

**ATLANTIC GOLD CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE NINE MONTHS ENDED - SEPTEMBER 30, 2015 AND 2014**

INTRODUCTION

This MD&A has been prepared as of November 25, 2015, and should be read in conjunction with the Company's unaudited condensed interim financial statements with accompanying notes for the three and nine months ended September 30, 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.

COMPANY PROFILE

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.

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 Gold Pty NL ("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 Mining Corp. ("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.

On July 8, 2015, the Company issued 1,932,446 common shares pursuant to the acquisition Agreement between the Company and LionGold for the acquisition of Acadian. This resulted in \$521,760 being reclassified from contributed surplus to issued share capital on the balance sheet. Under the terms of the Agreement, a total of 2,000,000 common shares of Atlantic were held back from issuance to LionGold on the closing of the acquisition pending the completion of certain post-closing deliverables, including financial due diligence procedures of certain financial statement balances of Acadian as at the closing date of the acquisition. The completion of such due diligence procedures resulted in a small reduction of the number of common shares to be issued to LionGold. All post-closing deliverables in relation to the acquisition of Acadian have now been satisfied.

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 returned to being 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 NL and Acadian, the Company has met a number of corporate and development milestones and has clearly defined its next steps for development:

- Executed a memorandum of understanding ("MOU") with a joint venture of Ausenco Canada ("Ausenco") and its strategic alliance partner Duro Felguera S.A. ("DF", together "Ausenco-DF"), which will allow Ausenco-DF to evaluate the construction and development of the Company's Moose River Consolidated Project in Nova Scotia on an Engineering, Procurement and Construction ("EPC") basis. Ausenco-DF agreed, as part of the MOU, to undertake initial detailed engineering and seek fixed prices based on the capital expenditure estimates in the Company's feasibility study;
- Executed a formal submission of the Company's Beaver Dam Project Description to the Canadian Environmental Assessment Agency ("CEAA"). The Project Description is now under CEAA's 45 day review period for determination of the Company's environmental assessment process, for which the decision will be made by December 3, 2015;
- Completion of a Feasibility Study on the Company's Moose River Consolidated Project ("MRC", comprising the Touquoy and Beaver Dam deposits), the results of which were announced July 2, 2015 with the technical report released on August 13, 2015;
- Completed a Preliminary Economic Assessment ("PEA") in Q4 2014 analyzing two potential development cases in respect of the Company's Touquoy, Beaver Dam and Cochrane Hill Gold Projects;
- 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;
- 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 MRC 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;
- Continued discussions with respect to project debt financing.

Next Steps

Over the coming months, the Company will be focused on:

- Securing Project Debt Financing;
- Negotiation of an EPC proposed with Ausenco
- Agreement on a Mutual Benefits Agreement with the Nova Scotia Mi'kmaq community;
- Environmental Impact Assessment and permitting for Beaver Dam

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 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 is entitled to recover all operational, overhead, financing and sunk costs prior to any distributions to its non-public partner, in the project.

A net smelter return royalty ("NSR") 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. For 11 of these properties, the final compensation settlement related to land expropriation has not yet been finalized and is under review with legal representatives of former landowners, but Atlantic Gold has full rights to utilize these properties.

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 to conduct all processing and tailings treatment of both the Touquoy and Beaver Dam projects at the Touquoy site. The Company is in the process of finalizing the lease agreement.

Beaver Dam

Description and Ownership

The 100% owned 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 the Company. EL50421 is comprised of 76 contiguous claims which cover an area of approximately 1136 ha.

For Beaver Dam, a 0.6% NSR is payable to a private third-party. There are no buyback options for this private royalty. Similar to Touquoy, Atlantic must remit a 1% NSR on production from Beaver Dam to the government of Nova Scotia.

Cochrane Hill Project

Description and Ownership

The Cochrane Hill Gold Project is a 100% owned earlier stage development project. 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.

A private 3% NSR is payable on production from Cochrane Hill, of which two-thirds can be repurchased by Atlantic Gold for Cdn\$1.5 million. The company expects to exercise this buy-back option on Cochrane Hill. In addition to the private NSR, Cochrane Hill is subject to a 1% royalty payable to the government of Nova Scotia.

