

**WSR GOLD INC. (FORMERLY WESTCHESTER RESOURCES INC.)  
MANAGEMENT DISCUSSION AND ANALYSIS**

**1.** This Management Discussion and Analysis (“**MD&A**”) of WSR Gold Inc. (“**WSR**” or the “**Company**”) provides analysis of the Company’s results of operation and financial condition for the year ended March 31, 2008 (“**fiscal 2008**”). This MD&A should be read in conjunction with the audited financial statements of the Company for fiscal 2008 and for the year ended March 31, 2007 (“**fiscal 2007**”) and the accompanying notes. The preparation of financial data is in accordance with Canadian generally accepted accounting principles and all figures are reported in Canadian dollars unless otherwise indicated. The Company filed articles of amendment to change its name from Westchester Resources Inc. to WSR Gold Inc. on February 15, 2007.

The information contained in this MD&A is presented as of July 28, 2008, unless otherwise noted.

**2. History of Business and Overall Performance**

WSR is a publicly listed Canadian junior resource company with mining interests in Canada. WSR was incorporated in Ontario on May 11, 1979 and was originally involved in mineral exploration.

In April 2004 WSR was presented with an opportunity to acquire certain western Canadian oil and gas properties and shifted its focus to oil and gas exploration and development. Effective August 4, 2004, WSR commenced trading on the TSX Venture Exchange under the symbol “WSR”.

The Company entered into a definitive agreement with Aspen Group Resources Company (“**Aspen**”) dated April 1, 2004 to acquire, explore and develop on a 50-50 basis, oil and gas properties in Canada until December 31, 2004 (the “**Joint Venture**”). The agreement was subsequently amended as of November 4, 2004 to have effect until April 1, 2009 and include all oil and gas properties acquired by either party in North America. Aspen was appointed operator under the agreement. Following its shift in focus to oil and gas, the Company, through the Joint Venture, actively acquired exploration acreage in western Canada and the northern United States over the course of fiscal 2005 and 2006.

In October of 2006, the Company had opportunity to return to the mining industry. On October 19, 2006, WSR entered into an option agreement (the “**Option Agreement**”) with Guyana Goldfields Inc. (TSX:GUY) to earn a 50 percent interest in the Peters Mine property in Guyana (the “**Peters Mine Project**”). See “Mining Properties”.

On December 8, 2006, the Company elected to focus its resources solely on the mining interests and entered into a definitive agreement (the “**Definitive Agreement**”) to sell 100 percent of its 50 percent interest in the Joint Venture to Aspen. The Definitive Agreement had an October 1, 2006 effective date and closed on February 9, 2007. See “Oil and Gas Properties”.

During fiscal 2008, the Company entered into three new agreements with Canadian junior exploration companies to expand its exploration programs into Canada and discontinued its Guyana project. The strategy aims to reduce the Company’s country risk exposure and expand its portfolio of properties in new prospective areas.

### **3. Overall Performance**

WSR incurred a net loss of \$3,566,820 (\$0.04 per share) for the year ended March 31, 2008, compared with \$5,736,999 (\$0.10 per share) for the corresponding period in 2007.

The main factors that contributed to the loss were the write-off of the Peters Mine Project totalling \$3,818,059, general and administrative expenses of \$373,028 and stock based compensation expenses for \$175,593.

Consolidated revenues for fiscal 2008 were derived exclusively from interest income of \$107,349 compared with \$33,925 during fiscal 2007. No oil and gas revenue was generated during fiscal 2008 since the Company disposed of this segment during the last quarter of fiscal 2007.

During fiscal 2008 the Company financed its operations by issuing 10,000,000 shares under a private placement with net proceeds of \$3.4 million and through the exercise of 7,015,000 warrants for net proceeds of \$2.0 million.

Exploration expenses, excluding acquisition costs of \$2.0 million, incurred during fiscal 2008 were \$3.5 million of which \$1.4 million was incurred by the Peters Mine Project in Guyana.

