VENTANA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Quarter Ended December 31, 2010

Introduction

This management's discussion and analysis ("MD&A") of Ventana Gold Corp. and its subsidiaries covers the three and six month periods ended December 31, 2010. It takes into account information available up to and including February 14, 2011 and should be read in conjunction with the unaudited consolidated financial statements and notes for the three and six months ended December 31, 2010, which are available on the Company's website at www.ventanagold.com and on the SEDAR website at www.sedar.com.

Throughout this document the terms *we*, *us*, *our, the Company* and *Ventana* refer to Ventana Gold Corp. All financial information in this document is prepared in accordance with Canadian generally accepted accounting principles (GAAP) and presented in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

Some of the statements contained in this document constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as *seek*, *anticipate*, *believe*, *plan*, *estimate*, *expect* and *intend*; statements that an event or result is *due on* or *may*, *will*, *should*, *could*, or *might* occur or be achieved; and other similar expressions.

More specifically, forward-looking information contained herein may include, without limitation, statements concerning the Company's plans for mineral properties in Colombia, the timing and amount of estimated future production and mine life, expected future prices of minerals, mineral reserve and mineral resource estimates, estimated capital and operating costs of projects, estimated capital pay-back period, estimated asset retirement obligations, timing of development and permitting time lines.

Forward-looking information contained herein is based on material factors and assumptions and is subject to a variety of known and unknown risks and uncertainties, which could cause actual events, results, performance or achievements to differ materially from any future events, results, performance or achievements expressed or implied by such forward-looking information. These include, without limitation, material factors and assumptions relating to, and risks and uncertainties associated with, the availability of financing for activities when required and on acceptable terms, the accuracy of the interpretation of drill results and the estimation of mineral resources and reserves, the geology, grade and continuity of mineral deposits, the consistency of future exploration, development or mining results with our expectations, metal price fluctuations, the achievement and maintenance of planned production rates, the accuracy of component costs of capital and operating cost estimates, current and future environmental and regulatory requirements, favourable governmental relations, the availability of permits and the timeliness of the permitting process, the availability of shipping services, the availability of specialized vehicles and similar equipment, costs of remediation and mitigation, maintenance of title to mineral properties, industrial accidents, equipment breakdowns, contractor's costs, remote site transportation costs, materials costs for remediation, labour disputes, the potential for delays in exploration or development activities, timely completion of future mineral reserve or resource estimates, timely completion of scoping or feasibility studies, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, continuing global demand for precious metals, expectations and beliefs of management and other risks and uncertainties as discussed in this Management's Discussion & Analysis for the three months ended December 31, 2010. Although the Company has attempted to identify important factors that could cause actual actions, events, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, results, performance or achievements not to be as expressed or implied by forward-looking information. There can be no assurance that forward-looking information will prove to be accurate. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from any events, results, performance or achievements expressed or implied by the forward-looking information. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, we undertake no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.

Reserves and Resources

National Instrument 43-101 of the Canadian Securities Administrators – Standards of Disclosure for Mineral Projects ("NI 43-101") – requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to the Company's Annual Information Form dated September 21, 2010 and our other continuous disclosure documents available at www.sedar.com for this detailed information, which is subject to the qualifications and notes set forth therein.

Description of Business

Ventana is a precious metals exploration company based in Vancouver and trades on the Toronto Stock Exchange (TSX) under the symbol *VEN*. The Company has mineral rights to 4,591 hectares of land in the historic California-Vetas mining district of northeastern Colombia, about 350 kilometres north of Bogota. The district is named for two small mining towns (California and Vetas) situated nine kilometres apart. The California-Vetas mining district has been the site of small-scale gold and silver mining for the past 400 years.

The Company has two exploration projects within the Cal-Vetas mining district in Colombia called the La Bodega project and the Cal-Vetas project. The La Bodega project is a more advanced exploration project covering 881 hectares situated six kilometres north of Cal-Vetas. The Cal-Vetas project is an early stage exploration project covering approximately 3,710 hectares.

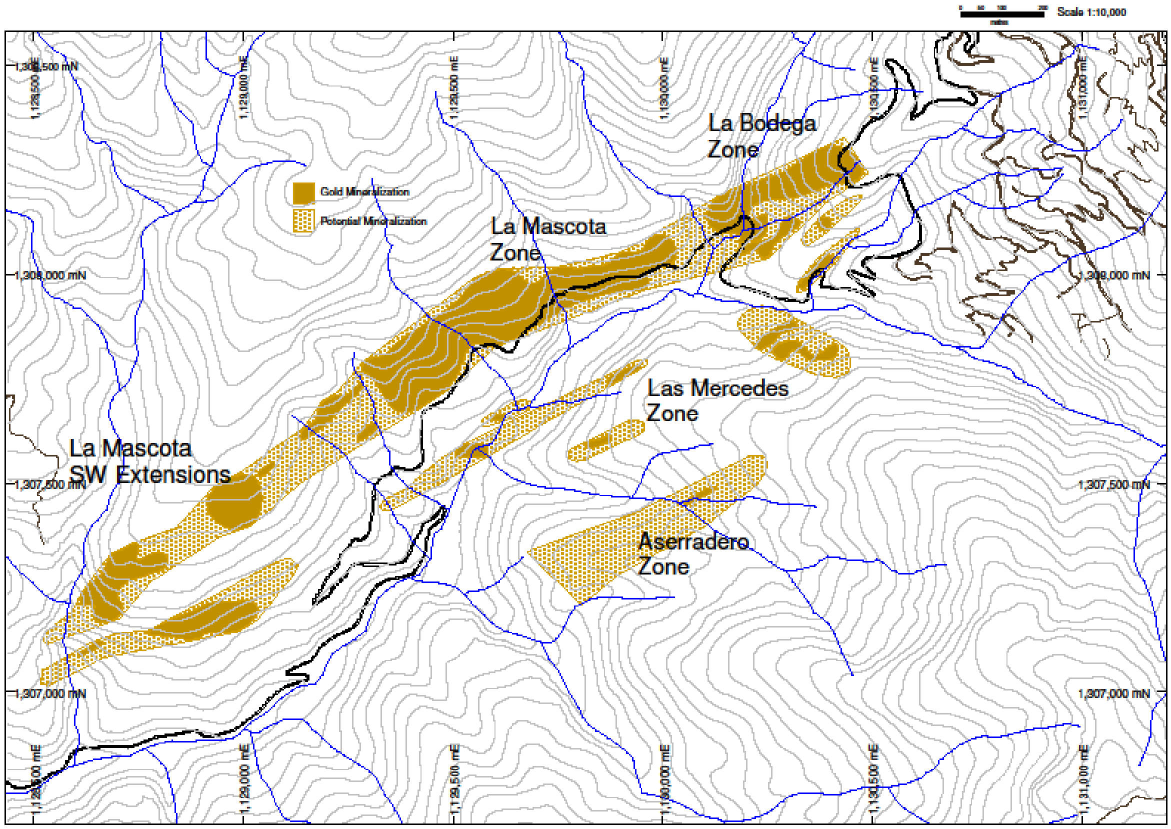
To date, the Company has drilled more than 385 holes totalling more than 129,000 metres at the La Bodega project for which results have been publicly disclosed. The Company has also drilled 35 geotechnical holes totalling 5,206 metres at the La Bodega project. No drilling has been undertaken on the Cal-Vetas project.

