



## MANAGEMENT'S DISCUSSION AND ANALYSIS (For the three months ended March 31, 2009)

*The following discussion of the financial condition and results of operations of Gold Wheaton Gold Corp. ("Gold Wheaton" or the "Company"), formerly Kadywood Capital Corp., should be read in conjunction with the Company's unaudited interim consolidated Financial Statements and related notes thereto for the three months ended March 31, 2009 as well as the Company's audited consolidated Financial Statements and related notes thereto for the fifteen month period ended December 31, 2008. The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The Company reports a certain non-GAAP measure, EBITDA, which is explained in the Supplemental Information on Results of Operation of this Management's Discussion and Analysis ("MD&A").*

*All dollar amounts are expressed in United States dollars unless otherwise indicated. Note that additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

### **DATE**

This MD&A is prepared as of May 6, 2009.

### **FIRST QUARTER HIGHLIGHTS**

- EBITDA for three months ended March 31, 2009 ("Q1-2009") was \$6.3 million compared to negative \$0.1 million for the three months ended March 31, 2009 ("Q5-2008").
- Revenue from the sale of precious metals for Q1-2009 was \$8.8 million, \$2.3 million higher compared to Q5-2008.
- FNX Mining Company Ltd. ("FNX") sold to Gold Wheaton approximately 5,218 gold equivalent ounces net of prior year estimate adjustments compared to 7,951 gold equivalent ounces in Q5-2008. The gold sold to Gold Wheaton from First Uranium Corporation ("First Uranium") was approximately 2,876 ounces compared to 224 ounces in Q5-2008.
- Net loss for the Q1-2009 was \$0.8 million (loss of \$0.00 per share) compared to net loss of \$2.1 million (loss of \$0.00 per share) in Q5-2008. Net loss for Q1-2009 includes a one-time charge of \$4.5 million to future income tax expenses related to the Company electing to change its functional reporting currency for Canadian income taxes purposes from Canadian dollar to US dollar to match the Company's functional currency for financial reporting purposes.
- At March 31, 2009, the Company had cash and short term investments of \$20.4 million and working capital of \$29.2 million compared to \$7.4 million and \$14.5 million respective on December 31, 2008. Working capital at March 31, 2009 includes accounts receivable of \$16.2 million from sale of precious metals arising from timing of settlements pursuant to offtake agreements offset by \$7.1 million of accounts payable related to the corresponding cash per ounce cost.
- On March 5, 2009, the Company successfully completed a public offering for 460,000,000 units ("2009 Unit") at a price of CDN\$0.25 per unit to raise gross proceeds of \$89.3 million (CDN\$115 million) pursuant to a short form prospectus. Each 2009 Unit consists of one common share and one half share

purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at an exercise price of CDN\$0.50 per share for a period of 2 years following the closing of the offering.

## **DESCRIPTION OF BUSINESS**

Gold Wheaton is a TSX Venture Exchange (“TSX-V”) listed company with 100% of its operating revenue from the sale of gold and other precious metals that it has agreed to purchase from other mining companies, including FNX and First Uranium. The Company intends to sell the gold and other precious metals which it acquires at the prevailing market price. Accordingly, the financial results of the Company are largely impacted by the volume of gold and other precious metals produced at the various mines and the price of gold, platinum and palladium.

The Company has entered into long-term contracts with FNX and First Uranium whereby the Company has agreed to purchase gold, platinum and palladium produced from FNX’s PM and 700 deposits at the McCreedy West Mine, the Levack Footwall, Rob Zone and 1900 Zone deposits at the Levack Mine and the 2000 and North deposits at the Podolsky Mine located in Sudbury, Ontario (the “FNX Properties”); and gold produced from First Uranium’s MWS Project.

The Company continues to actively pursue further growth opportunities, primarily by way of entering into similar long-term gold purchase contracts.

