

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

This Management's Discussion and Analysis ("MD&A") of WSR Gold Inc. (the "Company" or "WSR"), provides an analysis of WSR's financial results for the six months ended September 30, 2007 and should be read in conjunction with the Company's interim and audited financial statements, including the notes thereto which have been prepared in accordance with Canadian generally accepted accounting principles, for the period ended September 30, 2007 and year ended March 31, 2007, respectively. This MD&A has taken into account information available up to and including November 12<sup>th</sup>, 2007

The financial statements and management report have been reviewed by WSR' Audit Committee and approved by the Board of Directors, but have not been reviewed by the Company's auditors. All dollar amounts in this MD&A are expressed in Canadian dollars unless otherwise stated.

**Description and History of Business**

WSR is a publicly listed Canadian junior resource company with mining interests in Guyana, South America and Ontario, Canada. WSR was incorporated in Ontario on May 11, 1979 and was originally involved in mineral exploration. From November 2000 until April 2003 it was largely inactive. During the year ended March 31, 2004, WSR commenced reorganizing its activities and completed two financing transactions to raise gross proceeds of \$350,000 and acquired an option to earn a 100 percent interest in a mineral resource property. However, the Company chose not to pursue this prospect during the year ended March 31, 2006 and surrendered its interest.

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 as a tier 2 company 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.

On October 19, 2006, WSR entered into an option agreement (the "Agreement") with Guyana Goldfields Inc. (TSX:GUY) to earn a 50 percent interest in the Peters Mine property in Guyana (the "Peters Mine Property").

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.

**Quarterly operations:**

WSR recorded a net loss of \$70,517 or \$nil per share for the second quarter of its fiscal year ending September 30, 2008 compared with a net loss of \$4,769,179 or \$0.09 per share for the same period in fiscal 2007. For the six-month period ended September 30, 2007 and 2006 the net losses were \$253,296 or \$nil per share and \$5,059,982 or \$0.10 per share respectively.

Consolidated revenues for the three and six month periods of fiscal 2008 were derived exclusively from interest income of \$29,631 and \$55,231 respectively (\$7,594 and \$16,101 in fiscal 2007).

During the first six months of fiscal 2008 WSR did not generate any oil and gas revenue. During the first three and six month periods of fiscal 2007 oil and gas revenue, net of royalties, of \$184,213 and \$288,033 respectively, arising from the Daly Field oil production, was generated.

The Company incurred no production costs during the three and six month period ended September 30, 2007 compared with \$167,170 and \$252,203 for the same respective periods of fiscal 2007.

Depletion, depreciation, and accretion expense for the three and six month ended September 30, 2007 decreased to \$212 from \$4,678,474 and to \$599 from \$4,841,405 for the same period ended September 30, 2006 reflecting the elimination of depletion and accretion charges arising from the disposition of the oil and gas properties during fiscal 2007.

Stock-option compensation expense remained relatively stable compared to the same fiscal periods of 2007. During the first quarter of fiscal 2008 the Company granted to an officer of the Company options to acquire 100,000 common shares WSR at \$0.60 with an attributable fair value of \$43,300. In addition, \$51,350 was charged to the stock-based compensation account representing the fair value of 100,000 options vested during the first quarter of fiscal 2008. No options were granted or exercised during the second quarter of 2008.

Consolidated general and administrative costs ("G&A") were \$99,936 during the second quarter of fiscal 2008 compared to \$115,342 for the same period in fiscal 2007. The marginal decrease was due mainly to the reduction of consulting cost for geological and engineering consulting services offset by increase in accounting, legal, travel and general office expenses. For the six-month periods ended September 30, 2007 and 2006 G&A expenses remained stable and increased only from \$212,495 to \$213,278.

WSR is not in commercial production on its resource property and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through equity issues. As at September 30, 2007 WSR had cash and cash equivalents of \$3,509,558 (\$2,700,287 – March 31, 2007) and working capital of \$3,437,356 (\$2,685,061 – March 31, 2007).

Cash provided by (used) in operating activities during the three and six-month periods ended September 30, 2007 was (\$216,342) (2006 - \$867,934) and (\$ 101,071) (2006 – \$532,712), respectively. Resource property depletion and depreciation and stock-based compensation expense constitute the principle amounts that reconcile the statement of loss to the statement of cash flows from operating activities.