On September 29, 2014, the Company released the results of a Preliminary Economic Assessment ("PEA") which included the Company's Cochrane Hill Project. The technical report can be located on the Company's website www.atlanticgoldcorporation.com and on SEDAR, www.sedar.com.

Fifteen Mile Stream

Description and Ownership

Fifteen Mile Stream is a 100% owned property 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 250 km² of claims located throughout the Meguma Terrane specifically selected, or retained from Acadian's property portfolio, to explore for potential disseminated gold mineralization, similar to the Company's Touquoy and Beaver Dam properties. 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.

Feasibility Study – MRC Project

On July 02, 2015, the Company announced the results of a Feasibility Study (the "Study"), led and prepared by Ausenco Engineering Canada Inc. ("Ausenco") in accordance with National Instrument 43-101 ("NI 43-101") in respect of the Company's Moose River Consolidated Gold Project ("MRC Project"), located in Nova Scotia, Canada. The Study considers the co-development of Touquoy as well as Beaver Dam.

The Company engaged a team of specialized consultants, led by Ausenco, with the assistance of Moose Mountain Technical Services ("MMTS") in respect of mine design and pit optimization as well as compiling the economic results for the project. The Company also engaged Stantec Consulting Ltd. ("Stantec") in respect of the design of the Tailings Management Facility, Mr. Neil Schofield, a principal of FSSI Consultants (Australia) Pty Ltd. ("FSSI") in respect of the resource modelling, and Conestoga-Rovers & Associates ("CRA") in respect of environmental and permitting aspects of the Feasibility Study.

Production Profile

The table below sets out gold production from the MRC Project over the life of mine:

MRC Project Life of Mine Production

Description	Waste (000's tonnes)	Ore Processed (000's tonnes)	Gold Production (000's oz.)
Pre-Production	2,639	0	0
Year 1	5,616	1,800	74
Year 2	4,897	2,000	96
Year 3	4,174	2,000	94
Year 4	3,274	2,000	92
Year 5	14,384	2,000	77
Year 6	14,368	2,000	90
Year 7	9,170	2,000	90
Year 8	2,686	2,000	85
Year 9	99	652	16
Total LoM Production	61,307	16,452	714
Overall Strip Ratio		3.73	

The Study is based on the deposits being developed as conventional surface open pit mining operations with drill/blast/load/haul activities utilizing a leased production fleet operated by Company employees. Initial production commences at Touquoy where the relatively low strip ratio and short haul to external waste dumps translates to a smaller production fleet, minimizing production costs in the process.

