

**REUNION GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2009**

*The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Reunion Gold Corporation ("Reunion Gold" or the "Company"), dated June 16, 2009, covers the years ended March 31, 2009 and 2008 and should be read in conjunction with the audited consolidated financial statements and related notes for the years ended March 31, 2009 and 2008 (the "March 31, 2009 and 2008 consolidated financial statements"). The March 31, 2009 and 2008 consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). All financial results are expressed in Canadian dollars unless otherwise indicated.*

***BUSINESS OVERVIEW***

The Company is in the business of acquiring and exploring mineral properties. The Company's focus is on gold projects in the Guiana Shield region of South America. The Company currently has one exploration project of merit, being the Lely Mountain Project (the "Lely Project"), located in Suriname. The Company also continues to evaluate other opportunities outside the current area of operations. 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.

In mid-October 2008, in response to the Company's limited financial resources and the financial uncertainty caused by the global economic crisis affecting both the capital markets and the commodity prices, the Company temporarily suspended its field activities in Suriname. The Company has put its exploration projects on care and maintenance until it finds additional funds to resume its exploration programs.

The Company is evaluating different financing options to resume its exploration programs which may include the issuance of securities and partnership or joint venture arrangements. The continuation of the Company as a going concern is dependent upon the Company obtaining the funds necessary to continue its exploration activities and the continued financial support from its shareholders. There are no assurances that any financing will be obtained on favorable terms, if at all. The outcome of these matters cannot be predicted at this time (see "*Liquidities and Capital Resources*" and "*Going Concern Assumption*" sections).

Given the disappointing results from the exploration work conducted on the Antino 1 Project in Suriname, the Company has charged to operations in the 4<sup>th</sup> quarter of 2009, an amount of \$10,830,164 as Write-down of deferred exploration expenses related to the Antino 1 Project.

***EXPLORATION ACTIVITIES***

During the year ended March 31, 2009, the Company incurred total exploration expenditures of \$2,787,852, mostly related to the Lely Project compared to \$7,302,918 during the year ended March 31, 2008, of which \$1,152,257 related to the Lely Project and \$6,150,661 related to the Antino 1 Project. Lower expenditures during the year ended March 31, 2009 is due to the fact that all field activities were suspended in mid-October 2008 and no drilling activity was performed at the Lely Project during the year ended March 31, 2009 whereas a drilling program of \$2.0 million was completed at Antino 1 during the year ended March 31, 2008.

During the year ended March 31, 2009, Reunion Gold actively explored four promising target areas within the 82,850 hectare early stage **Lely Project**, namely Tabocal, Agua Branca, Bamboo and Djuka Creek, until it suspended its field activities in October 2008. The Lely Project is located within the greenstone belt of eastern Suriname in South America. Reunion Gold's program is the first ever systematic gold exploration of this productive greenstone terrain. The geology of Lely Mountain and adjacent area is thought to be composed of northeast striking meta-basalt, gabbro-norite and amphibolite of the Lower Proterozoic

Marowijne Group. Significant shear zones have been identified within the concession and are thought to be associated with gold mineralization. Correlation between mapped intrusions and anomalous gold samples also suggest that intrusive-hosted gold mineralization is possible.

Construction of over 70 km of access road during the course of 2008 has permitted systematic augur, ridge and spur and bulk leach extractable gold ("BLEG") sampling of target areas. Interpretation of an 8,610 line kilometer airborne radiometric and magnetic survey conducted in March 2008 reinforced the selection of the current target areas and identified new targets. The interpretation of the survey has also lead to the identification of two major structural zones trending northwest. Regional folding inferred from field mapping correlates well with the geophysical interpretation and areas with anomalous potassium signatures are also prominent near areas currently being mined by artisanal workers. The Company intends to return to these and other targets when funds become available.

No field work was conducted on the the **Antino 1 Project** during the year ended March 31, 2009. Due to disappointing results from the analysis of the data collected during the previous exploration work programs, the Company decided to write-down to nil accumulated costs incurred on this project and during the 4<sup>th</sup> quarter of 2009 charged to operations an amount of \$10,830,164 as Write-down of deferred exploration expenses.

