

## **ADVENTURE GOLD INC.**

### **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE QUARTER ENDED OCTOBER 31, 2010 AND 2009.**

The following Management Discussion and Analysis (“MD&A”) of the operating results, financial condition and future prospects of Adventure Gold Inc. (the “Company”), current as of December 24, 2010, should be read in conjunction with the Company’s audited financial statements and notes to the audited financial statements for the quarter ended October 31, 2010 and 2009. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The reporting currency is in Canadian dollars. Unless specified as \$US, references in this MD&A to dollars are to Canadian dollars.

This MD&A contains certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future exploration drilling activities and events or developments that the Company’s management expects, are forward-looking statements. Such statements are not guarantees of future performance and actual results or developments may differ materially from those expected. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, and continued availability of capital and financing and general economic, market or business conditions.

#### **Nature of Business**

Adventure Gold Inc. is a Canadian mineral exploration company focused on discovering high-quality gold deposits, primarily in the Abitibi greenstone belt of north-western Québec and north-eastern Ontario, one of the world’s richest gold mining districts. Adventure Gold holds quality assets in the Val-d’Or, Rouyn-Noranda, Casa Berardi, Detour Lake and Timmins, areas and is led by determined management and technical teams with extensive exploration and mine production experience. The Company uses advanced exploration techniques with the aim of discovering commercially exploitable gold deposits of which can either be placed into production by the Company or disposed of for a profit to companies that wish to place such deposits into commercial production. Adventure Gold is proud to already count on highly regarded gold producer partners such as Agnico-Eagle Mines and Lake Shore Gold to explore two advanced stage gold properties. Common shares of the Company are listed for trading on the TSX-V under the symbol “AGE” since October 3, 2007. The Company’s head office is in Montréal, Québec.

The Company will continue to aggressively seek new opportunities in compliance with the corporate strategy. A strategy based on identification, evaluation, acquisition, exploration and development of significant quality gold assets within proven gold mining environment.

#### **Business development highlights**

##### Acquisition of the Granada Extension property

On September 27, 2010, the Company announced the acquisition of the Granada Extension property, consisting of 11 mining titles covering approximately 200 hectares along the Cadillac Larder Lake Gold Break in Rouyn-Noranda, Quebec. Three of the eleven mining titles were bought from two individuals in consideration for cash payments totalling \$50,000 over 4 years, 150,000 common shares and 150,000 warrants at an exercise price of \$0.25. The vendors retain a 1.5% NSR of which 0.5% can be bought back for \$500,000.

The Property includes the interpreted lateral and southern extensions of the Gold Bullion Long Bars Zone, where a preliminary block model outlined a gold-mineralized system that offers a potential of 2.4 million ounces of gold (non-compliant with NI 43-101; Gold Bullion press release, April 22, 2010). The Granada Extension property boundary (Figure 2 – see website) is located less than 30 meters from the southernmost part of the former Granada Mine pit #2, 250 meters East of drill hole GR-10-17 which had returned 1.0 g/t Au over 99 meters and less than 450 meters West of pit #1 and drill hole GR-10-21 which had returned 2.2 g/t Au over 20 meters (Gold

Bullion press release, March 1, 2010).

### Significant exercise of warrants

During the quarter ended October 31, 2010, 2,219,778 warrants with an average exercise price of \$0.25 were exercised, for gross proceeds of \$556,021.

## **Exploration Activities**

### *Projects, New Acquisitions and Partnerships*

As of October 31, 2010, the Company held a portfolio of 31 properties totalling 1,132 mining titles covering 55,391 hectares (31 properties totalling 49,544 hectares in July 2010) in six distinct areas, in the province of Quebec and in one other area in Ontario. Gold mining exploration properties owned by the Company are located in the Val d'Or, Timmins, Casa Berardi – Cameron, Detour Lake, Rouyn-Noranda and the Appalachian belt (South-eastern of Quebec) regions. During the three-month period ended October 31, 2010, the Company acquired the Granada Extension property, located in the Rouyn-Noranda mining camp. This property covering 232 hectares was acquired by map-designating 8 claims and by optioning three other claims. In addition, the Company increased the size of the Sicotte, Sinclair-Bruneau, Megiscane-Tavernier, St-Francois and Stoke properties by adding 106 new mining titles covering 5,615 hectares.