Cash used in investing activities for the three and six-month periods ended September 30, 2007 and 2006 totaled \$458,286 (2006 - \$1,656,089) and \$909,283 (2006 - \$3,806,409), respectively. Investing activities during fiscal 2007 were concentrated in oil and gas properties while during fiscal 2008 these activities focused on mining properties.

During the first quarter of fiscal 2008, 4,715,000 warrants at \$0.30 each, 445,000 broker warrants at \$0.225 each and 775,000 warrants at \$0.30 each, attached to the broker warrants and 210,000 warrants at \$0.25 each, were exercised for net proceeds of \$1,799,625. During the second quarter of fiscal 2008, 80,000 warrants at \$0.25 were exercised for net proceeds of \$20,000.

On November 8, 2007. WSR announced that it will complete a non-brokered offering of (i) up to 4,200,000 flow-through units ("FT Units") at \$0.35 per FT Unit, each such FT Unit consisting of one "flow-through" common share of WSR and one-half of one share purchase warrant, each whole such warrant entitling the holder thereof to acquire one additional common share of WSR (which shall not be a "flow-through" share) for a period of 12 months at an exercise price of \$0.45 per share; and (ii) up to 3,800,000 units ("Units") at \$0.33 per Unit, each such Unit consisting of one common share of WSR and one share purchase warrant entitling the holder thereof to acquire one additional common share of WSR for a period of 12 months at an exercise price of \$0.45 per share.

The private placement remains subject to the approval of the TSX Venture Exchange.

## Results of Operations – Mineral Properties Current Developments

### Option Agreement

On November 1, 2007 the Company announced that it has entered into an option agreement with Noront Resources Inc. ("Noront") pursuant to which WSR is been granted the option to acquire a 50% legal and beneficial interest in certain Noront areas. The area will include 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 is required to:

- a) Issue to Noront an aggregate of 400,000 common shares upon both parties receiving all required approvals including TSX Venture Exchange and Board of Directors approval of the Option Agreement;
- b) Incur aggregate exploration expenditures on the property of \$5,000,000 over a three-year period (of which \$1,500,000 must be expended in the first year);and
- c) Make cash payments to Noront totaling \$400,000 within two years of receiving the above noted approvals of the Option Agreement (of which \$200,000 must be paid in the first year, and any portion of the aggregate of \$400,000 may be satisfied at the option of Noront, by the issuance to Noront of up to 800,000 common shares of WSR at a deemed price of \$0.50 per share).

The transaction remains subject to required approvals of both WSR and Noront including the approval of the TSX Venture Exchange and WSR's Board of Directors.

### Exploration Summary for the Quarter

WSR is exploring and developing the Peter's Mine Gold Project located at the Puruni district, Guyana since it acquired its Option Agreement, October, 2006.

For the period ending September 30, 2007, the main activities of WSR on the Property were:

- 1) Exploration Drilling of Geophysical targets and wildcat drilling at Herolds Hill;
- 2) Structural geology evaluation by SRK Consulting Inc.;
- 3) Geological investigation and follow-up of ground geophysical survey results;
- 4) Re-logging of selected drill hole core as recommended by SRK Consulting Inc.

The company presently has 3,382.6 ha of ground tenured as a mining concession through an Option Agreement with Guyana Goldfields inc ("Guyana").

Under this Agreement WSR must make specific property payments and file reports of ongoing work.

Readers who are interested in the broader scope of the project (i.e. background information as to location, topography, climate/vegetation, land tenures; project history; exploration programs; development of deposit modeling; program recommendation; maps and sections etc.) are herein referred to the more encompassing company report available on SEDAR ([www.sedar.com](http://www.sedar.com)) entitled:

Peters Mine Project, Guyana

Prepared for Guyana Goldfields Inc.

By: D.George Cargill, Ph.D. P.Eng.

N.N. Gow, B.Sc. (Hons); P.Geo

Dated: October 30, 2003

Amended: January 29, 2004

The above noted report was commissioned by Guyana as an independent technical report on the property. It was prepared to be consistent with the requirements of the National Instrument 43-101, of the Canadian Securities Administrators.

Fieldwork on the Peters Mine Property is being conducted under the supervision of Mr. Nathaniel Silvio, MAusIMM, MAIG as lead geologists and assisted by Messrs. Allan Conda and Kelvin Abarra.