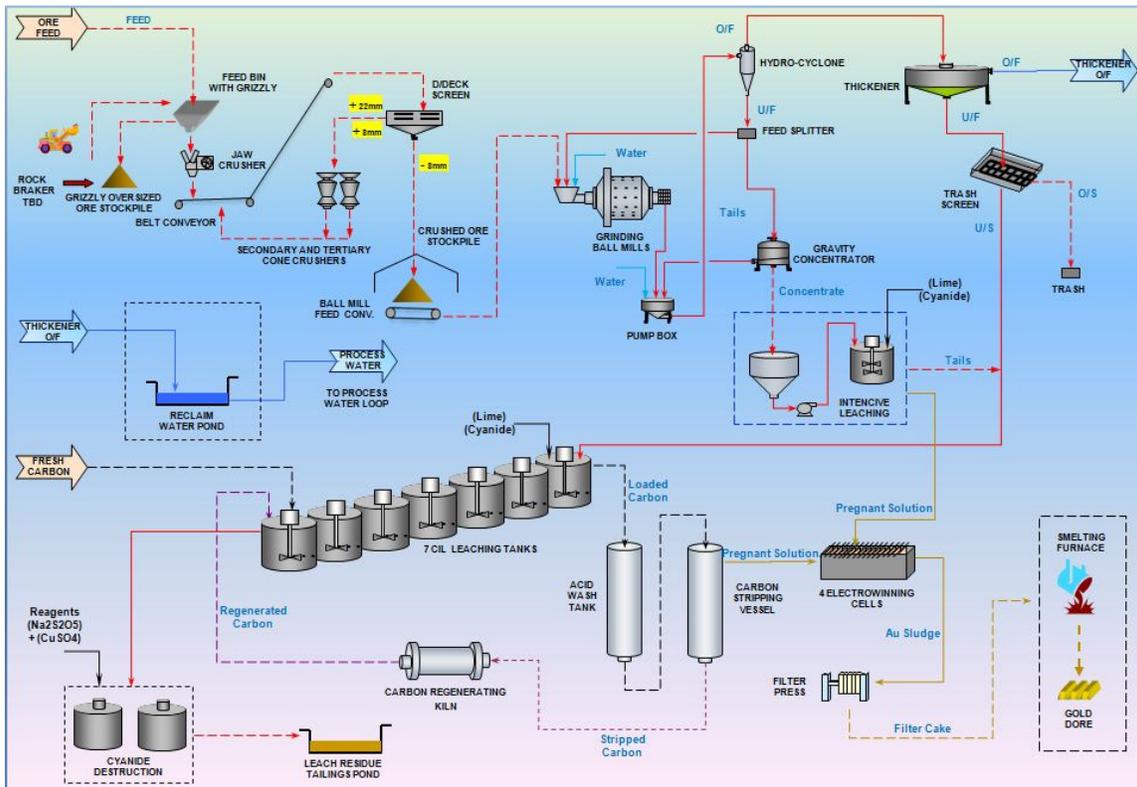
Beaver Dam, as a satellite operation, will require minimal infrastructure to supply basic office facilities and equipment maintenance requirements. The mining fleet at Touquoy will be transitioned to Beaver Dam and expanded due to the higher rate of material movement. Ore will be crushed at a location adjacent to the Beaver Dam pit near Highway 224 and then loaded onto highway trucks which will transport it along a combination of private logging and public roads to the Touquoy processing facility. Beaver Dam waste rock will be placed as close to the pit as practical to minimize waste haulage costs. Other than primary crushing, there will be no treatment of material at Beaver Dam and therefore no plant or tailings management facility is required there. A PEA prepared for the MRC Project released in October, 2014 estimated a total of 294,000 oz. of gold to be recovered at Beaver Dam. As a result of the resource drilling program conducted at Beaver Dam to raise the majority of the resource to measured and indicated classifications following the PEA, the recovered gold at Beaver Dam has increased to 315,000 oz., with a related increase in tonnes processed as well as waste tonnes mined.

Metallurgical testing indicates that Beaver Dam ore will have treatment characteristics similar to the Touquoy ore and will therefore be processed in the same manner as the Touquoy ore. Tailings generated from treating the Beaver Dam ore is planned to be placed in the mined-out Touquoy open pit. After all mining is complete, the Touquoy pit will continue to fill with water and the tailings will be settled well below the expected final maximum water surface level. Permanently sealing tailings below water is globally considered a preferred method for long term tailings disposal.

Processing and Metallurgy

The processing of Touquoy ore has been extensively tested and the flow sheet to be constructed has been defined. The plant will have a capacity of 2 million tonnes per year with an expected gold recovery of 94%.

MRC Project Flowsheet



The flow sheet is conventional and consists of three stage crushing, ball milling to a grind of 80% passing 150 microns, with cyclones being used to close the grinding circuit. A centrifugal concentrator will be used to treat a portion of the cyclone underflow to recover coarse gold, with gold being recovered from the gravity concentrate by intensive cyanidation. The cyclone overflow will be screened to remove organic particles and then leached in a CIL circuit with a two stage pre-leach. Loaded carbon will be treated in a pressure Zadra circuit with the electrowinning sludge smelted to doré. The tailings from leaching will be treated for cyanide destruction using sulfur dioxide / air with a copper catalyst.

As previously mentioned, material from the Beaver Dam pit will be crushed and transported to the Touquoy plant. The metallurgical characteristics at Beaver Dam are very similar to the material from the Touquoy pit and as such, no modifications of the plant will be necessary. A similar recovery of 94% is expected.