## **SUMMARY OF QUARTERLY RESULTS**

<b>Description</b>	<b>Q1 Mar 31 2009</b>	<b>Q5<sup>3</sup> Dec 31 2008</b>	<b>Q4<sup>2</sup> Sept 30 2008</b>	<b>Q3<sup>1</sup> June 30 2008</b>	<b>Q2<sup>1</sup> March 31 2008</b>	<b>Q1<sup>1</sup> Dec 31 2007</b>	<b>Q4<sup>1</sup> Sept 30 2007</b>	<b>Q3<sup>1</sup> June 30 2007</b>
<i>Revenues</i>	8,766,096	6,455,692	8,966,647	-	-	-	-	-
<i>Income/ (Loss) before other items</i>	4,118,242	(1,944,204)	(2,607,532)	(328,074)	(111,299)	(29,749)	(36,882)	(25,764)
<i>Net Loss for period</i>	(829,750)	(2,056,185)	(2,325,508)	(327,085)	(710,199)	(29,749)	(20,305)	(25,764)
<i>Basic and fully diluted loss per share</i>	(0.00)	(0.00)	0.00	(0.01)	(0.04)	(0.00)	(0.00)	(0.00)

<sup>1</sup> The Company had a change in business in July 2008, accordingly quarterly results for Q3 2008 and prior are not comparable. Effective July 1, 2008, the Company determined that the functional currency had changed from the Canadian to the United States dollar. This resulted from a change in the nature of the business as all sales and the majority of expenses occurring in United States dollars. Concurrent with this change in functional currency, the Company adopted the United States dollar as its reporting currency. In accordance with Canadian GAAP, the change was effected by translating assets and liabilities, at the end of prior reporting periods, at the existing United States / Canadian dollar foreign exchange spot rate, while earnings, losses and shareholders’ equity were translated at historic rates.

<sup>2</sup> Q1-2009 Compared to Q4-2008, income before other items was \$6.7 million higher mainly due to higher earnings from mining operations of \$1.8 million, lower stock-based compensation expense of \$3.3 million and higher foreign exchange gains versus losses of \$1.9 million.

<sup>3</sup> The year end of the Company was changed from September 30 to December 31.

## **RESULTS OF OPERATIONS**

Following a change in business in July 2008, the Company changed its year end from September 30 to December 31. Accordingly the Company's unaudited interim consolidated statement of earnings is presented as a comparison of the three months ended March 31, 2009 compared to the three months ended March 31, 2008.

It is management's opinion that a comparison of its results of operations for the three months ended March 31, 2009 to the three months ended March 31, 2008 is not meaningful due to the Company's change of business. Accordingly a comparison of its results of operations for Q1-2009 to Q5-2008 is more relevant and has been provided below:

Revenue from the sale of precious metals for Q1-2009 was \$8.8 million, \$2.3 higher compared to Q5-2008 of \$6.5 million. Higher revenue in Q1-2009 compared to Q5-2008 was entirely attributed to increased gold delivery from First Uranium following the first and second closing of the First Uranium Agreement (*see Mineral Interest below*) on December 17, 2008 and March 12, 2009 respectively. The gold sold to Gold Wheaton from First Uranium was approximately 2,876 ounces compared to 224 ounces in Q5-2008.

Revenue from FNX was relatively unchanged from Q1-2009 compared to Q5-2008. FNX delivered and sold to Gold Wheaton approximately 5,218 gold equivalent ounces net of prior year estimate adjustments compared to 7,957 gold equivalent ounces in Q5-2008. Lower gold equivalent ounces delivered in Q1-2009 are due to the scaled back production for 2009 as announced by FNX on February 6, 2009, temporary stock piling at the Podolsky Mine in Q1-2009 and prior year estimate adjustments. The negative impact on revenues from lower gold equivalent ounces delivered has been entirely offset by higher platinum prices and to a lesser extent higher palladium and gold prices.

Income before other items for Q1-2009 was \$6.1 million higher than Q5-2008 mainly due to higher earnings from mining operations of \$3.3 million and foreign exchange gains versus losses of \$3.2 million.

Net loss for the three months period ended March 31, 2009 was \$0.8 million (\$0.00 per share) compared to a net loss of \$2.1 million (\$0.00 per share) in Q5-2008. Net loss for Q1-2009 included a one-time charge of \$4.5 million to future income tax expenses related to the Company electing to change its functional reporting currency for Canadian income taxes purposes from Canadian dollar to US dollar.

At March 31, 2009, the Company had cash and short term investments of \$20.4 million and working capital of \$29.2 million compared to \$7.4 million and \$14.5 million respective on December 31, 2008. Working capital at March 31, 2009 includes accounts receivable of \$16.2 million from sale of precious metals arising from timing of settlements pursuant to offtake agreements offset by \$7.1 million of accounts payable related to the corresponding cash per ounce cost.

