

# NV GOLD CORPORATION

## FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS SIX MONTH PERIOD ENDED FEBRUARY 29, 2012

The following management discussion and analysis for *NV Gold Corporation* (“the Company”) is prepared as of **April 30, 2012** and should be read together with the unaudited condensed interim consolidated financial statements for the six month period ended February 29, 2012 and related notes attached thereto (financial statements), which were prepared in accordance with the International Financial Reporting Standards (“IFRS”). In addition, the following should be read in conjunction with the Company’s audited financial statements as at August 31, 2011 and for the year then ended and the related MD&A which were prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

The unaudited condensed interim consolidated financial statements for the three months ended November 30, 2011, and comparative information presented therein, have been prepared in accordance with IFRS1, “First-time Adoption of International Financial Reporting Standards” and with International Accounting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). Prior to September 1, 2011, the Company prepared its interim and annual financial statements in accordance with Canadian GAAP. The adoption of IFRS has not resulted in major adjustments to amounts previously reported under Canadian GAAP and had no impact on the company’s operations, strategic decisions and cash flow. Further information on the transition to IFRS is provided in the “Transition to IFRS” section of this MD&A.

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information related to the Company is available for view on SEDAR under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.nvgoldcorp.com](http://www.nvgoldcorp.com).

### Forward-Looking Statements

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

### Description of Business

NV Gold Corporation (the “Company”) was incorporated under the laws of the province of British Columbia on May 23, 2007. The Company’s principal business activity is the identification, acquisition and exploration of mineral properties in the United States and Europe. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol NVX.

The consolidated financial statements contained herein include the accounts of the Company and its two wholly owned subsidiaries, NV Gold Corporation (USA) (“NV Gold USA”) and SwissGold Exploration AG (“SwissGold”). All inter-company balances and transactions have been eliminated upon consolidation.

The Company is in the process of exploring and developing its mineral properties in the United States and Europe and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the mineral properties and upon future profitable production.

## **Mineral Properties**

### **Medel Exploration Permit, Switzerland**

The Company completed a purchase and sale agreement on October 21, 2011, originally dated August 31, 2011, for the Medel Exploration Permit ("Medel Permit") located within the community of Medel/Lucmagn, in the Canton of Graubunden, in eastern Switzerland. The Medel Permit will be for the exploration for gold and precious metals covering a total area of approximately 136 square kilometers. The property is located in the Alps in a sparsely populated area.

### **Afgan-Kobeh Property, Nevada, USA**

The Company has an agreement with Gold Standard Royalty (Nevada) Inc., ("Gold Standard") to acquire a 100% interest in the Afgan-Kobeh project located in Eureka County, Nevada. The Afgan-Kobeh project covers approximately 2,180 acres and consists of 109 unpatented claims. In 2004, Castleworth Ventures Inc. reported a NI 43-101 compliant resource estimate in respect of the property comprising an indicated gold resource of 50,000 ounces (1.85 million tons at an average grade of 0.027 oz Au/ton (0.926 g Au/t)) and an inferred gold resource of 34,000 ounces (1.29 million tons at an average grade of 0.026 oz Au /ton (0.891 g Au/t)) using a cut-off of 0.010 oz Au/ton (0.343 g Au/t), based on 145 drill holes completed prior to 1998. The historic report also recommends exploration of several targets established from the accumulation of earlier work. This project is located in northeastern Nevada, approximately 28 miles northwest of the town of Eureka along the Battle Mountain-Eureka Trend (also referred to as the Cortez Trend).

An updated NI 43-101 compliant resource estimate on the Afgan-Kobeh Property was released on June 13, 2011. The resource estimate was prepared by Michael M. Gustin, P. Geo. of Mine Development Associates, of Reno, Nevada, an independent consultant for the Company. Estimated resources using a cutoff value of 0.006 oz Au/ton were as follows: Indicated gold resource of 66,000 ounces (3.20 million tons at an average grade of 0.021 oz Au/ton) and an inferred gold resource of 55,000 ounces (3.97 million tons at an average grade of 0.014 oz Au /ton). The complete technical report is available for view under the Company's profile on SEDAR.

### **Roberts Gold Property, Nevada, USA**

The Company has a mining lease agreement for the Roberts Gold Property which comprises an aggregate of 104 unpatented claims covering approximately 2,080 acres. The property is contiguous to and north of the Company's Afgan-Kobeh Property.

