BEAR LAKE GOLD LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE 2ND QUARTER ENDED MARCH 31, 2009

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Bear Lake Gold Ltd. dated May 13, 2009, covers the 2nd quarter ended March 31, 2009 and should be read in conjunction with the unaudited consolidated financial statements and related notes for the 2nd quarter ended March 31, 2009 (the "March 31, 2009 consolidated financial statements"). Readers should also refer to the Company's MD&A for the year ended September 30, 2008 and the consolidated financial statements for the years ended September 30, 2008 and 2007.

The March 31, 2009 consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") following the same accounting policies and methods of computations as the consolidated financial statements for the years ended September 30, 2008 and 2007, except for the application of the modifications made to the General Standards of Financial Statement Presentation, as more fully described in the section entitled Changes in Accounting Policies.

All financial results are expressed in Canadian dollars unless otherwise indicated.

On September 16, 2008, NFX Gold Inc. ("NFX") and Maximus Ventures Ltd. ("Maximus") completed a business combination pursuant to a plan of arrangement (the "Transaction"). On the same day, NFX changed its name to Bear Lake Gold Ltd. ("Bear Lake" or the "Company"). Since Maximus has been identified as the acquirer for accounting purposes, the consolidated financial statements of Bear Lake are a continuation of the consolidated financial statements of Maximus, with the comparative information being that of Maximus.

On September 23, 2008, Bear Lake proceeded with the consolidation of its share capital on a two-for-one basis. This consolidation resulted in each shareholder of the Company receiving one post-consolidation share for every two pre-consolidation common shares held. The number of shares, warrants and options as well as earnings per share data presented in this MD&A have all been adjusted to reflect the impact of this share consolidation.

BUSINESS OVERVIEW

Bear Lake is engaged in the exploration for gold in North America. Its primary assets are (i) a 100% interest in the Bear Lake, Cheminis, Fernland and Barber Larder projects and a 75% interest in the Swansea property, all of which form the Larder Lake gold project located in the Larder Lake area of eastern Ontario, (ii) an option to earn a 75% interest from Hope Bay Mining Ltd. (a subsidiary of Newmont Mining Corporation) in two properties on the Hope Bay gold belt located in Nunavut, and (iii) an option from a privately-held company to earn a 60% interest in the Unity property located in Idaho, USA. During the 2nd quarter ended March 31, 2009, the Company's activities have been focused on exploring its Larder Lake gold project.

The Company has not yet determined whether its properties contain mineral resources or mineral reserves. To this date, the Company has not generated any revenues from operations.

Exploration Activities

During the 2nd quarter ended March 31, 2009, the Company incurred deferred exploration expenditures of $1,410,392 (of which $1,402,443 was incurred on the Larder Lake properties in Ontario), compared to $1,472,355 during the corresponding quarter in 2008. During the six-month period ended March 31, 2009, the Company incurred deferred exploration expenditures of $2,543,381 (of which $2,263,513 was incurred on the Larder Lake properties), compared to $1,969,618 during the corresponding period in 2008. Of the total amount in deferred exploration expenditures incurred during the 2nd quarter ended March 31, 2009, $1,206,633 was spent on drilling and assaying and $85,317 related to administration expenses.

Larder Lake Project, Ontario, Canada

During the 2nd quarter ended March 31, 2009, the Company completed a total of 4,507 meters of drilling, including 1,420 meters at Bear Lake and 3,087 meters at Barber Larder. Since the beginning of the Company's financial year in October 2008 and up to the end of April 2009, approximately 11,000 meters of diamond drilling have been completed at Larder Lake, of which 13 holes totaling approximately 7,900 meters investigated the Bear Lake gold zone exclusively.

Progress on the program at Bear Lake was slower than anticipated, particularly during the period from December 2008 to the end of February 2009, due to technical difficulties in drilling holes at-depth through difficult ground conditions associated with a fault located about half way between the carbonate and the flow mineralized zones at Bear Lake. This broken ground area is located at a safe distance from the mineralized zones and was responsible for the abandonment of several deep holes drilled in 2008. These missing intercepts are important for a thorough evaluation of the Bear Lake zone. On January 22, 2009, the Company announced that the drilling contractor managed to drill successfully through the bad ground area and the Company has now completed most of the previously abandoned holes to test the second mineralized zone. Results from these and other holes at Bear Lake were reported in press releases dated March 26 and April 30, 2009.