## **NON-GAAP MEASURE - EBITDA**

In this MD&A, the Company has reported its earnings before interest income and expense, income tax, stock-based compensation, depreciation and other non-recurring items ("EBITDA"). This is a liquidity non-GAAP measure which the Company believes is used by certain investors to determine the Company's ability to generate cash flows for investing and other activities. This non-GAAP measure does not have any standardized meaning prescribed under Canadian GAAP, and therefore they may not be comparable to similar measures employed by other companies.

The following table provides a reconciliation of EBITDA to the financial statements:

	<b>Three Months Ended</b>		
	<b>March 31, 2009</b>	December 31, 2008	March 31, 2008
Net loss (GAAP measure)	\$ (829,750)	\$ (2,056,185)	\$ (710,199)
Add back			
Future income tax	4,991,919	241,654	-
Interest expense net of interest income	319,243	(366,235)	12,913
Depreciation and depletion	1,784,107	2,754,310	-
Stock-based compensation	-	77,822	-
Write-off of assets and deferred acquisition costs	-	242,497	-
Loss on settlement of debt	-	-	598,900
<b>EBITDA</b>	<b>\$ 6,265,519</b>	<b>\$ 893,863</b>	<b>\$ (98,386)</b>

As the Company had a change in business in July 2008, the three months ended March 31, 2008 EBITDA figures are not comparable.

## **MINERAL INTEREST**

### FNX Agreement

On July 15, 2008, the Company entered into the FNX Agreement, under which the Company agreed to purchase 50% of the gold, platinum and palladium (“Gold Equivalent Ounces”) mined by FNX from the FNX Properties for an upfront payment of \$399.1 million (CDN\$400 million). This amount was satisfied by the Company by the payment of \$174.6 million (CDN\$175 million) in cash, the issuance of 350 million common shares of the Company and the issuance of a vendor take back promissory note (the “FNX Note”) in the principal amount of \$49.9 million (CDN\$50 million). Under the terms of the FNX Agreement, the Company is also required to make ongoing payments to FNX equal to the lesser of (a) \$400 per ounce of Gold Equivalent Ounces (subject to an annual 1% inflation adjustment commencing on July 1, 2011), and (b) the then prevailing market price per ounce of gold.

On December 8, 2008, the Company and FNX amended the terms of the FNX Note. Under the terms of the amended FNX Note, the due date for the note was extended for approximately 18 months until July 16, 2010. Furthermore, the amended FNX Note is now repayable at either FNX’s or the Company’s option through the issuance of that number of additional common shares of the Company determined by dividing CDN\$50 million by the lesser of: (a) CDN\$1.00; and (b) the greater of: (i) the 20 Day VWAP of the common shares of the Company ending June 30, 2010; and (ii) CDN\$0.20. The FNX Note continues to be non-interest bearing. Following receipt of TSXV approval to the terms of the amended FNX Note, the Company issued 10 million Common Shares to FNX in consideration of the amendments.

For the three months ended March 31, 2009, approximately 70.36% of the Company’s revenue was attributed to the FNX assets. FNX delivered and sold to Gold Wheaton approximately 5,218 gold equivalent ounces net of prior year adjustments, comprising of 520 ounces of gold, 2,373 ounces of platinum and 3,506 ounces of palladium at a total cash cost of \$400 per gold equivalent ounce. The Company realized an average sale price of \$917 per gold equivalent ounce excluding the effects of prior year adjustments.

On April 16, 2009 Vale Inco, FNX's custom processor, announced that it will extend its three week scheduled maintenance shutdown in May by an additional eight weeks from June 1 to July 27, 2009. FNX will continue to deliver ore to the custom mill until the end of May. The collective agreement between Vale Inco and its largest unionized labour force in Sudbury terminates on May 31, 2009. Any processing facility interruption due to labour relations could also affect FNX and their ability to deliver gold equivalent ounces to Gold Wheaton.

For more detailed information related to the reserves and resources estimates of the FNX assets, please see the NI 43-101 Technical Report updated to December 31, 2007 and dated July 3, 2008 filed by the Company that is available of [www.sedar.com](http://www.sedar.com).