During the last quarter, the Company incurred deferred exploration expenses of \$146,036 of which approximately 23% of the total was spent on the Pascalis-Colombière property, 34% of the total was spent on the Granada Extension property, 13% was spent on the Detour Quebec properties, 13% on the Appalaches project and 17% on other properties. Exploration work consisted the field prospecting, mapping and sampling on seven properties including Granada Extension, Appalaches (Stoke and St-Francois), Detour Quebec (Sicotte), Megiscane-Tarvernier, Montreuil and Solitaire. A total of 1,060 samples have been taken and significant gold assays have been returned on the Granada Extension and Sicotte properties. On Val d'Or East Pascalis-Colombière property, a detailed compilation work of all historical drilling, underground developments and mining opening has been completed in order to make a 3D model. This 3D model will be used to define new drilling targets and propose a first phase drilling program scheduled to start in December. On Timmins West Meunier-144, partners continue a deep drilling program started on July 19<sup>th</sup> and 1,805 metres has been completed to date. The deep master hole is still on track to reach the 2,400 meter drilling target in the first quarter of 2011.

### **Granada Extension**

On September 27, 2010, the Company announced the acquisition of the new high gold potential Granada Extension property covering approximately 200 hectares along the Cadillac Larder Lake Gold Break, in the Rouyn-Noranda mining camp, Quebec. The property consists of 11 very strategic mining titles, three of which were bought from two individuals in counterpart of staged cash payments totalling \$50,000 over 4 years, 150,000 shares and 150,000 stock options at \$0.25 of the Company. The vendors will retain a 1.5% NSR, of which 0.5% can be bought back for \$500,000.

Located on the Larder Lake Cadillac break, a proven major gold structure environment, the property encompasses several favourable geological features of great interest. In fact, porphyritic dykes, shear zones, and quartz veins were observed South and South West of the former Granada Mine. This geological environment comprises strong similarities with the Malartic mining camp where Osisko Mining Corporation is currently developing the Canadian Malartic project, a large tonnage and low grade gold deposit totalling approximately 9M ounces of gold in reserves (Osisko's press release of February 10, 2010).

The property includes interpreted lateral and southern extensions of the Gold Bullion Long Bars Zone, where a preliminary block model outlined a gold-mineralized system that offers a potential of 2.4 million ounces of gold (non-compliant with NI 43-101; Gold Bullion press release, April 22, 2010). The Granada Extension property boundary is located less than 30 meters from the southernmost part of the former Granada Mine pit #2, 250 meters East of drill hole GR-10-17 which had returned 1.0 g/t Au over 99 meters and less than 450 meters West of pit #1 and drill hole GR-10-21 which had returned 2.2 g/t Au over 20 meters (Gold Bullion press release,

March 1, 2010). Moreover, our interpretation of the information released by Gold Bullion Development and those from the Quebec Sigeom database suggest that the Long Bars Zone extensions had never been drilled probably onto our property.

A prospecting, mapping and sampling program (568 grab samples taken) initiated early in October, lead us to the discovery of twelve new significant gold-bearing zones. Grab samples collected within the mineralized zones returned up to 8.9 g/t gold. The discovered gold-bearing zones are associated with porphyritic intrusions and/or quartz veins with disseminated sulphides in strongly altered and locally well-deformed sediments. The gold bearing zones returned values generally grading between 0.3 g/t gold and 2 g/t gold, including local zones grading between 2 and 9 g/t gold. The main gold zone discovery on the property is located 600m west of the historical pit of the Granada mine. It extends over at least 300m in length and can reach up to 50m in thickness.

The Company considers these new discoveries to be exploration targets of first priority. These new gold discoveries were never drilled. The results from the prospecting work on the Company's Eastern block of claims (400m SE of the new discovery made by Gold Bullion in drill-hole GR-10-55 returning 40.5m at 4.1 g/t Au; press release November 9, 2010) are pending and should be in the next quarter MD&A. A drilling program will be planned soon to test the lateral extension of the Long Bars Zone on our property.

