mineral property to the Chief Operating Officer;
- (v) \$27,500 (2009 - \$18,000) for directors' fees to certain directors of the Company; and
- (vi) \$406,092 (2009 - \$285,894) for drilling expenses from a private drilling company with common management.

Amounts due from related parties consists of \$7,551 (2009 - \$3,411) from a company related by way of common directors.

Amounts due to related parties consist of \$39,736 (2009 - \$43,261) to companies with common management and common directors.

Related party balances are unsecured, due on demand and do not bear interest.

Disclosure of Management Compensation

During the year ended January 31, 2010, \$246,000 was paid to the Chief Executive Officer and President for services as director and officer of the Company; \$180,000 was paid to the Chairman of the Board for services as director of the Company; \$21,817 was paid to the Chief Financial Officer for services as an officer of the Company; \$4,500 was paid to the Chief Operating Officer for services as an officer of the Company; \$30,000 was paid to a director for services as director of the Company; and \$16,455 was paid to the Secretary for services as an officer of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of commitments and contingencies at the date of the financial statements, and the reported amount of revenue and expenses during the year. Significant areas requiring the use of management estimates involve the carrying value of mineral properties, the recoverable amount due from related parties, determination of stock-based compensation, and determination of the site restoration obligation. Actual results may differ from those estimates.

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, accounts receivable, interest receivable, amounts due from related parties, accounts payable and amounts due to related parties approximate their fair value because of the short-term nature of these instruments. It is difficult to determine the fair value of the amounts due to and from related parties with sufficient reliability due to the nature of the financial instruments, the absence of secondary markets, and the significant cost of obtaining outside appraisals.

The Company extends credit to related parties and various third parties in the course of its exploration activities. The Company performs ongoing credit evaluations of its receivables and believes it has made adequate provisions for potential credit losses.

The Company places its cash and cash equivalents with high credit quality financial institutions.

The Company is not exposed to significant interest, credit or currency risk arising from these financial instruments.

Recent Canadian Accounting Pronouncements

Recent Canadian accounting pronouncements that have been issued but are not yet effective, and which may affect the Company's financial reporting are summarized below. For details of the specific accounting changes, refer to Note 2(l) of the Company's Financial Statements for the year ended January 31, 2010:

- i) Section 1582 Business Combinations
- ii) Section 1601 Consolidated Financial Statements
- iii) Section 1602 Non-controlling Interests

In addition, in February 2008 the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard requires that comparative figures for 2010 be based on IFRS.

The Company is developing an IFRS conversion plan which will include an in-depth analysis of the IFRS standards, with priority being placed on those that have been identified as possibly having a significant impact. Analysis will include identifying the differences between IFRS and the Company's accounting policies and assessing the impact of the difference. Changes in accounting policies are likely to impact the Company's consolidated financial statements.

Outstanding Share Data

The following is the Company's outstanding share data as of January 31, 2010 and May 26, 2010:

Common Shares: 22,852,425 as of January 31, 2010 and 22,874,425 as of May 26, 2010

Stock Options

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (Jan 31/10)	Number of Shares Remaining Subject to Options (May 26/10)
January 16, 2011	\$1.16	956,000	956,000
November 29, 2012	\$1.16	40,500	40,500
May 14, 2013	\$1.16	42,000	42,000
November 21, 2013	\$0.75	379,000	361,000
July 29, 2014	\$0.75	59,333	55,333
January 15, 2015	\$0.85	731,500	731,500
TOTAL:		2,208,333	2,186,333

Compensation Options

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (Jan 31/09)	Number of Shares Remaining Subject to Options (May 26/10)
Sept 28, 2011	\$0.90	365,168	365,168
Nov 9, 2011	\$0.90	78,010	78,010
TOTAL:		443,178	443,178

Warrants

Expiry Date	Exercise Price	Underlying Shares (Jan 31/10)	Underlying Shares (May 26/10)
Feb 4, 2009 / Feb 4, 2010	\$1.50 / \$2.00	269,139	-
Mar 19, 2009 / Mar 19, 2010	\$1.60 / \$2.00	300,000	-
Apr 26, 2010	\$3.00	470,193	-
Apr 26, 2010	\$3.00	1,000,000	-
Dec 15, 2010	\$1.25	266,380	266,380
Sept 28, 2011	\$1.25	3,742,684	3,742,684
Sept 30, 2011	\$1.25	556,000	556,000
Nov 9, 2011	\$1.25	1,562,600	1,562,600
TOTAL:		8,166,996	6,127,664

Commitment

The Company entered into a cost sharing agreement dated October 1, 1997 and amended November 1, 2003 to reimburse Oniva a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses referred to above. The agreement may be terminated with one month's notice by either party.

Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company assessed the design of the internal controls over financial reporting as at January 31, 2010 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by increasing additional accounting personnel, consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting occurring during the year ended January 31, 2010 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

Subsequent Event

Subsequent to January 31, 2010, certain directors and consultants of the Company exercised 22,000 options at \$0.75 per share.

Cautionary Statement

This MD&A is based on a review of the Company's operations, financial position and plans for the future based on facts and circumstances as of May 26, 2010. Except for historical information or statements of fact relating to the Company, this document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.