ATLANTIC GOLD CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

INTRODUCTION

This MD&A has been prepared as of May 27, 2015, and should be read in conjunction with the Company's unaudited condensed interim financial statements with accompanying notes for the three months ended March 31, 2015 and 2014, as well as the audited annual consolidated financial statements for the years ended December 31, 2014 and 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards 'Board.

The objective of this MD&A is to help the reader understand the factors affecting the Company's past and future financial performance. All amounts are reported in Canadian dollars, unless otherwise stated. Additional information on the Company, including the Company's Annual Information Form can be found in the filings with Canadian security commissions on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to the Company's current review of potential mineral project investments and/or acquisitions, the estimation of mineral resources, the timing and content of upcoming programs, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations; actual results of planned expansion activities; changes in project parameters as plans continue to be refined; future prices of resources; exchange rates for Canadian and other currencies; possible variations in grade or recovery rates, accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. In making the forward-looking statements in this MD&A, the Company has made certain key assumptions, including, but not limited to, the assumptions that merited mineral assets or projects can be acquired and financings are available. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements or information made in this MD&A, except as required under applicable securities legislation.

C O M P A N Y P R O F I L E

Atlantic Gold Corporation (“Atlantic”, or the "Company") is a company listed on the TSX Venture Exchange with a registered office at Suite 3083, Three Bentall Centre, 595 Burrard Street, Vancouver, B.C. Canada. The Company changed its name from Spur Ventures Inc. to Atlantic Gold Corporation on the Implementation Date (as defined below).

The Company is a Canadian-based exploration and development gold mining company engaged in the acquisition, exploration and development of precious metal mineral properties. Atlantic’s strategic focus is a counter cyclical strategy of acquiring advanced projects in mining-friendly jurisdictions.

C O M P A N Y U P DA T E

Acquisition of Atlantic NL and Company Name Change

On August 20, 2014 (the “Implementation Date”), the Company completed its acquisition of all the fully paid and partly paid ordinary shares on issue in Atlantic NL by way of a scheme of arrangement (“Scheme”) under Part 5.1 of the Australian Corporations Act 2001 (Cth) between Atlantic NL and its shareholders (the “Transaction”). At the Implementation Date, Wally Bucknell, former Managing Director of Atlantic NL, joined the Board of the Company.

Under the terms of the acquisition, Atlantic NL shareholders holding fully paid ordinary shares received 0.05564 of a common share of the Company and 0.02782 of a share purchase warrant (each whole warrant a “Warrant”) for each fully paid ordinary share of Atlantic NL held. Each Warrant is exercisable to acquire one common share of the Company for a period of four years following the Implementation Date at a price of $0.60 per share. Atlantic NL shareholders holding partly paid ordinary shares received 10% of the consideration otherwise payable to a holder of fully paid ordinary shares for each fully paid share held. As a result, a total of 46,275,272 common shares and 23,137,361 Warrants were issued to Atlantic NL shareholders.

Until the Implementation Date, Atlantic NL was an Australian Stock Exchange (“ASX”) listed company focused on the exploration and development in the province of Nova Scotia, Canada with their Touquoy Gold Project (which is at an advanced stage and has all major permits in place) and the Cochrane Hill Gold Project (which is at an earlier stage of development).

Acquisition of Acadian

On September 19, 2014, the Company completed the acquisition of all of the issued share capital of Acadian in exchange for 8,876,542 common shares (the "Consideration Shares") of the Company and $3,610,740 in cash, comprising the cash consideration of $4,260,740 less a net liability adjustment of $650,000, pursuant to the Sale and Purchase Agreement (the “Agreement”) with LionGold Mining Canada Inc. (the "Vendor"), and LionGold Corp Ltd as guarantor.

Under the terms of the Agreement, a total of 2,000,000 Consideration Shares (“Contingent Common Shares”) were held back from issuance to the Vendor pending the completion of certain post-closing deliverables. The Contingent Common Shares are expected to be issued later in 2015.

The assets of Acadian consist of the Beaver Dam and Fifteen Mile Stream Gold Projects located in Nova Scotia, which have defined mineral resource and historical resource estimates (see "Mineral Resources" section below), in addition to an extensive portfolio of exploration properties and a royalty portfolio consisting of 1% NSR royalties on three past producing gold mines in Nova Scotia.

ASX Delisting

On March 6, 2015 the Company announced its voluntary de-listing from the ASX effective that same date, at which time the Company became a “venture issuer” (as defined under NI 51-102).

News releases, including regarding both the Atlantic NL and Acadian transactions, are available for review on the Company’s website (www.atlanticgoldcorporation.com) and SEDAR (www.sedar.com).

KEY MILESTONES AND OUTLOOK

Since completing the acquisitions of Atlantic Gold Pty Ltd. (“Atlantic NL”) and Acadian Mining Corp. (“Acadian”), the Company continues to focus on completion of its feasibility study over its Touquoy Gold and Beaver Dam projects (the “Feasibility Study”). The Company is also engaged in discussions with potential project financiers in parallel with the completion of the feasibility study.

During the recent months, the Company has met a number of corporate and development milestones and has clearly defined its next steps for development:

- Continued technical work for the Beaver Dam property in preparation for delivery of a Feasibility Study as well as environmental impact assessment and permitting, including:
  - Completion of a resource definition drilling program at the Company’s Beaver Dam property, comprising 8,076m over 38 holes, in order to extend known mineralization at depth leading to an updated resource estimate;
  - Continued engagement with Ausenco Canada Inc., FSSI International Consultants Pty Ltd. and Moose Mountain Technical Services for preparation of the Company's Feasibility Study, which the Company expects to complete in mid-2015;
  - Continuing regulatory consultation, planning, scoping and initial environmental fieldwork related to both the Beaver Dam Project and the Cochrane Hill Project;

- Hosted institutional analysts, as well as potential project financing institutions on site visits to the Company's project sites in Nova Scotia;

- Completion of an Economic Impact Study, prepared by KPMG, in respect of the Company’s Moose River Consolidated (“MRC”, being the Touquoy and Beaver Dam Gold Projects combined) projects focused on job creation, fiscal revenues, and overall economic wealth for Nova Scotia and Canada;

- Continued negotiations in respect of a mutual benefits agreement with the Assembly of Mi’kmaq Chiefs in Nova Scotia, building on the current memorandum of understanding that was signed in May 2014;

- Continuing negotiations in respect of a formal lease of Crown lands at the Touquoy Gold Project;

- Defined a mineral resource estimate at the Company’s Fifteen Mile Stream Gold Project , upgrading a previously disclosed historical resource to a current resource estimate; and

- Continued discussions with respect to project financing, in parallel with, the Feasibility Study.