Based on drilling completed to date, a mineralized zone has been identified at Bear Lake, starting at approximately 400 meters below surface and extending down to a depth of at least 1,500 meters. Both high-grade and low-grade mineralized shoots occur at Bear Lake and tighter drilling is necessary to establish the full extent of the high-grade gold shoots within this mineralized envelope. Three drill rigs are currently working at Larder Lake and the focus is on the infill drilling of the higher-grade portion of the Bear Lake zone between depths of 400 to 800 meters.

At Barber Larder, located some 2km east of Bear Lake, three holes investigated the Barber Larder zone at vertical depths of 450 to 650 meters. Alteration was encountered in every hole but no significant gold value was intersected. The evaluation of the results is in progress.

Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson") has recently been selected to assist the Company in the evaluation of the Bear Lake zone. Scott Wilson is preparing an initial resource estimate in compliance with National Instrument 43-101 which the Company anticipates will be available by the end of the summer.

Hope Bay Project, Nunavut, Canada

Under the terms of an option and joint venture agreement dated September 10, 2004 between the Company and Hope Bay Mining Ltd. ("HB Mining"), the Company can earn a 75% interest in the Chicago and Twin Peaks areas in the Hope Bay gold belt in Nunavut by funding cumulative minimum exploration expenditures of $5,250,000 by October 31, 2009 (of which $4,361,096 has been spent as at March 31, 2009) and $7,250,000 by October 31, 2010. During the option period, exploration work at Hope Bay is performed by HB Mining under work programs and budgets prepared by HB Mining and approved by the Company. No work was done on the Hope Bay project during the 2nd quarter ended March 31, 2009. It is anticipated that the work to be done in 2009 will test promising gold targets in the Twin Peaks/Discovery area and it is planned that the exploration program on the Hope Bay project will resume during the upcoming summer months.

Unity Project, Idaho, USA

On July 31, 2007, the Company entered into an option agreement with Unity GoldSilver Mines Inc. (a privately-held company) (“Unity”) to earn a 60% interest in the Unity property located in Idaho, USA. The term of the option agreement and other provisions were amended in April 2009 to take into account “force majeure” conditions that occurred from July to October 2007, resulting in the Company’s inability to access the property following forest fires, and the longer than anticipated delays in obtaining required permitting. To earn its interest, the Company must incur US $1,000,000 in exploration and development work and complete a positive feasibility study by February 16, 2012. At March 31, 2009, the Company had incurred a cumulative amount of $957,271 on the Unity Project. On March 27, 2009, the Company reported in a press release results from the 2008 drilling program carried out on the Unity Project. Although the program completed to date confirmed the presence of gold-bearing veins, the results were not conclusive and a follow-up drilling program targeting the gold-rich veins at depth is being planned and could be executed in the summer of 2010.

Lemoyne North, Québec

In April 2009, after reviewing all available data, the Company terminated its option to acquire a 50% interest in the Lemoyne North, Horseshoe, Taïga and Taïga West properties.

Qualified Person

The above technical information was reviewed by Mr. Bernard Boily, Vice President Exploration for the Company, a qualified person under National Instrument 43-101.