### **Shamrock (Cobre) Copper Property, New Mexico, USA**

During fiscal 2010, the Company entered into a ten year lease with MinQuest, Inc. of Reno, Nevada on the Shamrock (Cobre) copper project located in Grant County, New Mexico, USA pursuant to which the Company paid \$60,858 (US\$60,000) and incurred exploration expenditures of \$140,424. During the year ended August 31, 2011, the Company determined that the project was not economically feasible and abandoned its plan to develop the project. As a result, it charged \$201,282 in costs incurred on the project to operations.

## **Overall Performance**

As at February 29, 2012, the Company had \$343,907 (August 31, 2011 - \$939,896) in cash and working capital was \$257,389 (August 31, 2011 - \$826,869). The Company incurred a net loss of \$415,150 (February 28, 2011 - \$239,730) during the six month period ended February 29, 2012. The Company has increased level of activity due to the activities associated in its new subsidiary, SwissGold.

## **Other Events and Transactions**

The following is a summary of significant events and transactions that occurred during the six month period ended February 29, 2012:

1. Incorporated a wholly owned subsidiary, SwissGold, on September 28, 2011, in Switzerland.
2. Completed a purchase and sale agreement on October 21, 2011, originally dated August 31, 2011, for the Medel Permit located within the community of Medel/Lucmagn, in the Canton of Graubunden, Switzerland. The vendor has a 100% interest in an exploration permit for gold, precious metals and other ores (the "Permit"), subject to 1% net smelter returns royalty. The vendor transferred the Permit to the Company's wholly owned Swiss subsidiary, SwissGold. As consideration, the Company issued 250,000 units to the vendor, where each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share at \$1.00 per common share until October 21, 2014. The expiry of the warrants are subject to acceleration such that, should the volume weighted average price of the common shares of the Company exceed \$2.00 for twenty consecutive trading day, the Company may notify the holder that the warrants will expire 30 trading days from receipt of such notice unless exercised before such date.
3. Received regulatory approval for a data acquisition and finder's fee agreement with regards to the Medel Permit originally entered into on July 22, 2011. The Company issued 265,000 common shares and paid 40,000 Swiss francs for all data related to the Medel Permit. The Company also issued 35,000 common shares as a finder's fee regarding the Medel Permit.
4. Granted 775,000 stock options to directors, officers and consultants. The stock options are exercisable at \$0.40 per share expiring October 27, 2016.
5. Effective October 26, 2011, the Company appointed Paul Zyla to its Board of Directors and appointed David Bell as a technical advisor to the Company.
6. On November 23, 2011, 840,000 common shares were released from escrow leaving a balance of 1,680,000 still in escrow.
7. Issued 265,000 common shares and paid 40,000 Swiss francs for all data related to the Medel Permit. The Company also issued 35,000 common shares as a finder's fee regarding the Medel Permit.
8. Held its annual general meeting on January 23, 2012. All proposed resolutions were passed.
9. Announced the completion of the 2011 exploration program in Switzerland on its Medel Permit. On January 30, 2012, the Company announced the results of the recently completed exploration program. Overall the results were encouraging. Refer to the January 30, 2012 news release for more details.

## **Events After the Reporting Period**

Subsequent to February 29, 2012 the Company announced that, in a plebiscite conducted in the Commune of Medel/Lucmagn proposing that the Commune grant a long term exploration permit over the Medel Property to the Company's wholly-owned subsidiary, SwissGold, the people of the Commune voted against the proposed long term permit by a majority of approximately 67%. SwissGold still holds an annual exploration permit. The Company will be considering the results of the plebiscite and its next steps over the coming weeks.

## Mineral Property Update

### Medel Exploration Permit

On December 16, 2011, the Company announced the completion of the field portion of its 2011 Surselva gold exploration program in Canton Graubunden, southeastern Switzerland. Primary exploration was on the Medel Permit area. A total of 309 rock samples were collected, both on the Medel Permit area and adjacent ground. Additionally, a soil geochemical program was completed, with soil samples collected at 50-meter spacings on 11 sample lines for a total of 279 samples testing 13.4 line kilometres. All rock and soil samples have been submitted to ALS Scandinavia AB in Pitea, Sweden, for sample preparation and analysis. The Company released sampling results on January 30, 2012. Overall the results were encouraging. Of the 86 surface rock samples collected from the Medel Permit, 72 samples returned values in excess of 150 ppb Au, with 48 of those in excess of 1.0 g Au/t. Seven samples returned values in excess of 1.0 g Au/t. Refer to the January 30, 2012 news release for additional information on the sampling results.

Company technical personnel are currently compiling historical exploration information and results from the 2011 field program into a Geographical Information System for critical interpretation. The Company anticipates an aggressive exploration program on the Surselva project in 2012, likely to include continuing geological reconnaissance, geochemical surveys, and diamond core drilling.

