

Masuparia Gold Corporation

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2010

Date of Report: January 28, 2011

Directors and Officers as at January 28, 2011:

Directors:	David Baker Don Dybyk Brian Grant Earl Terris
Officers:	David Baker, President Brian Grant, VP Exploration Vivian Gu, CFO
Contact Name:	David Baker
Website:	www.masupariagold.com
TSX Venture Exchange Symbol:	MAS.V

Form 51-102F1

MASUPARIA GOLD CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2010

1.1 Date of This Report

January 28, 2011

1.2 Overall Performance

Description of Business

Masuparia Gold Corporation (the “Company”) is a publicly listed company trading under the symbol “MAS” (formerly “MPG”) on the TSX Venture Exchange (the “Exchange”). The Company was formerly in the mineral exploration business; however, during 2000, the Company divested its mineral exploration interests and reflected these operations as discontinued. Subsequent to this divestiture, the Company announced that it was contemplating a Change of Business from mining exploration to the non-resource sector. It then entered into an agreement to acquire a financial services company offering online trading and clearing services to international financial institutions through a fully functional website. This proposed Change of Business was not concluded and the Company returned to the mining sector in 2001 seeking opportunities in the resource industry.

The Company currently owns a 51% stake in the Greywacke gold property, in Saskatchewan.

Pursuant to the shareholders’ approval at the annual and special general meeting of shareholders held on June 15, 2009, the Company has consolidated its capital on a 10 old for 1 new basis. Effective at the opening July 16, 2009, the shares of the Company commenced trading on TSX Venture Exchange on a consolidated basis.

The numbers of shares and issue prices per share in this report have been restated to reflect the share consolidation.

1.3 Selected Annual Information

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	<u>September 30,</u> <u>2010</u>	<u>September 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
(a) Net sales	-	-	-
(b) Loss before extraordinary items			
(i) Total loss	\$234,122	\$2,686,712	\$449,800
(ii) Loss per share - basic	\$0.02	\$0.72	\$0.35
(iii) Loss per share - diluted	\$0.02	\$0.72	\$0.35
(c) Net loss			
(i) Total loss	\$234,122	\$2,686,712	\$449,800
(ii) Loss per share - basic	\$0.02	\$0.72	\$0.35
(iii) Loss per share - diluted	\$0.02	\$0.72	\$0.35
(d) Total assets	\$1,778,129	\$1,859,882	\$4,089,508
(e) Total long-term liabilities	-	-	-
(f) Cash dividends declared per-share	N/A	N/A	N/A

1.4 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the financial statements of the Company and notes attached hereto.

Mineral Properties

As at September 30, 2010, the Company had the following mineral properties interests:

Greywacke Property

On May 21, 2001, the Company entered into an option agreement with two companies (the "Optionors") whereby the Company could earn a 51% interest in four mineral claims located in northern Saskatchewan for the following consideration:

- i) \$10,000 (paid);
- ii) 16,665 common shares (issued); and
- iii) incurring exploration of \$850,000 (incurred).

The Greywacke property is located 85 kilometers north-east of La Ronge, Saskatchewan and comprises four (4) mineral claims totaling 268 hectares. A resource estimate by Cameco in 1991, based on 30 drillholes, outlined 298,000 tonnes grading 9.2 g/t gold in the Greywacke North Zone. A subsequent resources estimate by Wardrop in 2004 estimated 254,000 tonnes grading 8.79 g/t gold using a 5 g/t gold cut-off. It should be emphasized that these two historical estimates are unclassified, not compliant with NI 43-101 requirements, and should not be relied upon as an accurate representation and estimation of the gold resources. A small drill program undertaken by the company in 2005 on the Greywacke North deposit drilled a best intercept grading 8.2 g/t gold over 26.64 meters. Drilling results indicate that the deposit is open at depth. The Greywacke South and Lyons Zone are smaller additional gold zones identified and drilled historically, with best drilled intercepts of 5.3 g/t gold over 4.25 m and 26.4 g/t gold over 1.9 m respectively.

Greywacke – Exploration Results

Permit acquisition and initial planning and preparation for an exploration program on the Greywacke property took place during February 2008, and a drilling program of nineteen holes for a total of 3000.73 metres was completed in April 2008 and split-core samples were submitted to TSL Laboratories in Saskatoon for assay.

Assay results for the first eleven drillholes, all drilled within the North Zone were contained in a press release on May 21, 2008. Results for the remaining drillholes on the North and South zones were contained in a press release on June 16, 2008. The program results contained information which extended the economic potential of both the North and South zones and provided indications of economic potential in the area between these zones.

Greywacke – Future Developments

The Company is reviewing the results of the exploration to date and is formulating an exploration plan to better define the economic potential of the property.