OVERVIEW OF THE COMPANY'S HOLDINGS

Touquoy Gold Project

Description and Ownership

The Touquoy Gold Project is located at the former village of Moose River Gold Mines about 70 minutes' drive via 110km of sealed road north-east from Halifax. The Touquoy Property covers an area of approximately 1,760 ha.

The Touquoy Property is secured under a Mineral Lease (ML11-1) comprising 49 claims and a surrounding Exploration License (EL10377) comprising 64 claims.

The Company's effective ownership interest in Touquoy is 63.5%. The Company will recover all operational, overhead, financing and sunk costs prior to any distributions to its non-public partner in Touquoy.

A net smelter return royalty of 3% is also payable in respect of the Touquoy Gold Project, two-thirds of which can be purchased for $2.5 million.

The Touquoy Gold Project is well advanced with all major environmental permits. Environmental Assessment Approval and Industrial Approval are in place and a Mineral Lease has been granted.

In addition, ownership of all 63 private properties required for the development of the Touquoy Gold Project has now been secured. Final settlement of compensation in respect of 11 of these properties, which were expropriated and for which compensation has been estimated on the basis of independent valuations previously conducted, remain under review with legal representatives of the estates or former landowners.

In relation to the seven parcels of Crown land required within the footprint of the Touquoy Gold Project the Nova Scotia Department of Natural Resources has received Cabinet approval to issue the lease and has prepared the requisite documentation and the Company is in the process of finalizing the lease agreement.

Beaver Dam

Description and Ownership

The Beaver Dam Property is located in Halifax County, in central Nova Scotia, approximately 85km northeast of the provincial capital of Halifax (Figure 4.1). The property covers the historical Beaver Dam Gold District located on NTS sheet 11E02/A with central coordinates of 521319 E / 4990700 N (UTM NAD 83 Zone 20). The area is uninhabited with the closest residences situated 5 km away.

The property is held under a single Exploration License, EL50421, currently held by Annapolis Properties Corporation, a wholly owned subsidiary of Acadian. EL50421 is comprised of 76 contiguous claims which cover an area of approximately 1136 ha.

Cochrane Hill Project

Description and Ownership

The Cochrane Hill Gold Project is an earlier stage development project, owned 100% by Atlantic NL. It is located approximately 80 km east of the Touquoy Property and about 35 kilometres south of the town of Antigonish. It is accessible via Highway #7 which passes within 300 metres of the old Cochrane Hill mine site.

The Cochrane Hill Property is secured under a single Exploration License (EL6310) comprising 53 claims. The Cochrane Hill deposit is located entirely within ungranted Crown lands.

Fifteen Mile Stream

Description and Ownership

The Fifteen Mile Stream property is located in eastern Halifax County, Nova Scotia, approximately 95 km northeast of Halifax. It comprises the historic Fifteen Mile Stream gold district.

Access to the area is provided by highway #374 which transects the province from Sheet Harbour in the south to Stellarton in the north.

The Fifteen Mile Stream Property is secured under two Exploration Licenses (ELs 10406 and 05889) comprising 31 claims, as well as a Special License (SL 11/90) comprising 8 claims. All licenses cover a total of 710 hectares. The claims are currently held by 6179053 Inc. and DDV Gold Ltd., both of which are wholly owned subsidiaries of the Company.

Exploration Properties

The Company's regional land package in Nova Scotia presently comprises approximately 300 km2 of claims located throughout the Meguma Terrane specifically selected, or retained from Acadian's property portfolio, to explore for disseminated gold mineralization. The exploration claims of prime interest are those which secure the 80km of key ground along the Touquoy–Beaver Dam–Fifteen Mile Stream–Cochrane Hill trend. The Company's wholly owned subsidiary, Acadian, also holds existing royalty interests on the Goldenville (1% NSR), Dufferin (2% NSR) and Tangier (1% NSR) properties located in Nova Scotia. None of these properties are currently in production and no royalty income is currently being generated. It should be noted that the Company's Dufferin leases are close to, but not part of, the leases associated with the Dufferin gold mine which closed recently.

Preliminary Economic Assessment

On September 29, 2014, the Company announced the results of its consolidated PEA, prepared by Moose Mountain Technical Services, which analyzes the following two potential open-pit production scenarios over a minimum 8 year mine life:

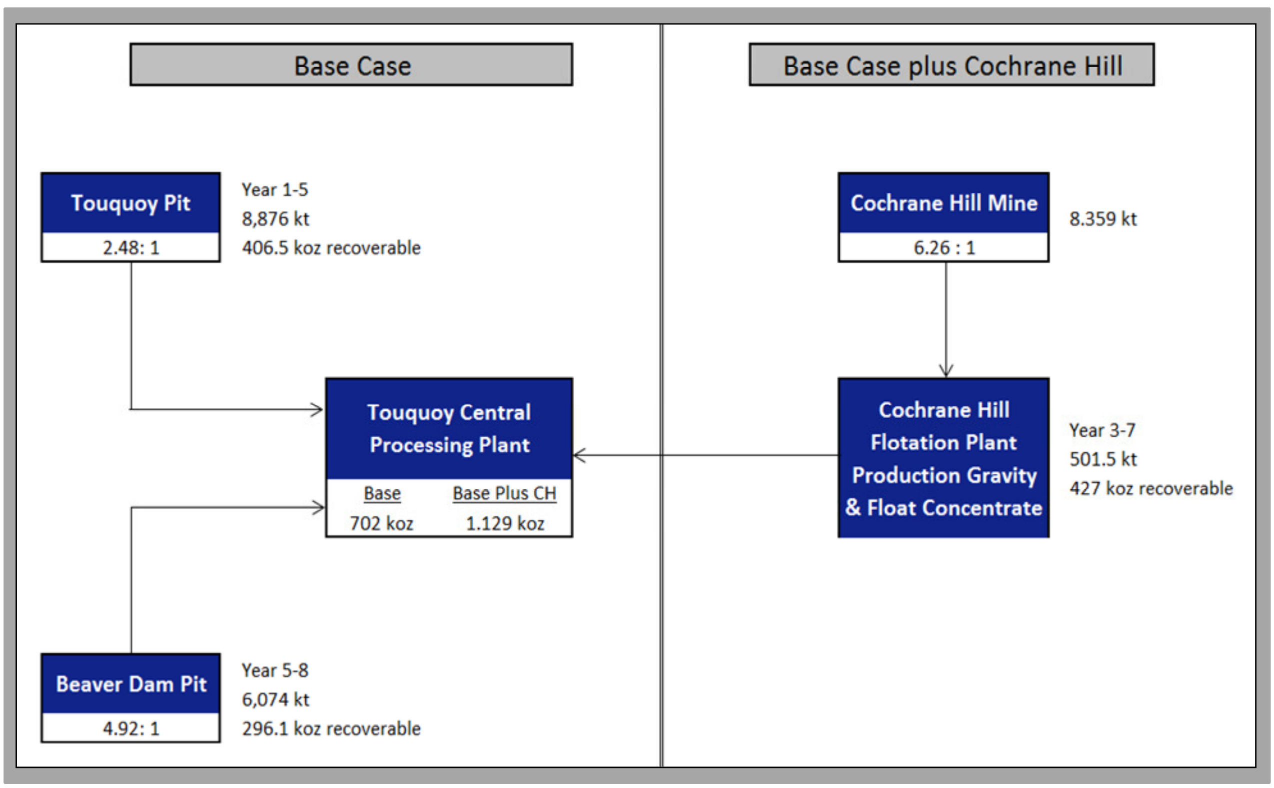
MRC Case (known as the "Base Case" in the PEA – assumes initial production from the Company's fully-permitted Touquoy Project, and the Beaver Dam Project, located approximately 37 km by road from Touquoy, for total life of mine production of 702,000 ounces of gold at an average grade of 1.55 g/t

MRC plus Cochrane Case (known as the "Base Plus Cochrane Case" in the PEA) - includes the addition of gravity and float concentrate production from the Company's Cochrane Hill Project in year 3 of production, processed into doré at the Touquoy facility for a total life of mine production of 1,129,000 ounces of gold at an average grade of 1.62 g/t.

The MRC Case" involves mining at the Touquoy operation and in year five, once the Touquoy pit is exhausted, transitioning the mining operation 37 road kilometers to the Beaver Dam pit, which would operate as a satellite operation from the Touquoy base. The Beaver Dam pit would not have any processing or tailings facilities and would only have an open pit, a waste rock management facility and a crushing and loading plant to load highway trucks for the haul to Touquoy. The Beaver Dam material is essentially a supplement to the Touquoy mill feed rather than a distinct mining operation. Minimal temporary offices and a light maintenance facility would also be installed at Beaver Dam and tailings from the material milled at Touquoy from the Beaver Dam pit would be disposed of in the depleted Touquoy pit.

The MRC Plus Cochrane Case adds production from the Cochrane Hill deposit commencing in year three of the project life. Cochrane Hill would be a largely independent mining operation with its own mining fleet, mill and processing facility with the associated tailings management facility. The processing plant at Cochrane Hill would not utilize cyanide but instead would produce a gravity and float concentrate which would be trucked to Touquoy for final cyanide treatment and gold recovery. Based on preliminary test work the metallurgical performance of Cochrane Hill material will be similar to Touquoy and Beaver Dam material with high recoveries through gravity separation. A concentrate is proposed to be produced to allow for final processing and cyanidation at Touquoy to simplify the permitting process. Cochrane Hill would be designed to mine and process about two million tonnes of mill feed per year which would be the same production rate as Touquoy and Beaver Dam. The mill feed from Cochrane Hill would produce about 120,000 tonnes of concentrate, or about six percent of the total material processed, which would be trucked to Touquoy for treatment there.

The chart below is a schematic of the potential operations, as analyzed in the PEA:



PEA Highlights

Canadian dollars unless otherwise indicated (assuming 1CND $ = $0.90 US$):

Gold price: US $1,300/oz	MRC Case	MRC Plus Cochrane Case
Pre-tax NPV (5%)	$233 million	$354 million
Post-tax NPV (5%)	$163 million	$242 million
Pre-tax IRR	39.6%	38.0%
Post-tax IRR	33.5%	31.5%
Post-tax Payback	1.7 years	3.3 years
Initial capital cost	$131 million	$131 million
Capital Cost Cochrane Hill (Yr 2)	N/A	$108 million
LOM cash operating cost	$576/oz	$612/oz
LOM all-in sustaining cost	$653/oz	$684/oz
Total LOM Au production	702,000 oz's	1,129,000 oz's
Average annual production	87,700 oz's	141,000 oz's
LOM strip ratio	3.44	4.45
Average grade	1.55 g/t	1.62 g/t

The PEA is preliminary in nature and includes 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 the conclusions in the PEA will be realized or that any of the resources will ever be upgraded to reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See "Mineral Resources" below.

The economics take into account the fact that the Company's effective ownership in Touquoy is 63.5%. As noted above, the Company will recover all operational, overhead, financing and sunk costs prior to any distributions to its non-public partner in Touquoy. As of March 31, 2015, the total estimated costs to be recovered under the agreement are approximately $19.9 million. The Company holds 100% of both Beaver Dam and Cochrane Hill.