A National Instrument 43-101 Technical Report on the Surselva project is currently being prepared by Mine Development Associates, "MDA" of Reno, Nevada.

On April 2, 2012, the Company announced that, in a plebiscite conducted in the Commune of Medel/Lucmagn proposing that the Commune grant a long term exploration permit over the Medel Property to the Company's wholly-owned subsidiary, SwissGold, the people of the Commune voted against the proposed long term permit by a majority of approximately 67%. SwissGold still holds an annual exploration permit. The Company will be considering the results of the plebiscite and its next steps over the coming weeks.

### Afgan-Kobeh Property

Commenced and completed a 25-hole, 2,355-metre reverse-circulation drill program. The program focused on the expansion of the NI 43-101 compliant gold resource. Assays results were announced on December 16, 2010. Hole AF10-01, which was sited to offset a historical hole, intersected a down-dropped structural block of higher-grade mineralization that remained open to the south, returned the best intercept of the program, yielding 18.2 metres grading 4.2 gpt Au, including 7.6 metres of 5.49 gpt. For additional details refer to the news release from December 16, 2010.

A second drill program commenced during Summer 2011 with results being announced on November 18, 2011. The Company completed a 23-hole, 2,560 meter reverse circulation drill program. Highlights from this program include hole 11-22, which returned 4.049 g Au/t over 16.80 meters (0.118 oz Au/ton over 55 feet), including 6.735 g Au/t over 9.1 meters (0.197 oz Au/ton over 30 feet). The objectives of this drill program were to perform infill and step-out drilling on the Afgan portion of the property and the testing of new targets on the Kobeh portion.

Several holes yielded results that warrant follow-up with future drilling. For additional details, refer to the November 18, 2011 news release.

## Summary of Quarterly Results

	Three month period ended February 29, 2012*	Three month period ended November 30, 2011*	Three month period ended August 31, 2011*	Three month period ended May 31, 2011*
Total assets	\$ 2,091,482	\$ 2,154,400	\$ 2,282,381	\$ 2,630,907
Working capital	257,389	475,512	826,869	1,518,599
Shareholders' equity	1,992,909	2,067,295	2,140,246	2,581,786
Interest income	1,074	1,529	298	611
Net income (loss)	(139,672)	(275,478)	(448,768)	(166,062)
Loss per share	(0.01)	(0.01)	(0.02)	(0.01)

	Three month period ended February 28, 2011*	Three month period ended November 30, 2010*	Three month period ended August 31, 2010**	Three month period ended May 31, 2010**
Total assets	\$ 2,393,527	\$ 1,219,088	\$ 1,166,778	\$ 1,121,289
Working capital	1,384,948	299,004	603,548	982,762
Shareholders' equity	2,259,487	1,116,645	1,108,857	1,050,221
Interest income	295	4,235	760	365
Net income (loss)	(167,358)	(72,372)	3,665	(546,674)
Loss per share	(0.01)	(0.01)	(0.00)	(0.04)

\*Figures are expressed under IFRS. There are no difference between numbers reported under IFRS and numbers reported under pre-changeover Canadian GAAP.

\*\* Figures are expressed under Canadian GAAP

During the six month period ended February 29, 2012, the Company incurred net, \$343,981 in exploration and evaluation assets expenditures on its mineral properties which is comprised of \$312,510 on the Medel Permit and \$40,410 on the Afgan-Kobeh Property. There was also \$8,939 recovered in costs related to the Roberts Gold Property. The Company also incurred \$100,510 in mineral property acquisition costs comprised of \$80,188 for the Medel Permit and \$20,322 for the Afgan-Kobeh Property.

During the six month period ended February 29, 2012, the Company granted 775,000 stock options to directors and officers and accordingly recorded \$134,625 in stock-based compensation on vested stock options.

The Company has not paid any dividends and it has no present intention of paying dividends on its common shares as it anticipates all available funds will be invested to finance the growth of its business.