Geology and Mineralization

Touquoy and Beaver Dam are geologically similar, being located about 20km apart within the same sedimentary stratigraphy of the Meguma Terrane and along the same structural corridor – the Moose River-Beaver Dam-Fifteen Mile Stream Anticline. In both deposits, gold is disseminated throughout the host rocks – quartz-veined grey argillites (shales), though with a lower work index (~10) at Touquoy than Beaver Dam (~15) owing to a lower proportion of quartz veining at Touquoy. Both deposits extend to the near surface glacial till boundary and are amenable to open pit mining with relatively low strip ratios (2.4:1 at Touquoy and 5.5:1 at Beaver Dam). At Touquoy, most mineralization is disposed around the anticlinal hinge, and at Beaver Dam, mineralization is disposed in a tabular zone within one limb of the anticline.

Infrastructure and Power

The infrastructure requirements for Touquoy are relatively modest, with minor public road realignment required; and electrical power required to be accessed from a substation at Caribou Mines, a total distance of 13 km, with a large part of the line using existing poles. The power line will be provided by Nova Scotia Power, who have provided a cost estimate for this installation.

No mine site accommodation will be required as the labour force will come from surrounding communities.

The tailings management facility will be constructed from mine waste rock and low permeability till from the mine area, avoiding importation of materials from more distant locations. The tailings management facility will have a positive water balance and therefore will provide process water requirements, but extraction from nearby Scraggy Lake will provide water for startup and in case of dry periods.

As all ore mined from Beaver Dam will be trucked to the Touquoy plant for treatment, a significant investment in forestry road upgrades (approximately 20 km in all) will be required. Three bridges and a number of culverts will need upgrading. These improvements will enhance the quality of the existing water crossings for the community and will also provide benefits from an environmental standpoint. Costs will be reduced by using crushed mine waste rock for the majority of the road bed and running surfaces. Road upgrading will be carried out during the fourth year of operation at Touquoy. As only primary crushing will be carried out at Beaver Dam, the electrical power demand at Beaver Dam is relatively small. As there is no appropriate power supply close to the facility, temporary diesel generators will be utilized. Tailings from the treatment of Beaver Dam ore will be stored in the Touquoy pit and no significant cost will be associated with their management. The buildings at Touquoy will remain in use and only temporary workshop, office and change room facilities will be built at Beaver Dam.

Environmental and Permitting

All major environmental permits are in place for mining and processing operations at Touquoy and background environmental information has been collected at Beaver Dam since the late summer and fall of 2014. Discussions on permitting at Beaver Dam are underway with the relevant authorities. As mentioned earlier, the Company made its formal submission of the Company's Beaver Dam Project Description to CEAA, which is now under CEAA's 45 day review period for determination of the Company's environmental assessment process.

Mineral Reserve Estimate

The mineral reserve estimate for the Touquoy portion of the MRC Project is based on a mineral resource estimate contained within the Company's PEA reported in a Company news release dated September 29, 2014 and filed on SEDAR on October 14, 2014, prepared by MMTS with an effective date of August 1, 2014.

The mineral reserve estimate for the Beaver Dam portion of the MRC Project is based on a mineral resource estimate reported in a Company news release dated March 3, 2015 and filed on SEDAR on April 16, 2015, prepared by Mr. Neil Schofield of FSSI with an effective date of March 2, 2015.

MRC mineral reserves, shown below, have been developed by Moose Mountain Technical Services with an effective date of July 2, 2015. The mineral reserve is contained within the mineral resource, and is based on the following assumptions:

- Only Measured and Indicated Resource Class materials are included in the reserves;
- A cutoff gold grade of 0.40 g/t is applied;
- In addition to the modelled in-block dilution, a further dilution factor of 1.6% at 0.28g/t gold grade has been applied to account for mining face dilution;

- Additional tonnes from mining dilution are assumed balanced with lost tonnes due to an estimated mining recovery of 98.4% at the average diluted reserve grades;
- Mining recovery is reduced to 40% for material between 0.40 g/t and 0.50 g/t gold cutoff grades.