The PEA takes into account a 1% royalty payable to the Nova Scotia government (no other mining taxes apply), in addition to the following NSR's:

- 1% relating to production from Touquoy and Cochrane Hill, post exercise of buyback options of $2.5 million to buyback 2% of a 3% royalty related Touquoy and $1.5 million to buyback 2% of a 3% royalty related to Cochrane Hill

- 0.6% relating to production from Beaver Dam

A sensitivity table for each case, based on various gold prices is set out below:

MRC Case Sensitivities

	US $1,100	US $1,200	US $1,300	US $1,400	US $1,500
Pre-tax NPV (5%)	$140 m	$189 m	$233 m	$276 m	$320 m
Post-tax NPV (5%)	$98 m	$132 m	$163 m	$193 m	$223 m
Pre-tax IRR	28.3%	34.7%	39.6%	44.1%	48.4%
Post-tax IRR	24.0%	29.4%	33.5%	37.4%	41.0%
Post-tax Payback	2.1 years	1.8 years	1.7 years	1.5 years	1.4 years

MRC Plus Cochrane Case Sensitivities

	US $1,100	US $1,200	US $1,300	US $1,400	US $1,500
Pre-tax NPV (5%)	$194 m	$276 m	$354 m	$431 m	$508 m
Post-tax NPV (5%)	$131 m	$188 m	$242 m	$296 m	$349 m
Pre-tax IRR	25.3%	32.3%	38.0%	43.3%	48.2%
Post-tax IRR	20.6%	26.5%	31.5%	36.0%	40.2%
Post-tax Payback	4.3 years	3.8 years	3.3 years	3.0 years	2.7 years

Mineral Resources

The table below is a summary of the mineral resources at the Touquoy, Beaver Dam and Cochrane Hill Projects, as well as the resource relating to the Company's Fifteen Mile Stream Gold Project.

	Tonnes (m)	Grade (g/t)	Contained Gold (oz)
Touquoy*			
Measured & Indicated	10.1	1.5	480,000
Inferred	1.6	1.5	77,000
Beaver Dam*			
Measured & Indicated	9.3	1.4	427,000
Inferred	1.8	1.4	81,000
Cochrane Hill*			
Measured & Indicated	4.5	1.8	252,000
Inferred	5.6	1.6	298,000
Fifteen Mile Stream*			
Inferred	11.7	1.6	584,000
Total Measured & Indicated	**23.9**	**1.5**	**1,159,000**
Total Inferred	**20.7**	**1.6**	**1,040,000**

**The Mineral Resources estimates relate to the Touquoy, Cochrane Hill and Beaver Dam deposits summarized in this report and are based on the following key parameters: (1) There are two main styles of gold mineralization, which are reflected in the geological domaining used in the resource modeling; (2) Drill hole sampling has provided a reasonably representative set of samples of the gold mineralization, (3) Multiple Indicator Kriging is an appropriate method for estimating the Mineral Resources in these deposits. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.*

Touquoy - The Touquoy Mineral Resource estimates presented herein are based on a National Instrument 43-101 technical report entitled "Mineral Resource Estimate for The Touquoy Gold Project, *Halifax County, Nova Scotia, Canada" dated August 1, 2014 which has been prepared in respect of the Touquoy Gold Project by FSS International Consultants (Aust) Pty. Ltd. ("FSSI") of Beecroft, NSW, Australia. The report is available for review on the Company's website and on SEDAR (www.sedar.com).*

<u>Cochrane Hill</u> - The Cochrane Hill Mineral Resource estimates are based on a National Instrument 43-101 technical report entitled "Technical Report of the Cochrane Hill Gold Project, Nova Scotia " dated August 1, 2014 which has been prepared in respect of the Cochrane Hill Gold Project by FSS International Consultants (Aust) Pty. Ltd. ("FSSI") of Beecroft, NSW, Australia. The report is available for review on the Company's website and on SEDAR (www.sedar.com).

<u>Beaver Dam</u> – The Beaver Dam Mineral Resources are current resource estimates that comply with the current Canadian Institute of Mining, Metallurgy and Petroleum Resources (CIM) Definition Standards on Mineral Resources and Mineral Reserves as required by NI 43-101 - Standards of Disclosure for Mineral Projects. A Qualified Person has done sufficient work to classify these resources estimates to current mineral resources prepared in accordance with NI 43-101.

<u>Fifteen Mile Stream</u> - The Fifteen Mile Stream Mineral Resource estimates presented herein are based on a National Instrument 43-101 technical report entitled "Mineral Resource Estimate for The Fifteen Mile Stream Gold Project, Halifax County, Nova Scotia, Canada" dated February 18, 2015 which has been prepared in respect of the Fifteen Mile Stream Gold Project by FSS International Consultants (Aust) Pty. Ltd. ("FSSI") of Beecroft, NSW, Australia. The report is available for review on the Company's website and on SEDAR (www.sedar.com).

Beaver Dam: A resource delineation diamond drilling program comprising 38 holes for 8,076m was undertaken during October 2014 - January 2015. This drilling was directed to defining resource extensions over 550m strike length on 50m-spaced sections (650E to 1,200E) beneath the resources drilled by the previous owner, Acadian Mining Corporation, now a wholly owned subsidiary of the Company. Eight dedicated geotechnical diamond core holes were also drilled.

All assays were taken on 1m samples of half NQ core sawn and sampled with formally randomized selection of halves, by total sample screen fire assay with 2x fines fire assays, and insertion of standards and blind blanks. Sample preparation and assaying is conducted at the Sudbury and Vancouver laboratories of ALS Canada Ltd, an entity having no other relationship with the Company. Core recovery is estimated for each metre and averages >98%. Standards and blanks assay results were acceptable.