#### First Uranium Agreement

On November 28, 2008, the Gold Wheaton (Barbados) Corporation ("Gold Wheaton Barbados"), a wholly own subsidiary of the Company, entered into an agreement with First Uranium to purchase in 2009 a minimum of 20,000 ounces of gold from the MWS Project (up to a maximum of 25% of the gold production in 2009) and thereafter 25% of the life-of-mine gold production from the MWS Project. Chemwes, an indirect wholly-owned subsidiary of First Uranium owns the MWS Project. The transaction closed on December 17, 2008 with an effective date of December 12, 2008. Gold Wheaton Barbados paid an initial upfront payment of \$50 million. Pursuant to the First Uranium Agreement, Gold Wheaton Barbados paid Chemwes an additional \$75 million (the "Balance Payment") on March 12, 2009 thereby securing the 25% life-of-mine gold production from the MWS Project. Gold Wheaton Barbados has also agreed to pay Chemwes an ongoing payment equal to the lesser of: (a) \$400 per ounce of payable gold delivered and sold to Gold Wheaton Barbados (subject to an annual 1% inflation adjustment, starting in the fourth year after closing); and (b) the then prevailing market price per ounce of gold.

For the three months ended March 31, 2009, approximately 29.64% of the Company's revenue was attributed to the MWS Project. First Uranium delivered and sold to Gold Wheaton approximately 2,876 gold ounces. The Company realized an average sale price of \$903 per gold ounce related to First Uranium Agreement.

For more detailed information related to the reserves and resources estimates of the MWS Project, please see the NI 43-101 Technical Report updated to March 31, 2008 and dated March 31, 2008 filed by the Company that is available of [www.sedar.com](http://www.sedar.com).

#### **LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2009, the Company had cash and short term investments of \$20,382,265 (December 31, 2008 - \$7,427,945) and working capital of \$29,204,581 (December 31, 2008 - \$14,490,890). The increase in cash and short term investments at the end of the quarter is due to proceeds from the completion of a \$89.3 million (CDN\$115 million) public offering net of \$75 million paid to Chemwes in satisfaction of the Balance Payment due on the First Uranium acquisition. Cash generated from operating activities for the three months ended March 31, 2009 was \$3,301,631.

The Company maintains sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and short-term investments. The Company's cash is invested in business accounts which are available on demand. The Company does not invest in asset backed securities. The Company's short-term investments are available on demand after 30 days without penalty. All current financial liabilities are due to be settled within 180 days of the balance sheet date.

At March 31, 2009 the Company had sufficient resources to fund its current activities and corporate overhead expenses. As part of the Company's business strategy, it has sought and will continue to seek to purchase precious metal streams from third party natural resource companies. Currently the Company's primary source of capital is from the issuance of equity securities and cash flow from the operations. Management's objective is to obtain sufficient capital to further develop or acquire new gold stream opportunities for the benefit of its stakeholders. To meet this objective, management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case by case basis. The Company is not currently subject to any externally imposed capital requirements.

## PUBLIC OFFERING

On March 5, 2009, the Company completed a public offering for 460,000,000 units ("2009 Unit") at a price of CDN\$0.25 per 2009 Unit to raise gross proceeds of \$89.3 million (CDN\$115 million) pursuant to a short form prospectus. Each 2009 Unit consists of one common share and one half share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at an exercise price of CDN\$0.50 per share for a period of 2 years following the closing of the offering.

## COMMITMENTS AND CONTINGENCIES

In connection with the FNX gold purchase contract, the Company has committed to purchase 50% of the contained gold equivalent ounces in ore mined and shipped from the FNX Operations. For each gold equivalent ounce delivered, a cash payment of the lesser of \$400 (subject to an inflationary adjustment three years after the anniversary date) or the then prevailing market price per ounce of gold.

In connection with the First Uranium Agreement, Gold Wheaton Barbados has committed to purchase 25% of the gold produced subject to a minimum 20,000 ounces in 2009 from MWS in South Africa. For each gold ounce delivered, a cash payment of the lesser of \$400 per ounce and the prevailing spot price (subject to an inflationary adjustment three years after the anniversary date).