### The activities

- 1) Exploration Drilling in the Main Shaft Area.

11 Holes were completed during this reporting period (PM-2007-13A to PM-2007- 19) for a total aggregate of 2,105.61m. These include six holes that were abandoned due to bad ground condition. Hole PM-2007-19 was collared during this reporting period and was completed on October 2, 2007. This hole is included in this report for the sake of completeness.

- 2) SRK Consulting of Toronto was commissioned to do a structural geology study of the project to assist in interpreting the drilling results.
- 3) "Ground truthing" of geophysical anomalies were done to prioritize drill targets.
- 4) Based on the findings, discussion and recommendation by SRK- critical cores from the main shaft drilling area was re-logged.

### Drill hole Statistics

BHID	EAST PSAD56	NORTH PSAD56	RL	DEPTH	AZIM (mN)	DIP	AREA	Date Completed
PM2007-1	238073	692626	469	275	262	-70	Main Shaft	8-Feb-07
PM2007-2	238096	692630	469	302	270	-70	Main Shaft	18-Feb-07
PM2007-3	238113	692649	469	293	250	-60	Main Shaft	1-Mar-07
PM2007-4	237970	692705	504	394	150	-45	Main Shaft	15-Mar-07
PM2007-5	237953	692719	503	514	150	-45	Main Shaft	4-Apr-07
PM2007-6	237903	692702	514	352	150	-50	Main Shaft	15-Apr-07
PM2007-7	237905	692673	502	338	150	-52	Main Shaft	24-Apr-07
PM2007-8	238107	692597	483	301.6	262	-70	Main Shaft	3-May-07
PM2007-9	238107	692597	483	266	178	-76	Main Shaft	17-May-07
PM2007-10	238408	692727	471	271	270	-45	IP Anomaly 100S	24-May-07
PM2007-11	238743	692822	471	82	270	-45	IP Anomaly 100S	7-Jun-07
PM2007-11A	238743	692822	487	294	270	-55	IP Anomaly 100S	14-Jun-07
PM2007-12	238263	691854	487	307	52.5	-45	Herolds Hill (Ken)	26-Jun-07
PM2007-13	238123	691884	472	30	64.5	-45	Herolds Hill (Ken)	29-Jun-07

PM2007-13A	238130	691894	472	84	64.5	-45	Herolds Hill (Ken)	4-Jul-07
PM2007-13B	238125	691893	472	33	64.5	-45	Herolds Hill (Ken)	5-Jul-07
PM2007-13C	238130	691904	472	367	64.5	-45	Herolds Hill (Ken)	25-Jul-07
PM2007-14	238183	691930	469	42	64.5	-45	Herolds Hill (Ken)	29-Jul-07
PM2007-15	238186	691936	470	40.61	64.5	-50	Herolds Hill (Ken)	4-Aug-07
PM2007-15A	238179	691938	470	290	65	-50	Herolds Hill (Ken)	11-Aug-07
PM2007-16	238166	692364	490	241	90	-50	IP Ano (PGW-5)	2-Sep-07
PM2007-17	238149	692163	468	70	90	-55	IP Ano (PGW-2)	8-Sep-07
PM2007-17A	238150	692164	468	280	90	-55	IP Ano (PGW-2)	14-Sep-07
PM2007-18	237917	692110	485	243	120	-50	IP Ano (PGW-3)	19-Sep-07
PM2007-19	237869	692314	494	415	90	-45	IP Ano (PGW-4)	2-Oct-07
			<b>TOTAL</b>	<b>6,125.21</b>				

## Discussion

The period ended September 30, 2007 saw the continuance of exploratory diamond drilling to follow up the recommended holes spotted by Ken Reading and those recommended as targets by the VDG Geophysics/ PGW geophysics interpretations.

Unfortunately, series of mechanical breakdowns (for both drill machine and support bulldozer) and poor ground condition resulted in poor drilling performance of only 2105.61m or average of 701.87m per month.

Drill assay results for the 2007 program received to date are shown below.

