

## **SIENNA GOLD INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS** *(Canadian dollars)*.

This Management's Discussion and Analysis of Financial Results has been prepared as at May 19, 2010 for the six months ended March 31, 2010.

The following discussion of the financial condition and results of operations of Sienna Gold Inc. should be read in conjunction with our consolidated financial statements as at and for the six months ended March 31, 2010 and related notes. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. This section contains forward-looking statements that involve risks and uncertainties. Sienna Gold's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information".

All references to "dollars" or "\$" are in Canadian currency unless noted otherwise.

### **Responsibility for Consolidated Financial Statements**

The accompanying consolidated financial statements for Sienna Gold Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the September 30, 2009 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

### **Forward-Looking Information**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Sienna Gold Inc. ("Sienna" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and the availability of funding for the continued exploration of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Specific forward looking statements include:

- follow up drill program will be undertaken. Specific risks include the ability of the Company to raise funds, find qualified personal to carry out the program, weather and local co-operation
- define size and scope of project and add resources. Specific risks include geologic risks that the project is not any bigger than currently shown

### **History and Corporate Structure**

Sienna Gold Inc. was incorporated on July 28, 1987, as Vortex Energy & Minerals Ltd. under the Alberta Business Corporations Act. The name was changed on May 2, 2001 to Vortex Integrated Industrial Corporation and then to Sienna Gold Inc. on April 15, 2005. Sienna Gold Inc. is a holding company, and conducts its business in Peru through its wholly-owned subsidiary, Sienna Minerals S.A.C. a Peruvian company. Sienna's registered office is located at 3700 Canterra Tower 400 3<sup>rd</sup> Street S.W. Calgary, Alberta, Canada T2P 4H2 and its head office is located at Suite 117 - 339 50<sup>th</sup> Avenue S. W. Calgary, Alberta, Canada, T2G 2B3. Sienna Minerals S.A.C. office is located at Calle El Rosario 359-B Lima, Peru.

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**Overview**

Since July 1, 2004, when the Company changed its focus from oil and gas to base and precious metals exploration, the following significant transactions have been completed. All of these transactions are described in detail in the Company's annual information form filed on Sedar in January of 2007 or in this document.

June 27, 2005, the Company completed a prospectus financing for gross proceeds of \$ 3,600,000.

June 30, 2005, the Company completed the acquisition of a 60% interest in a mineral property in Peru (the Igor concession), and on March 9, 2006, the Company acquired the remaining 40% of the Igor concession.

June 30, 2005, the Company entered into an option to acquire a five year option on eight early stage exploration properties (the EMRC concessions) and exercised the Cerro Blanco option. On June 30, 2006, the Company terminated its option agreement with EMRC and simultaneously entered into a new option agreement regarding the Pachin Alto concessions. The Cerro Blanco option was dropped and on November 15, 2007 the Pachin Alto concessions were dropped.

February 1, 2006, the Company completed a private placement of 928,000 common shares at \$ 1.00 per share and 69,473 common shares at US\$ 0.95 for gross proceeds of \$ 1,004,626.

During the period from June 30, 2005 to date the Company has advanced the geological knowledge of the Igor concession through surface sampling, Induced Polarization (IP) lines and drilling on the concession. Assay results can be found in the Company's annual information form and press releases.

In November, 2006, the Company completed a prospectus filing for net proceeds of \$ 3,448,464 through the issuance of 5,604,400 Units at a price of \$ 0.70 per Unit. Each Unit comprised one common share and one half a common share purchase warrant. Each full common share purchase warrant was exercisable at a price of \$ 0.90 per share until November 1, 2007. On October 2, 2007, the expiry date was extended to November 1, 2008. The Agent was granted 392,308 options exercisable at \$0.70 per Unit, as part of its agency fee. The options expired in November 2007, 143,605 units were exercised and 248,703 expired unexercised.