Selected Consolidated Financial Information

Balance Sheets	**March 31, 2009 $**	**September 30, 2008 $**
Cash and cash equivalents (bank overdraft)	2,955,531	(35,289)
Investments in MAV II and III (1)	2,784,386	3,434,386
Bank loan	3,155,122	1,702,932
Mineral properties and deferred exploration expenses	38,767,112	36,203,683
Total assets	46,708,285	42,209,505
Shareholders' equity	39,665,502	35,452,397

	2nd Quarter ended March 31,		**Six-months ended March 31,**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Administration expenses	239,430	304,793	486,050	533,119
Stock-based compensation cost	447,719	281,621	452,743	405,072
Interest income	(8,493)	(21,186)	(26,175)	(45,802)
Interest expense	11,196	-	26,886	-
Loss (gain) on marketable securities	(11,707)	-	166,113	-
Impairment charge on MAV II and III notes (1)	-	200,000	443,000	300,000
Future income tax recovery	(74,856)	-	(1,392,240)	(1,569,520)
Net earnings (loss)	(603,289)	(765,228)	(156,377)	377,131
Basic and diluted earnings (loss) per share	(0.01)	(0.02)	-	0.01
Cash flows				
Operating activities	(292,336)	(321,230)	(341,301)	(588,139)
Investing activities	(658,074)	(871,075)	(2,853,357)	(1,332,575)
Financing activities	(49,641)	(7,655)	6,185,478	3,127,333

(1) Notes held in Master Asset Vehicles II and III ("MAV II and III") replaced the Company's investment in asset-backed commercial paper ("ABCP") following the implementation on January 21, 2009 of the restructuring plan related to the Canadian third-party ABCP (see more detailed discussion under the *MAV II and III Notes and ABCP* section).

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and any other factor that the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Going Concern Assumption

The Company's consolidated financial statements have been prepared with the assumption that it will be able to realize its assets and discharge its liabilities in the normal course of business. However, certain conditions may lend substantial doubt as to the appropriateness of the going concern assumption. Specifically, given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from operations and, at March 31, 2009, had an accumulated deficit of $29,031,660. Also, at March 31, 2009, the Company had a working capital deficiency of $1,187,609, including a current liability for a temporary bank loan in the amount of $3,155,122. Subsequent to the end of the reporting period, the temporary bank loan was converted into long-term credit facilities with maturities over a 2 to 3 year period (see *Credit Facilities* section); the Company is also committed to spending $2,020,000 on Canadian exploration expenditures by December 31, 2009 as a result of a flow-through financing completed in October 2008, of which an amount of $888,904 may be allocated to the Hope Bay project to satisfy the Company's earn-in commitments by October 31, 2009; and the Company has insufficient cash resources to meet its exploration programs and corporate administrative expenses for the next 12 months.

At March 31, 2009, the Company had $2,955,531 in cash and while it will have sufficient cash, taking into account additional proceeds to be received from the amended credit facilities, to meet the $2,020,000 of commitments related to Canadian exploration expenditures and corporate administrative expenses for several months, the Company will require additional funding to complete its exploration programs for the next 12 months and to meet its corporate administrative expenses for the same period. While the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

The Company's consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumption were not appropriate for these consolidated financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments to the carrying values of assets and liabilities and balance sheet classification, which could be material, may be necessary.

Results of Operations

During the 2nd quarter ended March 31, 2009, the Company reported a net loss of $603,289 ($0.01 per share) compared to a net loss of $765,228 ($0.02 per share) during the corresponding period in 2008. For the six month period ended March 31, 2009, the Company incurred a loss of $156,377 (nil per share) compared to net earnings of $377,131 ($0.01 per share) in 2008.

Administrative expenses (including stock-based compensation) totaled $687,149 during the 2nd quarter ended March 31, 2009 compared to $586,414 during the comparative period in 2008; the increase in expenses is mainly attributable to higher stock-based compensation partially offset by lower labor costs and fees and investor relations expenses. During the six-month period ended March 31, 2009, administrative costs totaled $938,793 compared to $938,191 during the corresponding period in 2008.

Interest income totaled $8,493 during the 2nd quarter ended March 31, 2009 compared to $21,186 during the corresponding period in 2007, due to lower returns earned in 2009 compared to 2008. During the six-month period ended March 31, 2009, interest income totaled $26,175 compared to $45,802 in 2008. Interest expense of $11,196 related to the temporary credit facility was incurred during the 2nd quarter ended March 31, 2009 (nil during the comparative period) and $26,886 during the six-month period ended March 31, 2009 (nil in 2008).