### ***Lely Mountain, Suriname***

On October 15, 2007, the Company entered into an agreement (the "Assignment Agreement") (with amendment dated May 6, 2008) with Laurentian Mountains Resources Inc. ("LMR") whereby Reunion Gold may acquire a 100% interest over an 82,850-hectare project located on the Lely Mountain and adjacent land in eastern Suriname, South America (the "Lely Project"). Under the terms of the Assignment Agreement, LMR assigned and transferred all of its rights and interests in an option agreement between LMR and Grasshopper Aluminum Company N.V. ("Grassalco"), a Surinamese state-owned mining company, holding the three rights of exploration composing the Lely Project (the "Option Agreement").

Under the Option Agreement, the Company has the right to explore, develop and acquire from Grassalco the Lely Project. To maintain its rights in the Option Agreement, the Company is required to pay to Grassalco US\$100,000 each of the first and second year (which amounts have been paid), US\$125,000 the third year (due in August 2009), US\$200,000 the fourth year (due in August 2010) and US\$250,000 in August of each of the following years until completion of a feasibility study. An additional US\$300,000 is payable to Grassalco upon the Company obtaining a right of exploitation and all required permits to commence construction of a mine on the Lely Project. Grassalco agreed to transfer the rights of exploration as soon as an amount of US\$5 million has been spent in exploration on the project. Under the Option Agreement, the minimum exploration expenditures are US\$8 million over a five-year period, including US\$500,000 the first year. At March 31, 2009, a cumulative amount of \$3,733,030 (excluding option payments) had been spent on the Lely Project. Grassalco will retain a net smelter return royalty varying between 3% and 5% depending on the price of gold. This royalty includes the royalty payable to the government of Suriname under the mining laws of Suriname. After completion of a feasibility study and environmental impact study, Grassalco will have a 90-day option to acquire a 20% interest in the project at the then market price.

The sole shareholder and president of LMR is Mr. David Fennell, the Chairman of the Company. Under the terms of the Assignment Agreement between the Company and LMR and following TSX Venture Exchange approval, LMR received on June 18, 2008, the closing date of the transaction, 2 million common shares of the Company and is entitled to receive two additional common shares for each ounce of gold reported in a measured and/or indicated resource category as defined under National Instrument 43-101. The terms of the transaction between LMR and the Company were approved by a committee of the Board of Directors composed entirely of independent directors.

### ***Antino 1, Suriname***

In January 2006, the Company entered into an assignment agreement with Laurentian Mountains Investments Ltd. ("LMI") under which the Company acquired the right to explore, develop and acquire the Antino 1 Project, located in Suriname. Under the January 2006 agreement, LMI assigned and transferred to the Company all of its rights and interests in an option agreement between LMI and Nana Resources N.V. ("Nana"), a Surinamese company that holds the rights of exploitation known as the Antino 1 Project. During the exploration phase, the Company is required to pay an annual amount of US \$200,000, until the option is exercised. During the year ended March 31, 2009, as a result of the Company's financial condition and the general market conditions, the payments under the option agreement were temporarily deferred.

The Company is entitled to exercise the option at any time after incurring exploration expenditures of at least US \$5,000,000 (which amount has been spent) and completing a feasibility study, by providing a written notice to Nana of such exercise; at that time, the Company will be deemed to own a 100% undivided interest in the Antino 1 Project. Given the disappointing results from the exploration work conducted at Antino 1, the Company is currently evaluating various options concerning its future involvement with this project.

The sole shareholder and president of LMI is Mr. David Fennell, the Chairman of the Company. Under the terms of the assignment agreement between the Company and LMI, LMI is entitled to receive the following consideration: (a) upon definition of a 43-101 compliant mineral resource of 500,000 ounces on the Antino 1 Project, the Company would issue to LMI 400,000 common shares; (b) upon definition of a 43-101 compliant mineral resource of 1,000,000 ounces on the Antino 1 Project, the Company would issue to LMI a further 400,000 common shares; and (c) upon definition of a 43-101 compliant mineral resource of 2,000,000 ounces on the Antino 1 Project, the Company would issue to LMI a further 800,000 common shares.

### **Qualified Person**

The above technical information was reviewed and approved by Mr. Adrian Fleming, M.A.I.G, RPGeo, M.Aus.I.M.M., Reunion Gold Project Manager. Mr. Fleming is responsible for supervising the exploration program and is a qualified person under National Instrument 43-101. Management has put in place a rigorous QA/QC program using best industry practice.