Four zones of poly-metallic mineralization containing gold, silver and copper have been identified on the La Bodega project – the La Bodega zone, the La Mascota zone, the Aserradero zone and the Las Mercedes zone. The La Bodega zone is a near-surface deposit that extends from our northeastern property boundary about 250 metres to the southwest. The La Bodega zone hosted the 2006 discovery hole and is believed to be an extension of the adjacent Angostura deposit, owned by Greystar Resources Ltd.

Along strike 350 metres to the southwest, the larger La Mascota zone is the current focus of intensive work programs, including ongoing resource definition and expansion drilling. The La Mascota zone is an epithermal deposit that dips northwest at 65 to 85 degrees. Mineralization in this zone has been defined along a strike length of 1.5 kilometres and to a depth of up to 500 metres down-dip, with estimated true composite widths of 10 to 50 metres. La Mascota remains open along-strike to the southwest and to the northeast, as well as at depth.

The Aserradero and Las Mercedes zones are recent discoveries. They are parallel to and located southeast of La Mascota and have a similar northeast to southwest strike. Both zones are open along strike and at depth.

La Bodega Project



On November 8, 2010, the Company announced its scoping study results and initial mineral resource estimate for the La Bodega project. The Company subsequently filed its complete NI 43-101 technical report on January 14, 2010, which is available on Ventana's website www.ventanagold.com and on SEDAR at www.sedar.com. Each of the initial resource estimate and scoping study, including the preliminary economic assessment, was independently reviewed and verified and is supported by the technical report.

Mineral Resource Estimate

The initial mineral resource is 27 million tonnes grading 3.9 grams per tonne gold, 21.5 grams per tonne silver, and 0.14% copper for a total of 3.5 million ounces of gold, 19.2 million ounces of silver and 84.6 million pounds of copper, each in an inferred resource category, at a cut-off grade of 2.0 grams of gold per tonne. Mineral resources that are not classified as mineral reserves do not have demonstrated economic viability.

The initial resource estimate is as of September 18, 2010 and is based only on drilling and assay results up to such date. The inferred mineral resource estimate is summarized below:

	Tonnes (000s)	Gold (g/t)	Silver (g/t)	Copper (%)	Gold (M oz)	Silver (M oz)	Copper (M lbs)
La Bodega	4,672	4.1	10.6	0.10	0.6	1.6	10.0
La Mascota	18,671	4.0	21.6	0.14	2.4	13.0	59.3
La Mascota SW Extension	3,806	3.2	36.2	0.17	0.4	4.4	14.6
Footwall Patches	646	3.1	10.3	0.05	0.1	0.2	0.7
Total Inferred:	**27,795**	**3.9**	**21.5**	**0.14**	**3.5**	**19.2**	**84.6**

Notes:
1. Mineral resource calculated at a 2.0 g/t Au cut-off.
2. Mineral resources that are not classified as mineral reserves do not have demonstrated economic viability.

Scoping Study
The scoping study and the preliminary assessment in the technical report calculated a pre-tax net present value for the La Bodega project of US$807 million at a discount rate of 5% and a pre-tax internal rate of return of 34% assuming long-term prices of US$1,000 per ounce of gold, US$17 per ounce of silver and US$3 per pound of copper.

In order to complete the preliminary assessment contained in the technical report, a conceptual mine plan was developed to estimate the tonnage and grade of a potentially economic or mineable resource. Based on the conceptual mine plan, 29.7 million tonnes of material containing 3.7 million ounces of gold, 21.2 million ounces of silver and 90.7 million pounds of copper is potentially mineable using a variable cut-off grade between 1.8 and 2.0 grams per tonne of gold only. The scoping study and the preliminary assessment in the technical report are based on a mill with a capacity of 7,500 tonnes per day.

The scoping study and the preliminary assessment in the technical report also estimated an initial capital cost for the La Bodega project of US$297 million. This capital cost estimate does not include certain costs for accelerated mine development, shaft sinking, permanent shaft production equipment, acquisitions of land and rights of way, and portions of the camp complex, which Ventana anticipates will be incurred prior to any determination of the economic feasibility of the La Bodega project and which are currently estimated at approximately US$45 million.