Summary of Estimated MRC Mineral Reserves

Classification	Mt	Diluted Grade (g/t Au)	Mined Au oz's (000)
<i>Cut-Off Grade: 0.4 g/t Au</i>			
<u>Touquoy</u>			
Proven Reserves	2.62	1.41	119
Probable Reserves	6.58	1.45	306
Total Proven and Probable Reserves	9.2	1.44	425
<u>Beaver Dam</u>			
Proven Reserves	4.03	1.47	191
Probable Reserves	3.22	1.39	144
Total Proven and Probable Reserves	7.25	1.44	335
<u>Moose River Consolidated</u>			
Proven Reserves	6.65	1.45	310
Probable Reserves	9.80	1.43	450
Total Proven and Probable Reserves	16.45	1.44	760

- (1) Mineral Reserves are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument 43-101 -- Standards of Disclosure for Mineral Projects ("NI 43-101").
- (2) CIM Standards on Mineral Resources and Reserves Definitions and Guidelines defines a 'Proven Mineral Reserve' as the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that eventual economic extraction is justified.
- (3) CIM Standards on Mineral Resources and Reserves Definitions and Guidelines defines a 'Probable Mineral Reserve' as the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that eventual economic extraction can be justified.
- (4) Mineral Reserves are mined tonnes and grade; the reference point is mill feed at the crusher.
- (5) Diluted grades refer to mining dilution factors applied to the in situ resource grade estimates.
- (6) The Mineral Reserves information is based on estimates prepared as of July 2, 2015, by independent Qualified Person, Mr. Marc Schulte, P.Eng., who has the appropriate relevant qualifications, and experience in mining and reserves estimation practices.

There are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral reserve.

The Feasibility Study mine schedule and economic analysis does not include Inferred Resources at MRC of approximately 1.10 million tonnes at 1.40 g/t Au. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Feasibility Study Metrics

The table below lists the key Feasibility Study economic metrics for the MRC Project. The economics take into account the fact that the Company's effective ownership in Touquoy is 63.5%, and that the Company will recover all operational, overhead, financing and sunk costs prior to any distributions to its privately-owned partner in Touquoy. As of September 30, 2015, the total estimated cost to be recovered under the agreement is approximately \$28 million. The Company holds 100% of Beaver Dam.

Highlights of the MRC Project from the Study

Gold price: US \$1,200/oz	MRC Project
Pre-tax NPV (5%)	\$236 million
Post-tax NPV (5%)	\$168 million
Pre-tax IRR	34.9%
Post-tax IRR	30.0%
Post-tax Payback	2.0 years

The economics have been calculated on an unlevered basis, based on a gold price of US \$1,200/oz. and a foreign exchange rate of CAD\$1 = USD\$0.80. The Feasibility Study has estimated its capital and operating costs, which are detailed in the below table, in Canadian dollars. Substantially all operating costs are Canadian dollar denominated. Given the exchange rate used in the PEA was CAD\$1 = USD\$0.90, the Company has seen a corresponding increase in the capital expenditures of the project for those components quoted in US dollars, but is more than offset by the benefit realized through the conversion of the US dollar gold price to Canadian dollar gross revenues. The tables below show the sensitivity of after-tax NPV and IRR to changes in the US dollar gold price and the CAD/USD exchange rate.

Sensitivity Analysis on After-Tax NPV5

CAD/USD Rate	US\$ Gold Price					
	\$ 1,000	\$ 1,100	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500
0.75	\$ 121,644	\$ 159,007	\$ 195,961	\$ 232,870	\$ 269,627	\$ 306,338
0.80	\$ 98,248	\$ 133,306	\$ 168,263	\$ 202,873	\$ 237,465	\$ 271,924
0.85	\$ 77,643	\$ 110,651	\$ 143,596	\$ 176,431	\$ 208,972	\$ 241,519
0.90	\$ 59,142	\$ 90,469	\$ 121,644	\$ 152,751	\$ 183,672	\$ 214,393
0.95	\$ 42,310	\$ 72,354	\$ 101,932	\$ 131,465	\$ 160,956	\$ 190,140