## CONSOLIDATED FINANCIAL INFORMATION

	March 31, 2009	March 31, 2008
	\$	\$
<b>Balance Sheet</b>		
Cash and short-term investments	153,728	4,652,726
Exploration projects	4,937,960	11,980,272
Total assets	5,747,739	18,348,446
Shareholders' equity	5,405,794	16,812,318

### Operations

	Year ended March 31, 2009	Year ended March 31, 2008	Year ended March 31, 2007
	\$	\$	\$
Administration	950,509	762,277	1,832,301
Business development expenses	267,371	-	-
Interest and others	(42,976)	(129,693)	(216,440)
Change in fair value of investments (1)	14,797	19,844	-
Loss on sale of marketable securities	2,289,984	443,640	-
Write-down of deferred exploration expenses	10,830,164	-	-
Loss on foreign exchange	42,173	3,647	66,331
Discontinued operations	-	-	(479,435)
<b>Net loss</b>	<b>(14,352,022)</b>	<b>(1,099,715)</b>	<b>(1,202,757)</b>

<b>Basic and diluted loss per share</b>	(0.30)	(0.06)	(0.03)
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### Cash flows

Operating activities	(522,546)	(797,895)	(1,078,515)
Investing activities	(3,976,452)	(4,594,225)	(805,019)
Financing activities	-	7,707,469	3,683,906

- (1) Notes held in Master Asset Vehicle II ("MAV II") 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 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 the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, certain conditions may cast significant 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 \$43,213,711. The Company conducted extensive exploration programs on the Antino 1 Project during the years ended March 31, 2007 and 2008 and compilation work in 2009 and based on the analysis of all data collected during that time, the Company decided to write-down to nil as at March 31, 2009 accumulated costs incurred on the Antino 1 Project, resulting in a charge to operations of \$10,830,164. The Company is committed to make a payment of US \$125,000 in August 2009 to satisfy the terms of the option agreement on the Lely Project in Suriname. Also, as a result of the Company's limited financial resources, which working capital totals \$375,759 at March 31, 2009, including cash of \$153,728, all of its exploration projects have been put on care and maintenance and the Company currently has insufficient cash resources to undertake an exploration program on its exploration properties.

At March 31, 2009, the Company had \$153,728 in cash and anticipates having sufficient cash, taking into account the proceeds received subsequent to March 31, 2009 on the sale of marketable securities, to meet its corporate administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing and entering into partnership agreements, to make the required payment of US \$125,000 to satisfy the terms of the option agreement on the Lely Project, to make additional payments under the Antino 1 option agreement, to undertake exploration programs on its properties and/or to acquire additional exploration properties. There can be no assurance that the Company will be successful in putting any of these measures into place.

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

### ***Results of Operations***

For the year ended March 31, 2009, the Company incurred a loss of \$14,352,022 (\$0.30 per share) compared to a loss of \$1,099,715 in 2008 (\$0.06 per share) and a loss of \$1,202,757 in 2007 (\$0.03 per share). The loss in 2007 is presented net of earnings from discontinued operations in Nevada of \$479,435.

The results for the year ended March 31, 2009 compared to the year ended March 31, 2008 include a write-down of deferred exploration expenses of \$10,830,164, a loss of \$2,289,984 on the sale of the remaining shares held in X-Cal Resources Inc. ("X-Cal"), increased administration expenses (due to higher wages and professional fees) and business development expenses of \$267,371.

Due to disappointing results from the analysis of the data collected during the previous exploration work programs at the Antino 1 Project, the Company decided to write-down to nil accumulated costs incurred on this project and during the 4<sup>th</sup> quarter of 2009 charged to operations an amount of \$10,830,164 as Write-down of deferred exploration expenses.

On March 31, 2009, the Company sold the remaining 7,327,000 shares that it held in X-Cal for total net proceeds of \$421,006, resulting in a loss on sale of marketable securities of \$2,289,984.

The Company incurred business development expenses of \$267,371 in 2009 (nil in 2008), consisting mainly of consulting fees, travel and other related expenses.

Interest and other income totaled \$42,976 for the year ended March 31, 2009 compared to \$129,693 in 2008 due to reduced interest rates and liquidities in 2009 compared to 2008.

The results for the year ended March 31, 2008 compared to the year ended March 31, 2007, includes reduced interest income and administration costs, stock-based compensation of \$56,848 compared to \$653,581 in 2007 and a loss of \$443,640 from the sale of shares held in X-Cal. Earnings from discontinued operations in 2007 consist mostly of the reversal of a portion of the write-down of the Sleeper Project recorded in 2006.