The scoping study and the preliminary assessment in the technical report are assessments that are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that such preliminary assessments will be realized.

MTB Project Management Professionals in Greenwood Colorado acted as overall project managers for the resource and scoping study. Independent consultants Robert Sim P.Geo. Inc. and Bruce Davis FAusIMM are responsible for the mineral resource estimate. Giovanni Di Prisco did the mineralogy analysis and Warren Pratt conducted the geologic structural study. Geotechnical analysis was carried out by Wylie & Norrish and mine design was performed by Mine Development Associates in Reno Nevada. Metallurgical analysis and design were managed by Mike Ounpuu and Samuel Engineering using SGS Lakefield's lab. Vector Engineering conducted hydrology and environmental baseline work along with facility location design.

Completion of La Bodega and La Baja Purchase and Other Acquisitions
In July, 2010, the Company completed its acquisition of the La Bodega and La Baja mineral rights, key surface rights, easements, equipment and facilities paying US$48.0 million cash consideration from trust following the transfer of the mineral rights to the Company. As a result, mineral property additions during the six months ended December 31, 2010 include $51.8 million with respect to the acquisition together with $16.8 million on account of the future income tax gross up associated with the portion of the acquisition cost with no tax basis. The Company now has full ownership of the La Bodega and La Baja exploitation licenses and associated assets with no back-in rights or non-government royalties.

During the second quarter of fiscal 2011, the Company closed the acquisition of one of the two mineral properties it acquired during the first quarter of fiscal 2011 making the final payment of US$250,000. A final payment of US$250,000 cash and the equivalent amount in Ventana common shares will be made at the time of the closing of the acquisition of the other mineral property.

Exploration and Development Costs
During the three and six months ended December 31, 2010, the Company capitalized $9.5 million and $17.9 million, respectively of exploration and development expenditures to deferred costs with

respect to its activities on the La Bodega project. This compares to $6.2 million and $8.1 million in the same periods of 2010. The increase in expenditures in fiscal 2011 results from the Company's intensified drilling program and costs associated with the finalization of its initial mineral resource estimate and scoping study. In addition, the Company engaged consultants to assist in managing the project including the design and construction of the exploration decline and pilot plant. In addition to the exploration and development expenditures, the Company capitalized a further $3.3 million (2010 - $1.0 million) in the six months ended December 31, 2010 with respect to future income taxes for differences in accounting and tax bases.

Drill Program
During the second quarter of fiscal 2011, the Company continued to drill with 10 rigs at the La Bodega project and announced five sets of drill results totalling 57 holes. Drilling efforts were focused on the La Bodega zone, extending mineralization between the La Bodega zone towards La Mascota, infill drilling on the La Mascota zone, infill and step-out drilling on the La Mascota southwest extension. In addition, drilling was initiated at the recently discovered Aserradero zone and the recently acquired La Baja tenement with the objective of expanding the current resource.

Results from the infill drilling in La Mascota continue to support the consistency of mineralization along strike and down dip in this zone. Of note, hole 296 returned 28.0 metres grading 42.78 grams per tonne gold. In addition, hole 329 returned 32 metres of 24.62 grams per tonne gold and hole 338 returned 20 metres of 34.33 grams per tonne gold. Infill drilling on 25 metre centres at La Mascota continues with the focus to upgrade the inferred resource to measured and indicated.

Drilling on the La Bodega zone continued to generate solid results in the quarter. Hole 327 encountered a high grade structure that returned 12.0 metres grading 16.78 grams per tonne gold, which includes 1.4 metres of 93.10 grams per tonne gold.

During the second quarter, drill results from Aserradero included hole 281 which returned 6.0 metres of 7.94 grams per tonne gold and hole 294 which returned 5.0 metres of 23.18 grams per tonne gold. Approximately 250 metres of strike length at Aserradero has been tested and further follow-up and step-out drilling is in progress.

Drilling on the recently acquired La Baja property continues to intercept better than average grade mineralization and confirm continuity of the La Mascota zone to the southwest. Hole 355 on section 9050 returned 17.46 metres of 6.55 grams per tonne, which extends mineralization from previously drilled hole 322 that intercepted 19 metres of 4.41 grams per tonne gold.

Drilling at Las Mercedes intercepted mineralization that appears to extend this zone to the southwest with hole 359 on section 999-1 intersecting 4.2 metres of 5.62 grams per tonne gold and hole 320 on section 8950-2 returning 24.8 metres of 10.15 grams per tonne gold.

Ventana also discovered a new silver zone in the La Mascota Southwest Extension, where hole 320 returned 34.9 metres of 278.33 grams per tonne silver. The newly recognized type of silver-dominant mineralization is predominantly oxidized and represents a new manto style of mineralization.

<u>Drill Results Released Subsequent to the Quarter End</u>

Subsequent to the quarter, the Company announced drill results from 26 additional holes which continue to indicate the extension of mineralization within the project's La Mascota, La Bodega, Las Mercedes and Aserradero zones beyond that contained in the current inferred resource.

Of note, hole 368 in the La Mascota Southwest Extension returned 54 metres of 7.90 grams per tonne gold which is the first test of deeper mineralization in this area supporting the theory that gold mineralization may increase at depth. Also in the Southwest Extension, hole 358 intercepted the new silver manto, returning 22.8 metres of 122.77 grams per tonne silver. Aserradero hole 370 returned 35 metres of 4.81 g/t gold in the farthest north eastern portion tested to date and drilling at

La Baja continued to extend mineralization further down-dip with hole 379 returning 8.3 metres of 13.93 g/t gold.

