

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS THREE MONTH PERIOD ENDED MARCH 31, 2011

The following discussion and analysis, with an approval date of June 29, 2011, should be read together with the interim financial statements for the three month period ended March 31, 2011 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated.

Overview

The Company is in the resource exploration/development and production business. The Company has leased and acquired mineral rights to properties located near Port Hardy on Vancouver Island and near Powell River. These properties are industrial mineral properties containing cement feedstock materials and Kaolin as well as a strong potential for development of base and precious metal deposits optioned to Lumina Copper Corp. The Company has been continuously shipping product to a Seattle Cement Plant since October 2003.

The Company currently trades on the TSX Venture Exchange under the symbol ELT.

The following is a summary of significant events and transactions that occurred during the first 2011 quarter. Specifically:

- A total of Nil tonnes were shipped, (2010 – 15,383 tonnes in 2 barge loads).
- On January 19, 2011, the Company was issued TSX Venture Exchange acceptance of an agreement whereby the Company acquired nine claims totaling approximately 4,500 hectares of ground near Creston, British Columbia. The Company paid \$5,000 in cash and issued 2,000,000 shares for the property.
- On January 19, 2011, the Company was issued TSX Venture Exchange acceptance of an agreement whereby the Company acquired ten claims totaling approximately 5,152 hectares of ground near Creston, British Columbia. The Company paid \$4,000 in cash and issued 1,500,000 shares for the property.
- On January 21, 2011, the Company was issued TSX Venture Exchange acceptance for a non brokered private placement which was announced on December 17, 2010. The placement consisted of 1,900,000 units issued at a price of \$0.05 per share for total gross proceeds of \$95,000. Each unit consists of one common share and one share purchase warrant enabling the holder to purchase one additional common share at a price of \$0.10 per share for a period of 24 months.
- On March 2, 2011, the Company was issued TSX Venture Exchange acceptance for a non brokered private placement which was announced on February 14, 2011. The placement consisted of 8,333,333 units issued at a price of \$0.06 per share for total gross proceeds of \$500,000. Each unit consists of one common share and one share purchase warrant enabling the holder to purchase one additional common share at a price of \$0.10 per share for a period of 24 months. Finder’s fees in the transaction amounted to \$23,750 cash and 791,666 warrants exercisable for a period of 24 months at \$0.10.

Conversion to IFRS

Effective January 1, 2011 the Company transitioned from Canadian Generally Accepted Accounting Principles (“GAAP”) to International Financial Reporting Standards (“IFRS”). The interim financial statements at March 31, 2011 are the first statements prepared under the IFRS in accordance with IFRS 1, *First Time Adoption of International Financial Reporting Standards*, and with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*. The disclosures concerning the transition from Canadian GAAP to IFRS are included in the notes to the interim financial statements for the three month period ended March 31, 2011 and 2010.

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Results of Operations

The Company has experienced 27 consecutive quarters of commercial production. The volume of chalky geyserrite shipped in 2010 was 55,112 (2009 – 89,942) tonnes. In 2010, six shipments were made, whereas in 2009 eleven shipments were made. During the quarter ended March 31, 2011 there were no shipments of chalky geyserrite shipped.

Cost of sales in 2010 \$1,046,981 (2009 - \$1,987,840) are lower than the comparable period of 2009 due to an decrease in production of material because of the reduced shipments to Ash Grove and Lafarge.

During the first quarter ended March 31, 2011 there was no shipments made.

Administrative expenses during the quarter ended March 31, 2011 were up \$30,868 compared to the same period ended 2010. New business consultants comprised the majority of the increase (\$18,555) followed by an increase in filing fees of \$7,611 due to the two property acquisitions and two financings. The professional fees were also up \$3,954 in the quarter ended March 31, 2011 compared to the 2010 year due to legal fees associated with the lawsuit.

