

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

The following discussion and analysis, with an approval date of November 24, 2011, should be read together with the interim financial statements for the nine month period ended September 30, 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 third 2011 quarter. Specifically:

- A total of 28,269 tonnes were shipped in 3 barge loads, (2010 – 31,547 tonnes in 3 barge loads).
- 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.

- The Company announced on June 30th, 2011 the issuance of 4,000,000 options at an exercise price of \$0.10 exercisable for a period of two years.
- The Company announced on July 11, 2011 the completion of five drill holes on the DOT Apex Property near Boston Bar, BC. Full details can be viewed on www.sedar.com.
- 300,000 warrants expired on July 16, 2011 with an exercise price of \$0.10.

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

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 nine month period ended September 30, 2011 and 2010.

Results of Operations

The Company has experienced 29 consecutive quarters of commercial production. The volume of chalky geyselite 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 September 30, 2011 there were three shipments of chalky geyselite shipped, the same as the 2010 year.

Cost of sales in the quarter were \$304,848 (2010 - \$352,927) are lower than the comparable period of 2010 due to a decrease in production of material.

During the third quarter ended September 30, 2011 there was two shipments made to Ash Grove and one to Lafarge.

Administrative expenses during the quarter ended September 30, 2011 were down \$5,981 compared to the same three month period ended 2010. A decreased use of business consultants resulted in reduced fees of \$7,383 for the three months ended September 30, 2011. Additionally reduced board meetings have resulted in \$7,000 in directors fees for the third quarter of 2011 compared to the same period in 2010. The professional fees were up almost double (\$14,976 in the quarter ended September 30, 2011) compared to the 2010 period due to legal fees associated with the lawsuit which has been settled.

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 geyselite 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.

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

	September 30, 2011	December 31, 2010
Working capital (deficiency)	(92,022)	(328,899)
Deficit	16,310,803	16,714,917

As at September 30, 2011 the Company held \$50,378 (December 31, 2010 - \$218,016) in cash assets and had a net income for the quarter of \$202,927 (September 30, 2010 - \$342,748). A gain of \$136,550 was recorded during the 2010 year due to a gain on the shares for debt transaction that took place. With the shares for debt transaction removed from the net income in the period ended September 30, 2010 the net income resulted for the quarter was \$206,198 which is comparable to the same period in the 2011 year.

Net cash used for investing activities for the quarter ended September 30, 2011 was \$153,415 compared to net cash used by investing activities of \$70,812 during the quarter ended September 30, 2010. The increase is primarily due to the increase in the exploration property work.

Financing activities during the quarter ended September 30, 2011 included \$213,883 from the shares for debt transaction compared to \$156,550 for the quarter ended September 30, 2010 which was the gain of a shares for debt transaction.

Summary of Quarterly Results

	Years Ended December 31,							
	2011			2010				2009
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$ 582,993	\$ 419,160	\$ -	\$ -	\$ 634,377	\$ 134,855	\$ 246,195	\$ 501,220
Net Income (Loss)	202,927	(157,785)	358,972	(127,912)	342,747	(196,083)	(167,524)	(1,302,913)
Basic & Diluted Income (Loss) per share	\$ -	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ (0.04)
	IFRS	IFRS	IFRS		IFRS	IFRS	IFRS	
These numbers represent Canadian GAAP figures unless otherwise indicated.								

The results above are consistent with the decreased shipments due to the economic slowdown of the US and Canadian cement markets. The third quarter ended September 30, 2011 had an income of \$202,927 which is similar than the third quarter in the 2010 year (\$206,198 before gain on shares for debt). 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 net income despite no revenue in the first quarter of 2011 is due to the reversal of contributed surplus in the amount of \$649,301.

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

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 period ended September 30, 2011 in the amount of \$133,902, leaving the balance of the production asset at \$38,422. It will continue the chalky geyselite 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 September 30, 2011.

Related Party Transactions

- a) The Company paid or accrued consulting fees of \$4,500 (September 30, 2010 - \$5,000) to a director, Mark Tommasi for managerial services.
- b) The Company paid or accrued consulting fees of \$4,500 (September 30, 2010 - \$4,500) to a director, Ron Savelieff for managerial services.
- c) The Company paid or accrued consulting fees of \$9,625 (September 30, 2010 - \$Nil) to Steveston Finance Inc., a company of the former CFO and Corporate Secretary of the Company.
- d) The Company accrued geological fees and expenses of \$53,251 (September 30, 2010 - \$24,375) to Homegold Resources Ltd. controlled by the Company's president, Jo Shearer that were included in exploration costs.
- e) The Company paid or accrued directors' fees performed by directors of \$Nil (September 30, 2010 - \$7,000).
- f) Royalties totaling \$11,308 (September 30, 2010 - \$8,421) were paid/accrued to Homegold Resources Ltd., a company controlled by the President, Jo Shearer.
- g) Royalties totaling \$16,962 (September 30, 2010 - \$12,618) were paid/accrued to the spouse of a director, Jackie Howich.

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.

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

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 September 30, 2011 further impairments of \$133,902 were recorded.

Share Data

As at November 24, 2011

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

4,000,000 options were outstanding September 30, 2011 and 20,983,499 warrants are outstanding at an average price of \$0.10 per share.

Shares issued and outstanding as at November 25, 2011: common shares 92,436,913;

As at November 24, 2011 the options outstanding are 4,000,000 at an exercise price of \$0.10, warrants outstanding are 17,954,999 with an average exercise price of \$0.10.

Subsequent Events

- On October 14th, 2011 the Company released drill results on its Gold Ledge Project which included significant gold/silver/lead/zinc results within a series of structurally controlled poly-metallic/quartz-bearing mineralized systems gold up to 3.913 g/t Au. Full details can be found on www.sedar.com.
- On October 22, 2011, 3,028,500 warrants exercisable at \$0.10 per share expired.
- On November 22, 2011 the Company announced a 60-40 joint venture formation on the Dot Apex property with 88 Capital. The agreement calls for cash payments of \$360,000 over three years and work commitments by 88 Capital of \$2.8million to acquire a 60% interest in the property. Additionally the Company announced shares for debt arrangement of 300,000 shares at a price of \$0.05 per share subject to TSX.V approval. Full details can be found on www.sedar.com.

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

Outlook

The Company's continuing focus will be on sustained production of chalky geyserite 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 geyserite 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.

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.

ELECTRA GOLD LTD.

MANAGEMENT DISCUSSION AND ANALYSIS NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

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.

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.