Infill drilling also continued in an effort to upgrade the initial resource from inferred to measured and indicated. Of significance, at La Mascota, infill hole 357 and hole 325 returned 27 metres of 12.13 grams per tonne and 32 metres of 9.49 grams per tonne gold, respectively.

Exploration Decline

Mobilization for the construction of the exploration decline into the La Mascota ore body to enable exploration drilling to be conducted from underground has commenced. The drilling from underground is intended to test the extension of the mineralization at depth and to perform infill drilling in an effort to upgrade the existing inferred resource to measured and indicated. In addition, this underground access will allow the extraction of mineralization for ongoing metallurgical testing. The contract for the decline was awarded to Geominas SA, a Colombian civil works contractor, who are currently mobilising to site. Construction of the decline is expected to take 18 to 24 months with exploration drilling expected to begin from underground late in the second quarter of calendar 2011.

Camp Infrastructure

Construction of camp infrastructure was affected by the recent unusually wet season but is now progressing well. The camp is designed to accommodate Company personnel and the exploration decline contractor.

Pilot Plant

The Company is reconfiguring the existing and permitted La Baja process plant, which was acquired as part of the acquisition of the La Bodega and La Baja mineral properties, to operate as a pilot plant and for limited production. This will allow the Company to comply with the existing exploitation requirements under its mineral licences and also enable metallurgical test-work to optimize recoveries. It will also allow for continuous commercial scale testing using the current process design. If the Company is successful in upgrading its inferred resource and completes a successful feasibility study this test work should assist in enabling any final plant constructed to effectively handle the variable ore chemistry that exists between the La Bodega and La Mascota zones. The Company expects to commission the full pilot plant in mid-calendar 2011.

Corporate Developments

Unsolicited Bid by AUX Canada Acquisition Inc.

On November 17, 2010, the EBX Group, an affiliate of AUX Canada Acquisition Inc. ("AUX") announced its intention to make an offer to purchase all of the outstanding common shares of Ventana not owned by AUX and its affiliates and associates, at a price of $12.63 per common share payable in cash. AUX filed its take-over bid circular and formally commenced its offer on December 17, 2010 with an expiry date of January 24, 2011. AUX subsequently extended the expiry of its offer until 8:00 p.m. (Toronto time) on February 15, 2011.

The Company's Board of Directors engaged Goldman, Sachs & Co. and TD Securities Inc., as financial advisors, Davies Ward Phillips & Vineberg LLP, as legal advisor, and Laurel Hill Advisory Group as information agent, to assist in responding to the unsolicited offer by AUX. On November 30, 2010, the Board announced that it had adopted a limited duration Shareholder Rights Plan that would have originally expired on January 31, 2011 but was subsequently extended to February 15, 2011.

On December 23, 2010, after review and evaluation of the AUX offer, the Company's Board of Directors unanimously recommended that shareholders reject the AUX offer and not tender their common shares. The basis for the Board's recommendation with respect to the AUX offer is set out in Ventana's Directors' Circular which is available on the Company's website at www.ventanagold.com and on the SEDAR website at www.sedar.com.

On February 14, 2011, Ventana announced that it had reached an oral agreement with AUX on an increased offer of $13.06 per share in cash for all of the outstanding common shares of Ventana not already owned by AUX and its affiliates and associates, including common shares issuable on the exercise of outstanding options and warrants of Ventana.

The parties have agreed to work together to finalize the form of a Support Agreement pursuant to which AUX will extend its offer beyond the expiry date of February 15, 2011 and the Board of Ventana will support the revised AUX offer and agree to customary deal protections for AUX in respect of its revised offer and various related matters. The parties intend to enter into that agreement prior to the scheduled expiry of the current AUX offer at 8:00 p.m. (Toronto time) on Tuesday, February 15, 2011.

Private Placement
On October 25, 2010, the Company closed a non-brokered private placement of 6.5 million special warrants at a price of $10 per special warrant that raised total proceeds of $65.0 million. The special warrants were exercised for 6.5 million common shares, which were issued on January 18, 2011, following the issuance of the receipt for the final short-form prospectus in respect of the special warrant offering.

Costs Expensed and Net Loss ($000's)

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
Expenses:				
Stock based compensation	$ 1,171	$ 669	$ 2,355	$ 1,393
Office, administrative and other expenses	195	296	669	429
Legal	539	517	701	533
Salaries and benefits	309	283	535	412
Professional services	4,304	199	4,960	342
Investor relations	113	115	216	164
Travel	129	81	218	126
Foreign exchange (gain) loss	(2,296)	180	(1,950)	361
Amortization	58	14	100	26
Interest and other income	(103)	(31)	(197)	(36)
Interest and finance charges	491	(35)	2,511	(24)
Loss before income taxes	(4,910)	(2,288)	(10,118)	(3,726)
Income tax expense	7	(1)	7	-
Net loss and comprehensive loss	$ (4,917)	$ (2,287)	$ (10,125)	$ (3,726)
Basic and diluted loss per share	$ (0.05)	$ (0.02)	$ (0.10)	$ (0.04)

For the three-month and six-month periods ended December 31, 2010, the Company reported a net loss of $4.9 million ($0.05 per common share) and $10.1 million ($0.10 per common share), respectively compared to a net loss of $2.3 million ($0.02 per common share) and $3.7 million ($0.04 per common share) in the comparable periods of fiscal 2010. The increase in the loss in both periods was primarily attributable to an accrual for financial advisor fees, higher stock based compensation expense and interest and finance charges on the related party loans. This was partly offset by foreign exchange gains for both the three and six months ended December 31, 2010.