Prior to the 2008 drill program, the Company commissioned Wardrop Engineering Inc. (Toronto) to do an NI 43-101 compliant resource estimate and the results were released to the public on April 7, 2008. Wardrop reported an Indicated Resource of 184,000 tonnes grading at 8.40 grams per tonne gold plus an Inferred Resource of 58,000 tonnes at 7.29 grams per tonne gold at a cut-off of 5 grams per tonne gold. The technical report is available for viewing on the company website at www.masupariagold.com.

Ungava Property

On July 30, 2004, the Company reached an agreement with Goldbrook Ventures Inc. (“Goldbrook”), whereby Goldbrook acquired 100% of the Company’s interest in this property. As consideration Goldbrook delivered 3,000,000 common shares to the Company.

This Agreement replaced the option previously granted to Goldbrook by the Company to earn up to an 80% interest in the Property. The Property is subject to a 1% net smelter return royalty on any mineral production from the Property. Goldbrook has the option to purchase one-half of this royalty for \$1 million.

Sucara

By agreements dated April 2007, the Company announced the acquisition of two options to purchase a 100% interest in the Sucara property. The Sucara property consisted of two mining claims totalling 161 hectares located in the State of Chihuahua, Mexico in the municipality of Guadalupe y Calvo. During the year ended September 30, 2009, the Company terminated these option agreements and wrote off \$82,592 in acquisition costs and deferred exploration costs.

Tenoriba

By agreements dated April 2007, the Company announced the acquisition of two options to purchase a 100% interest in the Tenoriba property. The Tenoriba property consisted of three mining claims totalling 8,100 hectares, located in the municipality of Guadalupe y Calvo, State of Chihuahua, Mexico. During the year ended September 30, 2009, the Company terminated these option agreements and wrote off \$2,122,508 in acquisition costs and deferred exploration costs.

Discussion of Operations and Financial Condition

Results of Operations

The net loss for the year ended September 30, 2010 were \$234,122 as compared with \$2,686,712 for the year ended September 30, 2009. The decrease in net loss was mainly due to fewer activities during the current year after \$2,205,100 Mexican mineral properties being written off in the year ended September 30, 2009. Changes of expenses are in the following categories:

- Consulting fees decreased by \$18,324 during the current year compared to the year ended September 30, 2009;
- Incurred \$11,500 exploration assessment costs in the year ended September 30, 2009 while \$Nil in the current year;
- Wages and benefits decrease by \$91,980, professional fees decreased by \$18,169, and filing and transfer agent fees decrease by \$17,859 during the year ended September 30, 2010 compared to the year ended September 30, 2009 as a result of terminating the Mexican property exploration project.

During the year ended September 30, 2010, the Company incurred management fees of \$72,000 (2009 – \$62,000) and professional fees of \$87,732 (2009 - \$105,901).

During the current year, the Company sold its Mexican subsidiary for gross proceeds of \$95,971.

The Company also recognized \$73,143 unrealized gain on available-for-sale assets during the year ended September 30, 2010 while \$96,858 unrealized loss was recognized during the comparative year ended September 30, 2009. Those unrealized gains are classified as other comprehensive income and are not included in the net loss.

Investor Relations Activities

During the year ended September 30, 2010, the Company issued press releases, responded to investor inquiries and conducted shareholder mailouts. Shareholder inquiries were handled either by directors of the Company or spokespersons specifically assigned to respond to any shareholder or investor calls. The Company has no formal investor relations agreement in place.

Financings, Principal Purposes & Milestones

On October 8, 2008, the Company closed a non-brokered private placement of 1,497,000 units of the Company at a price of \$0.50 per unit for gross proceeds of \$748,500. Each unit is comprised of one common share of the Company and one transferrable common share purchase warrant. Each warrant is exercisable into one additional common share of the Company for a period of two years from the closing date of the private placement at an exercise price of \$1.00. The Company applied the residual approach and allocated all proceeds to common shares and none to warrants. Finders' fees were paid in the amount of \$27,000.

On August 26, 2009, the Company closed a non-brokered private placement of 8,000,000 shares of the Company at a price of \$0.1125 per share for gross proceeds of \$900,000. No finder's fees were paid in respect of this private placement.

1.5 Summary of Quarterly Results

The following is a summary of the Company's unaudited financial results for the eight most recently completed quarters:

	<u>Q4</u> <u>30-Sept-</u> <u>10</u>	<u>Q3</u> <u>30-June-</u> <u>10</u>	<u>Q2</u> <u>31-Mar-</u> <u>10</u>	<u>Q1</u> <u>31-Dec-</u> <u>09</u>	<u>Q4</u> <u>30-Sept-</u> <u>09</u>	<u>Q3</u> <u>30-June-</u> <u>09</u>	<u>Q2</u> <u>31-Mar-</u> <u>09</u>	<u>Q1</u> <u>31-Dec-</u> <u>08</u>
Net Loss:	\$78,891	\$7,399	\$83,131	\$64,701	\$127,755	\$2,300,422	\$116,558	\$141,977
Per share	\$0.008	\$0.00	\$0.008	\$0.006	\$0.03	\$0.62	\$0.03	\$0.04
Per share – diluted	\$0.008	\$0.00	\$0.008	\$0.006	\$0.03	\$0.62	\$0.03	\$0.04

Discussion

For the year ended September 30, 2010, please refer to Section 1.4 Results of Operations.