#### Deferred Exploration Expenses

For the three-month period ended October 31, 2010

	Timmins West / Meunier - 144	Val d'Or East / Pascalis- Colombière	Val d'Or East / Senore	Val d'Or East / Beaufor North	Val d'Or East / Beaufor West	Val d'Or East / Lapaska	Val d'Or East / Others	Dubuisson	Detour Quebec	Casa Cameron	Appalaches	Granada Extension	Abitibi Gold	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning</b>	-	545,533	642,799	177,328	173,003	837,505	38,651	-	132,822	206,432	3,376	-	28,880	2,786,329
<b>Add:</b>														
Drilling	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project consulting	551	23,649	1,477	-	550	-	8,201	470	11,824	6,215	4,267	26,637	1,490	85,331
Geophysical survey	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Geological survey	-	6,297	-	-	-	-	3,381	-	4,437	-	13,374	23,248	384	51,121
Geochemical survey	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Report preparation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renewal of licences	-	72	37	6	6	56	143	227	580	514	400	-	299	2,340
General field expenses	-	3,691	197	198	-	-	225	-	2,623	14	-	296	-	7,244
	551	33,709	1,711	204	556	56	11,950	697	19,464	6,743	18,041	50,181	2,173	146,036
<b>Balance, end</b>	551	579,242	644,510	177,532	173,559	837,561	50,601	697	152,286	213,175	21,417	50,181	31,053	2,932,365

#### Deferred Exploration Expenses

For the three-month period ended October 31, 2009

	Timmins West / Meunier - 144	Val d'Or East / Pascalis- Colombière	Val d'Or East / Senore	Val d'Or East / Beaufor North	Val d'Or East / Beaufor West	Val d'Or East / Lapaska	Val d'Or East / Others	Dubuisson	Detour Quebec	Casa Cameron	Appalaches	Granada Extension	Abitibi Gold	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, beginning</b>	156,571	378,177	636,418	175,360	170,778	779,676	11,389	132,769	7,469	14,585	-	-	3,884	2,467,076
<b>Add:</b>														
Drilling	-	44	(45)	-	-	-	-	324	-	-	-	-	-	323
Project consulting	-	7,515	456	496	495	4,064	9,270	22,735	15,093	10,916	-	-	5,446	76,486
Geophysical survey	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Geological survey	-	41	128	-	-	-	-	-	-	8,500	-	-	466	9,135
Geochemical survey	-	137	-	-	-	-	-	-	-	1,005	-	-	192	1,334
Report preparation	-	-	1,557	-	-	18,957	-	17	-	141	-	-	-	20,672
Renewal of licences	-	542	150	74	21	213	422	1,110	1,394	2,424	-	-	1,109	7,459
General field expenses	-	2,548	-	337	-	2,013	559	4,235	467	2,537	-	-	-	12,696
	-	10,827	2,246	907	516	25,247	10,251	28,421	16,954	25,523	-	-	7,213	128,105
<b>Balance, end</b>	156,571	389,004	638,664	176,267	171,294	804,923	21,640	161,190	24,423	40,108	-	-	11,097	2,595,181

## **Timmins West – Meunier-144**

The Meunier-144 property consists of 10 patented claims located in the western part of the prolific Timmins gold camp (70M of gold produced) at the western limits of Bristol Township, 19 kilometres west of the town of Timmins. The property primarily covers a sequence of volcanic rocks located on the north-west side of the West Timmins sedimentary basin and along the west extension of the Bristol fault from the Timmins Mine and Thunder Creek properties where Lake Shore Gold Corp (“LSG”) is currently developing a potential large scale mining operation, 1 kilometre East of the property (gold mineral reserve of 812,000 ounces at 7.5 g/t Au). The property is also approximately located 1 kilometre northwest, at surface, from the Rusk Zone where LSG has reported drill intersections up to 12.8 g/t Au over 83.5 metres (hole TC-08-68B).

The Timmins Mine Gold Deposit has a strike length of approximately 250 m long by 150 m wide and defines a pipe-like body of mineralization which straddles a volcanic/sedimentary/ultramafic contact zone, within a folded sequence that plunges about 54 degrees to the west-northwest towards the Meunier-144 property. The ore body has demonstrated vertical persistence as it can be traced down plunge for a distance of approximately 1500 metres from surface, and remains open at depth and it is apparent that this geometry and structure continues to depth toward and potentially onto the Meunier-144 property. Some of the highest value intercepts at Timmins Mine, including 8.1 g/t over 6.0 metres at a 1,330 metres depth, are hosted within a second fold nose structure and are situated approximately 600 metres east of the Meunier-144 property boundary (see LSG press release dated February 18, 2010). The Thunder Creek Deposit is along the same pyroxenite and sedimentary contact which hosts the Timmins Mine Deposit. Recent drilling has traced the mineralization at Thunder Creek to a depth of approximately 1 kilometre below surface and obtained several significant intercepts, most notably 12.8 g/t over 83.5 metres. Observations to date indicate Thunder Creek has a steep northward plunge suggesting the potential for this to converge with the Timmins Mine Deposit at depth. Although drill data is limited, current estimates are that this convergence could occur near the northeast corner of the Meunier-144 property at a depth of 2,400 metres or greater from surface.