Liquidity & Solvency

The Company has financed its operations to date primarily through the issuance of common shares, exercise of stock options and the sale of chalky geyserrite to cement companies. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to deliver a satisfactory product, raise adequate financing and to lower production costs to realize overall corporate profitability in the future coupled with lower corporate expenses.

	March 31, 2011	December 31, 2010
Working capital (deficiency)	(101,366)	(328,899)
Deficit	16,341,568	16,714,917

As at March 31, 2011 the Company held \$546,052 (December 31, 2010 - \$218,016) in cash assets and had a net loss for the quarter of \$275,953 (December 31, 2010 - \$786,987) due to a gross loss on production of \$105,525, administrative expenses of \$94,846, write down of marketable securities of \$15,000 and write down of mineral production property in the amount of \$60,616.

Net cash used for investing activities for the quarter ended March 31, 2011 was \$51,272 compared to net cash used by investing activities of \$86,678 during the quarter ended March 31, 2010. The decrease is primarily due to the decrease in the exploration property advances.

Financing activities provided cash of \$554,198 during the quarter ended March 31, 2011 compared to \$161,685 for the quarter ended March 31, 2010. The proceeds from share issuances were up during the 2011 quarter due to the completion of two financings.

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Summary of Quarterly Results

	Years Ended December 31,							
	2011	2010				2009		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ -	\$ -	\$ 634,377	\$ 134,855	\$ 246,195	\$ 501,220	\$ 727,045	\$ 241,931
Net Income (Loss) Basic & Diluted	(275,953)	(566,296)	342,747	(196,083)	(167,527)	(1,302,913)	(66,861)	(224,423)
Income (Loss) per share	\$ (0.00)	\$ (0.01)	\$ 0.01	\$ -	\$ -	\$ (0.04)	\$ -	\$ -

The results above are consistent with the decreased shipments due to the economic slowdown of the US and Canadian cement markets. The first quarter ended March 31, 2011 had a loss of \$275,953 which is greater than the first quarter in the 2010 year due to the lack of sales revenue, write down of marketable securities and write down of mineral production property. The fourth quarter of 2009 had a significant loss due to the write down of its mineral properties and equipment amounting to \$1,289,154. The first quarter revenue in the 2010 year was greater than 2011 due to the shipment of the geysers. The net income in 2011 first quarter is due to the reversal of contributed surplus in the amount of \$649,301.

Capital Resources

The Company has sufficient funds to meet its operational expenses for 2011 and cover anticipated administrative expenses throughout the year. In light of a valuation of the PEM 100 quarry completed in January 2010, the Company decided to write-off the asset in the amount of \$1,159,798 due to the negligible value and drain on cash flow in 2009 and \$380,264 in 2010. The Company has taken a further write down during the quarter ended March 31, 2011 in the amount of \$60,616 leaving the balance of the production asset at \$Nil. It will continue the chalky geysers production at its PEM100 Quarry site in Port Hardy with an effort to lower administrative and production expenses until a suitable arrangement can be found for the property. The Company is searching for alternative arrangements for the mineral property to enhance shareholder value and reduce operating expenses.

The discussion and analysis of our financial condition and results of operations is based on our interim financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Application of IFRS requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the revenues and expenses reported during the period. Changes in these estimates, judgments and assumptions will occur as a result of future events, and accordingly, actual results could differ from amounts estimated.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed as at March 31, 2011.

Related Party Transactions

- a) The Company paid or accrued consulting fees of \$6,500 (March 31, 2010 - \$Nil) to a director of the Company for managerial services.
- b) The Company paid or accrued consulting fees of \$3,000 (March 31, 2010 - \$Nil) to a director of the Company for managerial services.
- c) The Company paid or accrued consulting fees of \$13,750 (March 31, 2010 - \$17,500) to both a related company and/or company of an officer, the former CFO and Corporate Secretary of the Company.
- d) The Company accrued geological fees and expenses of \$29,090 (March 31, 2010 - \$24,850) to a company controlled by the Company's president that were included in exploration costs.
- e) The Company paid or accrued directors' fees performed by directors of \$Nil (March 31, 2010 - \$2,000).
- f) Royalties totaling \$Nil (March 31, 2010 - \$6,335) were paid or accrued to a company controlled by the President.
- g) Royalties totaling \$Nil (March 31, 2010 - \$9,503) were paid or accrued to the spouse of a director.