As at March 31, 2008 the Company had working capital of \$4.1 million compared to \$2.7 million as at March 31, 2007. The increase in working capital as at March 31, 2008 was due to a private placement completed during December 2007 for net proceeds of \$3.4 million and the exercise of warrants for cash proceeds of \$2.0 million. See "Liquidity and Capital Resources".

#### **Exploration projects:**

During fiscal 2008 the Company incurred \$1.4 in exploration expenditures in the Peters Mine Project. The principal activities conducted during fiscal 2008 on the Peters Mine Project were the exploration drilling of geophysical targets and wildcat drilling at Harold's Hill; structural geology evaluation by SRK Consulting Inc. ("SRK"); geological investigation and follow-up of ground geophysical survey results; and re-logging of selected drill hole core as recommended by SRK.

During the third quarter of fiscal 2008 WSR's management and geological team decided to place the Peters Mine Project on "care and maintenance". During the fourth quarter of fiscal 2008 the company evaluated the results obtained during the past and prior year's programs and concluded that, due to the discoveries made do not justify the size of commitments that the Company has on this property, unavailability of flow-through financing (and current flow-through funds available to the Company), country risk and administrative burden when compared to the new Canadian projects where flow-through financing is available; administrative resources more in line with the Company needs, and technical attractiveness of other opportunities, the Company therefore made the decision, during the first quarter of fiscal 2009 not to continue its exploration efforts in the Peters Mine Project. Since the decision has been made principally on information available as at March 31, 2008, it is management's belief that, at year end, there has been a material impairment on the value of the property and its full deferred amount (\$3.8 million) was written off.

During fiscal 2008, the Company entered into three agreements with other Canadian junior exploration companies to expand its exploration programs into Canada. This strategy reduces the Company's country risk exposure and expands its portfolio of properties in new prospective areas. The agreements are:

**i) Tri-Eagle Option Agreement:**

On November 1st, 2007 the Company entered into an option agreement with Noront Resources Ltd. ("Noront") (TSX Venture:NOT) pursuant to which WSR was granted the option to acquire a 50% interest in Noront's Tri-Eagle Property. The area includes 15 claim blocks, approximately 4,400 hectares (9,600 acres) in the "Ring of Fire", McFauld's Lake, Ontario, near Noront's nickel copper discovery. In order to acquire its interest in the property, WSR issued Noront an aggregate of 400,000 common shares and must incur an aggregate exploration expenditure on the property of \$5.0 million over a three-year period, of which \$1.5 million must be expended by October 30, 2008, an additional \$1.5 million on or before October 30, 2009 and a further \$2.0 million on or before October 30, 2010. The Company must also make cash payments to Noront of \$0.2 million on or before October 30, 2008 and an optional additional \$200,000 on or before October 30, 2009. Any of these payments may be satisfied at the option of Noront in cash or by the issuance to Noront of 400,000 common shares of WSR at a deemed price of \$0.50 per share.

**ii) Lowland Option Agreement:**

On November 26, 2007 the Company entered into an option agreement with Metalex Ventures Ltd. ("Metalex") (TSX Venture:MTX) and Arctic Star Diamond Corp. ("Arctic") pursuant to which WSR will be granted the option to acquire 50% interest in certain claims of Metalex's and Arctic's James Bay properties in the Province of Ontario. This Lowland Property is located on and around the "Ring of Fire" and cover approximately 36 square kilometers of ground.

Under the terms of the agreement, WSR has the right to fund a maximum of \$20.0 million in expenditures on the Lowland Property over a 4 years period. For each \$5.0 million in expenditures, WSR will acquire a 12.5% interest in the Lowland Property, up to a maximum 50% interest. During the joint venture period, a management committee will be formed.

**iii) Big Mac Option Agreement:**

On February 15, 2008 the Company entered into an option agreement pursuant to which WSR has agreed to acquire 75% interest in the MacDonald Mines Exploration Ltd. ("MacDonald") (TSX Venture: BMK) "Big Mac" Property. The Big Mac Property includes 51 claim blocks, approximately 11,200 hectares, in the "Ring of Fire", McFauld's Lake, Ontario, near Noront's nickel copper discovery.