The drilling has extended the known mineralization to depth, as expected, and has enabled identification of, and support for, additional in-pit Measured and Indicated Resources. A revised resource estimate incorporating results of this drill program and building on the resource estimate disclosed in the Company's PEA has been completed as illustrated below.

The Beaver Dam Mineral Resource Estimate was prepared by Mr. Neil Schofield, a principal of FSSI Consultants (Australia) Pty Ltd and has an effective date of February 24, 2015. The table below illustrates the current resource estimate prepared in accordance with NI 43-101 for a range of cut-off grades with the base case (0.5g/t) shown in bold font:

BEAVER DAM RESOURCE ESTIMATES – 24 February 2015			
Measured Resource Estimates			
Cut-off grade (g/t)	Tonnes (millions)	Grade (g/t)	Contained gold (oz)
0.3	5.34	1.27	218,200
0.4	4.65	1.41	210,600
0.5	**4.07**	**1.55**	**202,200**
0.6	3.65	1.66	194,800
0.7	3.30	1.77	187,500
0.8	2.97	1.88	179,600
Indicated Resource Estimates			
Cut-off grade (g/t)	Tonnes (millions)	Grade (g/t)	Contained gold (oz)
0.3	6.75	1.13	244,200
0.4	5.94	1.23	235,100
0.5	**5.20**	**1.34**	**224,400**
0.6	4.60	1.45	213,900
0.7	4.09	1.55	203,200
0.8	3.62	1.65	191,800
Measured + Indicated Resource Estimates			
Cut-off grade (g/t)	Tonnes (millions)	Grade (g/t)	Contained gold (oz)
0.3	12.09	1.19	462,400
0.4	10.59	1.31	445,700
0.5	**9.27**	**1.43**	**426,800**
0.6	8.25	1.54	408,600
0.7	7.39	1.65	390,600
0.8	6.59	1.75	371,400
Inferred Resource Estimates			
Cut-off grade (g/t)	Tonnes (millions)	Grade (g/t)	Contained gold (oz)
0.3	2.65	1.08	91,800
0.4	2.26	1.20	87,400
0.5	**1.84**	**1.37**	**81,300**
0.6	1.52	1.55	75,600
0.7	1.28	1.72	70,600
0.8	1.08	1.90	65,700

Technical Disclosure

The table above presents the current resource estimates for Beaver Dam that comply with the current Canadian Institute of Mining, Metallurgy and Petroleum Resources (CIM) Definition Standards on Mineral Resources and Mineral Reserves as required by NI 43-101 - Standards of Disclosure for Mineral Projects. A Qualified Person has done sufficient work to classify these resources estimates to current mineral resources prepared in accordance with NI 43-101.

The basis of the estimation of the Mineral Resources includes the following;

1. The drill hole sampling has provided a reasonably representative set of samples of the gold mineralization in each case.

2. The estimation method used is a standard implementation of multiple indicator kriging with block support correction for the estimation of recoverable resources based on a specified approach to standard selective mining. This methodology is appropriate given that the composite samples show some high grade values resulting in statistical characteristics similar to other gold deposits with higher coefficients of variation.

3. Any known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resource are detailed above in the section entitled “Forward-Looking Statements”.

The additional drilling recently completed has resulted in a 50% increase in contained gold from the 287,000 ounces previously estimated at 0.5g/t cut-off in the Measured + Indicated Resource categories (5.85mt @ 1.53g/t) to 426,600 ounces (9.27mt @ 1.43g/t). Inferred Resources have been reduced by upgrade to Measured and Indicated Resources from 120,000 ounces (2.62mt @ 1.43g/t) to 81,300 ounces (1.84mt @ 1.37g/t) at the same cut-off grade. Bulk density applied for both sets of estimates is 2.73g/cc and the estimation methodology is consistent.

This current resource estimate, together with geotechnical data documented from four resource delineation drillholes and eight dedicated geotechnical drillholes, will now provide the basis for pit optimization and design leading to a full Feasibility Study targeted for completion in mid June 2015.

Beaver Dam is being developed as a satellite deposit to the planned Touquoy operation with haulage of ore 37km by road to the Touquoy processing plant following completion of mining at Touquoy in Year 5. The combined operation that includes milling material from Touquoy and Beaver Dam is entitled the Moose River Consolidated project.

Beaver Dam lies along the same geological trend as the Company’s other related deposits – Touquoy, Fifteen Mile Stream and Cochrane Hill – and all are hosted within the same essential stratigraphy and structure, over a strike length of 80km.

The Beaver Dam deposit is known to be truncated on the east by the NW-striking Mud Lake Fault. From high resolution aeromagnetic data it appears possible that the host stratigraphy on the eastern side of the Mud Lake Fault has been offset about 1.5km to the northwest. Several diamond holes will be drilled to test this apparently offset position as soon as the appropriate land access permission has been obtained.

Fifteen Mile Stream: A Mineral Resource Estimate has been prepared with an effective date of February 18, 2015 by Mr. Neil Schofield, a principal of FSSI Consultants (Australia) Pty Ltd in accordance with National Instrument 43-101 (“NI 43-101”) for the Company’s wholly-owned Fifteen Mile Stream gold deposit.

Fifteen Mile Stream lies along the same geological trend as the Company’s other related deposits – Touquoy, Beaver Dam and Cochrane Hill – and all are hosted within the same essential stratigraphy and structure, over a strike length of 80km.

The table below illustrates the current resource estimate for a range of cut-off grades with the base case (0.5g/t) shown in bold font:

FIFTEEN MILE STREAM - INFERRED RESOURCE ESTIMATE Effective date of February 18, 2015			
Cut-off grade (g/t)	Tonnes (m)	Grade (g/t) Au	Contained Au (oz)
0.3	16.69	1.21	649,000
0.4	13.94	1.38	618,000
0.5	**11.72**	**1.55**	**584,000**
0.6	10.02	1.72	554,000
0.7	8.66	1.89	526,000
0.8	7.58	2.05	500,000
Resources that are not reserves do not have demonstrated economic viability			

Technical Disclosure

The table above contains the combined Mineral Resource estimates for the Egerton-MacLean and Hudson Zones at Fifteen Mile Stream as of February 18, 2015. These are current resource estimates that are in accordance with the current Canadian Institute of Mining, Metallurgy and Petroleum Resources (CIM) Definition Standards on Mineral Resources and Mineral Reserves as required by NI 43-101 - Standards of Disclosure for Mineral Projects. A Qualified Person has done sufficient work to classify these resources estimates to current mineral resources prepared in accordance with NI 43-101.