Sensitivity Analysis on After-Tax IRR

CAD/USD Rate	US\$ Gold Price					
	\$ 1,000	\$ 1,100	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500
0.75	24%	29%	33%	37%	40%	43%
0.80	21%	26%	30%	34%	37%	40%
0.85	19%	23%	27%	31%	34%	37%
0.90	16%	20%	24%	28%	32%	35%
0.95	13%	18%	22%	26%	29%	32%

The Feasibility Study economics take 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, post exercise of buyback options
- 0.6% relating to production from Beaver Dam

Income taxes are also accounted for using a 15% Federal and 16% Provincial income tax rate.

Capital Costs

Summary of MRC Project Capital Costs (\$CDN)

Description	Total Initial Capital Cost (\$ 000)	Total Sustaining Capital Cost*** (\$ 000)	Total Capital Cost (\$ 000)
Mine Development	16,948	2,041	18,989
Processing	51,045	3,948	54,993
Tailings Management Facility	9,158	8,572	17,730
Infrastructure	15,447	10,600	26,047
EPCM	9,955	500	10,455
Indirect and Other Costs*	21,523	(4,787)	16,736
Contingency**	13,260	1,903	15,163
Total	137,336	22,777	160,113

*Sustaining Indirect and other costs includes a credit representing the principal balance of a reclamation bond being returned to the Company.

**Contingencies are applied according to the degree of certainty of the relevant line item.

***Total sustaining capital costs includes construction capital expenditures at Beaver Dam.

The initial capital cost for the MRC Project for the Feasibility Study is estimated to be approximately \$137.3 million versus \$130.5 million in the Company's PEA. The majority of the increases in initial capital expenditure at Touquoy from the PEA can be attributed to the acknowledgement of a depreciating Canadian dollar versus the U.S. Dollar in which a significant portion of the capex is sourced, as well as a shift in strategy by management to engage Engineering, Procurement, Construction Management ("EPCM") contractors to manage the construction of the MRC Project as opposed to an owner-performed construction process, which serves to mitigate both construction risk as well as financing risk with potential project financiers. Furthermore, in full recognition of seasonal conditions and given the anomalous conditions in Nova Scotia this past winter, a covered crushed ore stockpile has also been added to the initial capital expenditures at Touquoy.

Operating Costs

Summary of MRC Project Operating Costs (\$CDN)

Description	Unit Cost/ tonne (\$ 000)	Unit Cost/ oz. (\$ 000)
Mining*	2.89	304
Processing	11.94	275
Site G&A	2.03	47
Total Cash Operating Costs		626
Total All-In Sustaining Costs**		690

*Excludes pre-production mining, which is captured under initial capital

**All-In Sustaining Costs excludes Corporate G&A expenses

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. These estimates are inclusive of the Touquoy Mineral Reserves presented in the 'Summary of Estimated MRC Mineral Reserves' table above. The report is available for review on the Company's website and on SEDAR (www.sedar.com).

Cochrane Hill - 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).

Beaver Dam – 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. These estimates are inclusive of the Beaver Dam Mineral Reserves presented in the 'Summary of Estimated MRC Mineral Reserves' table above.

Fifteen Mile Stream - 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).

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-added¹ (millions \$)	93.0	26.5	69.3	19.7
Jobs created (person-year equivalent)	1,005	278	781	228
Government revenues² (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-added¹ (millions \$)	162.3	43.6	120.1	31.5
Jobs created (person-year equivalent)	1,749	455	1,352	367
Government revenues² (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 September 30, 2015

The net loss for the three months ended September 30, 2015 was \$649,305 compared to a net loss of \$113,605 for the same period in 2014. The increase in net loss was primarily attributable to 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; an increase in corporate development fees due to a prior year adjustment to reflect the reclassification of certain expenses incurred in respect to the Company's acquisitions of Atlantic NL and Acadian which were reclassified to the balance sheet resulting in a recovery of corporate development expenses in the prior year; an increase in share-based payments representing the Black-Scholes calculated fair value of stock options issued to directors, officers, consultants and employees which vested during the period. Further, the quarter reflected a decrease in interest income due to a decreased balance of the Company's overall cash position and decreases in GIC rates.