Professional services expense increased by $4.1 million in the three months and $4.6 million in the six months ended December 31, 2010 compared to the same periods in fiscal 2010. The increase is primarily attributable to an accrual of $4.0 million with respect to financial advisory fees related to the unsolicited bid by AUX. The increase in the expense in the six months also results from the issue of common shares of the Company in the first quarter of fiscal 2010 in consideration for services rendered to assist the Company in Colombia.

Stock based compensation expense increased by $0.5 million in the three months and $1.0 million in the six months compared to the same periods in fiscal 2010 due to stock option grants to directors, officers and employees of the Company in the fourth quarter of fiscal 2010. The increase in the per share value of the Company's common shares on the Toronto Stock Exchange over the same time period has also resulted in a higher value attributable to the stock options on a per share basis.

The Company recorded foreign exchange gains of $2.3 million in the three months and $2.0 million in the six months ended December 31, 2010 compared to losses of $0.2 million and $0.4 million in the comparable periods of fiscal 2010. The gain is primarily attributable to the impact on the Company's future income tax liability of the strengthening of the Canadian dollar compared to the Colombian peso in the three months ended December 31, 2010. The exchange rate strengthened to $1,931 Colombian pesos to the Canadian dollar at December 31, 2010 compared to $1,751 at September 30, 2010.

Interest and finance charges expense is almost entirely attributable to the US$20.0 million related party loans that were drawn down in May, 2010 and fully repaid in October, 2010. The expense includes both interest calculated at 12%, compounded monthly and the amortization of the standby and drawdown fees comprising 220,000 Common Shares of the Company that were issued on October 28, 2010 – see "Related Party Transactions".

Financial Condition, Liquidity and Capital Resources

At December 31, 2010, the Company had cash and cash equivalents of $45.1 million compared to $28.6 million at June 30, 2010. The increase in the Company's cash and cash equivalents was attributable to the private placement of special warrants, which closed in October, 2010 and raised $65.0 million. This was partially offset by the repayment of the US$20.0 million related party loans and accrued interest and by expenditures on the Company's ongoing exploration activities, finalization of its resource estimate and scoping study, the acquisition of additional mineral properties and land at the La Bodega project, and general corporate requirements.

During the three and six month periods ended December 31, 2010, the Company recorded a use of cash from operating activities of $2.5 million and $4.1 million, respectively compared to a use of cash of $1.7 million and $1.9 million in the comparable periods of fiscal 2010. The increased use of cash in both the three month and six periods was primarily attributable to the payment of the interest on the related party loans in October, 2010, higher corporate costs and other changes in non-cash working capital items.

Financing activities generated $44.9 million in the three months and $45.0 million in the six months ended December 31, 2010 compared to $41.7 million and $48.5 million in the comparable periods of fiscal 2010. The three and six month periods of fiscal 2011 include the issue of special warrants for cash proceeds of $65.0 million and cash received on the exercise of stock options and warrants of $0.4 million and $0.5 million, respectively, partially offset by the repayment of the related party loans of $20.4 million (US$20.0 million). The comparable periods of fiscal 2010 included the brokered private placement of 4 million common shares at $10 per common share for gross proceeds of $40.0 million, offset by share issue costs of $2.5 million, and the exercise of warrants and options to acquire common shares that raised cash of $10.6 million and $0.4 million, respectively.

Investing activities used $15.4 million of cash during the three months and $24.3 million in the six months ended December 31, 2010 compared to $7.3 million and $10.4 million in the comparable periods of fiscal 2010. During the three and six month periods ended December 31, 2010, cash expenditures on exploration activities totalled $11.3 million and $16.6 million, respectively compared to $4.3 million and $7.2 million in the same periods of fiscal 2010. The increase in expenditures in fiscal 2011 reflects the increase in exploration activity with drilling of 37,000 metres in the six months of fiscal 2011 compared to 28,000 metres in the same period of fiscal 2010. In addition, as previously discussed, the Company hired consultants to assist it in managing certain aspects of the project and completed the resource estimate and scoping study in the quarter. Further, additions in the statement of cash flows are shown net of associated payables and therefore reflect changes in those payables from period-to-period.

Investing activities also includes mineral property acquisition costs of $53.9 million for the six months ended December 31, 2010, which includes the closing in July 2010 of the La Bodega and La Baja acquisition at a cost of US$48.0 million. The acquisition was funded from the drawdown of the restricted cash balance. Property, plant and equipment additions increased to $3.3 million in the three months and $4.2 million in the six months ended December 31, 2010 compared to $0.0 million and $0.1 million in the comparable periods of fiscal 2010. Additions include the acquisition of land to support the project, construction-in-progress with respect to the camp accommodations complex and equipment for the pilot plant. Investing activities also includes $0.8 million in the three months and $1.4 million in the six months ended December 31, 2010 with respect to advances made against land acquisitions and under certain infrastructure construction contracts.

The Company anticipates that its funds on hand of approximately $45.1 million as of December 31, 2011 will be used to pay the costs and expenses associated with the AUX offer, to continue with the Company's drilling activities on the La Bodega project, to conduct other activities in furtherance of determining the economic feasibility of that project, including exploration decline work, pilot plant acquisition, commissioning and metallurgical testing, and for general corporate purposes. Additional funds that will be required in order to complete the Company's work plans described above will be financed by such means as are available at the time (including debt or equity financing in the public or private markets) depending on market conditions and other relevant factors. There can be no assurance that such funds will be available on terms acceptable to the Company.

Pending the use of funds described above, the Company may invest all or portion of its funds in short-term deposits, including banker acceptances, short-term, high quality interest bearing corporate, government-issued and/or government guaranteed securities.