The basis of the estimation of the Mineral Resources includes the following;

1. The drill hole sampling has provided a reasonably representative set of samples of the gold mineralization in each case.

2. The drill hole sample data have been verified by reviewing the core from a number of drill holes and checking assay results against observed mineralization during the qualified person's site visit. The quality control data made available from the resource database generated by Acadian Mining Corporation, the previous operator, has also been re-analyzed and the results checked against earlier analysis undertaken by Acadian Mining. Verification of assay logs against lab certificates has not been done for the current resource estimates but has been undertaken for Acadian Mining's previous resource estimates.

3. The estimation method used is a standard implementation of multiple indicator kriging with block support correction for the estimation of recoverable resources based on a specified approach to standard selective mining. This methodology is appropriate given that the composite samples show some high grade values resulting in statistical characteristics similar to other gold deposits with higher coefficients of variation.

4. The Inferred classification for the resource estimates reflects the number and spatial pattern of drill-hole composites informing the estimation of each panel in the resource model, as well as the limited QA/QC protocols applied in relation to the drilling conducted during the 1980s. This classification is consistent with that adopted for previous resource estimates prepared in accordance with NI 43-101 for the Egerton-MacLean Zone at Fifteen Mile Stream conducted by Acadian Mining Corporation in May 2008 and August 2012.

5. Any known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resource are detailed above in the section entitled "Forward-Looking Statements".

The drill database underpinning this current resource estimate in relation to Fifteen Mile Stream comprises 163 diamond drillholes from which a dataset of 10,457 two-metre composites has been created. The composite dataset is generated from drilling within the Egerton-MacLean and Hudson Zones, which are located at the eastern and western ends of an anticlinal dome, and some widely spaced drilling within the 600m-long intervening area. The mineralization is localized within a north-dipping sequence of sediments around and within the hinge zone of the anticline with mudstones bearing thin layer-parallel quartz veins being the preferred host.

While no detailed metallurgical investigations have been undertaken, the often visible gold is expected to be free milling, as it is at the Company's Touquoy, Beaver Dam and Cochrane Hill projects.

This current resource estimate in relation to Fifteen Mile Stream supersedes the historic JORC code 2012 resource estimate prepared by Snowden Mining Industry Consultants Limited ("Snowden") as detailed in the Company's news release dated September 2, 2014. This current estimate was prepared including the Hudson Zone which was excluded from the Snowden Historical Resource estimation. The technical report is available on SEDAR and on the Company's website.

Economic Impact Study

In February 2015, the Company announced the results of an Economic Impact Study (the "Study") conducted in respect of the Company's Moose River Consolidated Gold projects based on the two potential open-pit production scenarios reported in the Company's PEA.

The Company engaged KPMG to produce the Study to be used as the basis for its continuing discussions with the Federal and Provincial governments in respect of the development of the Moose River Consolidated Gold Projects. The Study focuses on job creation, fiscal revenues, and overall economic wealth for the province as well as Canada.

The tables below provide a summary of the economic impact on the province as well as federally under the Base Case and Base plus Cochrane Case, respectively:

Summary of Economic Impact (direct and indirect) on Canada and Nova Scotia – Base Case

	Economic Benefits to Canada		Economic Benefits to Nova Scotia	
	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)
Value-added [1] (millions $)	93.0	26.5	69.3	19.7
Jobs created (person-year equivalent)	1,005	278	781	228
Government revenues [2] (millions $)	5.5	8.1	4.1	10.2

Summary of Economic Impact (direct and indirect) on Canada and Nova Scotia – Base plus Cochrane Case

	Economic Benefits to Canada		Economic Benefits to Nova Scotia	
	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)
Value-added[1] (millions $)	162.3	43.6	120.1	31.5
Jobs created (person-year equivalent)	1,749	455	1,352	367
Government revenues [2] (millions $)	9.7	13.1	7.1	17.0

1 – Value added refers to the economic definition of wealth created by a project (or its impact in terms of Gross domestic production). It is presented on an undiscounted basis but in 2014 constant dollars. Some of the major contributors to the Value added figures include, (a) salaries and benefits paid to employees by either Atlantic or its suppliers; (b) net revenues to individual businesses and c) the return on capital of businesses
2 – Government Revenues in Canada and Nova Scotia comprise corporate taxes (paid by Atlantic only), personal income taxes, provincial mining taxes (Nova Scotia only), as well as taxes on products.

The total impact on the Canadian economy as a whole compared to the province of Nova Scotia are approximately 30% to 35% higher under the Base case scenario, and 30% to 40% higher under the Base plus Cochrane case, as some of Atlantic's suppliers would likely be based in other Canadian provinces.

The technical information contained in this MD&A was reviewed by Neil Schofield, MS Applied Earth Sciences, MAusIMM, MAIG, a Qualified Person as defined by NI 43-101.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Three months ended March 31, 2015

The net loss for the three months ended March 31, 2015 was $797,054 compared to a net loss of $385,349 for the same period in 2014. The increase in net loss was primarily attributable to an increase in share-based payments representing the Black-Scholes calculated fair value of stock options that were issued and vested to directors, officers, consultants and employees during the period; an increase in professional fees and transfer agent and filing fees as a result of legal and transfer agent expenses incurred as a result of the Company delisting from the ASX during the period; an increase in Management Fees, salaries and benefits as a result of increased staff from activities necessitated from the acquisition of Atlantic NL and Acadian, as well as non-recurring consulting fees incurred as a result of the Company obtaining an Economic Benefits Impact report for its Nova Scotia properties; partially offset by a decrease in Corporate Development fees due to higher consulting fees, legal fees and travel expenses incurred during 2014 in relation to the transaction with Atlantic NL.

