

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 Condition has been prepared as at February 17, 2011 for the three months ended December 31, 2010.

The following discussion of the financial condition and results of operations of Sienna Gold Inc. ("Sienna Gold") should be read in conjunction with our consolidated financial statements as at and for the three months ended December 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.

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 3rd Street S.W. Calgary, Alberta, Canada T2P 4H2 and its head office is located at Suite 117 - 339 50th 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.

Property Acquisitions:

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 acquired the remaining 40%

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. This option was dropped in November of 2007

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.

On August 23, 2010 the Company's subsidiary Sienna Minerals completed the acquisition of 400 hectares from Vena Resources Inc. The concession ("IGOR South") is contiguous to and south east of the IGOR concession.

Financings:

June 27, 2005, 12,000,000 units at \$ 0.30 per unit for gross proceeds of \$ 3,600,000

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

November, 2006, 5,604,400 units at a price of \$ 0.70 per unit for gross proceeds of \$ 3,923,080.

December 19, 2008, 1,200,000 units at \$ 0.25 per unit for gross proceeds of \$ 300,000.

August 28, 2009, 1,358,499 units at \$ 0.15 per unit for gross proceeds of \$ 203,775.

September 16, 2009, 4,108,167 units at \$ 0.15 per unit for gross proceeds of \$ 616,225.

April 30, 2010, 7,801,250 units at \$ 0.12 per unit for gross proceeds of \$ 936,150.

November 5, 2010, 5,294,120 units at US \$ 0.17 per unit for gross proceeds of \$ 915,120 (US \$ 900,000).

Other Share Capital Transactions:

On March 25, 2010 the Company entered into a debt settlement agreement whereby US \$ 377,432 of drilling costs were settled with the payment of US \$ 50,000 and the issuance of 1,500,000 common shares of the Corporation at a fair value of \$ 0.12 per share, being the trading value of the Company's shares on that date. The transaction was accounted for as an issuance of common shares valued at \$ 180,000 and a reversal of \$ 153,840 of drilling costs previously capitalized as deferred exploration costs.

On June 17, 2010 the Company issued 83,333 common shares in settlement of \$ 10,000 in consulting fees with the fair value of the share, being the trading value of the Company's shares on that date.

On August 19, 2010 the Company's subsidiary, Sienna Minerals S.A.C., completed the acquisition of the IGOR South concession comprising approximately 400 hectares of land contiguous to the IGOR concession. The consideration of US \$ 55,000 was settled with the issuance of 355,000 common shares of Sienna Gold valued at \$ 0.155 per share and US \$ 5,000 cash with the fair value of the share, being the trading value of the Company's share on that date.

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Mineral Property Expenditures

During the three month period ended December 31, 2010, the Company incurred cash expenditures on its mineral properties of \$ 228,204.

IGOR Concessions (Peru)

The Company spent \$ 228,204, in exploration costs on Concessions during the quarter. The costs represented the completion of the road and drilling platforms and the commencement of the 2,500 metre drilling program. To date three drill holes have been completed and the 4th is in progress. The assay results from the first two drill holes were reported in a press release dated February 3, 2011.

Results for the first two holes in a planned 2500 m campaign. The best results come from Hole CA-10-2 and are shown in the table below.

Hole	Interval (m)	Length (m)	Weighted average grade	
			Gold (g/t)	Silver (g/t)
CA-10-1	426.05 to 426.60	0.55	0.786	5.8
CA-10-2	12.0 to 47.0	35	0.57	16.43
	including 32.0 to 40.0	8.00	1.85	21.12
	188.2 to 204.0	15.8	0.69	56.63
	including 191.5 to 200.0	8.5	1.17	103.02
	including 195.2 to 196.0	0.8	4.96	908
	404.0 to 424.0	20.0	0.65	21.99
	including 406.9 to 414.1	7.2	1.42	46.40
	including 407.8 to 408.15	0.35	12.1	232

Although Hole CA-10-1 contained no large intervals of economic mineralization, the last sample at 426.05 m was heavily altered and mineralized and suggests that the expected porphyry copper mineralization exists at depth. A large fault zone was encountered at 426.6 m and the hole was terminated.