The claims were optioned in October 2008 from 13 individuals in consideration of staged exploration expenditures (totalling \$2,000,000) and scheduled payments (totalling \$100,000 in cash and 1,000,000 common shares) over a period of five years. In May 6, 2010, the Company entered into an option agreement with RT Minerals Corp (“RTM”) and Lake Shore Gold (“LSG”) by which RTM can acquire up to 50% interest in the Meunier-144 property by making a \$300,000 cash payment, issuing 2,750,000 common shares to the Company, participating in a \$400,000 private placement of the Company and incurring \$3,000,000 in work expenditures. LSG has the right to acquire from RTM and the Company a 10% interest in the property, once RTM acquires 50% interest in the property, by completing a preliminary Resources Assessment.

On July 19, 2010 RTM Minerals has started a deep drilling program on the Meunier-144 property. The drill program will attempt to complete approximately 4,850 metres of drilling in an initial deep master hole and one wedge cut with drilling expected to be completed in about eight (8) months. The main objective of the initial deep master drill hole is to intersect the down plunge projection and the possible junction of the Timmins Mine and Thunder Creek Zone at up to 2,400 metres vertically below surface. The initial master hole is planned to be 3,300 metres and the first wedge cut is planned to be 700 metres (core length). Additional wedging may be carried out in future programs.

As of December 20<sup>th</sup>, 2010, the deep master drill hole is 1,850 metres long and is going to the target as anticipated. Production rate is normal and target should be reached early in 2011.

## **Val d’Or East - Pascalis-Colombière**

The 100%-owned Val d’Or East – Pascalis-Colombiere property consists of 33 mining titles totalling 637 hectares. It is located in the eastern portion of the Val-d’Or-Malartic gold district, which has produced more than 25 million ounces of gold to date. The property is also adjacent to the Company’s 100 %-owned Beaufor North property, located 1.5 kilometers east of the producing Beaufor Gold Mine, by Richmond Mines. The property has been the site of gold production from 1989 to 1993 when Cambior Inc. (now IAMGOLD) mined the New Pascalis gold deposit (Lucien C. Béliveau Mine). A total of 1.8 Mt of ore was extracted at a grade of 3.2 g Au/t (total of 167,000 Au oz) from the surface down to 300 metres deep.

The geological setting of the property appears very favourable for the identification of new high-grade

gold-bearing veins and structures or bulk-style ore shoots. Past exploration work did not entirely test the numerous gold occurrences located in the N-S extensions of the former producer Lucien C. Béliveau Mine associated with dyke set or in other parallel dykes, or in the extension of ENE trending shear zones. Due to the anticipated closure of the Mine in October 1993, there was no follow-up on several drill intercepts with economic gold values. No further exploration work was completed on the Property between 1993 and mid-2008 when the Company acquired the Property.

During the last quarter, following the successful 2009 drilling programs, a 3D geological model has been initiated on a 5,000-m long by 2,000-m wide and 1,000-m deep area covering all the major gold zones of the property. To date, 3D modelling of all the underground opening and gold distribution from historical drilling has been completed. This model has been used to better define drilling targets. Preliminary results indicate strong exploration potential below 100 m deep under the North and No-2 Zones, below 300 m deep under the LC Béliveau Mine and near surface to the West for other parallel gold zones. Follow-up drilling is recommended on gold drilling intersections like:

- 9.8 g/t Au over 4.7m and 4.2 g/t Au over 6.1m on the No-1 Zone;
- 9.0 g/t Au over 18.5m and 17.8 g/t Au over 12.0m under LC Béliveau Mine and;
- 6.8 g/t Au over 8.0m and 4.5 g/t Au over 5.0m on the North Zone;
- 5.5 g/t Au over 21.4m and 14.6 g/t Au over 15m on the West Zones.