The Company also recorded interest and other income of $29,818 during the three month period ended March 31, 2015 (2014: $104,585) with a majority of the balance relating to interest earned on various GIC investments by the Company. Further, the Company incurred a $36,681 impairment charge on Property, plant and equipment as a result of the Company exiting its lease space of one of its Australian subsidiaries.

Financial Position

Total assets decreased to $44,935,351 at March 31, 2015 from $46,022,028 at December 31, 2014. The most significant assets at March 31, 2015 were mineral properties of $23,335,144 (December 31, 2014 – $21,967,737) and cash and cash equivalents of $16,101,842 (December 31, 2014 - $18,266,882). The Company's net working capital position at March 31, 2015 was $15,723,372.

The net increase in mineral properties of approximately $1.4 million reflects the costs incurred in respect of the continued development of the Company's Nova Scotia projects, including completion of the Company's resource delineation and geotechnical drill program, continued technical work in preparation for delivery of a Feasibility Study, in addition to Environmental study work.

The decrease in cash during the year of $2.17 million resulted from $0.63 million outflow used in operating activities and $1.53 million cash outflow in investing activities of the Company. Cash outflows from investing activities included approximately $1.64 million spent in respect to mineral property expenditures as detailed above, partially offset by interest received on the Company's short-term GICs.

Summary of Quarterly Results

		Q1 2015		Q4 2014		Q3 2014		Q2 2014
Total Revenue (Note 1)		N/A		N/A		N/A		N/A
Net loss for the period	$	(797,054)	$	(844,382)	$	(113,605)	$	(394,105)
Loss per share - basic and diluted	$	(0.01)	$	(0.02)	$	(0.00)	$	(0.01)

		Q1 2014		Q4 2013		Q3 2013		Q2 2013
Total Revenue (Note 1)		N/A		N/A		N/A		N/A
Net loss for the period	$	(385,349)	$	(295,965)	$	(250,645)	$	(287,618)
Loss per share - basic and diluted	$	(0.01)	$	(0.00)	$	(0.00)	$	(0.00)

Note 1 – As the Company has yet to secure a mineral related asset in production, the Company has no Revenue to report during the financial reporting periods noted above.

The operating expenditures and net loss in Q3 and Q4 2013 are relatively consistent with the operating expenditures and net loss in Q2 2013. The net loss in Q1, and Q2 2014 increased compared to Q3 and Q4 2013 given increased corporate development expenditures and transfer and agent and filing fees related to the Company's strategic initiative and the potential transaction with Atlantic NL. The net loss decreased in Q3 2014 compared to Q2 2014 mostly as a result of reclassification of corporate development expenses and transfer agent and filing fees regarding the acquisition of Atlantic NL to mineral properties on the condensed interim consolidated statement of financial position. The net loss increased in Q4 2014 compared to Q3 2014 mostly as a result of bonus payments made as a result of the contributions of key executives involved in the acquisitions of Atlantic NL and Acadian, increased professional fees in conjunction with the audit of the 2014 consolidated financial statements of the Company as well as legal fees in respect of the delisting from the ASX, as well as a decreased amount of interest income given interest income was no longer charged to DDV Gold Ltd. as DDV Gold Ltd. was a wholly owned subsidiary of the Company in the fourth quarter of the year. The net loss in Q1 2015 decreased compared to Q4 2014 as a result of increased professional fees incurred during Q4 2014 as a result of legal expenses incurred as part of the Company's delisting from the ASX, in addition to increase in bonus payments made to key management involved in the acquisition of Atlantic NL and Acadian, which were paid during Q4 2014, partially offset by share-based payments recognized during the quarter as a result of the Company's stock option grant in March 2015.

L I Q U I D I T Y and C A P I T A L R E S O U R C E S

As at March 31, 2015, the Company had a balance of $16,101,842 in cash deposits and short-term GICs with major Canadian financial institutions.

The Company has renewed its Vancouver office lease agreement for a five-year term expiring September 30, 2020 and shares office space and related costs with a related Company. One of the Company's subsidiaries has an office lease commitment in Nova Scotia. A summary of the Company's commitments in respect of the above mentioned leases is set out below:

2015	$	296,694
2016		254,153
2017		130,643
2018 and thereafter		359,401
	$	1,040,891

<u>Exploration Tenement Commitments</u>
In order to maintain current rights of tenure to exploration tenements, the Company is required to incur expenditures of approximately $181,950 (December 31, 2014: $360,043) in respect of claim renewal fees and minimum work requirements.

The Company believes that it has sufficient funding to meet its obligations and to maintain administrative and operational expenditures for the next 12 months.

OFF - BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

There are no subsequent events to report.

O T H E R M D & A R E Q U I R E M E N T S

<u>Related party transactions and key management compensation</u>

a) Key management compensation

Key management includes the Company's directors, President and Chief Executive Officer, and Chief Financial Officer. Compensation awarded to key management is presented in the table below:

Related Party	Relationship	Compensation Type		**Three months ended March 31, 2015**		Three months ended March 31, 2014
Steven Dean	Chairman and CEO	Benefits and share-based payments	**$**	**81,343**	$	2,741
Robert Atkinson	Director	Directors' fees and share-based payments		**16,187**		5,548
Don Siemens	Director	Directors' fees and share-based payments		**16,187**		5,548
David Black	Director	Directors' fees and share-based payments		**16,187**		5,548
William Armstrong	Director	Directors' fees and share-based payments		**14,937**		1,916
Wally Bucknell	Director	Share-based payments		**19,257**		-
John Morgan	President and COO	Wages, benefits, and share-based payments		**117,644**		62,592
Chris Batalha	CFO and Corporate Secretary	Wages, benefits, and share-based payments		**40,527**		-
Irfan Shariff	Former Officer	Share-based payments		**-**		1,098
			$	**322,269**	$	84,991

b) Payments for services by related parties

During the three months ended March 31, 2015, the Company incurred corporate consulting fees of $63,750 (2014: $21,420) to Sirocco Advisory Services Ltd. (“Sirocco”), a company controlled by Steven Dean, a director and officer of the Company. As at March 31, 2015, the Company owed $1,843 to Sirocco (December 31, 2014: $11,397).