An unrealized gain on marketable securities of $11,707 (representing the difference in fair value of marketable securities held between December 31, 2008 and March 31, 2009) was recorded during the 2nd quarter ended March 31, 2009 compared to nil during the comparative period in 2008. During the six-month period ended March 31, 2009, the Company presented an unrealized loss on marketable securities of $166,113 (nil in 2008).

No impairment charge on investments in MAV II and III was recorded during the 2nd quarter ended March 31, 2009, compared to $200,000 during the corresponding period in 2008. An impairment charge against the value of investments held in an amount of $443,000 was recorded during the six-month period ended March 31, 2009 ($300,000 during the comparative period in 2008) (see more detailed discussion under the *MAV II and III Notes and ABCP* section).

The Company recorded a future income tax recovery of $74,856 during the 2nd quarter ended March 31, 2009 based on its estimated pre-tax loss for the period compared to nil in the corresponding period in 2008. Following the renouncement to flow-through share subscribers of eligible exploration expenditures in the amount of $4,005,000 at December 31, 2008, the Company recorded at that date, in accordance with applicable accounting policies, a future income tax recovery of $1,241,550 ($1,569,520 during the comparative period in 2007 on the renouncement to flow-through share subscribers of $4,600,000 in eligible exploration expenditures) with a corresponding decrease to capital stock. A future income tax recovery of $75,834 was also recorded during the 1st quarter ended December 31, 2008, based on the loss incurred during that quarter and applied against the future income tax liability.

Selected Quarterly Financial Information

Period ended	Revenues	Net earnings (loss)	Net earnings (loss) per share
	($000)	($000)	($)
March 31, 2009	8.5	(603.3) (1)	(0.01)
December 2008	17.7	446.9 (2)	0.01
September 2008	0.9	(696.5) (3)	(0.02)
June 30, 2008	6.4	(321.2)	(0.01)
March 31, 2008	21.2	(765.2) (4)	(0.02)
December 31, 2007	24.6	1,142.4 (5)	0.03
September 30, 2007	19.5	(1,835.5) (6)	(0.07)
June 30, 2007	63.6	(169.6) (7)	-

(1) Includes stock-based compensation cost of $447,719, an unrealized gain on marketable securities of $11,707 and a future income tax recovery of $74,856.

(2) Includes an impairment charge on ABCP of $443,000, an unrealized loss on marketable securities of $177,820 and a future income tax recovery of $1,317,384.

(3) Includes stock-based compensation cost of $206,228, an impairment charge on ABCP of $100,000 and an unrealized loss on marketable securities of $94,130.

(4) Includes an impairment charge on ABCP of $200,000.

(5) Includes an impairment charge on ABCP of $100,000 and a future income tax recovery of $1,569,520.

(6) Includes a write-down of deferred exploration expenses and mineral properties of $855,228 and an impairment charge on ABCP of $950,000.

(7) Includes a loss on marketable securities of $40,000 and a write-down of deferred exploration expenses and mineral properties of $77,265.

MAV II and III Notes and ABCP

On January 21, 2009, the Plan of Compromise and Arrangement (the “Plan”) related to the Canadian third-party ABCP was fully implemented. As part of the Plan, the Company received on that date, new notes of various classes for a total nominal amount of $4,784,000, issued by trusts referred to as MAV II and III, including senior notes (Class A-1 and A-2 notes) in the amount of $2,949,000 and subordinated Class B and C notes in the amount of $289,000. It is anticipated that the Class A-1 and A-2 notes will pay interest and Class B and C notes will accrue interest with payments to be made only after the Class A-1 and A-2 notes have been fully repaid. The Company also received $1,546,000 of notes referred to as Ineligible Asset Tracking Notes, within MAV II and MAV III, the intent of which is to track the performance and repayment of the related underlying assets in certain conduits that have significant exposure to US residential mortgage market. The maturity date of these notes has been extended to provide for a maturity similar to that of the underlying assets. On January 21, 2009, the MAV II Class A-1 and A-2 notes had been assigned an investment grade rating of A by DBRS Limited (“DBRS”) and the Class B and Class C and Tracking notes had not been rated. On April 24, 2009, DBRS placed the MAV II Class A-2 notes under review, with negative implications.