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

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Proposed Transactions

The Company may be required to raise further capital in order to meet all financial obligations for future periods. The Company may raise the required capital through private placement offerings of its securities.

Critical Accounting Estimates

Management regularly assesses the mineral properties for impairment. As at December 31, 2010, an impairment provision of \$380,264 (2009 - \$1,159,798) was entered for the various mineral properties. During the period ended March 31, 2011 there were no further impairments recorded.

Share Data

As at June 29, 2011

Authorized share capital: Unlimited common shares without par value and unlimited number of class A preference shares without par value;

No options were outstanding March 31, 2011 and 21,283,499 warrants are outstanding at an average price of \$0.10 per share.

Shares issued and outstanding as at June 29, 2011: common shares 88,602,273;

As at June 29, 2011 the options outstanding are Nil, warrants outstanding are 23,183,499 with an average exercise price of \$0.10.

Subsequent Events

- During fiscal 2010 a former contractor of the Company issued a Notice of Civil Claim in the BC Supreme Court. The Company has retained counsel to defend against the claim and has filed a Counterclaim for damages in respect of the contractor's breach of contract and negligence in performance of contract work. The Company is of the opinion that a significant portion of the contractor's claim is without merit as not having been made in accordance with the contract which the contractor elected to abandon. The Company has proposed a settlement of \$84,000 with respect to the work performed, this amount is accrued at December 31, 2010.

A Mutual Release was signed on April 20, 2011 between the Company and the former contractor which entailed the dismissal of the Notice of a Civil Claim in the BC Supreme Court for settlement of \$105,000. An adjustment of \$21,000 was recorded as necessary to reflect the final settlement which was settled on May 5, 2011.

Outlook

The Company's continuing focus will be on sustained production of chalky geyserrite at the PEM100 Quarry in Port Hardy. The possible development of a docking port located on the west side of the island will contribute to the reduction of hauling cost for the product. The Company is also working with its major customer in pricing of the chalky geyserrite to facilitate the sharing of administrative costs. Based on results of current production and new product development, the Company remains confident that production will be met for all outstanding orders.

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Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

The current Board of Directors is comprised of five individuals, three of whom is neither an officer nor employee of the Company and is unrelated and independent from Management. The audit committee is comprised of two directors, of whom both are independent from management and one officer who is not independent.

The audit committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited financial statements prior to their submission to the Board of Directors for approval. The audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Controls and Procedures

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings, or other reports files or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Transition to International Financial Reporting Standards

Commencing on January 1, 2011, IFRS are the generally accepted accounting principles in Canada. The changeover date of January 1, 2011 required the restatement for comparative purposes, of amounts reported by us for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010.

Summary of Exemption Available

IFRS 1 First Time Adoption of International Reporting Standards sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied.

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Transition to International Financial Reporting Standards (continued)

The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2010 as further described in Note 3 of the March 31, 2011 Interim Unaudited Financial Statements:

- Marketable Securities
- Business Combinations
- Decommissioning Liability
- Available for sale investments

There are some key differences in the transition from Canadian GAAP to IFRS identified by the Company that will impact the financial statements and terms noted as follows:

Exploration and Evaluation assets (“E&E”) – Exploration license and unproved property acquisition costs, geological and geophysical costs and costs directly associated with exploration are capitalized within exploration and evaluation assets. The Company’s properties have been classified as exploration and evaluation properties with no change to the recorded amount.

Caution Regarding Forward-looking Information

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company available for view on SEDAR at www.sedar.com.