1.6 Liquidity

As the Company has no revenue generating projects at this time, the ability of the Company to carry out its business plan rests with its ability to secure equity and other financings. At September 30, 2010, the Company's working capital deficit was \$95,143, compared to a working capital of \$144,709 as at September 30, 2009.

The Company will require additional financing to fund any new acquisitions, exploration programs as well as its holding costs on all of its properties. The ability of the Company to successfully fund the mineral properties and to acquire additional projects is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through the exercise of outstanding warrants, or arranging other forms of equity financing. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company.

1.7 Capital Resources

The capital resources of the Company are the capital assets with a carrying value of \$6,896, and the mineral properties, with a historical cost of \$1,359,363. The Company is committed to further expenditures on the mineral properties, as detailed in Section 1.4 Results of Operations.

1.8 Off Balance Sheet Arrangements

There is no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

During the years ended September 30, 2010 and 2009, the Company was charged the following amounts by companies owned by directors:

	<u>2010</u>	<u>2009</u>
Management fees	\$ 72,000	\$ 62,000
Consulting fees – financial	15,000	22,500
– investors’ relations	24,000	27,000
Equipment rental	17,438	17,438
Professional fees	18,000	12,250
Rent	<u>6,000</u>	<u>5,000</u>
	<u>\$ 152,438</u>	<u>\$ 146,188</u>

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

At September 30, 2010, the Company had an advance payable of \$90,000 (2009: \$Nil) to a company controlled by a director. The advance payable was unsecured, non-interest bearing payable on demand.

1.10 Fourth Quarter

The fourth quarter results do not differ significantly from other quarters.

During the year ended September 30, 2009, total mineral properties in the amount of \$2,205,100 have been written off.

\$73,143 unrealized gain on available-for-sale assets was recognized as other comprehensive income, but not included in the net loss, in the current year as a result of increased value in the securities held during the year ended September 30, 2010.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

1.13 Changes in Accounting Policies

Future Accounting Pronouncements -International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly listed companies to use IFRS, replacing Canadian generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company's year end is September 30 of each year. The first year of reporting for the Company using IFRS will be for the fiscal 2012 year commencing October 1, 2011 and ending on September 30, 2012. Accordingly, the Company will prepare its financial statements for fiscal 2011, the year ending September 30, 2011, using Canadian GAAP. In 2012, the Company will present its fiscal 2012 financial statements, with comparatives for fiscal 2011, using IFRS. This will necessitate the Company maintaining financial records in both GAAP and IFRS for fiscal 2011.

The key elements, timing and status of the Company's changeover plan are outlined below:

- Develop internal knowledge to manage changeover, design systems and produce IFRS reports. Accounting staff have commenced upgrading their knowledge and will continue throughout the process.
- Review accounting policy changes that are required or are optional under IFRS on conversion and make choices where necessary. An internal review is being conducted for major differences between IFRS and Canadian GAAP, where it is likely to affect the Company. It is expected that this review will be completed in the second quarter of 2011. When these changes and proposed decisions have been made, the audit committee and board will be provided with the knowledge to evaluate the proposed changes.
- Prepare 2011 opening balance sheets and reconciliations of 2011 interim and year end statements to Canadian GAAP statements of the same periods. The target will be to prepare these statements as soon as practicable through 2011. It is expected that draft opening balance sheets will be prepared during the second quarter.
- Review internal control implication of new policies and changeover. Internal control implications are targeted to be determined before the changeover date of October 1, 2011.
- Review disclosure controls and procedures in light of change to IFRS. Disclosure controls and procedures implications will be determined before the changeover date of October 1, 2011.

1.14 Financial and Other Instruments

The recoverability of the amounts capitalized for the mineral properties under exploration is dependent upon the determination of economically recoverable ore reserves, the ability to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

1.15 Other

Restatement:

During the preparation of the financial statements for the year ended September 30, 2010, the Company determined that a future income tax recovery had been incorrectly presented in the financial statements for the year ended September 30, 2009.

As at September 30, 2009, the fair value of the Company's marketable securities designated as available-for-sale exceeded the tax basis of these investments by \$209,350. These unrealized gains gave rise to a future income tax liability of \$14,000. The Company had sufficient non-capital losses available to reduce this future income tax liability to zero.