At March 31, 2009, the Company estimated the fair value of these notes to be $2,784,000. The resulting impairment charge of $2,000,000 had been fully accounted for in prior periods. Additional information on the Company’s estimation of fair value is included in note 6 to the March 31, 2009 consolidated financial statements.

Credit Facilities

On August 30, 2007 (with subsequent amendments), as a result of the ABCP situation described above, the Company entered into a temporary credit facility of $3,250,000, secured by the Company’s investments in the restructured ABCP, to fund working capital requirements. As at March 31, 2009, the Company had drawn an amount of $3,155,122 from the facility, which bears interest at prime less 1.50%.

Following the implementation of the ABCP Plan, on May 12, 2009, the Company, through Maximus, entered into two credit facility agreements with its lender, for a total loan amount of approximately $3,577,000, in replacement of the temporary credit facility described above. The term facilities, which bear interest at prime less 1%, subject to the respect of certain conditions, are available initially for 2 and 3-year periods respectively, and under certain conditions can each be further extended to a total period of 7 years. A portion of the credit facilities, in the amount of approximately $2,610,000, is secured solely by the related investments held in the MAV II and III notes described above and the remaining amount of approximately $967,000 is secured by the related investments held in the MAV II and III notes as well as a general security interest in the universality of all of the assets of Maximus. Cash proceeds from the sale of the MAV II and III notes will automatically be applied, at that time, to the amount of outstanding borrowings. These facilities will, subject to certain conditions, limit the Company’s losses to between 25% and 55% of the new notes received in exchange of the ABCP previously held. In preparing its consolidated financial statements for the 3rd quarter ending June 30, 2009, the Company will present the amount outstanding under the credit facilities as a long-term liability.

Liquidity and Capital Resources

The Company had a working capital deficiency of $1,187,609 at March 31, 2009 (including an outstanding amount under the temporary credit facility of $3,155,122) compared to a working capital deficiency of $3,338,763 at September 30, 2008. During the 2nd quarter ended March 31, 2009, the Company had a negative operating cash flow of $292,336, it received an amount of $207,000 representing the Company’s portion of net interest earned on the ABCP for the period from August 2007 to August 31, 2008, and it invested a total of $865,074 on its mineral properties.

On October 23, 2008, the Company completed a brokered private placement for gross proceeds of $4,905,980. A total of 13,350,000 flow-through common shares (the “FT Shares”) at $0.30 per FT Share and 3,003,267 units (the “Units”) at $0.30 per Unit have been issued. Each Unit issued consists of one common share of Bear Lake and one non transferrable common share purchase warrant, with each warrant exercisable to acquire one common share at $0.40 per share until October 23, 2010. The agents elected to receive their 5% commission in a combination of $60,400 in cash and 616,330 Units. The agents also received a total of 817,663 non-transferrable warrants to purchase up to 817,663 common shares of the Company at a price of $0.30 per share until October 23, 2010.

On October 22, 2008, the Company entered into an agreement with each of its financial advisors to settle amounts owed to them for fees charged to the Company in connection with the Transaction completed on September 16, 2008. In settlement of the amounts owed, totalling $425,000, the Company issued an aggregate of 1,416,666 Units at a price of $0.30 per Unit.

At March 31, 2009, the Company had cash and cash equivalents of $2,955,531 to settle its current trade liabilities in the amount of $1,253,865. The Company is also committed to spending approximately $2,020,000 on Canadian exploration expenditures by December 31, 2009, of which an amount of $888,904 may be allocated to the Hope Bay project to satisfy the Company’s earn-in commitments by October 31, 2009. Although the Company will have sufficient liquidities, taking into account additional proceeds to be received from the amended credit facilities, to meet its commitments and corporate administrative expenses for several months, it will need to raise additional funds to continue its exploration programs and to meet its on-going corporate and administrative obligations. The amount and timing of additional funding will be affected by, among other factors, the strength of the capital markets. In addition, the current economic environment has made access to capital increasingly difficult. Although the Company has been successful in the past in obtaining required financing, there can be no assurance that the Company will be able to access such financing or that it will be available on acceptable terms. In the event that the Company is not successful in raising sufficient funds, it may need to substantially reduce its activities.