The Company believes that there is strong potential to increase the last gold resource calculation made on L.C. Béliveau Mine (23,500 ounces of gold remaining on the main gold zone, Cambior, 1993 - Not compliant with NI 43-101) and intends to do more drilling in order to increase this resource. A composite longitudinal vertical section available on the website shows the strong exploration potential remaining around the Pascalis-Colombière gold system. The Company started a 2,500m drilling program on December 13<sup>th</sup>, 2010 to test the down plunge of the LC Beliveau zone and West zones at shallow deep which could be accessible by the underground infrastructures. A 43-101 technical resource estimate calculation report should be completed by the spring of 2011.

## **Dubuisson**

The 100%-owned Dubuisson property is located in the Dubuisson Township, about 7 kilometres west of downtown Val-d'Or. It consists of 39 contiguous claims covering a surface area of about 870 hectares. The Property is bordered to the east by the Goldex Mine property (reserves: 1.6M ounces of gold at 2.4 g/t Au – Agnico-Eagle, 2005) and encompasses the Quebec Explorer gold deposit (historical resources totalling 261,000 t at 6.6 g/t Au). This property straddles a 5-km segment of the prolific Cadillac-Larder Lake Fault, a major gold-bearing structure in the Abitibi. The gold system locally exceeds 20 m in thickness and can be traced for more than 800 m along strike. Since 1940, several companies have conducted exploration and development work on the Property, including geological and geophysical surveys, more than 47,940 metres of diamond drilling, an access ramp and development of ore zones. The best reported drill intercepts are as follows: 10.3 g/t Au over 3.4 m, 13.4 g/t Au over 2.4 m, 24.2 g/t Au over 3.4 m, and 34.3 g/t Au over 4.0 m.

In July 2010, the Company announced that it has entered into a significant partnership with Agnico-Eagle Mines Ltd. (TSX: AEM, "AEM") by signing a selling and option agreement for the AGE's, 100% owned, Dubuisson property. Under the terms of the Agreement, AEM acquires a 51% of AGE's right, title and interest in the Property by completing:

- Following the receipt of the required regulatory approvals, AEM will pay AGE \$100,000 in cash, issue to AGE 15,000 shares of AEM. Cash and shares total \$1M at today's Market price.

Also under the terms of the Agreement, AEM may acquire an additional interest of up to 14% of AGE's right, title and interest in the Property by completing the following:

- During a period of five (5) years from the effective date of the Agreement by spending up to \$4M in exploration work on the Property with a minimum of \$600,000 of work to be completed or paid in cash to AGE before the end of the first two (2) years.

As part of the Agreement and following the exercise of the option, AEM may acquire an additional interest, which brings AEM up to 70% and AGE to 30% interest in the Property by completing a Bankable Feasibility Study. AEM will act as the operator for all exploration carried out on the Property during the option period.

Adventure is proud to join its forces with Agnico-Eagle, a major gold producer in Quebec, for the development of the Dubuisson property and is looking forward to the start of its first exploration program on this property, which is slated to start next winter with a 4,000-metres drill program.

## Val d'Or East - Lapaska

The 100%-owned Lapaska property is comprised of 26 claims for 352 hectares located 20 km east of the city of Val d'Or, in the eastern part of the Val d'Or gold mining camp, Quebec. The Property, 100%-owned by the Company, is favourably located between the past producing gold deposit Sigma II to the east (150,000 ounces at 2.5 g/t Au: Placer Dome, 1997) which was operated by open pit method and the Simkar gold deposit to the west (43-101 inferred resource of 105,000 oz at 5.3 g/t Au: Megastar – MDV: TSX-V, September 2008). The Property that comprises three significant gold-bearing zones: LC, West and Lourmet zones is also strategically located along the prolific Cadillac Larder Lake Gold Break, a regionally extensive structure that is spatially related to numerous gold mines.

The property hosts three prospective gold zones, a 75-m deep shaft and an exploration drift sunk in 1947. The best reported drill intercepts include grades of 9.4 g/t Au over 4.7 m in the Central Zone, 6.2 g/t Au over 2.5 m in the West Zone, and 14.9 g/t Au over 0.3 m in the Lourmet Zone. Gold mineralization is associated with a network of dm-scale quartz-carbonate-tourmaline-pyrite veining, largely hosted in a silicified felsic volcanic unit along the contact with a mafic intrusive. The 40-m thick gold-bearing system in the Central Zone has been traced along strike for over more than 600 metres and to a depth of 300 metres. Within this low-grade gold envelope, the depth and strike extensions of higher-grade mineralized zones represent high quality exploration targets for follow-up drilling.