## Results of Operations

During the six month period ended February 29, 2012, the Company had a net loss of \$415,150 (2011 - \$239,730). The net loss is comprised of the following items:

- Advertising and promotion costs of \$24,000 (2011 - \$18,697) are related to press release dissemination and fees paid to third parties to increase the Company's awareness about its projects.
- Consulting fees of \$101,595 (2011 - \$109,735) are consistent with the comparative period. During the current period the Company began paying consulting fees in SwissGold at a rate of Swiss Francs 9,000 per month.
- Office and general costs of \$34,897 (2011 - \$12,395) have increased due to the activities associated with the Company's new subsidiary, SwissGold.
- Professional fees of \$81,675 (2011 - \$52,960) are comprised of \$24,783 (2011 - \$36,800) for legal and \$56,892 (2011 - \$16,160) for audit and accounting fees.
- Registration and filing fees of \$6,044 (2011 - \$2,613) consist of ongoing regulatory fees associated with maintaining public company status.
- Shareholder costs of \$5,025 (2011 - \$4,372) are related to the Company's annual general meeting held on January 23, 2012.
- Share-based compensation expense of \$134,625 (2011 - \$Nil) relates to the fair value assigned stock options that have vested during the current period. The fair value was calculated using the Black-Scholes option pricing model. This is a non-cash charge to operations.
- Transfer agent fees of \$6,209 (2011 - \$3,129) have increased over the comparative period due to an increase in common share issuance activities in during the current period.

- Travel and related costs of \$17,245 (2011 - \$375) relate to directors and officers travelling to attend investment conferences and to evaluate future investment opportunities for the Company.
- The Company had a foreign exchange loss of \$5,218 (2011 - \$39,602). The Company has substantial assets and expenses in US Dollars and Swiss Franc which are converted to Canadian Dollars for financial reporting purposes.
- Earned interest income of \$2,603 (2011 - \$4,530) on funds held in the bank

## Related Party Transactions

### Trading transactions

The Company entered into the following transactions with related parties during the six month period ended February 29, 2012:

- i) Paid or accrued \$42,483 (2011 - \$42,235) in consulting fees and \$5,106 (2011 - \$5,227) in office and general costs to a director of the Company.
- ii) Paid or accrued \$9,000 (2011 - \$9,000) in consulting fees to a company controlled by a director of the Company.
- iii) Paid or accrued \$17,990 (2011 - \$17,800) in professional fees to a company controlled by an officer of the Company.
- iv) Paid or accrued \$37,978 (2011 - \$598) in geological consulting fees to a director of the Company.
- v) Issued 200,000 common shares (2011 - Nil) valued at \$50,000 (2011 - \$Nil) and 100,000 share purchase warrants (2011 - Nil) valued at \$8,551 (2011 - \$Nil) to a director of the Company in relation to the acquisition of Medel Permit (Note 8).

Included in accounts payable and accrued liabilities as of February 29, 2012 is \$12,850 (August 31, 2011 - \$6,999) due to the above related parties.

The related party transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related party.

### Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the six month period ended February 29, 2012, 550,000 (2011 - Nil) of total 775,000 stock options (Note 9) were granted to directors and officers. The fair value of \$91,789 (2011 - \$Nil) was recorded as share-based compensation.

Other than disclosed above in the trading transactions, there were no other compensation paid to key management during the six month period ended February 29, 2012 and February 28, 2011.

## Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	February 29, 2012	August 31, 2011
Working capital	\$ 257,389	\$ 826,869
Deficit	(2,306,080)	(1,890,930)

Net cash used in operating activities for the period was \$240,469. This amount consists of a net operating loss of \$415,150, items not affecting cash of \$134,625 for stock based compensation and \$711 on foreign exchange on reclamation bonds, a decrease in accounts receivable of \$8,828, a decrease in prepaid expenses of \$8,225 and an increase of \$23,714 in accounts payable and accrued liabilities. During the comparative period, net cash used in operating activities was \$219,485.

Net cash used in investing activities for the period was \$355,520 for exploration and evaluation assets. During the comparative period, net cash used in investing activities was \$289,225.

There were no financing activities during the three month period ended February 29, 2012. During the comparative period, financing activities provided net cash of \$1,310,200 as share subscriptions received.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of precious minerals or base metals or interests related thereto. The economics of developing and producing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined and the prices of minerals and metals. Depending on the foregoing, the Company may determine that it is impractical to continue commercial production. Prices, which have fluctuated significantly, are affected by many factors beyond the Company's control including anticipated changes in international investment patterns and monetary systems, economic growth rates and political developments. The supply of precious minerals or base metals is related to the economics of new mine production and operating costs for existing producers, as well as the demand from financial institutions and consumers. If the market price falls below the Company's full production costs and remains at such levels for any sustained period of time, the Company will experience losses and may decide to discontinue operations or other development of a project or mining at one or more of its properties.

## Financial Instruments and Risk Management

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at February 29, 2012, the Company's financial instruments are comprised of cash, amounts receivable and accounts payable, reclamation bonds and accrued liabilities. The carrying value of amounts receivable, reclamation bonds and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows:

February 29, 2012

Assets	Level 1	Level 2	Level 3	Total
Cash	\$ 343,907	\$ -	\$ -	\$ 343,907

## **Financial risk factors**

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. The Company's receivables are mainly HST recoverable from the Canadian Government.