The Company has signed a definitive agreement to purchase 100% of the gold mined from Redcorp Ventures Ltd's ("Redcorp") Tulsequah Project, in British Columbia, for a payment of \$90 million, comprised of \$10 million to be paid on the satisfaction of certain funding conditions upon closing by March 1, 2009 and an additional \$80 million to be paid as the funds are required for the construction of the Tulsequah Project on the satisfaction of certain additional funding conditions. In addition, Gold Wheaton will pay the lesser of \$400 per ounce of payable gold delivered and sold to Gold Wheaton, subject to adjustment, and the then prevailing market price per ounce of payable gold delivered and sold to Gold Wheaton.

The completion of the transactions contemplated under the Redcorp Agreement remains subject to certain funding conditions and receipt of all necessary regulatory and other approvals, including approval of the TSX-V and certain required material environmental and operating permits, which were to be fulfilled by March 1, 2009. Redcorp did not fulfill the necessary closing conditions on March 1, 2009 due to uncertainty related to the costs required to complete the development of the project and its ability to raise additional funding. On March 4, 2009 Redcorp and its wholly-owned subsidiary Redfern Resources Ltd. ("Redfern") were granted court protection from creditors under the Companies' Creditors Arrangement Act (Canada) ("CCAA") by order of the Supreme Court of British Columbia (the "Court"). The Court granted CCAA protection for an initial period of 30 days, initially expiring on April 3, 2009. Subsequently, on March 27, 2009 Redcorp and Redfern were granted an extension on CCAA protection until June 16, 2009. While under CCAA protection, creditors and others are stayed from enforcing any

rights against Redcorp and Redfern, including Gold Wheaton's right under the Redcorp Agreement. The Company has not provided any funding to Redcorp or Redfern.

## **NEW ACCOUNTING POLICIES**

Effective January 1, 2009, the Company has adopted the two new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting standards are adopted on a prospective basis with no restatement of prior period financial statements. There was no impact on opening retained earnings. The new standards are as follows:

### **Inventories**

Section 3031, "Inventories", which replaces Section 3030 establishes standards for the measurement and disclosure of inventories. This Section provides more extensive guidance in the following areas: the determination of cost, including allocation of overhead; limitation of permitted cost formulas; and expansion of disclosure requirements to increase transparency. The disclosure requirements in 3031 did not have any impact on the Company's financial statements.

### **Goodwill and Intangible Assets**

Section 3064 "Goodwill and Intangible Assets establishes guidance on the recognition of intangible assets as well as the recognition and measurement of internally developed intangible assets. In addition, Section 3450 "Research and Development Costs" was withdrawn from the Handbook. Adopting this accounting change did not have a material effect on the Company's financial statements.

## **FUTURE CHANGES IN ACCOUNTING POLICIES**

### **Business combination, non-controlling interest, and consolidation**

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, ("Section 1582"), 1601, Consolidated Financial Statements, ("Section 1601") and 1602, Non-controlling Interests, ("Section 1602") which replaces CICA Handbook Sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

### **International Financial Reporting Standards**

In February 2008, the CICA confirmed that Canadian reporting issuers will be required to report under IFRS effective January 1, 2011, including comparative figures for the prior year. In April 2008, the CICA released an exposure draft of the coming standards. The Company has developed an IFRS implementation plan. The major components are (1) identification of accounting standard differences, (2) information technology, internal control over financial reporting, and disclosure controls and procedures. The Company has completed preliminary assessment of the impact of the accounting standard differences to the financial statements. The Company is in the process of engaging external advisors to work with the Company to complete the conversion. The Company expects to complete its detail analysis of the accounting standard differences in 2009 and expects to make changes to certain processes in 2010 to ensure transactions are recorded in accordance with IFRS for comparative reporting purposes on the required implementation date.

## **RELATED PARTY TRANSACTIONS**

During the three months ended March 31, 2009, the Company recorded consulting fees of \$137,694 (three months ended March 31, 2008 - \$nil) to companies controlled by a director or officer.

In addition, for the three months ended March 31, 2008, the Company paid \$8,984 and \$66,992 for management, and legal and consulting fees respectively to companies related to a common former director or officer.

These transactions were in the normal course of operations and were measured at the exchange amount which was the amount established and agreed to by the related parties.