In order to acquire its interest in the property WSR was required to issue MacDonald an aggregate of 5,000,000 common shares of WSR of which 2,500,000 were issued on closing and 2,500,000 by the first anniversary date (March 14, 2009); make a cash payment to MacDonald in the amount of \$100,000 and issue MacDonald an aggregate of 1,000,000 share purchase warrants, of which 500,000 warrant were issued on May 2<sup>nd</sup>, 2008 and 500,000 will be issued by March 14, 2009. Each warrant entitles the holder thereof to acquire one common share of WSR at an exercise price of \$0.50 per share for a period of two years from closing. The Company is also required to incur exploration expenditures of \$1.5 million on or before the first anniversary date and, \$1.0 million before the second anniversary date (March 14, 2010).

MacDonald shall have a carried interest until WSR delivers a pre-feasibility study to MacDonald on the Big Mac Property. After the delivery of a pre-feasibility study, MacDonald will be required to pay a pro rata portion of costs related to the property to maintain its 25% interest .

#### 4. Industry Trends

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Company competes with a number of other entities in the search for and the acquisition of productive mineral properties. As a result of competition, the majority of which is with companies with greater financial resources than the Company, the Company may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company also competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

The ability of the Company to acquire properties depends on its success in exploring and developing its present properties and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company. See “Risks and Uncertainties”.

#### 5. Selected Annual Information

The following is selected financial data from the audited financial statements of the Company for the last three completed fiscal years. This information should be read in conjunction with the audited financial statements of the Company for fiscal 2008, 2007 and 2006.

	Fiscal years ending March 31,			
	2008	2007*	2006	2005
Total revenue	\$ 107,349	\$ 423,274	\$ 377,578	\$ 144,132
Net income (loss)	\$ (3,566,820)	\$ (5,736,999)	\$ (4,153,639)	\$ (584,729) *
Net loss from continued operations	\$ (3,566,820)	\$ (1,146,639)	\$ -	\$ -
Weighted number of common shares	83,526,040	58,517,949	38,414,559	32,701,551
Basic and diluted income (loss) per share	\$ (0.04)	\$ (0.1)	\$ (0.1)	\$ (0.0)
Total assets	\$ 10,332,851	\$ 5,192,033	\$ 2,281,180	\$ 6,085,276
Total long-term financial liabilities	-	-	\$ 65,661 **	\$ 45,565 **

\* Restated per note 4 to the financial statements.

\*\* Asset retirement obligations.

The Company did not declare or pay any dividends during the current fiscal year.

The Company is a development-stage resource company and is subject to exploration and other risks (See “Risk and Uncertainties”) associated with resource exploration and development. Annual results can be significantly affected by costs associated with operations. In fiscal 2008

the Company wrote-off its Peters Mine Project in Guyana for \$3.8million. In fiscal 2007, the Company recorded a loss on discontinued operations of \$3.8 million. As the Company reduced the carrying value of its capital investment, a loss for \$0.8 million was recorded on the sale of its oil and gas properties.

## **6. Results of Operations**

As previously noted, the Company entered into a Definitive Agreement to sell its interest in the Joint Venture properties on December 8, 2006, therefore all revenue, expenses, and royalties associated with these properties in the quarter were recorded up to the transaction date.

The Company incurred a net loss of \$3.6 million (\$0.04 per share) in fiscal 2008 compared to a net loss of \$5.7 million (\$0.10 per share) in fiscal 2007. The loss incurred during fiscal 2008 is mainly due to the \$3.8 million write-off of its Peters Mine Project in Guyana, general and administrative expenses of \$0.4 million and \$0.2 million in stock based compensation. The predominant reason for 2007 fiscal year-end net loss is a write-down of oil and gas properties of \$3.6 million (included in discontinued operations) as WSR reduced the carrying value of its capital investment in its Manitoba oil properties. The Company performed an impairment (ceiling) test review at the end of the second quarter of fiscal 2006 to assess the recoverable value of its petroleum and natural gas properties and to determine that they did not exceed their fair value. The properties were found to be impaired at September 30, 2006 and their value was written down.