Hole CA-10-2 produced better results with one zone of disseminated near surface oxide mineralization, two zones associated with high grade structures (up to 12.1 g/t Au in once sample and 970 g/t Ag in another) and long intervals of anomalous, gold and silver mineralization.

Hole CA-10-1 and CA-10-2 are collared respectively some 450 m and 200 m north of the area of Sienna's 2008 Hole CA-01b which returned 218.4 m of 0.6g/t gold and 22.3g/t Ag (Press Release May 13, 2008). Drilling is moving south and the remaining holes will be collared within 150 m of Hole CA-01b. One of these holes will be drilled from the same platform as the CA-01b on a different orientation and to a depth of at least 500 m.

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. Most recently the Company has concluded a two year agreement with the village of Callaquitas for the continuing operations, in the area.

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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
		\$	\$
December 31, 2011	Nil	(214,443)	(0.000)
September 30, 2010	Nil	(395,973)	(0.010)
June 30, 2010	Nil	(166,566)	(0.010)
March 31, 2010	Nil	(54,743)	(0.000)
December 31, 2009	Nil	(248,426)	(0.005)
September 30, 2009	Nil	(176,978)	(0.000)
June 30, 2009	Nil	657	(0.000)
March 31, 2009	Nil	(251,324)	(0.005)

	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009
	\$	\$
Lima, Peru – office costs	99,107	67,246
Professional fees	31,496	24,232
Administrative fees	21,000	21,000
Travel and entertainment	8,624	5,707
Office and other costs	<u>15,076</u>	<u>13,986</u>
Total general and administrative costs	<u>175,303</u>	<u>132,171</u>

The loss for the three month ended December 31, 2010, decreased by \$ 33,983 over the loss for the same period in 2009. The major items causing this decrease are as follows:

- Stock-based compensation decreased by \$ 48,401 as a result of stock options granted in September of 2010 in exchange for salaries and consulting fees being waived, and options granted to new directors in October 2010.
- Transfer, listing agent fees and shareholder communications decreased by \$ 7,630. The major items causing this increase are as follows:
 - consulting fees decreased by \$ 3,967 resulting from consulting fees related to investor relations.
 - Stock exchange fees decreased by \$ 3,295,
 - transfer agent fees increased by \$ 174, and
 - printing and mailing decreased by \$ 543.
- interest income decreased by \$ 129.
- administrative expenses increased by \$ 11,273. The major items causing this increase are as follows:
 - office and other costs increased by \$ 1,090 resulting from increased activities,
 - travel and entertainment increased by \$ 2,917,
 - professional fees increased \$ 6,977 resulting from reduced activity, and
 - Lima office costs increased by \$ 31,861.

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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.

Subsequent to December 31, 2010, the Company has received gross proceeds of from the exercise of warrants, of approximately \$1,034,196 as detailed in note 14 to the financial statements. With the additional proceeds, the Company believes that it has sufficient working capital in order to funds its exploration and operations budget for the upcoming fiscal year.

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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 \$ 309,713 at December 31, 2010 (September 30, 2010 – \$ 50,030).

The Company had working capital of \$ 310,792 at December 31, 2010 (working capital deficiency of \$ 150,870 at September 30, 2010).

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.

Subsequent to December 31, 2010, the Company has received gross proceeds from the exercising of warrants of approximately \$1,034,196 as detailed in note 14 to the financial statements. With the additional proceeds, the Company believes that it has sufficient working capital in order to fund its exploration and operations budget for the upcoming fiscal year.

Litigation, Claims and Assessment

The Company has been named or threatened to be named in 4 legal claims in Peru, but based on advice from local counsel there, 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 December 31, 2010:

Directors or companies controlled by directors were paid \$ 31,500 (2009 – \$ 23,751), for engineering and other services, and a law firm of which a director is a partner was paid \$ 13,851 (2009 - \$ 4,656) of which \$ 34,359 is in the year end accounts payable and accrued liabilities (2009 – \$ 33,297).