On July 28, 2007, the Company entered into an option agreement with the shareholder of Sociedad Minera Pele S.A.C. ("Pele"), a Peruvian company, to acquire shares of Pele from the shareholder. Pele owns 3,200 hectares of land in the Otuzco Province of Peru. In December 2008, the option agreement was cancelled resulting in a write-off of \$ 16,736.

In September 2008, the Company filed mining claims on 900 hectares in the Lomas Province of the Department of Piura Peru. On July 1, 2009 the concession was surrendered to the government of Peru resulting in a write-off of \$ 33,479.

Pursuant to a private placement the Company issued 1,200,000 units at \$ 0.25 per unit on December 19, 2008 for proceeds of \$ 300,000.

Pursuant to a private placement the Company issued 1,358,499 units at \$ 0.15 per unit on August 28, 2009 for gross proceeds of \$ 203,775.

Pursuant to a private placement the Company issued 4,108,167 units at \$ 0.15 per unit on September 10, 2009 for gross proceeds of \$ 616,225.

Pursuant to a private placement the Company issued 7,531,250 units at \$ 0.12 per unit on April 30, 2010 for gross proceeds of \$ 903,750.

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Igor continues to be an exciting property with drill indicated resources and the proven occurrence of a gold/copper porphyry system. The Company has completed a widespread exploration drill program and is currently building a road to enable the drilling equipment to access the site in order to accommodate the follow-up drilling program to define the size and nature of the porphyry and to add resources to the Domo and Tesoros zones. It is anticipated that this next phase of drilling will commence during June of 2010.

**Mineral Property Expenditures**

During the six month period ended March 31, 2010, the Company incurred cash expenditures on its mineral properties of \$ 243,318 and recorded a reversal of prior period drilling costs of \$ 153,840 resulting from the debt settlement of agreement discussed in note 8.

**IGOR Concessions (Peru)**

The Company incurred \$ 243,318 in exploration costs on concessions in Peru during the six months ended March 31, 2010 (2009 - \$ 314,860). During the period the Company began the construction of a road required to access the proposed drill sites.

**Social Development (Peru)**

The Company continues to follow an aggressive campaign of local involvement and communications to ensure that the social "contract" with the local community is positive and based on a correct understanding of the exploration/mine development process. This effort has involved strategic donations to local institutions (school and medical post), road development, contributions to community events, formalizing of land ownership and sponsorship of a sustainable economic development workshop.

**Results of Operations**

**Summary of Quarterly Results**

The following table sets out selected unaudited quarterly financial information of Sienna Gold and is derived from unaudited quarterly consolidated financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles in Canada and expressed in Canadian dollars.

Quarter Ended	Revenues	Loss For The Period	Basic and Fully-Diluted (Loss) per Share
		\$	\$
March 31, 2010	Nil	(54,743)	(0.000)
December 31, 2009	Nil	(248,426)	(0.005)
September 30, 2009	Nil	(140,918)	( 0.000)
June 30, 2009	Nil	657	0.000
March 31, 2009	Nil	(251,324)	(0.005)
December 31, 2008	Nil	(224,180)	(0.005)
September 30, 2008	Nil	(181,458)	(0.000)
June 30, 2008	Nil	(393,873)	(0.010)

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**General and Administration Expenses**

	Three Months Ended		Six Months Ended	
	March 31		March 31	
	2010	2009	2010	2009
	\$	\$	\$	\$
Lima, Peru – office costs	(16,425)	61,563	50,821	127,569
Professional fees	22,394	28,762	46,626	92,984
Administrative fees	21,000	33,000	42,000	66,000
Travel and entertainment	129	-	5,836	-
Office and other costs	<u>14,260</u>	<u>17,975</u>	<u>38,246</u>	<u>45,523</u>
Total general and administrative costs	<u>41,358</u>	<u>141,300</u>	<u>173,529</u>	<u>332,077</u>

The loss for the three month ended March 31, 2010, decreased by \$ 196,532 over the loss for the same period in 2009. The major items causing this decrease are as follows:

- general administrative expenses decreased by \$ 99,942. The major items causing this decrease are as follows:
  - administration cost decrease by \$ 12,000 due to a reduction in the President's remuneration and directors fees
  - office and other costs decreased by \$ 3,715 resulting from reduced activities
  - travel and entertainment increased by \$ 129,
  - professional fees decreased \$ 6,368 resulting from reduced activity
  - Lima office costs decreased by \$ 77,988 as a result of decreased activity.
- Premises cost decreased by \$ 23,634 as a result of reducing the Calgary office space and rental rate.
- Transfer, listing agent fees and shareholder communications decreased by \$ 8,412.
- Stock-based compensation increased by \$ 24,810 as a result of stock options granted in September of 2009 in exchange for salaries and consulting fees being waived, and options granted to new directors in October 2009.
- Foreign exchange gain increased by \$ 38,128 resulting from the settlement of prior year drilling costs.

The loss for the six month ended March 31, 2010, decreased by \$ 172,333 over the loss for the same period in 2009. The major items causing this decrease are as follows:

- general and administrative expenses decreased by \$ 155,547. The major items causing this decrease are as follows:
  - administration cost decrease by \$ 24,000 due to a reduction in the President's remuneration and directors fees
  - office and other costs decreased by \$ 17,277 resulting from reduced activities
  - travel and entertainment increased by \$ 5,836,
  - professional fees decreased \$ 46,358 resulting from reduced activity
  - Lima office costs decreased by \$ 76,748 as a result of reduced activity.
- Write-off of mineral properties in the amount of \$ Nil (2009 - \$ 12,534) resulting from the abandonment of the Pele concessions in the first quarter of 2009.
- Transfer, listing agent fees and shareholder communications increased by \$ 7,222. The major items causing this increase are as follows:
  - conferences increased by \$8,292 as a result of a presentation made during the period to investors
  - consulting fees increased by \$ 18,008 resulting from consulting fees paid to directors to update web site.
  - stock exchange fees decreased by \$ 6,840.
  - transfer agent fees decreased by \$ 1,420,
  - printing and mailing decreased by \$ 10,618
- Stock-based compensation increased by \$ 114,196 as a result of stock options granted in September of 2009 in exchange for salaries and consulting fees being waived, and options granted to new directors in October 2009.

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**Risks Factors**

**Exploration Risks**

Exploration for minerals is speculative in nature, involves many risks and is frequently unsuccessful. All of the properties in which the Company has an interest or right are in the exploration stage only and are without established commercial mineral resources or reserves. There can be no assurance that current, proposed or future exploration and development programs on properties in which the Company has an interest will result in the discovery of minerals mineralization or a profitable commercial mining operation. The commercial viability of a mineral deposit is dependent on a number of factors including the price of the related minerals, exchange rates, the particular attributes of the deposit, such as its size, grade and proximity to infrastructure, as well as other factors including financing costs, taxation, royalties, land tenure, land use, water use, power use, importing and exporting gold and environmental protection.

**Foreign Currency Exchange Rate Risk**

All of Sienna Gold's activities are located in Peru, with the exception of a small administrative office in Canada. A large percentage of the Company's expenditures are incurred in United States dollars and therefore, costs estimated in Canadian dollars could increase or decrease accordingly. Sienna Gold's future profitability could be affected by fluctuations in foreign currencies relative to the United States dollar and Canadian dollar. Sienna Gold has not entered into any foreign currency contracts or other derivatives to establish a foreign currency protection program.

**Calculation of Resources, Conversion to Reserves and Metal Recovery**

The Company currently has no mineral reserves. Work is currently underway to quantify resources on the Igor property based on the first two drill campaigns. There is a degree of uncertainty attributable to the calculation of mineral resources and the degree to which mineral resources may ultimately prove to be convertible to mineral reserves, if at all. Until mineral resources are converted to mineral reserves and actually mined and processed, the quantity of mineral reserves and grades must be considered as estimates only. In addition, the quantity of mineral reserves and resources usually varies depending on metal prices. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

**Lack of Cash Flow and Requirements for New Capital**

The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time. The Company has limited financial resources and licenses which the Company holds and agreements to which the Company is a party impose financial obligations to the Company. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations. Failure to fulfill such obligations could result in the loss of some or all of the Company's property. Further exploration and development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. The location of the mineral properties in which the Company holds interests are in developing countries and may make it more difficult, or impossible, for the Company to obtain debt financing from senior lenders. Financing through the sale of equity securities or securities converted into equity securities could result in substantial dilution. Failure to obtain additional financing on a timely basis could cause the Company to forfeit all or parts of its interests in some or all of its properties or joint ventures and reduce or terminate its operations.