Revenues for fiscal 2008 were exclusively derived from interest income generated on short-term deposits. Consolidated revenues for fiscal 2007 were derived from interest income of \$33,925. Oil income, net of royalties, of \$0.4 million is included as part of the net loss for discontinued operations (See Correction of an error here below). Consolidated financial statements). Net oil production in fiscal 2007 was 6,051 barrels at an average price of \$70.57 per barrel. Production in fiscal 2007 averaged 22 barrels per day.

No production cost was incurred during 2008 fiscal year. Included in the net loss for discontinued operations is the production and operating costs on the Company's oil and gas properties for fiscal 2007 for \$0.4 million (\$67.76 per barrel). The high production and operating costs were directly attributable to expenses related to water handling, disposal and trucking costs.

Depreciation expense increased slightly from \$0.01 million to \$0.02 million in fiscal 2008 due to the acquisition of new capital assets for administration. Depletion and accretion charges included in discontinued operations was \$0.5 million.

Stock-option compensation expense decreased by \$0.5 million to \$0.2 million for fiscal 2008 mainly as a reduction on the number of stock options granted during fiscal 2008. Consolidated general and administrative costs ("G&A") were \$0.4 million in fiscal 2008 compared to \$0.5 million in fiscal 2007, consistent with the lower level of administration required. G&A expenses for fiscal 2008 were mainly composed of legal and accounting fees of \$0.1 million, payroll and consulting fees of \$0.1 million and shareholders information of \$0.1 million.

The Company is in the early stage of its exploration and development programs, as such is not generating sufficient cash flow to participate in additional drilling programs without raising additional funds through the capital markets. There can be no assurance that the Company will be successful in raising funds in the future (See "Risk and Uncertainties").

## **Mining Properties**

### **i. Peters Mine**

During fiscal 2007 WSR initiated a 5,000-meter drill contract on the Peters Mine Project drilling south of the main shaft area of the original Peters Mine. WSR also conducted a ground geophysical program on the Peters Mine Project for further delineate potential drill targets on the property.

During the third quarter of fiscal 2008 WSR's management and geological team decided to place the Peters Mine Project on a "Care and Maintenance" basis. In May 2008, after evaluating the work results obtained in the Peters Mine Project and the Company's available resources and its allocation, WSR decided to discontinue its exploration efforts in the property and to concentrate its technical and financial resources into the newly acquired Canadian projects. Since management decision has been made on information available to management prior to year end the Company has decided to fully write off this project effective March 31, 2008.

### **ii) Tri-Eagle Property:**

Under the Tri-Eagle Property option agreement entered on November 1<sup>st</sup>, 2007, the Company incurred \$0.2 million in acquisition costs. No exploration expenditures were incurred by March 31, 2008.

### **iii) Lowland Property:**

Under the Lowland Property option agreement entered on November 26, 2007 the Company incurred \$1.3 million in acquisition and exploration expenditures in fiscal 2008.

### **iv) Big-Mac Property:**

Under the Big-Mac Property option agreement the Company incurred \$1.7 million in acquisition cost and \$0.8 million in exploration expenditures.

## **7. Summary of Quarterly Results**

The following is selected financial data from the quarterly consolidated financial statements of the Company for the last eight completed fiscal quarters ending March 31, 2008. This information should be read in conjunction with the audited annual and unaudited interim financial statements of the Company for fiscal 2008 and 2007.

	<b>4<sup>th</sup> Quarter March 31, 2008</b>	<b>3<sup>rd</sup> Quarter December 31, 2007</b>	<b>2<sup>nd</sup> Quarter September 30, 2007</b>	<b>1<sup>st</sup> Quarter June 30, 2007</b>
<b>Gross revenue</b>	\$ 25,028	\$ 27,090	\$ 29,631	\$ 25,600
<b>Net income (loss)</b>	\$ (3,052,108)	\$ (261,416)	\$ (70,517)	\$ (182,779)
<b>Net income (loss) per share – basic and diluted</b>	\$ (0.03)	\$ (0.00)	\$ (0.00)	\$ (0.01)
	<b>4<sup>th</sup> Quarter March 31, 2007</b>	<b>3<sup>rd</sup> Quarter December 31, 2006</b>	<b>2<sup>nd</sup> Quarter September 30, 2006</b>	<b>1<sup>st</sup> Quarter June 30, 2006</b>
<b>Gross revenue *</b>	\$ 12,802	\$ 106,338	\$ 191,807	\$ 112,327
<b>Net income (loss)</b>	\$ 146,749	\$ (823,766)	\$ (4,769,179)	\$ (290,803)
<b>Net income (loss) per share – basic and diluted</b>	\$ 0.01	\$ (0.01)	\$ (0.09)	\$ (0.01)