During the three months ended March 31, 2009, the Company purchased \$2,087,052 (three months ended March 31, 2008 - \$nil) of precious metals from FNX which owns approximately 26% of the Company's common stock and has one director in common. At March 31, 2009, the Company owed FNX \$7,128,892 which has been recorded in accounts payable and accrued liabilities.

## **PROPOSED TRANSACTIONS**

The Company has reached an agreement in principal regarding a debt financing by way of senior secured notes ("Notes"). The Notes will bear interest at the rate of 10% per annum and will have a five year term. Sprott Asset Management Inc on behalf of certain funds and managed accounts ("Sprott") has agreed to subscribe for Notes in the principal amount of CDN\$100,000,000. Gold Wheaton has also agreed to issue to Sprott 125 million warrants with a five year term, and exercisable at a price of CDN\$0.50 per share. Gold Wheaton will have the option to increase the offering of Notes to a total principal amount of CDN\$115,000,000 with additional proportional warrants on the same terms described herein. Gold Wheaton was advised by Paradigm Capital Inc.

Completion of the debt financing is subject to standard conditions including completion of due diligence by Sprott, receipt of necessary board approvals and execution and delivery of definitive note and security documentation. The debt financing is also subject to requisite regulatory approval including the approval of the TSX Venture Exchange.

The net proceeds of the debt financing will be used for general corporate purposes, including gold stream acquisitions.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, short term investments, accounts receivable, other receivable, accounts payable and accrued liabilities, loan payable, and amounts due to related parties. The carrying value approximates their fair value due to the short-term maturity of such instruments or the terms were recently negotiated.

The Company currently sells all of its minerals to two customers. The loss of these customers could have a material adverse effect on the Company's results of operations, financial condition and cash flows. The Company evaluates the credit worthiness of counterparties to the sales arrangement and monitors the

customers' liquidity. The Company does not have any receivables that are past due and regards the credit risks associated with its receivables at March 31, 2009 to be low.

The Company does not use interest rate contracts or other derivative financial instruments to manage the risks associated with its operation and therefore, in normal course of business, it is inherently exposed to currency, interest rate and commodity price fluctuations

### **ADDITIONAL INFORMATION**

Additional information about the Company is available on the Company's website at [www.goldwheaton.com](http://www.goldwheaton.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Disclosure of Outstanding Share Data**

a) Authorized:

Unlimited common shares with no par value

Unlimited preferred shares with no par value

b) Common shares issued: Number

Balance March 31, 2009 1,407,500,668

Balance May 6, 2009 1,430,469,668

c) The number of options exercisable and exercise prices were as follows:

<b>Exercise Price (CDN)</b>	<b>March 31, 2009</b>	<b>May 6, 2009</b>
	<b>Number of Options Outstanding and Exercisable</b>	<b>Number of Options Outstanding and Exercisable</b>
\$0.37	1,055,000	1,055,000
\$0.59	16,125,000	16,125,000
\$0.60	550,000	550,000
	17,730,000	17,730,000

The number of warrants outstanding at March 31, 2009 and May 6, 2009 were as follows:

<b>Exercise Price (CDN)</b>	<b>March 31, 2009</b>	<b>May 6, 2009</b>	<b>Expiry date</b>
\$0.10	23,126,000	-	April 21, 2009
\$1.00	259,999,999	259,999,999	July 8, 2013
\$0.50	230,000,000	230,000,000	March 5, 2011
	513,125,999	489,999,999	

## **RISK AND UNCERTAINTIES**

The following is a summary of certain risk factors and is qualified in its entirety by reference to and must be read in conjunction with the Company's Annual Information Form dated August 19, 2008 and Final Short Form Prospectus dated February 26, 2009 (the "Prospectus") available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Current global financial conditions**

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the value and the price of the common shares of the Company could continue to be adversely affected.

### **Subject to the Same Risk Factors as the FNX Properties and MWS Project**

To the extent that they relate to the production of gold or other precious metals from, or the continued operation of the FNX Properties or the MWS Project (collectively, the "Mining Operations"), the Company will be subject to the risk factors applicable to the operators of such mines or projects, as set forth in the Prospectus under "Risks relating to the Mining Operations".

### **Commodity Prices for Gold and Other Precious Metals**

The price of the common shares of the Company and the Company's financial results may be significantly adversely affected by the decline in the price of gold and other precious metals, including platinum or palladium. The price of gold fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold has fluctuated widely in recent years.