The Company’s treasury is invested in highly liquid, low risk, interest-bearing investments with maturities of 30 days or less. The Company has no cash flow generating operation and manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods.

The Company’s capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. As long as the Company is in the exploration and development stages of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs, except in exceptional circumstances, as has occurred in the case of contracting a credit facility to partially offset the impact of the ABCP situation, as described above. In the past, the Company has relied mostly on equity financing to meet its cash requirements and it will continue to rely on equity financing to fund its exploration activities. The Company’s long-term financial success is highly dependent on management’s ability to discover economically viable deposits and to obtain additional financing to fund the development of such deposits.

Off-Balance Sheet Arrangements

As of March 31, 2009, the Company has no off-balance sheet arrangements.

Related Party Transactions

During the 2nd quarter and the six-month period ended March 31, 2009, the Company paid or accrued administration expenses of $62,784 and $139,027, respectively ($74,532 and $100,535, respectively in 2008) to Reunion Gold Corporation, a company with a common director and officers.

No amount was due to Reunion Gold Corporation at March 31, 2009 compared to $83,021 at September 30, 2008. Amounts due to Reunion Gold Corporation are non-interest bearing and have no specific repayment terms.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Book Value of Mining Properties

At the end of each period, management reviews the carrying value of its resource properties to determine whether any write-down is necessary. Following this analysis, no write-down was deemed necessary as at March 31, 2009.

Changes in Accounting Policies

In June 2007, the CICA modified **Section 1400, *General Standards of Financial Statement Presentation***, in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date and to disclose any material uncertainties that cast doubt on its ability to continue as a going concern. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and consequently, the Company has applied them as of October 1, 2008.

In February 2008, the CICA published **Section 3064, *Goodwill and Intangible Assets***, to replace Section 3062, Goodwill and Other Intangible Assets. Publication of this new Section also resulted in the withdrawal of Section 3450, *Research and Development Costs* and consequential amendments to certain recommendations in the CICA Handbook. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. The application of this new section on October 1, 2008 had no impact on the Company's financial statements.

On March 27, 2009, the Emerging Issues Committee ("EIC") issued **Abstract EIC-174, *Mining Exploration Costs*** regarding the capitalization and impairment of exploration costs. This Abstract is to be applied to all financial statements issued after March 27, 2009. The Company has taken into account the consensus reached in this Abstract in preparing its consolidated financial statements for the second quarter ended March 31, 2009.

International Financial Reporting Standards ("IFRS")

The Accounting Standard Board (AcSB) of the CICA has adopted a new strategy for convergence with IFRS for public companies. As confirmed by the AcSB on February 13, 2008, the conversion requires publicly accountable enterprises to fully adopt IFRS in 2011. The changeover date to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The intention is presently to adopt IFRS, as published by the International Accounting Standards Board (IASB), without modification.

The Company's management is presently assessing the full impact that the adoption of IFRS will have on its financial statements and will continue to invest in training in order to ensure a timely conversion. In light of existing IFRS applicable to companies in the exploration stage, the Company does not anticipate significant changes to its existing accounting policies.

Financial Instruments

The Company's financial instruments at March 31, 2009 consist of cash and cash equivalents, marketable securities, amounts receivable, investments in MAV II and III notes, bank loan, accounts payable and accrued liabilities and due to a related party. Other than marketable securities and investments in MAV II and III notes, the fair value of these financial instruments approximates their carrying value. Other than investments in MAV II and III notes and the bank loan, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company's exposure to interest and credit risks arising from its investments in MAV II and III notes is fully described in note 6 to the March 31, 2009 consolidated financial statements. A plus or minus 10% change in the value of the marketable securities would affect earnings by approximately $12,000. A plus or minus 1% change in the prime lending rate would affect earnings by approximately $32,000 over a 12-month period.