Contractual Obligations

At December 31, 2010 the Company had the following contractual cash flow commitments:

	< 1 Year	1-3 Years	3-5 Years	>5 Years	Total
Accounts payable and accrued liabilities	$ 8,988	$ -	$ -	$ -	$ 8,988
Due to related parties	13	-	-	-	13
Purchase commitments	4,824				4,824
Operating lease obligations	414	243	115	16	788
	$ 14,239	$ 243	$ 115	$ 16	$ 14,614

Summary of Quarterly Financial Information

The following table is a summary of Ventana's results for the eight most recently completed quarters*:*

(Unaudited)	2011 Q2	Q1	2010 Q4	Q3	Q2	Q1	2009 Q4	Q3
Net loss $(000's)	$ (4,917)	$ (5,208)	$ (2,637)	$ (2,286)	$ (2,287)	$ (1,439)	$ (1,027)	$ (1,152)
Net loss per share, basic and diluted	$ (0.05)	$ (0.05)	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.01)	$ (0.01)

Significant variations in the Company's net loss over the last eight quarters resulted primarily from the following factors:

Q2 2011 – Accrual of financial advisor fees of $4.0 million with respect to the AUX offer; interest and finance fees of $0.5 million associated with the US$20.0 million related party loan; partially offset by foreign exchange gain of $1.9 million on the Colombian peso denominated future income tax liability due to the strengthening of the Canadian dollar.

Q1 2011 - Interest and finance fees of $2.0 million associated with the US$20.0 million related party loan.

Q4 2010 – Increased stock based compensation expense due to option grants during the quarter and the recalculation of the expense for options issued to contractors; foreign exchange gains on the translation of restricted cash balances held in Colombian pesos and US dollars.

In addition, expenses have generally been increasing over the eight quarters as a result of increased corporate expenditures to support the increased exploration activity.

Outlook and Objectives

The Company's objective is to push ahead with its activities on its La Bodega project. With respect to the La Bodega project the mid-to-long-term focus is on:

- Extending the initial La Bodega resource with the goal of doubling its current resource base within the next 18 to 24 months.
- Upgrading the Company's current inferred mineral resource estimate to measured and indicated mineral resources within the next 12 to 18 months.
- If additional drilling is successful in generating a sufficient quantity of measured and indicated mineral resources, the Company intends to initiate a feasibility study to further assess the economic viability of the La Bodega project.

There can be no assurance that the Company will achieve these corporate objectives.

To achieve the above goals the Company's short-term focus is on:

- Construction of the exploration decline into the La Mascota ore body to enable exploration drilling to be conducted from underground. In addition, this underground access will allow the extraction of mineralization for ongoing metallurgical testing. The drilling from underground is intended to test the extension of the mineralization at depth and to perform infill drilling in an effort to upgrade the existing inferred resource to measured and indicated. Drilling from the exploration decline is expected to begin late in the second quarter of calendar 2011.
- Reconfiguring the permitted La Baja process plant to operate as a pilot plant to conduct further metallurgical test-work to optimize recoveries and for commercial scale testing using the current process design. Commissioning of the pilot plant is planned for mid-calendar 2011.
- Continued drilling from the surface directed in the following areas:
    - La Mascota – Drilling will be focused on (1) the southwest extension of the mineralization for another 600 metres to the Company's southeast property boundary including the area within the La Baja mineral tenement. (2) testing the extension of the mineralization at depth, and (3) Infill drilling of the inferred resource from surface as well as from underground.
    - Las Mercedes – This structure was discovered in late 2009 and runs parallel to the La Mascota zone to the south. Drilling to date has partially defined Las Mercedes along 700 metres of strike length, and it remains open in all directions. Drilling in fiscal 2011 will test the theory that Las Mercedes extends to the southwest across the La Baja property, south of La Mascota.

- o Aserradero target – This structure was detected through geochemical work in 2009 and runs parallel to La Mascota to the southeast of Las Mercedes. Drilling commenced at Aserradero in the first quarter of fiscal 2011 and returned encouraging results.
- o La Bodega – Recent drilling has suggested the possible connection of the La Bodega and La Mascota zones at depth. The focus in fiscal 2011 will be step-out drilling from the La Bodega zone toward La Mascota to infill the gap between these two structures.

The Company also intends to initiate a drilling program on the Cal-Vetas property in the third quarter of fiscal 2011. The start of drilling on this property was delayed as a result of the unusually heavy rains over the winter.

Outstanding Share Data

As at February 14, 2011, the Company had an unlimited number of common shares authorised, with 109,138,763 common shares issued and outstanding and an unlimited number of preferred shares authorized with no preferred shares outstanding. Also on February 14, 2011 there were 7,187,000 stock options outstanding to directors, officers, consultants and employees of the Company and 1,935,000 warrants, each convertible into one common shares of the Company.

Proposed Transactions

On November 17, 2010, the EBX Group, an affiliate of AUX Canada Acquisition Inc. ("AUX") announced its intention to make an offer to purchase all of the outstanding common shares of Ventana not owned by AUX and its affiliates and associates, at a price of $12.63 per common share payable in cash. On February 14, 2011, Ventana announced that it had reached an oral agreement with AUX Canada Acquisition Inc. ("AUX") on an increased offer of $13.06 per share in cash. See "**Corporate Developments** *Unsolicited Bid by AUX Canada Acquisition Inc."* above for further information.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Risks and Uncertainties

Ventana's business is subject to a number of risks and uncertainties including those described in the Company's Annual Information Form dated September 21, 2010 and the Management's Discussion and Analysis for the year ended June 30, 2010, which are available on the Company's website at www.ventanagold.com and SEDAR at www.sedar.com. Any of the risks and uncertainties described in the above-noted documents could have a material adverse affect on the Company's business and financial condition and accordingly, should be carefully considered in evaluating the Company's business.