### **Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at February 29, 2012, the Company had a cash balance of \$343,907 to settle current liabilities of \$98,573. All of the Company's financial liabilities are subject to normal trade terms.

### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

#### **(a) Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

#### **(b) Price risk**

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### **(c) Foreign currency risk**

The Company has two foreign subsidiaries whose operations are in the United States and Switzerland respectively, which exposes the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian dollars, and United States dollars and Swiss Franc. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

## **Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, and cash.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at February 29, 2012.

## Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 8 in the unaudited condensed interim consolidated financial statements for the six month period ended February 29, 2012 for description of the capitalized exploration and development costs presented on a property-by-property basis.

## Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this Management Discussion and Analysis:

	Number of shares Issued or issuable
Common shares	21,344,294
Stock options	2,090,000
Warrants	3,773,667

As at the date of this Management Discussion and Analysis, there are 1,680,000 common shares held in escrow.

## Transition to International Financial Reporting Standards

The Company adopted IFRS on September 1, 2011 with a transition date of September 1, 2010. IFRS 1, "First-time adoption of International Financial Reporting Standards", provides guidance for the initial adoption of IFRS. IFRS 1 requires retrospective application of the standards in the transition statement of financial position, with all adjustments to assets and liabilities taken to deficit unless certain mandatory and optional exemptions are applied.

The Company has applied the following exemptions to its opening statement of financial position:

### OPTIONAL EXEMPTIONS

#### Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provision of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS. The Company did not have any unvested outstanding equity instruments as of the Transition Date.

#### Currency translation differences

Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at transition date. The Company elected to reset all cumulative translation gains and losses to zero in opening deficit at its transition date.

## MANDATORY EXCEPTIONS

### Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

### Reconciliations from Canadian GAAP to IFRS

The Company's condensed interim financial statements for the second quarter ended February 29, 2012 include reconciliations from our previous Canadian GAAP reporting to IFRS for our opening statement of financial position as at September 1, 2010, our comparative statements of financial position as at September 1, 2010 and August 31, 2011 and our statements of comprehensive loss, cash flows and changes in shareholders' equity for the six months ended February 28, 2011 and the year ended August 31, 2011.

The Company's significant accounting policies under IFRS are disclosed in our condensed interim financial statements for the second quarter of 2012, and resulting accounting changes are highlighted in our reconciliations from previous Canadian GAAP reporting.

The only adjustment required under IFRS is the accounting of \$190 in accumulative other comprehensive income which was carried from the period ended August 31, 2009, due to the translation of the subsidiary from the United States dollars to Canadian dollars. IFRS 1 permits cumulative translation gains and losses to be reset to zero at transition date. The Company elected to reset all cumulative translation gains and losses to zero in opening deficit at its transition date.

### Critical Judgements and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 3 and 4 of its condensed interim consolidated financial statements for the six month period ended February 29, 2012.

### Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the February 29, 2012 reporting period. The following new standards have been assessed, but are not expected to have any impact on the Company's financial statements:

(a) IFRS 9, Financial Instruments ("IFRS 9")

The IASB intends to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions.

(b) IFRS 10, Consolidated Financial Statements (“IFRS 10”)

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 is effective for annual periods beginning on or after January 1, 2013.

(c) IFRS 11, Joint Arrangements (“IFRS 11”)

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(d) IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”)

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(e) IFRS 13, Fair Value Measurement (“IFRS 13”)

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(f) IAS 27 Separate Financial Statements (amendment) (“IAS 27”)

IAS 27 outlines the accounting principles to be applied with regards to investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate, non-consolidated, financial statements. The previous standard was titled IAS 27 Consolidated and Separate Financial Statements.

(g) IAS 28 Investments in Associates and Joint Ventures (amendment) (“IAS 28”)

IAS 28 outlines the accounting treatment and corresponding application of the equity method of accounting in investments in associates and joint ventures. The previous standard was titled IAS 28 Investments in Associates.

The above standards and amendments are effective for annual periods beginning on or after January 1, 2013 (except for IFRS 9 at January 1, 2015). The Company anticipates that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Company.

## **Risks and Uncertainties**

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company’s interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares will be required to fund future activities. There can be no assurance that such financings will be successful in the future.

## **Outlook**

The Company's focus for the foreseeable future will be on the exploration and development of its gold projects in Nevada and Switzerland.

## **Corporate Governance**

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three directors, all of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.