	From	To	Meters	Grams per ton, Au
<b>PM2007 - 1</b>	<b>0.00</b>	<b>118.00</b>	<b>118.00</b>	<b>1.218</b>
<i>including</i>	0.00	21.00	21.00	1.098
<i>including</i>	25.50	54.00	28.50	1.581
<i>including</i>	70.00	118.00	48.00	1.521
	<b>157.00</b>	<b>177.00</b>	<b>20.00</b>	<b>2.503</b>
<b>PM2007 - 2</b>	0.00	6.00	6.00	1.773
	31.50	33.00	1.50	1.900
	134.65	145.00	10.35	1.111
	161.30	161.50	0.50	1.070
<b>PM2007 - 3</b>	0.00	3.00	3.00	0.860

	From	To	Meters	Grams per ton, Au
	168.50	169.50	1.00	1.500
	182.00	191.00	9.00	0.766
<i>including</i>	185.00	189.00	4.00	1.155
<b>PM2007-4</b>	106.00	162.00	56.00	0.929
<i>including</i>	106.00	111.00	5.00	1.009
<i>including</i>	129.00	162.00	33.00	1.309
<i>including</i>	135.00	162.00	27.00	1.514
<i>including</i>	144.00	154.70	10.70	2.616
	306.00	307.00	1.00	1.300
	324.00	327.30	3.30	2.414
	351.00	352.00	1.00	2.030
<b>PM2007-5</b>	<b>108.00</b>	<b>184.00</b>	<b>76.00</b>	<b>2.703</b>
<i>including</i>	108.00	128.00	20.00	2.521
<i>including</i>	111.75	125.00	13.25	3.512
<i>including</i>	<b>170.70</b>	<b>184.00</b>	<b>13.30</b>	<b>11.455</b>
<i>including</i>	<b>170.70</b>	<b>177.75</b>	<b>7.05</b>	<b>19.422</b>
	343.00	344.00	1.00	1.200
<b>PM2007 - 6</b>	112.00	117.00	5.00	1.050
	149.00	150.00	1.00	1.900
	317.00	318.00	1.00	4.730
<b>PM2007 - 7</b>	111.5	113.00	1.50	2.07
	132.00	134.00	2.00	1.50
<b>PM2007 - 8</b>	9.00	10.50	1.50	1.200
	227.00	228.00	1.00	5.93
<b>PM2007-9</b>	1.50	12.00	10.50	0.865
<i>including</i>	10.50	12.00	1.50	5.000
<b>PM2007-10</b>	NSV*			
<b>PM2007-11A</b>	NSV*			
<b>PM2007-12</b>	22.70	39.30	16.60	0.710
<i>including</i>	<b>27.23</b>	<b>28.70</b>	<b>1.47</b>	<b>1.000</b>
	49.38	59.80	10.42	0.763
<i>including</i>	<b>50.45</b>	<b>52.82</b>	<b>2.37</b>	<b>2.576</b>
<b>PM2007-13C</b>	<b>260.00</b>	<b>266.00</b>	<b>6.00</b>	<b>1.343</b>
<b>PM2007-15A</b>	NSV*			
<b>PM2007-16</b>	NSV*			

NSV = no significant values

The SRK Consulting (SRK) geological team led by Dr. Jean Francois Couture, P.Geo visited Peters Mine from August 21 to 27, 2007 inclusive.

The purpose of the visit was to assist in the interpretation of geological data based on drill cores and other pertinent showing that were available. The following are the salient geological conclusions arrived at by SRK:

- 1) There are two main rock types in the project. They are granodiorite and a mafic aphanitic unit logged as chlorite schists;
- 2) Gold mineralization is associated with quartz-carbonate veins with minor pyrite accompanied by weak to moderate muscovite alteration;
- 3) Gold mineralization is hosted in high strain zone with features compatible to dip-slip shear zones;
- 4) The high strain zone is mainly developed in the mafic (chlorite schist) unit;
- 5) Main gold zone at Peter's mine is controlled by a minor "bend" of the main shear zone (mango trend);
- 6) Main Gold mineralization zone exhibit two trends- Moderate west-southwest plunge and a sub-horizontal secondary plunge;
- 7) The down plunge extension of the main gold zone is truncated by a northwesterly trending late brittle fault of unknown displacement. The fault is dipping northeast;
- 8) The drilling at the main shaft area has been hitting the hanging wall side of the gold zone but has not tested the foot wall side;
- 9) The granodiorite-mafic schist contact is the general exploration guide for the project.
- 10) Drilling should trace that contact both laterally and at depth.