\* \$389,349 of gross revenues included herein has been included as part of discontinued operations in the financial statement

Net income (loss) over the above-noted eight quarters has ranged from a loss of \$ 4,769,179 for the quarter as at September 30, 2006 to a profit of 146,749 for the three months as at March 31, 2007. The predominant reason for the loss during the second quarter of fiscal 2007 was a ceiling test write-down of oil and gas properties as the Company reduced the carrying value of its capital investment in Manitoba. The Company performed an impairment (ceiling) test review at September 30, 2006 to assess the recoverable value of the petroleum and natural gas properties and to determine that it does not exceed its fair value. The properties were found to be impaired at September 30, 2006 and additional depletion of \$3.7 million was charged against the book value of the petroleum and natural gas properties and net income for the quarter ended. Also, the Company recorded a loss on disposition of its oil and gas properties of \$0.8 million. The \$0.5 million additional depletion charge has been reclassified as part of the loss for discontinued operations. The profit realized during the fourth quarter of fiscal 2007 was mainly due to the impact of future income tax recoveries recorded on the income statement during the quarter as a result of the issuance of flow-through shares by the Company in April of 2006. The incurred loss during the fourth quarter of fiscal 2008 is primarily attributed to the write-off of the Peters Mine Project partially offset by a small recorded \$0.7 million in future income tax recoveries resulting from flow-through shares issued on December 2007.

## **8. Liquidity and Capital Resources**

On December 13, 2007 the Company completed a private placement financing where an aggregate of (i) 5,925,000 flow-through units (“FT Units”) at \$0.35 per FT Unit, each such FT Unit consisting of one “flow-through” common share of the Company and one-half of one share purchase warrant exercisable at \$0.45 before November 8, 2008 and (ii) 4,075,000 hard dollar units (“Units”) at \$0.33 per Unit, each Unit consisting of one common share of the Company and one share purchase warrant for gross proceeds of \$3.5 million. The warrants are exercisable at \$0.45 until November 8, 2008. All the securities issued and issuable in connection with the financing had a hold period which expired April 14, 2008.

In addition, on April 25, 2008 the Company closed a private placement for gross proceeds of \$9.0 million by issuing 11,000,000 Units at a price of \$0.50 per Unit and 5,833,331 FT Units at a price of \$0.60 per FT Unit. Each Unit consists of one common share of WSR and one-half of one common share purchase warrant. Each FT Unit consists of one flow-through common share of

WSR and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder thereof to acquire one additional common share of WSR at an exercise price of \$0.65 per share for a period of 12 month from the date of the issuance.

As at March 31, 2008, the Company had working capital of \$4.1 million compared to a working capital of \$2.7 million at March 31, 2007. The increase in working capital as at March 31, 2007 was due to a private placement completed on December 2007 for 10,000,000 units at an average price of \$0.34 for net proceeds of \$ 3.4 million and the exercise of 7,015,000 warrants for net proceeds of \$2.0 million during fiscal 2007. At March 31, 2008 cash and cash equivalents and short term investments totalled \$6.2 million.

Subsequent to the end of fiscal 2008, a total 1,699,725 warrants were exercised for proceeds of \$0.4 million.

As March 31, 2008 the Company had no long-term liabilities as the sale of the Joint Venture properties relived the Company of any future assets retirement obligations.