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**Title Matters**

The Company has investigated its rights to explore its various resource properties in Peru and, to the best of its knowledge, those rights are in good standing. No assurance can be given that a government will not significantly alter the conditions or revoke the applicable exploration or mining authorizations or that such exploration or mining authorizations will not be challenged or impugned by third parties. In addition, there can be no assurance that the properties in which the Company has an interest are not subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. Concessions in which the Company has an interest may be cancelled if applicable fees or penalties are not paid.

**Surface Rights**

The Company will be required to enter into agreements with local land owners in order to put a property into production. The Company has had initial contact with 94 surface rights owners at its Igor concession, but no agreements have been finalized. There can be no assurances that such agreements will be obtainable on acceptable terms, in a timely manner or at all.

**Properties in Peru**

The Company's property interests and exploration activities are located in Peru and are subject to that jurisdiction's laws and regulations. The Company believes the present attitude of Peru to foreign investment and mining to be favourable, but investors should assess the political and economic risks associated with investing in a foreign country. Any variation from the current regulatory, economic, political and social climate including those relating to taxation, royalties, imports, exports, duties and currency, delays in obtaining or the inability to obtain necessary governmental permits, currency fluctuations, restrictions on the ability of local operating companies to sell gold offshore for U.S. dollars, and on the ability of such companies to hold U.S. dollars or other foreign currencies in offshore bank accounts, import and export regulations, including restrictions on the export of gold, and limitations on the repatriation of earnings could have an adverse effect on the affairs of the Company.

Peru is not unlike other South American countries in that "informal miners" or unlicensed squatters may from time to time gain access to and mine concessions held by others. This is an ongoing problem at Igor.

As a result of the Company's assets being located in Peru, there may be difficulties in enforcing against the Company judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities legislation for a misrepresentation contained in this disclosure or otherwise. In particular, it may be practically impossible to enforce foreign court judgments against the Company in Peru.

**Operating Hazards and Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

**Foreign Countries and Regulatory Requirements**

Mineral exploration and mining activities may be affected in varying degrees by political instability, civil disturbance and government regulations relating to the mining industry and foreign investors therein. There is no assurance that the political and investment climate of foreign countries will be favourable. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation, environmental legislation or mine safety. The developing country status of Peru or political climate of other neighbouring countries may make it more difficult for the Company to obtain further financing for exploration and any required project financing from senior lending institutions because such lending institutions may not be willing to finance projects in these countries due to the possible investment risk. For more information on the Company's properties, see the independent technical reports and the annual information form filed on SEDAR.

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**Liquidity**

The Company had cash and cash equivalents of \$ 6,021 at March 31, 2010 (September 30, 2009 – \$ 533,334).

The Company had a working capital deficiency of \$ 205,611 at March 31, 2010 (working capital of \$ 128,767 at September 30, 2009).

Sienna has historically financed its activities primarily through the sale of common share equity. It is expected that the financing needs of the Company in the immediate future will continue to be from the issuance of common share equity of the Company. Future financing requirements may be satisfied through the issuance of debt securities upon attainment of certain conditions acceptable to lenders, through the receipt of proceeds from the sale of certain of the Company's mineral properties or interests therein, or the attainment of profitable mining operations. Factors that could affect the availability of financing include Sienna's performance (as measured by various factors including the progress and results of its exploration work), the state of international debt and equity markets, investor perceptions and expectations of past and future performance, the state of the world precious and base metal markets, the global financial climate, and drilling and metallurgical testing results from the Sienna concessions and the status of options on concessions.