Following are the general recommendations by SRK:

- 1) Future drilling should aim at recovering oriented core to assist in geological interpretations;
- 2) Lithochemical data (whole rock analyses with trace elements) should be acquired on representative rock suite to assist in the correlation of lithological units;
- 3) WSR should construct and interpret the geology of complete set of vertical sections and level maps;
- 4) At the main Peter's mine area, exploration drilling should trace out the granodiorite-mafic schist contact that host all the gold mineralization away from the existing drilled site;
- 5) Exploration should target other parts of the project while continuing drilling at Peters Mine;
- 6) Exploration targets should include linear magnetic features that may represent deformed mafic rocks.

### 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 this 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"

### Summary of Quarterly Results

The following is selected financial data from the annual and interim consolidated financial statements of the Company for the last eight completed fiscal quarters ending September 30, 2007. This information should be read in conjunction with the audited annual and unaudited interim financial statements of the Company for fiscal 2007 and 2006 and the quarters ended September 30, 2007 and 2006.

	2 <sup>nd</sup> Quarter September 30, 2007	1 <sup>st</sup> Quarter June 30, 2007	4 <sup>th</sup> Quarter March 31, 2007	3 <sup>rd</sup> Quarter December 31, 2006
Gross revenue	\$29,631	\$25,600	\$12,802	\$106,338
Net income (loss)	(70,517)	(182,779)	146,749	(823,766)
Net loss per share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ 0.01	\$ (0.01)
	2 <sup>nd</sup> Quarter September 30, 2006	1 <sup>st</sup> Quarter June 30, 2006	4 <sup>th</sup> Quarter March 31, 2006	3 <sup>rd</sup> Quarter December 31, 2005
Gross revenue	\$191,807	\$112,327	\$177,241	\$165,477
Net loss	(4,769,179)	(290,803)	(3,695,945)	(99,848)
Net loss per share – basic and diluted	\$ (0.09)	\$ (0.01)	\$ (0.10)	\$ (0.00)

Financial performance over the above-noted eight quarters has ranged from a loss of \$4.8 million for the quarter ended September 30, 2006 to a profit of \$0.1 million for the three months ended 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 value of the assessed properties was found to be impaired at September 30, 2006 and additional depletion of \$4,678,474 was charged against the book value of the petroleum and natural gas properties and net income for that quarter. The Company divested itself of its oil and gas assets during fiscal 2007. The profit generated in the fourth quarter of fiscal 2007 is primarily 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. General, administration and stock-based compensation expenses primarily sourced the loss realized during the first and second quarter of fiscal 2008. Revenues for the first two quarters of fiscal 2008 were generated by interest income earned on cash balances that the Company had raised during its latest financings.

### **Financial Conditions, Liquidity and Capital Resources**

WSR is not in commercial production on its resource property and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through equity issues. As at September 30, 2007 WSR had cash and cash equivalents of \$3,509,558 compared with \$2,700,287 at March 31, 2007.

At September 30, 2007 the Company had working capital of \$3.4 million compared to a working capital of \$2.7 million at March 31, 2007 and working capital deficit of \$0.3 million at September 30, 2006. The increase in working capital as at September 30, 2007 was due to the issuance of 5.8 million warrants for net cash proceeds of \$1.8 million. In addition, subsequent to the end of this quarter, the Company proposes to complete a non-brokered offering of up to 4,200,000 flow-through units at \$0.35 per FT Unit, and up to 3,800,000 Units at \$0.33 per Unit (see details of this proposed transaction above, under "Overall Performance")

As September 30, 2007 the Company had no long-term liabilities.

In management's view, the Company has sufficient financial resources to fund currently planned exploration programs and ongoing operating expenditures. WSR will continue to be dependent on raising equity capital as required until it generates cash flow from operations.

### **Risks and Uncertainties**

The Company does not currently generate sufficient cash flow to internally fund additional drilling programs with regard to its future exploration programs on the Peters Mine Property or other properties, and is reliant on its ability to raise funds through the capital markets. There can be no assurance that the Company will be successful in raising funds in the future. WSR's current annual G&A requirements, excluding any costs associated with its mining operations, is approximately \$450,000. WSR must have completed a minimum of \$1 million of exploration expenses on the Peters Mine Property by October 31, 2007 to fulfill its year one Agreement requirements. As at September 30, 2007, the Company has incurred \$1,469,991 on exploration expenditures at this Property.