## **9. Contractual obligations:**

During the fourth quarter of fiscal 2008 the Company entered into three Option agreements which contracted the following obligations:

### **i) Tri-Eagle Proprty:**

In order to acquire its interest in the property, WSR is required to:

- Incur aggregate exploration expenditures on the Tri-Eagle Property of \$5.0 million over a three-year period, of which \$1.5 million must be expended by October 30, 2008, an additional \$1.5 million on or before October 30, 2009 and a further \$2.0 million on or before October 30, 2010.
- Issue Noront an aggregate of 400,000 common shares.
- Make cash payments to Noront of \$0.2 million on or before October 30, 2008 and an optional additional \$200,000 on or before October 30, 2009. Any of these payments may be satisfied at the option of Noront in cash or, by the issuance to Noront of 400,000 common shares of WSR at a deemed price of \$0.50 per share.
- On January 9, 2008, in accordance with the option agreement, WSR issued 400,000 Company shares to Noront valued at \$200,000.

## **ii) Lowland Property:**

Under the terms of the agreement, WSR has the right to fund a maximum of \$20.0 million in expenditures on the Lowland Property over a 4 year period. For each \$5.0 million in expenditures, WSR will acquire 12.5% interest in the Lowland Property, up to a maximum 50% interest. During the joint venture period, a management committee will be formed to approve programs and budgets concerning the Lowland Property. Once WSR has earned its 50% interest, or has elected to no longer sole fund exploration then the joint venture partners will fund the approved budgets *pro rata* in accordance with their respective interests, or be subject to dilution.

## **iii) Big Mac Property:**

In order to acquire its interest in the property WSR is required to:

- Issue to MacDonald an aggregate of 5,000,000 common shares of WSR of which 2,500,000 were issued on closing and 2,500,000 are to be used by the first anniversary date ( March 14, 2009).
- Make a cash payment to MacDonald in the amount of \$100,000.
- Issue to MacDonald an aggregate of 1,000,000-share purchase warrants, of which 500,000 warrants are to be issued on closing and 500,000 by March 14, 2009. Each warrant entitles the holder thereof to acquire one common share of WSR at an exercise price of \$0.50 per share for a period of two years from closing. 500,000 of these warrants were issued on May 2, 2008.
- Incur exploration expenditures of \$1.5 million on or before the first anniversary date and, \$1.0 million before the second anniversary date (March 14, 2010).

## **iv) Golden Valley**

On June 6, 2008 WSR announced the grant of an option from Golden Valley Mines Ltd. (“Golden Valley”) (TSX Venture:GZZ) to WSR and Noront to acquire an aggregate 70% legal and beneficial interest in the Golden Valley Property located in the lowland region of James Bay, Ontario.

In order to acquire its 35% interest in the property, WSR will be required to make payments to Golden Valley of \$175,000, payable in cash and/or by issuing common shares of WSR upon the later of the execution of a definitive option agreement, or the receipt of approval from the TSX Venture Exchange. The number of shares, if any, to be issued by WSR as consideration for the option will be equal to the dollar amount of the total consideration that Golden Valley elects to receive in shares divided by the ten day volume weighted average price of such shares for the period immediately preceding the date on which a press release is issued announcing a definitive option agreement amongst WSR, Noront and Golden Valley. In addition to these payments, WSR and Noront will be required to incur aggregate exploration expenditures on the Gold Valley Property of at least \$5.0 million over a three year period, of which \$1.0 million must be expended in the first year.

The following schedule summarizes the cash payments that the Company will be required to incur to earn the options:

Project	Fiscal period ending				Total
	2009	2010	2011	2012	
Tri-Eagle (1)	\$ 1,700,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 6,200,000
Big Mac (2)	1,500,000	1,000,000	-	-	2,500,000
Lowland (3)	5,000,000	5,000,000	5,000,000	5,000,000	20,000,000
Golden Valley (4)	675,000	1,000,000	1,000,000		2,675,000
	<u>\$ 8,200,000</u>	<u>\$ 7,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 28,700,000</u>

(1) Due by October 30 of each year.

(2) Due by March 14 of each year.