**Litigation, Claims and Assessment**

The Company has been named or threatened to be named in 3 legal claims in Peru, but based on advice from Peruvian counsel, the Company is of the view that none are either material or have any substantive basis.

**Forward Sales, Options and Other Commitments (including Off-Balance Sheet Arrangements)**

The Company has no forward sales, option contracts, or other off balance sheet arrangements. In addition, the Company has no material commitments for expenditures other than office leases which do not extend beyond one year. All payments, license fees etc. payable with respect to the mineral properties expire if the property is abandoned.

**Related Party Transactions**

Three months ended March 31, 2010:

Directors or companies controlled by directors were paid \$ 11,737 (2009 – \$ 23,751) of which \$ 9,237 is in the period end accounts payable and accrued liabilities, for engineering and other services, and a law firm of which a director is a partner was paid \$ 2,894 (2009 - \$ 4,656). As at March 31, 2010 \$ 37,948 was included in accounts payable and accrued liabilities.

Six months ended March 31, 2010:

Directors or companies controlled by directors were paid \$ 35,589 (2009 – \$ 19,183) of which \$ 9,237 is in the period end accounts payable and accrued liabilities, for engineering and other services, and a law firm of which a director is a partner was paid \$ 6,409 (2009 - \$ 32,024). As at March 31, 2010 \$ 37,948 was included in accounts payable and accrued liabilities.

The above transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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**Critical Accounting Estimates**

**Capitalization and Impairment of Mineral Properties**

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the attainment of successful production from the properties or from the proceeds of their disposal.

The recognized amounts of such items are based on the Company's best information and judgment. Such amounts may change materially in the future as management continues to gather information.

Based on periodic reviews made by management and where the long-term expectation is that the net carrying amount of these capitalized exploration and development costs will not be recovered, the carrying amount is then written down accordingly and the write-down amount charged to operations.

A write down would be indicated where:

Producing properties:

- the carrying amounts of the capitalized costs exceed the related undiscounted net cash flows of reserves.

Exploration properties:

- exploration activities have ceased;
- exploration results are not promising such that exploration will not be planned for the foreseeable future;
- lease ownership rights expire; or
- insufficient funding is available to complete the exploration program.

**Stock-based Compensation**

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 "Stock-based Compensation and Other Stock-based Payments" requires fair value accounting for all stock options issued during the year. When determining the volatility factor and length of options for its stock-based compensation assumptions, management of the Company is required to make estimates for the future volatility of its shares and the length of time stock options will remain unexercised. Management has used assumptions regarding volatility based upon historical volatility of the Company's stock for the period July, 2005 (the resumption of trading on the TSX Venture Exchange) to the date of transaction. In addition, management has assumed that 100% of the options will be exercised and will remain unexercised until immediately prior to their expiry date. These assumptions may not necessarily be an accurate indicator of future volatility.

**Asset Retirement Obligations**

The CICA Handbook Section 3110, Asset Retirement Obligation requires recognition of a legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost must be recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life.

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**Financial Instrument – Recognition and Measurement**

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. Under this standard, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The Company has implemented the following classification for its financial instruments:

- a) Cash and cash equivalents has been classified as held-for-trading,
- b) Accounts receivables have been classified as loans and receivables,
- c) Advances from and to related parties are classified as loans and receivables,
- d) Accounts payable and accrued liabilities have been classified as other financial liabilities and measured at amortized cost. In management's opinion the amortized costs approximate their carrying values.