In the event that the prevailing market price of gold is less than \$400 per ounce (subject to applicable inflation adjustments), the transfer price will be the then prevailing market price per ounce of gold and the Company will not generate positive cash flow or earnings.

### **Currency Risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company receives revenue in US dollars, incurs expenses in US and Canadian dollars and its reporting currency is the US dollar. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

## **Gold Produced as a By-Product**

Gold, platinum and palladium are produced as by-product metals at the Mining Operations, therefore, the economic cut-off applied to the reporting of gold, platinum and palladium reserves and resources will be influenced by changes in the commodity prices of other metals at the mines.

## **No Control over Mining Operations**

The Company has agreed to purchase 50% of the Gold Equivalent Ounces from the FNX Properties and a minimum of 20,000 ounces of gold from the MWS Project in 2009 and thereafter 25% of the life-of-mine gold production from the MWS Project. The Company has also entered into the Redcorp Agreement, under which it has agreed to purchase 100% of the gold mined from the Redcorp Project following closing. Except for any payments which may be payable under the completion guarantees relating to the MWS Project and the Redcorp Project, the Company will not be entitled to any material compensation if any of the Mining Operations shut down or discontinue their operations on a temporary or permanent basis. Although the Company believes that it is unlikely that the transactions contemplated under the Redcorp Agreement will be completed, if such transactions are completed, the Company believes that it is unlikely that the Redcorp Project would commence commercial production within the time frames anticipated, if at all. See “Risk of Non-Completion of Redcorp Agreement” below. At any time, any of the operators of the Mining Operations or their successors may decide to suspend or discontinue operations.

## **Risk of Non-Completion of Redcorp Agreement**

The completion of the transactions contemplated under the Redcorp Agreement remains subject to certain funding conditions and receipt of all necessary regulatory and other approvals, including approval of the TSX-V and certain required material environmental and operating permits, which were to be fulfilled by March 1, 2009. Redcorp did not fulfill the necessary closing conditions on March 1, 2009 due to uncertainty related to the costs required to complete the development of the project and its ability to raise additional funding. On March 4, 2009 Redcorp and its wholly-owned subsidiary Redfern Resources Ltd. (“Redfern”) were granted court protection from creditors under the Companies’ Creditors Arrangement Act (Canada) (“CCAA”) by order of the Supreme Court of British Columbia (the “Court”). The Court granted CCAA protection for an initial period of 30 days, initially expiring on April 3, 2009. Subsequently, on March 27, 2009 Redcorp and Redfern were granted an extension on CCAA protection until June 16, 2009. While under CCAA protection, creditors and others are stayed from enforcing any rights against Redcorp and Redfern, including Gold Wheaton’s right under the Redcorp Agreement. The Company has not provided any funding to Redcorp or Redfern.

## **Operating Model Risk**

The Company is not directly involved in the ownership or operation of mines. The gold purchase agreements that the Company has entered into are subject to most of the significant risks and rewards of a mining company, with the primary exception that, under such agreements the Company acquires gold and other precious metals at a fixed cost. As a result of the Company’s operating model, the cash flow of the Company is dependent upon the activities of third parties which creates the risk that at any time those third parties may (a) have business interests or targets that are inconsistent with those of the Company, (b) take action contrary to the Company’s policies or objectives, (c) be unable or unwilling to fulfill their obligations under their agreements with the Company, or (d) experience financial, operational or other difficulties, including insolvency, which could limit a third party’s ability to perform its obligations under the third party arrangements. In addition, the termination of one or more of the Company’s gold purchase agreements could have a material adverse effect on the results of operations or financial condition of the Company.

## **Cautionary Note Regarding Forward-Looking Statements**

*Certain statements contained in the MD&A constitute forward-looking statements within the meaning of applicable laws and regulations. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Gold Wheaton to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the integration of acquisitions, the absence of control over mining operations from which Gold Wheaton purchases gold and other precious metals and risks related to these mining operations, including risks related to international operations, actual results or current exploration activities, actual results of current reclamation activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section entitled “Description of the Business – Risk Factors” in Gold Wheaton’s annual information form for the year ended December 31, 2008 available on SEDAR at [www.sedar.com](http://www.sedar.com). These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements unless so required by applicable laws.*