(3) Due by May 16 of each year

(4) Assumes that first payment of \$175,000 will be in cash and first \$0.5 million (WSR share) will be disbursed during fiscal 2009.

## 10. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements in fiscal 2008.

## 11. Related Party Transactions

A company owned by a prior officer of the Company performed accounting services for the Company for fees in the amount of \$18,439 (2007 - \$57,888).

During the year, \$36,000 (2007 - nil) in management fees were paid to a company controlled by an officer of the Company.

These transactions were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established, agreed to and paid by the related parties based on standard commercial terms.

## 12. Fourth Quarter

During the fourth quarter of fiscal 2008 the company realized a net loss of \$3,052,108 (\$0.03 per share). The loss realized during the fourth quarter of fiscal 2008 is composed by a write-off of mineral properties of \$3,818,059 (Peters Mine Project), \$26,600 in general and administrative expenses and \$1,417 in depreciation and a net stock based compensation charge of \$73,937. No stock-options were granted during the fourth quarter of fiscal 2008 and the reduction in the charge was due to adjustments for revised fair value estimates. Other items affecting the fourth quarter loss included interest income of \$25,028, as well as future income tax recovery recorded during this period resulting from the issuance of flow-through shares during December 2007 that reduced the net loss for the year by \$695,000.

Also during the fourth quarter, the Company incurred \$1,958,496 in acquiring new properties and \$ 2,074,710 in exploration expenditures within these properties. The acquisition transactions were described in Section 3 above.

### **13. Changes in Accounting Policy and recent Accounting Pronouncements**

A detailed summary of all the Company's significant changes in accounting policies and recent accounting pronouncements is included in Note 3 to the audited financial statements for fiscal 2008.

### **14. Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, payables and accruals. Unless otherwise noted, it is management opinion that the Company is currently unexposed to significant interest or credit risks arising from these financial instruments. Some of the above items are denominated in United States dollars. Balances are translated at year-end, based on the Company's policy as set out in Note 2 in the annual audited consolidated financial statements. The Company estimates that the fair value of its cash and cash equivalents, receivables, deposits, payables and accruals approximate the carrying value of the assets and liabilities.

### **15. Recent Accounting Pronouncements**

#### Financial Instruments

Section 3862, Financial Instruments – Disclosure and 3863, Financial Instruments – Presentation will replace Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements on the nature and extent of risks arising from financial instruments and how a company manages those risks. Beyond additional disclosure, the adoption of these new pronouncements is not expected to have any effect on the Company's financial position or results of operations.

#### Going Concern

Section 1400 has been amended for new requirements relating to the assessment of an entity's ability to continue as a going concern. Beyond additional disclosure, the adoption of these new pronouncements is not expected to have an effect on the Company's financial position or results of operations.

### **16. Correction of an error**

In 2008, the Company determined that the disposition of the oil and gas properties in 2007 met the requirements for presentation as discontinued operations. The 2007 financial statements have been restated to conform to presentation required for discontinued operations. Basic and diluted earnings per share have not changed as a result of these adjustments. (See also note 4 of the Audited consolidated financials statements as at March 31, 2008). The following schedule details the loss for discontinued operations:

Net book value as at March 31, 2006	\$ 2,100,950
Additions	4,754,412
Depletion	(520,103)
Write-down	<u>(3,646,352)</u>
Net book value before disposal	2,688,907
Net assets in the oil and gas joint venture	(1,858,780)
Asset retirement obligation incurred during the year	67,768
Asset retirement obligation settled upon disposal of oil and gas properties	<u>(135,259)</u>
Loss on disposal of discontinued operations	<u>\$ 762,636</u>

## 17. Shares Issued and Issuable

As at July 28, 2008, WSR had 112,525,708 common shares issued and outstanding and the following securities issuable upon exercise of convertible securities:

- (i) 28,763,606 warrants as described in the following schedule:

Exercise price	Expiry Date	Units
\$0.25	November 17, 2008	11,715,275
\$0.45	December 13, 2008	7,037,500
\$0.50	March 14, 2010	500,000
\$0.50	March 25, 2009	1,094,166
\$0.65	March 25, 2010	<u>8,416,665</u>
		28,763,606