In February, the Company announced its first National Instrument ("NI") 43-101 compliant resource estimate on the Lapaska Central Zone. Table 1 summarizes the gold resource estimates using different cut-off grades on the Lapaska Central ("LC") Zone with some of the recommendations. The Mineral Resources were estimated by independent Qualified Persons from InnovExplo, a consultant firm based in Val d'Or, Quebec.

Table 1: Inferred Mineral Resource of Lapaska Central Zone, dated February 3, 2009.

Cut-off Grade g/t Au	Tonnes	Avg. Grade g/t Au	Ounces of Gold
0.5	2,144,000	1.2	79,335
1.0	865,000	1.8	50,442
2.0	220,000	3.1	22,239

NB: Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

1) InnovExplo states that the probabilities of adding new resources to the existing mineral inventory are excellent. A 3D isometric view of the block model from the 43-101 report, available on our website, shows the location of the current resources and the potential to extend these ones by exploration. The ore shoots plunging to the south-east are still open at depth. Additional sub parallel ore shoots that could be repeated in the south-western extension at depth and laterally (east and west) near the surface are still not tested by drilling.

2) InnovExplo indicates also that the gold mineralization intersected in the West Zone (not included in this estimates) shows similarities to the gold mineralization observed generally in feldspar porphyry dykes ("G Dykes") which represent a significant portion of the mineralization at the Sigma Mines (4M Ounces produced). The West Zone is characterized by a series of sub horizontal veins and veinlets bordered by vertical shear zones hosted by a porphyry G dyke type. A drilling program to test the west down plunge of the system below 200 meters is recommended in the West Zone.

- 3) InnovExplo highlighted also in the 43-101 report, a 2-km long underexplored area between the West Zone and the Lapaska Central Zone showing good exploration potential for gold.
- 4) The Lapaska property lies at the junction of favourable lithologies and deformation corridors associated to the Cadillac Larder lake Gold Break. Regional east-west-trending intermediate to felsic dyke swarms favourable to host gold mineralization are found on the Property and are often associated to induced polarization (IP) anomalies. Their coincidence of favourable lithologies, deformation corridor and IP anomalies represents targets that warrant additional exploration work.
- 5) InnovExplo recommends a two phase drilling program at a cost of \$1.7M to test the targets on the Property.

During the last quarter, the Company did not complete any major exploration work on this project, however Eoro Resources and Megastar Development continued to announce significant drilling intersections on the Simkar property, including a new discovery with an intersection of 7.9 g/t Au over 4.0m. In the previous quarter, Eoro-Megastar announced 20.4 g/t Au over 3m and 9.4 g/t Au over 6m around the past producing gold mine and the discovery of a new zone, which has returned 4 g/t Au over 5m, located 600 m west of the Company's property boundary.

On December 1, 2010, Adventure Gold signed an Option letter of agreement with Mazorro Resources in order to explore and develop the Lapaska property. The letter of agreement is detailed in the subsequent events item of this report. Our new partner already agreed to start 4,000-metres drilling program following the signature of the final agreement which is scheduled in January. Adventure will be the operator during the optioning period.

#### **Val d'Or East - Megiscane-Tavernier property**

The 100%-owned Megiscane-Tavernier property contains 51 claims totalling 2,924 hectares. The property, 100%-owned by the Company, is favourably located 55 km ENE of the city of Val d'Or, in an unexplored area along the Destor Porcupine Mandeville Gold Break in the eastern limit of the Abitibi Greenstone Belt. This area is very favourable for the discovery of a gold rich volcanogenic massive sulphide (VMS) deposits. Numerous VMS showings have been identified by the past in this area (historical intersections grading up to: 26.6 g/t Au, 590 g/t Ag, 9.9 % Zn et 4% Cu over 0.3m - MRNF GM 25383-25787-26434). On the Property, several showings returned values between 1.2 to 6.5 g/t Au and up to 6.2 % Cu (historical grab samples) in altered volcanic rocks, typically associated with VMS deposits.

During the last quarter, the Company completed a field reconnaissance program on the property and 16 samples have been taken. The Cu-Au Tiblemont-Tavernier showing has been visited and sampled. Values up to 3 % Cu and 0.8 g/t Au has been returned from exhalative horizons topping a silicified mafic rocks unit near an untested Megatem anomaly (Airborne EM anomaly) in the south western part of the Property. Field work has also outlined a strong potential for the discovery of a nickel-copper mineralization deposit inside a large mafic intrusive. Value up to 0.6% Ni and 0.5% Cu have been found in this mafic intrusive. Additional filed work will be proposed next year on both areas.