The principal business of the Company is resource exploration and development. As such, it is exposed to a number of risks and uncertainties that are common to other companies in the same industry.

WSR's future success depends on its ability to find, develop or acquire oil and gas and/or mining reserves that are economically recoverable. Exploration and development drilling may not result in commercially productive reserves. Successful acquisitions require an assessment of a number of factors, many of which are uncertain. These factors include recoverable reserves, exploration potential, future commodity prices, operating costs and potential environmental and other liabilities. Such assessments are inexact and their accuracy is inherently uncertain.

Mineral exploration is a speculative venture. There is no certainty that the money spent on exploration and development of mineral projects will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be related to the success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

The business of mineral exploration is capital intensive. Presently, the only source of additional funds to further develop the projects undertaken by the Company is the equity market. Complementary debt finance will only be available upon the proving of economic production from reserves. Although the Company has been successful in accessing the equity markets during fiscal previous periods, there is no assurance that WSR will be successful in the future or that such sources of capital will be available. A substantial and extended decline in commodity prices could result in delay or cancellation of drilling, development or construction, or curtailment in production, all of which could have a material adverse impact on the Company.

The resource exploration and development industry is highly competitive in all aspects of the business, including the acquisition of properties, the exploration for and development of new sources of supply and the marketing of current production. A number of the Company's competitors have financial and other resources substantially in excess of those available to the Company. Additionally, the Company is dependent on third-party consultants for the majority of its technical requirements

#### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements for the quarter ended September 30, 2007.

#### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, exploration advances and other receivables, advances and accounts payable and accrued charges. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

#### **Changes in Accounting Policy**

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the audited financial statements for fiscal 2007 and note 2 of the unaudited financial statements for the three and six month period ending September 30, 2007. Effective January 1, 2007 the Company adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. None of the policies adopted, as described in note 2 of the unaudited financial statements of WSR as at September 30, 2007, had an impact on the financial results of the Company.

## **Related Party Transactions**

The amount of \$52,545 due to the spouse of a former director bears no interest and is due on demand. In April 2006, the director resigned from his position with the Company and the amount was reclassified as advances payable.

. For the three and six-month periods ended September 30, 2007 WSR paid \$6,488 (2006 - \$17,490) and \$17,316 (2006 - \$34,334) respectively to a corporation owned by an officer of the Company for accounting services. Subsequent to the first quarter of fiscal 2008 these accounting services were discontinued.

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.

## **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 or interim filings are being prepared. Management believes these disclosure controls and procedures have been effective during the three-month period ended September 30, 2007.

## **Shares Issued and Issuable**

As at November 12, 2007, WSR had 80,372,652 common shares issued and outstanding and the following securities issuable upon exercise of convertible securities:

- (i) 14,145,000 warrants each exercisable to acquire one common share at \$0.25 per share until November 17, 2008.
- (ii) 2,260,000 common shares issuable upon the exercise of stock options of which 2,210,000 are exercisable at a weighted average price of \$0.59 per share with a remaining weighted average life of 3.28 years.

## **Outlook**

For the remaining of fiscal year 2008, WSR plans to continue to execute a full sequence exploration program on the optioned Peter's Mine Property, Guyana, South America. The Company has also been diamond drilling in and around the Peter's Mine Shaft area of the Property and will continue to do so with the aid of the completed programs noted above.

## **Forward-looking Statements**

Some of the statements in this MD&A constitute "forward looking statements". Where WSR expresses an expectation or belief as to future events or results, including management's plans and objectives, and projections of exploration results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. While these statements represent our best current judgment, they are subject to risks and uncertainties that could cause actual results to vary, certain of the specifics of which are detailed in disclosures with the heading "Risk Factors" in the Company's periodic filings with securities regulators. WSR does not assume the obligation to update any forward-looking statement.

## **Additional Information**

Additional information relating to the Company is provided in the Company's interim consolidated financial statements for the period ended September 30, 2007, audited consolidated financial statements for the year ended March 31, 2007, and its Management Information Circulars. These and other documents relating to the Company are available on SEDAR at [www.sedar.com](http://www.sedar.com).