Three months ended December 31, 2009:

Directors or companies controlled by directors were paid \$ 23,751 (2008 – \$ 13,183) of which \$ 4,627 is in the year end accounts payable and accrued liabilities, for engineering and other services, and a law firm of which a director is a partner was paid \$ 4,656 (2008 - \$ 21,846) of which \$ 33,297 is in the year end accounts payable and accrued liabilities (2008 - \$ 22,939).

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 prior (the resumption of trading on the TSX Venture Exchange) to the date of the 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.

Future 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 is not expected to be material and will be adopted as part of the Company's move to International Financial Reporting Standards .

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 and the date for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will begin reporting under IFRS in the year ended September 30, 2012. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011.

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While the Company has begun assessing the adoption of IFRS for fiscal 2012, the Company has not yet prepared a complete IFRS changeover plan (the "IFRS Plan"), but has completed a high-level scoping study to consider the potential impact of the implementation of IFRS on the Company's financial reporting. The Company believes that the primary impact of IFRS will be:

- IFRS 1 – First-time adoption of IFRS
- IFRS 2 – Share Based Payments
- IFRS 6 – Exploration and evaluation of mineral resources
- IAS 16 – Property, plant and equipment
- IAS 36 – Impairment of Assets

IFRS will not only impact the presentation and disclosure of items in the financial statements but also the determination of future net income or loss and the measurement of balance sheet items.

Outstanding Share Data

The Company's outstanding share data as at February 17, 2011 and September 30, 2010 is as follows:

	<u>February 17, 2011</u>	<u>September 30, 2010</u>
Common shares	71,281,635	61,440,722
Common share purchase warrants		
Expiring December 20, 2010 (Note 1)	-	1,200,000
Expiring February 28, 2011 (Note 2)	2,586,046	5,466,666
Expiring May 1, 2012 (Note 3)	6,468,902	8,192,075
Agents options (Note 4)	104,491	104,491
Agents warrants (Note 5)	104,491	104,491
Expiring November 9, 2011 (Note 6)	5,294,120	-
Agents options (Note 7)	370,588	-
Agents warrants (Note 8)	370,588	-
Stock Options (Note 9)	<u>5,410,000</u>	<u>5,510,000</u>
Fully Diluted Shares	<u>92,090,861</u>	<u>82,061,445</u>

Notes:

- 1) Warrants were exercisable at \$ 0.35 per share and expired on December 20, 2010.
- 2) Warrants are exercisable at \$ 0.25 per share and expire on February 28, 2011
- 3) Warrants are exercisable at \$ 0.18 per share and expire on May 1, 2012 subject to acceleration if shares trade above \$ 0.30 for 20 business days
- 4) Agents' options are exercisable at \$ 0.12 per share and expire on May 1, 2012 subject to acceleration if shares trade above \$ 0.30 for 20 business days.
- 5) Agents' warrants are exercisable at \$ 0.18 per share and expire on May 1, 2012 subject to acceleration if shares trade above \$ 0.30 for 20 business days.
- 6) Warrants are exercisable at \$ 0.26 per share and expire November 9, 2011
- 7) Agents' options are exercisable at US \$ 0.17 per share and expired on November 9, 2011.
- 8) Agents' warrants are exercisable at \$ 0.26 per share and expired on November 9, 2011.
- 9) Stock options outstanding are exercisable at prices ranging from \$ 0.25 to \$ 0.70 per share and expire on dates ranging from January 22, 2012 to January 6, 2016. As of February 17, 2011 all stock options granted have vested except for 1,402,500 of which 1,277,500 will vest on September 15, 2011 and 125,000 on January 6, 2012.

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Capital Resources

The Company had working capital of \$ 310,792 as of December 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 December 31, 2010 and have concluded that they are adequate and effective to ensure accurate and complete disclosure.

Additional Disclosure

	Three months ended December 31, 2010	Three months ended December 31, 2009
	\$	\$
Deferred Exploration Costs by property		
Igor concession	<u>228,204</u>	<u>110,223</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 and on the Company's web site at www.siennagold.com.