Related Party Transactions

On October 25, 2010, the Company repaid two loans totalling US$20,000,000 together with accrued interest of US$1,089,000.The loans were advanced to the Company in May 2010, equally by a significant investor in the common shares of the Company and by a company 100% owned by the Company's Chairman. The two loans were each subject to a standby fee of 30,000 common shares of the Company and a drawdown fee payable of 80,000 common shares of the Company, for a total of 220,000 common shares. These shares were issued on October 28, 2010 following approval obtained at the Company's shareholders meeting held on October 21, 2010. Interest and finance charges for the three and six months ended December 31, 2010 included $489,000 and $2,507,000, respectively with respect to interest and fees on the two loans.

The Company shares office space, equipment, personnel and various administrative services with other companies related by virtue of certain common directors and management. From July 1, 2010 these services have been provided through a management company equally owned by the related companies. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services and are charged at cost. During the three and six months ended December 31, 2010 the Company was charged $294,000 and $586,000, respectively in connection with these arrangements (2010 - $50,000 and $192,000). Included in these amounts is $30,000 and $66,000, respectively (2010 - $15,000, and $35,000) with respect to office space owned by a company controlled by a director of the Company. At December 31, 2010 accounts receivable includes a balance due from related companies of $138,000 and "Due to related companies" comprises $13,000 with respect to these arrangements. Amounts are due on demand, unsecured, and have no terms of repayment.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 2 of its audited consolidated financial statements for the year ended June 30, 2010. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- Going concern
- Resource properties
- Stock-based compensation

Going concern

The Company's consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to secure adequate financing. Historically, the Company has financed its capital requirements by issuing common stock, loans from related parties, notes payable and other equity securities and expects to do so in the future.

Resource properties

Mineral property acquisition costs and resource exploration and development costs are capitalized on an individual prospect basis until such time as the Company begins commercial production on the prospect or the prospect is sold, abandoned, allowed to lapse, or determined to be impaired.

Recoverability of the amounts shown for mineral properties and deferred costs is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties.

The Company reviews and evaluates its mineral properties and deferred costs for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where information is available and conditions suggest impairment, estimated future net cash flows are calculated using estimated future prices, proven and probable reserves, resources and operating and capital costs on an undiscounted basis. If the estimated undiscounted future net cash flows are less than the carrying value of the asset, an impairment charge is recorded. The impairment charge is calculated as to the extent to which the carrying value of the asset exceeds the estimated future net cash flows on a discounted basis. Where estimates of future cash flows are not available the carrying value is written down to its estimated fair value.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration or development of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

Stock-based compensation
Stock option based awards made to directors, employees and consultants are measured using a fair value based method. Under this method, the Company determines the fair value of stock option awards using the Black-Scholes model, and these amounts are recognized as an expense over the vesting period. In determining the fair value, management is required to make certain assumptions regarding such items as the expected life of the options, forfeiture rates and expected volatility. Changes in the assumptions used to estimate fair value could result in materially different results.

Changes in Accounting Policies

International Financial Reporting Standards (IFRS)
In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises are required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. The Company will issue its first annual and interim consolidated financial statements prepared under IFRS for its fiscal year ended June 30, 2012 and three months ended September 30, 2011, respectively, with restatement of comparative information presented.

The Company has commenced the process to transition from Canadian GAAP to IFRS. The transition process consists of three primary phases: scoping and diagnostic phase; impact analysis, evaluation and design phase; and implementation and review phase.

- Scoping and diagnostic phase – A preliminary diagnostic review was completed internally with the assistance of the Company's auditors during the fourth quarter of fiscal 2010, which included a determination, at a high level, of the financial reporting differences under IFRS and the key areas that may be impacted.
- Analysis, quantification and evaluation phase – In this phase, each area identified from the scoping and diagnostic phase will be addressed in order of descending priority. This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The Company anticipates that there will be changes in accounting policies and that these changes may materially impact the financial statements. The Company expects to complete this phase in the third and fourth quarters of fiscal 2011. The full impact on future financial reporting is not reasonably determinable or estimable at this time.
- Implementation and review phase – This phase includes the execution of any changes to information systems and business processes and completing formal authorization processes to approve recommended accounting policy changes. It will also include the collection of financial information necessary to compile IFRS-compliant financial statements and audit committee approval of IFRS financial statements. IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRSs for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRSs. The various accounting policy choices available are being assessed and those determined to be most appropriate in our circumstances will be implemented. The Company expects to complete this phase in the third and fourth quarters of fiscal 2011.

IFRS will have more extensive disclosure and analysis of balances and transactions in the notes to the financial statements.

<u>Accounting Policies</u>
IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The various

accounting policy choices available are being assessed and those determined to be most appropriate to the Company's circumstances will be implemented.

Based on the review undertaken under Phase One, the impact that management expects IFRS will have on the Company's financial position are summarized in the following table.

Key Areas	Canadian GAAP applied by the Company	IFRS	Preliminary Analysis
Mineral properties and deferred costs	Exploration, evaluation and development costs are capitalized.	There is currently limited guidance on this topic and either capitalization or expensing is permissible.	The Company is considering changing its policy to expense all prefeasibility exploration, evaluation and development costs.
	Borrowing costs are expensed.	Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset.	The Company will be required to capitalize borrowing costs to mineral properties that were previously expensed.
Foreign Currency Translation	Does not directly define functional currency. Foreign currency translation is based on the concept of integrated and self-sustaining foreign operations.	Defines functional currency as the currency of the primary economic environment in which the entity operates. Foreign currency translation methods are based on the functional currency concept.	The Company's Colombian subsidiary's functional currency will likely be Colombian pesos. Accordingly, the IFRS opening balance sheet will be translated using the current rate method.
Future Income Taxes	Future income tax assets or liabilities that arise from the initial recognition of assets or liabilities is required.	Future income tax assets or liabilities that arise from the initial recognition of assets or liabilities that do not impact profit or loss and other than in a business combination is prohibited.	The Company's future income tax liability primarily arises as a result of the difference between book and tax cost on additions to its mineral properties and deferred costs related to its Colombian project. The opening balance sheet will need to reflect the reversal of these amounts as if it had never occurred.