Nine months ended September 30, 2015

The net loss for the nine months ended September 30, 2015 was \$2,178,672 compared to a net loss of \$893,059 for the same period in 2014. The increase in net loss was primarily attributable to an increase in professional fees from \$196,683 in 2014 to \$486,314 in 2015 mostly as a result of legal expenses incurred as a result of the Company delisting from the ASX during the period and increased legal fees in respect to closing the final settlement of shares with LionGold as part of the Acadian Acquisition; an increase in Management Fees, salaries and benefits from \$317,085 in 2014 to \$548,793 in 2015 as a result of increased staff from activities necessitated from the acquisitions of Atlantic NL and Acadian. Further, Corporate Development fees increased from \$263,822 in 2014 to \$314,020 in 2015 due to certain expenses incurred in respect to the Company's acquisitions of Atlantic NL and Acadian which were capitalized to the balance sheet in the prior year; as well as share-based payments increased from \$188,935 in 2014 to \$464,672 in 2015, representing the Black-Scholes calculated fair value of stock options that were issued and vested to directors, officers, consultants and employees during the period.

The Company also recorded interest and other income of \$102,518 during the nine month period ended September 30, 2015 (2014: \$410,731) 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 leased space of its Australian subsidiaries.

Financial Position

Total assets decreased to \$43,743,004 at September 30, 2015 from \$46,022,028 at December 31, 2014. The most significant assets at September 30, 2015 were mineral properties of \$26,435,806 (December 31, 2014: \$21,967,737) and cash and cash equivalents of \$11,648,649 (December 31, 2014: \$18,266,882). The Company's net working capital position at September 30, 2015 was \$11,561,956.

The net increase in mineral properties of approximately \$4.5 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, completion of the technical work required for delivery of a Feasibility Study which results were announced on July 02, 2015, expenditures incurred from the Company's grade control drilling, in addition to environmental study work at the Company's Beaver Dam and Cochrane Hill projects.

The decrease in cash during the period of \$6.6 million resulted from \$2.1 million outflow used in operating activities and \$4.5 million cash outflow in investing activities of the Company. Cash outflows from investing activities included approximately \$4.6 million spent in respect to mineral property expenditures as the Company incurred costs during the period in respect of grade control testing at its Touquoy project, an extension of its resource definition drilling at its Beaver Dam project, completion of a Feasibility Study, continued environmental fieldwork at Beaver Dam and Cochrane Hill, and expenditures incurred in respect to annual tenement claim renewal fees and minimum work requirements. These cash outflows were partially offset by interest received on the Company's short-term GICs.

Summary of Quarterly Results

	Q3	Q2	Q1	Q4
	2015	2015	2015	2014
Total Revenue (Note 1)	N/A	N/A	N/A	N/A
Net loss for the period	\$ (649,305)	\$ (732,313)	\$ (797,054)	\$ (844,382)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

	Q3	Q2	Q1	Q4
	2014	2014	2014	2013
Total Revenue (Note 1)	N/A	N/A	N/A	N/A
Net loss for the period	\$ (113,605)	\$ (394,105)	\$ (385,349)	\$ (295,965)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (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 net loss in Q1 and Q2 2014 increased compared to Q4 2013 given increased corporate development expenditures and transfer and agent and filing fees related to the Company's acquisition of Atlantic NL and Acadian. 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 increased professional fees in conjunction with the audit of the 2014 consolidated financial statements of the Company. In addition to increased legal fees in respect of the Company 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 higher 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. The net loss in Q2 2015 remained relatively consistent with the net loss in Q1 2015. The net loss in Q3 2015 compared to Q2 2015 decreased slightly as a result of lower expenses incurred in respect to corporate development and investor relations expenditures, in addition to lower share-based payments recognized during the current quarter as a result of lower stock options vesting during the period from the prior quarter.