#### **Detour Quebec properties**

The Detour Quebec project includes nine properties, 100%-owned by the Company, totalling 273 claims and covering an area of 14,922 hectares. The properties are strategically located over 35 km along the gold break between the Detour Lake Mine project (proven and probable reserves of 11M oz Au, Detour Lake Gold, 43-101 pre-feasibility report, May 2010) and the Fenelon gold deposit (measured and indicated resources of 30,200 oz and inferred resources of 11,200 oz – Innovexplo, 43-101 report, 2005). The Company believes that gold exploration potential along this proven and underexplored major gold structure is one of the best in the Abitibi area. Historical drilling returning values ranging up to 18.3 g/t Au over 1.1m, outcropping gold showings returning grab sample up to 54.0 g/t Au, significant gold till anomalies ranging between 1.0 g/t Au and 5.2 g/t Au, and untested electromagnetic conductors ("EM") have been already identified on our properties and represent strong exploration targets for the Company.

During the quarter on the Sicotte property, following a 23-km line cutting and magnetic survey completed earlier

this year, a field work reconnaissance program has been completed and 24 samples has been taken. Significant gold value of 35.4 g/t Au and 3.3 g/t Au have been returned associated with quartz veins and shear zones. These new gold results confirmed and are in some cases better than the historical values previously reported. Additional field work is recommended next year to fully evaluate the extension of the veins system. The Company is also evaluating different scenarios in order to accelerate the exploration of this promising group of properties along the Detour Gold Break Fault Zones.

## **Appalaches**

During this summer, the Company has acquired significant ground in the Appalaches Belt. A total of 190 mining claims for 11,225 hectares have been acquired by map designation at this time in two distinct blocks in the Appalache belt, South-eastern of Quebec, Canada. These two properties named Stoke and St-Francois are located about at 53 Km south-east and 23 south-west of Thetford Mines and 155 km and 200 Km east of Montreal, Québec, Canada.

The new acquisitions are adjacent to the Bowmore (TSX: V.BOW) St-Victor property which indicates a geological potential for a sediment hosted gold mineralization discovery (low grade – high volume). Adventure's properties include significant gold, antimony and arsenic stream sediment anomalies in the sedimentary cover of the volcano-sedimentary assemblages of the Magog Ordovician Formation. The properties cover mineral occurrences with documented results of up to 7.6 gram per tonne of silver and up to 28.9 gram per tonne of gold in stream-sediment heavy mineral concentrates (Ministère des Ressources Naturelles et de la Faune du Québec: Assessment Files). Limited exploration work has been done on these grounds and preliminary stream sediment study specified the bedrock source of the seven (7) stream-sediment anomalies which became priority targets to investigate by field work.

The Southern Quebec Appalachian Belt was the site of Canada's first placer gold rush in the 1850's and have a century long mining history for chromite, asbestos and copper. Several gold occurrences were discovered in volcanic, intrusive and sedimentary rocks but no major bedrock sources were uncovered to account for the placer gold. In the new perspective of the Bowmore discovery, the favourable hosts comprise sedimentary, felsic volcanic and intrusive rocks, Ordovician age and associated with the Taconic orogen, in the Appalachian belt of Quebec, which have been generally overlooked in the past for gold potential but have now become significant contributors to the next generation of major new gold mineralization in Quebec.

The company has completed a first field reconnaissance program during this quarter and a total of 419 samples have been taken. Several areas of interest have been identified and outlined by gold values around 100 ppb. Gold mineralization is associated with altered conglomerate encompassing fine sediments sequences rich in pyrite. More field work will have to be done in order to better understand the gold system. The Company do not intend to do more field work on these properties before the summer of 2011.