Stock Based Compensation	Allows the option to use the straight-line method or the attribution method to account for graded-vesting features.	For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period, and hence the fair value of each instalment will differ.	The Company will need to change its policy to use graded vesting.
	Permits companies to either estimate the forfeitures at time of grant date or record the entire expense as if all its stock option grants vest and then record forfeitures as they occur.	Requires that forfeitures be estimated at the time of grant.	The Company will need to change its policy to include an estimate of forfeitures in its assumptions.

Internal Control Over Financial Reporting and Disclosure Controls and Procedures
The Company is reviewing its internal controls over financial reporting and disclosure controls and procedures in accordance with its conversion plan, and will update these as required to ensure they are appropriate for reporting under IFRS. Any changes in accounting policies may result in additional controls or procedures being required to address reporting of first-time adoption as well as ongoing IFRS reporting requirements.

Financial Reporting Expertise
As part of the transition process, the Company has provided IFRS specific training to senior financial reporting personnel. Additional training programs regarding IFRS, including the timeline for implementation, the implications of IFRS standards to the business and an overview of the impact on the financial statements for the Company's finance and other staff and directors, as necessary, are expected to be held during the third and fourth quarters of fiscal 2011.

IT Systems
As a development stage company, at this time the transition to IFRS is not expected to have a significant impact on the Company's information technology and data systems or day-to-day accounting processes.

Financial Instruments

The Company's activities expose it to a variety of risks arising from its use of financial instruments. These risks and management's objectives, policies and procedures for managing these risks are disclosed in the Company's Management's Discussion and Analysis for the year ended June 30, 2010, and below.

The Company incurs expenditures in Canadian and US dollars and in Colombian pesos. The measurement and reporting currency of the parent company is Canadian dollars. Foreign exchange risk arises because the amount of the US dollar and Colombian peso cash and cash equivalent, receivables and payables will vary in Canadian dollar terms due to changes in exchange rates.

At December 31, 2010, the Company is exposed to currency risk through the following monetary assets and liabilities denominated in Colombian Pesos and US dollars:

	Millions of Colombian Pesos		Thousands of US Dollars	
	December 31, 2010	June 30, 2010	December 31, 2010	June 30, 2010
Cash and cash equivalents	$ 1,372	$ 4,970	$ 11,376	$ 1,097
Restricted cash	-	34,301	-	31,046
Accounts payable and accrued liabilities	(4,684)	(4,401)	(479)	(1,656)
Due to related parties	-	-	-	(20,297)
	$ (3,312)	$ 34,870	$ 10,898	$ 10,190

Based on the above net exposures, as at December 31, 2010, a 10% change in the Canadian dollar to the Columbian Peso exchange rate would impact the Company's earnings by $0.2 million and a 10% change in the Canadian dollar to the US dollar exchange rate would impact the Company's earnings by $1.1 million.

Disclosure Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting.

As required by National Instrument 52-109 issued by the Canadian Securities Administrators – Certification of Disclosure in Issuers' Annual and Interim Filings, Ventana carried out an evaluation of the design and effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting as of June 30, 2010. The evaluation was carried out under the supervision and with the participation of the CEO and the CFO. Based on the evaluation, Ventana's CEO and CFO concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that material information relating to Ventana and its consolidated subsidiaries is made known to them by others within those entities, particularly during the period in which the interim filings are being prepared. In addition, Ventana's CEO and CFO concluded that the Company's internal controls over financial reporting are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for Ventana and its consolidated subsidiaries for the period in which the interim filings are being prepared.

There were no changes in the controls, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the first six months of fiscal 2011.

Qualified Person, Quality Control and Reports

Results of Ventana's drilling program have been reviewed, verified, and compiled by the Company's Vice President of Exploration Jon Lehmann, L.P.G., a Qualified Person for the purpose of NI 43-101. Mr. Lehmann has over 25 years of mineral exploration experience, is a Licensed Professional Geologist in the State of Washington and is a member in good standing of the Canadian Institute of Mining and Metallurgy.

To ensure reliable sample results the Company has a rigorous Quality Assurance/Quality Control ("QA/QC") program in place that monitors the chain-of-custody of samples and includes the insertion of blanks, duplicates, and certified reference standards in each batch of samples. Core is photographed and sawed in half with one half retained in a secured facility for verification purposes. Sample preparation (crushing and pulverizing) is performed at an independent local laboratory established by a joint effort between the regional environmental permitting agency (CDMB) and the

German Geological Survey, and at the Colombian preparation laboratory of ALS Chemex Laboratories in Lima, Peru, an ISO 9001:2000 certified laboratory, for analysis.

Independent NI 43-101 technical reports have been prepared by Samuel Engineering, Inc., dated May 1, 2010 and November 8, 2010 for the La Bodega project and by EurGeol Miller O'Prey, P.Geo. dated June 14, 2008 for the nearby California-Vetas project, to provide an updated review of the exploration activities that have occurred on the projects. These reports are posted on Ventana's website at www.ventanagold.com.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, quarterly and annual reports, and supplementary information is available on SEDAR at www.sedar.com and on the Company's website at www.ventanagold.com.

VENTANA GOLD CORP.
Corporate Information

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