**Adoption of new accounting standards**

- a) Recent pronouncements:

**Business Combination, Consolidated Financial Statements and Non-Controlling interest**

For interim and annual financial statements relating to its fiscal year commencing on or after January 1, 2011, the Company will be required to adopt new CICA Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements." The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 "Business Combinations and International Accounting Standard IAS 27 "Consolidated and Separate Financial Statements" respectively. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

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

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the period ended September 30, 2011. The Company is currently engaged in the scoping phase of its conversion which involves a high level review of major differences between Canadian GAAP and IFRS, setting a timeline for resources and developing a project plan. This scoping phase is intended to provide direction to the Company's management for the second phase of conversion project and will be disclosed in the Company's 2010 annual financial statements and management's discussion and analysis. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

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**Outstanding Share Data**

The Company's outstanding share data as at May 19, 2010 and September 30, 2009 is as follows:

	<u>May 19, 2010</u>	<u>September 30, 2009</u>
Common shares	60,338,896	51,307,646
Common share purchase warrants		
• Expiring December 19, 2010 (Note 1)	1,200,000	1,200,000
• Expiring August 29, 2010 (Note 2)	1,358,499	1,358,499
• Expiring September 11, 2010 (Note 3)	4,108,167	4,108,167
• Expiring April 30, 2012 (Note 4)	7,531,250	-
• Agents options (Note 5)	89,150	89,150
• Agents warrants (Note 6)	355,817	355,817
• Agents Options (Note 7)	1,506,250	-
Stock Options (Note 8)	4,410,000	4,440,000
Property acquisition (Note 9)	<u>355,000</u>	<u>-</u>
Fully Diluted Shares	<u><u>81,253,029</u></u>	<u><u>62,809,279</u></u>

Notes:

- 1) Warrants are exercisable at \$ 0.35 per share and expire on December 19, 2010.
- 2) Warrants are exercisable at \$ 0.25 per share and expire on August 19, 2010
- 3) Warrants are exercisable at \$ 0.25 per share and expire on September 11, 2010.
- 4) Warrants are exercisable at \$ 0.18 per share and expire on April 30, 2012. If prior to April 30, 2012 the Corporation's shares trade at \$0.30 or above for 20 business days the Corporation may give the holders 30 days notice to exercise the warrants and all unexercised warrants at the end of that period will expire.
- 5) Agents options are exercisable at \$ 0.15 per share and expire on August 19, 2010.
- 6) Agents warrants are exercisable at \$ 0.25 per share and expire on August 19, 2010 (89,150) and September 10, 2010 (266,667)
- 7) Agents' option will entitle the Agent to purchase a unit at \$0.12 per share which expire on April 30, 2012. If prior to April 30, 2012 the Corporation's shares trade at \$0.30 or above for 20 business days the Corporation may give the holders 30 days notice to exercise the underlying warrants and all unexercised warrants at the end of that period will expire.
- 8) Stock options outstanding are exercisable at prices ranging from \$ 0.25 to \$ 1.15 per share and expire on dates ranging from June 30, 2010 to October 7, 2014. As of January 27, 2010 all stock options granted have vested except for 825,000 of which 650,000 will vest on September 2, 2010 and 175,000 which will vest on October 7, 2010.
- 9) The Company's subsidiary, Sienna Minerals S.A.C., entered into an agreement during the quarter to acquire approximately 300 net hectares of land contiguous to the IGOR concession. The consideration of US \$ 55,000, which amount can be settled with the issuance of 355,000 common shares of Sienna Gold valued at \$ 0.155 per share. The transaction has not closed due to questions concerning title. The Company has reserved 355,000 common shares.

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**Capital Resources**

The Company had a working capital deficiency of \$ 205,611 as of March 31, 2010.

**Multilateral Instrument 52-109 Disclosure**  
**Evaluation of Disclosure Controls and Procedures**

Disclosure control and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management.

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2010 and have concluded that they are adequate and effective to ensure accurate and complete disclosure.

**Additional Disclosure**

	March 31, 2010	March 31, 2009
	\$	\$
<b>Deferred Exploration Costs by property</b>		
Igor concession (Net of drilling cost reversal)	89,478	341,860
La Borrachera Concession	<u>-</u>	<u>9,961</u>
	<u>89,478</u>	<u>324,821</u>

**Additional Sources of Information**

Additional sources of information regarding Sienna Gold Inc. can be found in the Company's annual information form and annual proxy statement filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.siennagold.com](http://www.siennagold.com).