### **Quarterly Information**

The table below presents revenues, net loss and net loss per share for the last eight quarters:

Period ended	Revenues	Net loss	Loss
	\$ 000	\$ 000	per share \$
March 31, 2009 (1)	2.8	(13,577.3)	(0.28)
December 31, 2008	1.1	(175.4)	-
September 30, 2008	11.4	(329.6)	(0.01)
June 30, 2008	27.7	(269.7)	(0.01)
March 31, 2008	57.5	(238.6)	(0.01)
December 31, 2007	16.3	(146.8)	(0.03)
September 30, 2007	14.8	(650.5)	(0.02)
June 30, 2007	41.1	(63.8)	-

(1) The net loss incurred during the quarter ended March 31, 2009 includes a write-down of deferred exploration expenses of \$10,830,164, a loss of \$2,289,984 on the sale of the remaining shares held in X-Cal and business development expenses of \$128,379.

### **Liquidities and Capital Resources**

The Company's working capital at March 31, 2009 totaled \$375,759 compared to \$3,679,179 at March 31, 2008. The working capital at March 31, 2009 includes cash of \$153,728 compared to cash and cash equivalents of \$4,652,726 at March 31, 2008. The decrease in working capital and cash and cash equivalents is mainly attributable to expenditures incurred on the exploration program at Lely in Suriname.

The Company has available liquidities of \$153,728 at March 31, 2009 and it has no cash flow generating operations. The Company relies primarily on capital markets to fund its activities through the issuance of common shares. Although the Company has been successful in the past in obtaining required financing, there can be no assurance that such financing will be available on acceptable terms. Also, the current economic environment has made access to capital increasingly difficult. The Company is, at the same time, pursuing alternative sources of financing for its exploration projects including partnership and joint venture arrangements. In light of the current situation, the Company has temporarily suspended its field activities in Suriname and reduced its manpower at its corporate office, which has significantly reduced its expenditure levels. The Company is currently assessing various options to ensure that funding is available to meet minimum expenditure requirements for at least the next 12 months.

No assurance can be given that additional capital will be available at all or available on terms acceptable to the Company or that the Company will be successful in finding alternative financing. The Company's ability to continue as a going concern is dependent on its ability to raise additional capital or find alternative financing options. If the Company is unable to raise such financing in the short-term, it may not be able to resume its exploration activities and meet ongoing commitments, which may have a material adverse effect on the Company.

### ***MAV II 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 \$99,857, issued by a trust referred to as MAV II, including senior notes (Class A-1 and A-2 notes) in the amount of \$90,311 and subordinated Class B and C notes in the amount of \$9,546. 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 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 had not been rated. On April 24, 2009, DBRS placed the MAV II Class A-2 notes under review.

At March 31, 2009, the Company estimated the fair value of these notes to be \$61,857. Information on the Company's estimation of fair value is included in note 6 to the March 31, 2009 audited consolidated financial statements.

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

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

### ***Related Party Transactions***

Under management services agreements with Queensland Minerals Ltd., Bear Lake Gold Ltd. and Odyssey Resources Limited, which companies along with Reunion Gold are under common management, amounts of \$782,626 and \$822,633 were charged back by Reunion Gold to these companies during the years ended March 31, 2009 and 2008, respectively. In 2008, the Company paid an amount of \$814,492 in drilling expenditures to a company of which the Chairman of the Company is a director. No such amount was paid in 2009.

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 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-downs are necessary. Given the disappointing results from the exploration work conducted on the Antino 1 Project, the Company has charged to operations in 2009 an amount of \$10,830,164 as Write-down of deferred exploration expenses.

### ***Changes in Accounting Policies***

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 year ended March 31, 2009.

In January 2009, the EIC issued **Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities**. This Abstract is to be applied retrospectively, without restatement, to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Company has taken into account the consensus reached in this Abstract effective April 1, 2008.

Effective April 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook **Section 1535, Capital Disclosures**. This new Handbook Section applies to fiscal years beginning on or after October 1, 2007. Under Section 1535,

companies are required to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. This new accounting standard addresses disclosure requirements only and had no impact on the Company's financial results.

Effective April 1, 2008, the Company adopted the new recommendations of the CICA Handbook **Section 3862, Financial Instruments – Disclosure, and Section 3863, Financial Instruments – Presentation**. These new Handbook Sections apply to fiscal years beginning on or after October 1, 2007 and replace Section 3861, *Financial Instruments – Disclosure and Presentation*. The objective of Section 3862 is to provide financial statement disclosure to enable users to evaluate the significance of financial instruments to the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed to during the reporting period and at the balance sheet date and how the Company is managing those risks. The purpose of Section 3863 is to enhance the financial statement user's understanding of the significance of financial instruments to the Company's financial position, performance and cash flows. These new standards address disclosure and presentation requirements only and had no impact on the Company's financial results.