In accordance with CICA EIC 172, "Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain Recorded in Other Comprehensive Income", the reduction of the future income tax liability should have been recorded as a recovery in the statement of operations rather than as a recovery in other comprehensive income. This accounting policy was in effect for the Company's fiscal year ended September 30, 2009 where retroactive adoption was required.

The financial statements for the year ended September 30, 2009 have accordingly been adjusted to increase the future tax recovery in the statement of operations and reduce the unrealized gain on available-for-sale financial assets in comprehensive income by \$14,000. The impact on basic and diluted gain loss share is a decrease in the loss per share from (\$0.73) to (\$0.72). In addition the financial statements for the year ended September 30, 2009 have been accordingly adjusted to decrease both the opening deficit and accumulated comprehensive income by \$12,000 to reflect the impact on the opening figures as a result of the retroactive adoption of EIC 172.

Summary of restatement:

September 30, 2009	As Previously Reported	Adjustment	As Restated
Income tax (expense) recovery	\$ -	\$ 14,000	\$ 14,000
Net loss for the year	(\$ 2,700,712)	\$ 14,000	(\$ 2,686,712)
Unrealized gain on available-for-sale investment	\$ 110,858	(\$ 14,000)	\$ 96,858
Deficit, beginning of the year	(\$11,277,255)	\$ 12,000	(\$11,265,255)
Deficit, end of the year	(\$13,977,967)	\$ 26,000	(\$13,951,967)
Accumulated other comprehensive income, beginning of the year	\$ 98,492	(\$ 12,000)	\$ 86,492
Accumulated other comprehensive income, end of the year	\$ 209,350	(\$ 26,000)	\$ 183,350

Disclosure of Outstanding Share Capital (January 28, 2011)

	Number	Book Value
Common Shares	10,952,887	\$15,310,468

Summary of stock options outstanding:

Number of Shares	Exercise Price	Expiry Date
33,000	\$2.55	November 5, 2011

Share Consolidation:

At the annual and special general meeting of shareholders held on June 15, 2009, the shareholders of the Company approved the consolidation of the Company's common shares on a one new for ten old (1:10) basis. The Company effected the share consolidation at the opening July 16, 2009.

Disposition of Subsidiary

On April 12, 2010, the Company sold 100% of its shares in its Mexican subsidiary, Minera Masuparia S.A. de C.V. ("Minera") to an unrelated third party for gross proceeds of \$95,971 less \$23,993 withheld for Mexican income tax purposes. A gain in the amount of \$89,930 was recognized on the statement of operations and comprehensive loss as the amount of gross proceeds of \$95,971 less \$6,041 being the net book value of the net assets of Minera.

Additional Disclosure

The Company is a venture issuer that has not had any revenue from operations in either of its last two financial years. The Company has capitalized all expenditures relating to the exploration of its mineral property until such time as the properties are placed into production, abandoned, sold, or considered to be impaired in value. Details of deferred expenditures for the properties for the year ended September 30, 2010 are as follows:

MASUPARIA GOLD CORPORATION
SCHEDULE OF CONSOLIDATED RESOURCE PROPERTY COSTS
for the year ended September 30, 2010

	<u>Greywacke</u>	<u>Tenoriba</u>	<u>Sucara</u>	<u>Total</u>
Balance, September 30, 2008	\$ 1,347,268	\$ 2,272,226	\$ 82,272	\$ 3,701,766
Deferred exploration expenditures				
Assays (recovery)	(4,292)	44,733	-	40,441
Consulting fees	9,000	9,423	-	18,423
Drilling (recovery)	(97)	(14,150)	-	(14,247)
Equipment rental and repairs	(648)	9,293	-	8,645
Field work and field supplies	775	13,596	-	14,371
Mapping and reports	-	9,364	-	9,364
Mining concession tax	-	5,694	320	6,014
Permits	433	-	-	433
Staking and maintenance	12	-	-	12
Office overhead	-	3,454	-	3,454
Value added taxes (recovery)	-	(247,337)	-	(247,337)
Wages and casual labour	-	16,212	-	16,212
	<u>5,183</u>	<u>(149,718)</u>	<u>320</u>	<u>(144,215)</u>
Write-off of mineral properties	-	(2,122,508)	(82,592)	(2,205,100)
Balance, September 30, 2009	<u>\$ 1,352,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,352,451</u>
Deferred exploration expenditures				
Assays	1,897	-	-	1,897
Consulting fees	4,500	-	-	4,500
Permits	520	-	-	520
Staking and maintenance	13	-	-	13
	<u>6,912</u>	<u>-</u>	<u>-</u>	<u>6,912</u>
Balance, September 30, 2010	<u>\$ 1,359,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,359,363</u>

Additional information

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