- (ii) 7,025,000 stock options as described in the following schedule:

Options Outstanding		
Exercise Price	Remaining Life in years	Options Outstanding
\$0.30	0.24	160,000
\$0.50	2.78	200,000
\$0.60	3.17	1,890,000
\$0.67	2.88	200,000
\$0.70	1.02	100,000
\$0.80	4.95	4,475,000
	<u>2.78</u>	<u>7,025,000</u>

## **18. Forward Looking Statements**

Certain information included in this MD&A may constitute forward-looking statements. Forward-looking statements are based on the current expectations, intentions, plans and beliefs of WSR. Forward-looking statements can often be identified by the use of forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “may” and “will” or other similar words suggesting future outcomes or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. By their very nature, forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from the predictions, forecasts, and projections expressed or implied herein. The factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, general economic conditions, industry conditions, stock market volatility, volatility of commodity prices, currency fluctuations, imprecision of resource and reserve estimates, environmental risks, competition from other industry participants, lack of availability of qualified personnel or management, delays in obtaining or failure to obtain governmental, environmental or other project approvals, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying from estimates and the ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on the forward-looking statements contained herein. WSR’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that WSR will derive therefrom. WSR is under no obligation and has no intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **19. Risk and Uncertainties**

### **Conflicts of Interest**

Certain of the directors and officers of WSR are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of WSR may become subject to conflicts of interest. The CBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA.

### **Reliance on Key Individuals**

WSR’s success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in WSR’s growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on WSR.

### **Exploration and Development Risk:**

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into production mines. At present, none of the Company's properties have a known body of commercial ore. Major expenses may be required to establish ore reserves, to develop metallurgical process and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation

### **Financing Risks**

The Company has limited financial resources, no operating cash flow and no assurance that sufficient funding will be available for further exploration and development of its projects or to fulfill its obligations under any applicable agreement. There can be no assurance the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require additional financing if ongoing exploration of its properties is warranted.

### **Foreign Exchange Risk**

The Company is currently exposed to the impact of currency fluctuations on its monetary liabilities. The Company does not actively manage this exposure.

### **Commodity Price Risk**

The future profitability of the Company is directly related to the market prices of nickel, gold and other metals (most of which are priced in US dollars). There are significant uncertainties regarding the trends in mineral prices and the availability of equity financing for the purpose of mineral exploration and development.

### **Interest Rate Risk**

The Company currently does not have any variable rate debt instrument.

### **Government Regulation**

The exploration activities of WSR are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, toxic substance and other matters. These activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards and land reclamation. Although WSR exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that the existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

## **Land Title**

Although titles to the Properties have been reviewed by or on behalf of WSR, no assurance can be given that there are no title defects affecting Properties. Title insurance is generally unavailable for mining claims in Canada and WSR's ability to ensure it has obtained secure claim to individual mineral properties may be limited. WSR has not conducted surveys of the claims in which it holds direct or indirect interest; therefore, the precise area and location of such claims may be in doubt. It is possible that the Properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims and title may be affected by, among other things, undetected defects.

## **Disclosure Controls and Procedures**

Management has ensured that there are disclosure controls and procedures which provide reasonable assurance that material information relating to the Company is disclosed on a timely basis, particularly information relevant to the period in which annual filings are being prepared. Management believes these disclosure controls and procedures have been effective during the fiscal year ended March 31, 2008.

## **20. Outlook**

WSR is conducting a full sequence exploration program on all of its Joint Venture properties. Activities will include:

1. Airborne geophysics (VTEM Surveys);
2. Follow up ground geophysics on appropriate targets;
3. Staking;
4. Reconnaissance drilling on defined targets; and
5. Definition drilling on discoveries.

The Company has currently two drills operating. One is on the 5.01 target defining the announced visual discovery. The other, a smaller and easier to move drill rig, is following up on geophysically defined targets. If the small rig is successful in explaining conductors, the Joint Ventures would mobilize another large rig onto the discovery to begin definition drilling.