During the three months ended March 31, 2015, the Company incurred geological consulting fees of $15,000 (2014: $15,000) to Metallica Consulting Co. (“Metallica”), a company controlled by William Armstrong, a director of the Company. As at March 31, 2015, the Company owed $nil to Metallica (December 31, 2014: $10,500).

During the three months ended March 31, 2015, the Company incurred geological consulting fees of $75,053 (2014: nil) to Wally Bucknell, a director of the Company. As at March 31, 2015, the Company owed $nil (December 31, 2014: $25,809) to Mr. Bucknell.

During the three months ended March 31, 2015, the Company incurred corporate consulting fees of $nil (2014: $15,300) to Shariff Advisory Services Ltd. (“Shariff”), a company controlled by Irfan Shariff, a former officer of the Company.

As at March 31, 2015 the Company owed $2,620 (December 31, 2014: $9,129) to key management personnel with respect to accrued benefits. Amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

c) Services provided to related parties

The Company charged office lease and administrative expenditures to Oceanic Iron Ore Corp. (“Oceanic”), a Company with an officer and a director in common, being Chris Batalha and Steven Dean. During the three months ended March 31, 2015, office lease and administrative expenditures billed to Oceanic amounted to $41,260 (2014: $35,916). As at March 31, 2015, the Company was owed $41,260 from Oceanic (December 31, 2014: $36,731).

Outstanding Share Data

As at the date of this report, there were 113,559,001 common shares issued and outstanding.

As at the date of this report, there were 11,163,700 stock options outstanding.

As at the date of this report, there were 23,137,361 share purchase warrants outstanding.

Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, loans and receivables, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. Where the Company expects to realize the asset or discharge the liability within twelve months, it is recorded as a current asset or liability; otherwise, it is recorded as a long-term asset or liability.

Financial assets and liabilities at fair value through profit and loss are considered to be held for trading. A financial asset or liability is classified in this category is acquired principally for the purpose of selling or redeeming in the short-term. Derivatives are included in this category unless they are designated as hedges.

Financial assets and liabilities carried at fair value through profit and loss are initially recognized at fair value and are subsequently re-measured to their fair value at each statement of financial position date. Realized and unrealized gains and losses arising from changes in the fair value of these financial assets or liabilities are included in the statement of income in the period in which they arise.

Available-for-sale financial assets are non-derivatives that are either designated as available for sale or not classified in any of the other categories. Available-for-sale assets are initially recorded at fair value plus transaction costs and are subsequently carried at fair value. Unrealized gains and losses arising from changes in the fair value of non-monetary assets classified as available-for-sale are recognized in other comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Other financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the statement of income over the period to maturity using the effective interest method.

Financial Risk Management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, receivables, due from related parties, accounts payable, and due to related parties.

Cash and cash equivalents, receivables, and due from related parties are designated as loans and receivables and are measured at amortized cost.

Accounts payable, and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Financial instruments of the Company as at March 31, 2015 and December 31, 2014 are summarized as follows:

	March 31, 2015		December 31, 2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$16,101,842	$ 16,101,842	$ 18,266,882	$ 18,266,882
Due from related parties	49,249	49,249	67,352	67,352
Available for Sale Financial Asset	248,077	248,077	248,077	248,077
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	$ 994,419	$ 994,419	$ 1,490,199	$ 1,490,199
Due to related parties	4,464	4,464	58,115	58,115

Management has determined that there are no embedded derivatives.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents, receivables, deposits and due from related parties. The Company has concentration of risk with respect to cash being held with two large Canadian financial institutions. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets noted above.

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and our cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2015 and December 31, 2014 comprise accounts payable, accrued liabilities, and due to related parties as presented on the Statements of Financial Position and are due in less than 1 year.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in its cash and cash equivalents and available for sale financial asset. The Company manages market risk by investing funds with reputable financial institutions that provide competitive rates of return.

The Company's financial instruments are not subject to significant fluctuation due to changes in equity prices of investments included in marketable securities, commodity prices or foreign exchange rates.

The Company's interest rate risk mainly arises from the interest rate impact on its interest income derived from Canadian Dollar cash and deposits. The Company invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of instruments with a history of returns. A 1% change in interest rates would have a $151,463 impact on net loss and comprehensive loss.

Fair Value

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The carrying values of cash and cash equivalents, receivables, due from related parties, accounts payable, and due from related parties approximate their fair values due to their short term nature.

Risks and Uncertainties

The Company is focused on acquisitions or other corporate transactions in gold, base metals, or other mineral-related assets or businesses. Due to the nature of the Company's proposed business, the following risk factors, among others, will apply:

Key Personnel

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Share Price Volatility and Liquidity

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Company toward the search and evaluation of minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in Nova Scotia, Canada. As such, the operations of the Company may be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: fluctuations in currency exchange rates, changing political conditions, and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in Nova Scotia or Canada more broadly may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Fluctuations in Metal Prices

The price of the common shares, and the financial results and exploration, development and mining activities of the Company, may in the future be significantly and adversely affected by declines in the prices of gold and other metals or minerals. The prices of gold and other metals or minerals fluctuate widely and are affected by numerous factors beyond the control of the Company such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market prices of gold or other metals or minerals could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the prices of gold and other metals and minerals, cash flow from mining operations could not be sufficient and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's properties is dependent upon the prices of gold and other metals and minerals being adequate to make these properties economically viable.

In addition to adversely affecting the resource estimates of the Company and its financial condition, declining commodity prices can affect operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.