LIQUIDITY and CAPITAL RESOURCES

As at September 30, 2015, the Company had a balance of \$11,648,649 in cash deposits and short-term GICs with major Canadian financial institutions.

The Company has renewed its Vancouver office lease agreement 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	\$	114,529
2016		316,381
2017		193,125
2018		194,693
2019 and thereafter		336,596
	\$	1,155,324

Exploration Tenement Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to incur expenditures of approximately \$235,135 (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

On October 14, 2015, the Company granted 150,000 stock options with an exercise price of \$0.335, which expire on July 14, 2022.

OTHER MD&A REQUIREMENTS

Related party transactions and key management compensation

- 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	Three months ended	Nine months ended	Nine months ended
			September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Steven Dean	Chairman and CEO	Consulting fees, benefits and share-based payments *	\$ 100,640	\$ 42,104	\$ 361,771	\$ 120,853
Robert Atkinson	Director	Directors' fees and share-based payments	10,087	8,474	38,491	24,606
Don Siemens	Director	Directors' fees and share-based payments	10,087	8,474	38,491	24,606
David Black	Director	Directors' fees and share-based payments	10,087	8,474	38,491	24,606
William Armstrong	Director	Consulting fees, directors' fees and share-based payments **	23,837	17,066	79,741	47,978
Wally Bucknell	Director	Consulting fees and share-based payments	71,267	25,300	252,080	25,300
John Morgan	President and COO	Wages, benefits, and share-based payments	74,296	79,895	265,248	231,042
Chris Batalha	CFO and Corporate Secretary	Wages, benefits, and share-based payments	29,494	-	101,672	-
Irfan Shariff	Former Officer	Consulting fees and share-based payments ***	-	27,221	-	77,956
			\$ 329,795	\$ 217,008	\$ 1,175,985	\$ 576,947

* Consulting fees are paid to Sirocco Advisory Services Ltd., a company controlled by Steven Dean.

** Consulting fees are paid to Metallica Consulting Co, a company controlled by William Armstrong.

*** Consulting fees are paid to Shariff Advisory Services Ltd., a company controlled by Irfan Shariff.

b) Amounts due to related parties

As at September 30, 2015, the Company owed \$16,990 to Sirocco Advisory Services. (December 31, 2014: \$11,397), a company controlled by Steven Dean, a director and officer of the Company.

As at September 30, 2015, the Company owed \$nil to Metallica Consulting Co. (December 31, 2014: \$10,500), a company controlled by William Armstrong, a director of the Company.

As at September 30, 2015, the Company owed \$14,750 (December 31, 2014: \$25,809) to Wally Bucknell, a director of the Company.

As at September 30, 2015, the Company owed \$nil (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 charges office lease and administrative expenditures to Oceanic Iron Ore Corp. ("Oceanic"), a Company with officers and a director in common being Steven Dean and Chris Batalha. During the three and nine months ended September 30, 2015, office lease and administrative expenditures billed to Oceanic amounted to \$46,149 and \$145,015 respectively (2014: \$37,002 and \$102,246). As at September 30, 2015, the Company was owed \$43,294 from Oceanic (December 31, 2014: \$36,731).

Outstanding Share Data

As at the date of this report, there were 115,491,447 common shares issued and outstanding.

As at the date of this report, there were 11,313,700 stock options outstanding.

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

Fair Value of Financial Instruments

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, available for sale financial assets, accounts payable, and due to related parties.

Financial instruments of the Company as at September 30, 2015 and December 31, 2014 are summarized as follows:

	<u>September 30, 2015</u>		<u>December 31, 2014</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	\$11,648,649	\$ 11,648,649	\$ 18,266,882	\$ 18,266,882
Due from related parties	43,294	43,294	67,352	67,352
Receivables	534,432	534,432	577,338	577,338
Available for Sale Financial Asset	248,077	248,077	248,077	248,077
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	\$ 871,439	\$ 871,439	\$ 1,490,199	\$ 1,490,199
Due to related parties	31,740	31,740	58,115	58,115

Management has determined that there are no embedded derivatives.

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 to 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.