The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates, as the amount of expenditures in foreign currency is not significant (approximately US $5,000 during the 2nd quarter ended March 31, 2009). The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Outstanding Share Data

As at May 13, 2009, the Company has:

a) 82,379,302 common shares issued and outstanding;
b) 5,853,926 share purchase warrants outstanding with exercise prices ranging from $0.30 to $0.40 per share, expiring by October 2010; and
c) 7,325,000 stock options outstanding with exercise prices ranging from $0.20 to $1.60 and expiring between November 2009 and January 2014.

Risks and Uncertainties

Exploration and mining risks

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Unprofitable efforts may result from the failure to discover mineral deposits or if mineral deposits are found, such deposits may be insufficient in quantity and quality to return a profit from production. There are currently no known bodies of commercial ore on the Company's projects and it is impossible to ensure that the exploration programs planned by the Company will result in a profitable commercial mining operation. Substantial expenses will be required to establish mineral resources through drilling, to develop metallurgical processes, to construct mining and processing facilities and to extract the metal from the mineral resources.

Financial risk

The Company has no history of earnings. The Company's projects are in the exploration stage only. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses until such time as its projects or any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. Given the nature of capital market demand for speculative investment opportunities, there is no assurance that additional financing will be available at all or available on terms acceptable to the Company. In addition, the current economic downturn and global credit crisis has made access to capital even more difficult. There are currently no markets for the restructured notes received in exchange of the ABCP. Therefore, there is a significant amount of uncertainty in estimating the amount and the timing of cash flows that the Company may be able to receive from the disposal of these restructured notes.

Risk on uncertainty of title

Although the Company has taken steps to verify title to the mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Environmental risk

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

Gold Price Volatility

The market price of the Company's common shares, its financial results and its exploration, development and mining activities may in the future be significantly and adversely affected by declines in the price of gold. Gold prices are volatile, can fluctuate widely and are affected by numerous factors beyond the control of the Company such as industrial and jewellery demand, forward sales by producers, the sale or purchase of gold by central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and other foreign currencies, and global or regional political and economic conditions. The price of gold has fluctuated widely in the past and future price declines in the market value of gold could cause continued exploration, development of and commercial production from the Company's properties to be impracticable.

Permits and licences

Although the Company is entitled to carry out its current drilling programs, the Company cannot be certain that it will receive the necessary permits on acceptable terms to conduct further exploration and to develop its projects. The failure to obtain such permits, or delays in obtaining such permits, could increase the Company's costs and delay its activities, and could adversely affect the operations of the Company.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and can produce economically. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Conflicts of Interest

Certain directors of the Company are also directors, officers or shareholders of other natural resource companies. Situations may arise where the directors of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' conflicts of interest. In the event that a conflict of interest arises at a meeting of the Company's directors, a director who has a conflict will abstain from voting on the matter in respect of which he is in a position of conflict. In accordance with applicable laws, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Forward Looking Statements

This MD&A may contain forward-looking information, within the meaning of Canadian securities laws. Forward-looking information does not relate to historical facts; it reflects the Company's views as of the date of this MD & A and is subject to a number of known and unknown risks and uncertainties beyond the Company's control. These include, without limitation, uncertainties related to: the effects on the Company of the current equity and credit market disruption; the Company's ability to raise sufficient financing to fund its planned work in a timely manner and on acceptable terms; the uncertainty in estimating the amount and the timing of cash flows that the Company may be able to receive from the disposal of the notes received in exchange of the ABCP; the possibility that required permits may not be obtained in a timely manner or at all; changes in planned work resulting from weather, logistical, technical or other factors; potential resources, exploration results, costs and supply of material relevant to the mining industry, and future plans and objectives of the Company. Many factors, both known and unknown, may cause the actual results, levels of activity, performance or achievement of the Company to be materially different from any future results, levels of activity, performance or achievement expressed or implied by the forward looking information.

Additional Information and Continuous Disclosure

This MD & A has been prepared as at May 13, 2009. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com) and on the Company's web site (www.bearlakegold.com).