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 effective April 1, 2008.

#### ***Recently Issued Accounting Pronouncement***

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. This section is effective for fiscal years beginning on or after October 1, 2008 and the Company will implement these new standards as of April 1, 2009. The Company's management does not expect that the application of this new section will have a significant impact on its financial statements.

#### ***International Financial Reporting Standards ("IFRS")***

On February 13, 2008, the CICA's Accounting Standards Board ("AcSB") confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ending June 30, 2011.

#### ***IFRS implementation plan***

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include: exploration and development expenditures; property, plant and equipment (measurement and valuation); provisions, including asset retirement obligations; stock-based compensation; and accounting for income taxes.

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication to changes to accounting policies and processes, financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training.

## ***Financial Instruments***

The Company's financial instruments consist of cash, amounts receivable, deposits, investments and accounts payable and accrued liabilities. Other than investments, management does not believe that these financial instruments expose the Company to any significant interest or credit risks. The fair market value of cash, amounts receivable, deposits and accounts payable and accrued liabilities approximates their carrying value.

The Company's financial risk management is coordinated by the officers of the Company, in close co-operation with the members of the board of directors. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At March 31, 2009, the Company had the following balance sheet items denominated in United States dollars: cash of \$19,941 (\$160,576 at March 31, 2008), deposits of \$3,021 (\$118,800 at March 31, 2008) and accounts payable and accrued liabilities of \$28,390 (\$832,731 at March 31, 2008). A variation in the foreign exchange rate between the Canadian and US dollars would have no significant impact on shareholders' equity at March 31, 2009.

## ***Outstanding Share Data***

The Company can issue an unlimited number of common shares, without par value. As at June 16, 2009, a total of 48,969,316 common shares are issued and outstanding, 3,056,250 common share purchase warrants are outstanding at an exercise price of \$1.50 per share and expiring December 31, 2009, and 2,760,000 stock options are outstanding with an exercise price varying between \$0.11 and \$1.96 and expiring by February 2014.

## ***RISKS AND UNCERTAINTIES***

The operations of the Company are highly speculative due to the high-risk nature of its business, which is the acquisition and exploration of mineral properties. Some of the risks facing the Company are listed below. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected. Additional risks may also impair the Company's operations. For a more complete discussion of these and other risk factors, please refer to the "Risk Factors" section of the Filing Statement dated March 2004, accessible on [www.sedar.com](http://www.sedar.com)

### Liquidity crisis and Requirement for Additional Financing

The Company has no history of earnings and has limited financial resources. 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 mineral properties, 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 such as mineral projects, there is no assurance that additional financing will be available in the appropriate amount when required. The current economic downturn and global credit crisis has made access to capital even more difficult. **No assurance can be given that additional capital will be available at all or available on terms acceptable to the Company.**

The further development and exploration of the Company's projects depends upon the Company's ability to obtain financing through equity financing, joint ventures, debt financing, or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets for precious metals may make it difficult or impossible for the Company to obtain equity financing or debt financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone its exploration programs, forfeit rights in some or all of its projects or reduce or terminate some or all of its operations.

### 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 in Suriname 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.

### Foreign exchange risk

Some of the Company's expenditures are in US dollars. Movement in the Canadian dollar against the US dollar therefore has a direct impact on the Company's cost base. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks.

### 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.

### Political Stability and Government Regulation risks

The activities of the Company are currently conducted in Suriname and, as such, are exposed to various levels of political, economic, and other risks and uncertainties. Changes, if any, in mining or investment policies or shifts in political attitude in Suriname may adversely affect the operations or future profitability of the Company.

### 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.

## **FORWARD LOOKING STATEMENTS**

Except for historical information, this MD&A may contain forward-looking statements. Forward-looking statements are not historical facts, and are subject to a number of known and unknown risks and uncertainties beyond the Company's control; uncertainties related to raising sufficient financing to resume exploration activities 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. These statements 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 these forward looking statements.

### **Additional Information and Continuous Disclosure**

This MD & A has been prepared as at June 16, 2009. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's web site ([www.reuniongold.com](http://www.reuniongold.com)).