## **Casa Cameron Properties**

The Casa Cameron project includes four gold properties, 100%-owned by the Company, totalling 236 claims and covering 11,323 hectares. The properties are mainly located along the major gold break between the Casa Berardi Gold Mine (proven and probable reserves of 1 Million ounces at 7.8 g/t Au, indicated and measured resources of 912,000 ounces at 5.9 g/t Au and inferred resources of 958,000 ounces at 6.6 g/t Au – Aurizon Mine, December 2009) and the Discovery Gold Deposit owned by North American Palladium (indicated and measured resources of 237,075 ounces at 6.3 g/t Au and inferred resources of 294,473 ounces at 5.9 g/t Au – Innovexplo, 43-101 Report, August 2008). The Company believe that gold exploration potential along this 20 kilometres long proven and underexplored major gold structure in the Abitibi area is very promising. Historical drilling returning values ranging up to 3.1 g/t Au over 4.6, outcropping gold showings returning grab sample up to 125 g/t Au, outcropping Cu-Zn showings returning grab sample up to 1%Cu and 2%Zn, and untested electromagnetic conductors ("EM") have been already identified on the Company's properties and represent valuable exploration targets for the Company.

No significant work has been done during the last quarter.

## **Others properties**

The Montreuil property is constituted by 27 claims for 1,303 hectares located in the Montreuil Township at 60 km south-west of Rouyn-Noranda, neighbouring the Ontario-Quebec boundary. In 1997, Nova West Resources intersected a polymetallic Au-Zn-Cu-Ag mineralization system on the Ontario side, 1.8 km West of this new acquisition. Drilling intersections returned up to 1.8 g/t Au and 2.4 % Zn and thickness varies between 4 metres to 13 metres. Syenitic dykes, metasedimentary rocks and mafic to ultramafic metavolcanic flows have been recognized and associated with the mineralization.

The Solitaire property is constituted by 6 claims for 346 hectares at 40 km south-west of Rouyn-Noranda. The property hosted a potential for a Gold rich Volcanogenic Massive Sulphide.

During the last quarter, the Company completed a field reconnaissance program on both properties and 24 grab samples have been taken. Field work has confirmed the exploration potential for new discoveries on both properties: on Montreuil, showing returning up to 0.14% Cu and 0.9% Zn have been discovered and on Solitaire, showing returning up to 1.4% Zn, 0.4% Cu and 0.3% Ni.

The Company do not intend to do more field work on these properties before the summer of 2011.

## **Outlook**

During the next quarter, the Company anticipates to complete or start the following exploration work:

- 1) 2,500m drilling program on Pascalis–Colombière property; continue a resource estimate on the Gold Zones;
- 2) 2,500m drilling program on the Granada extension project;
- 3) Geophysics work on the Detour Lake project;
- 4) On the Meunier-144 property, our Partners (LSG and RTM) will continue the deep drilling;
- 5) On the Dubuisson property, our Partner Agnico-eagle will start a 4,000m drilling program;
- 6) On the Lapaska property, with our Partner Mazorro Resources we plan a 4,000m drilling program;

The Company still intends to be pro-active in the acquisition of new mineral exploration properties in Québec and in Ontario, primarily in and around gold mining camps. Management is currently reviewing other opportunities and other projects to enhance the portfolio of the Company. The Company intends to develop exploration partnership in order to minimize the risks related to the mining exploration and to accelerate the development of some of its properties.

### **Qualified person**

The above technical information was confirmed and/or reviewed by Marco Gagnon, P.Geo., President and CEO of Adventure Gold Inc., and Jules Riopel, M.Sc., P.Geo, MBA, Vice-president exploration & acquisitions of Adventure Gold Inc, Qualified Persons under NI 43-101.

## Selected Financial Data

The following selected financial data is derived from the audited financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

### Selected Financial Information

	Three months Ended October 31, 2010	Three months Ended October 31, 2009
	\$	\$
<b>Statement of Operations</b>		
Total operating expenses	186,801	64,638
Interest income	5,760	720
Loss before income taxes	(181,041)	(63,918)
Net loss and comprehensive income (loss)	74,859	(40,428)
Basic and diluted net loss per common share	(0.004)	(0.001)
Basic and diluted weighted average number of common shares outstanding	47,768,883	31,324,538
<b>Statement of Mineral Exploration Expenses and Deferred Exploration Expenses</b>		
Deferred exploration expenses before write-downs	146,036	128,105
Acquisition of mineral properties	96,584	29,703
<b>Statement of Cash Flows</b>		
Cash flows (used in) from operating activities	(88,614)	(23,648)
Cash flows used in investing activities	(127,977)	(127,804)
Cash flows from financing activities	660,128-	-
(Decrease) increase in cash and cash equivalents	443,537	(151,452)
	October 31, 2010	July 31, 2010
	\$	\$
<b>Balance Sheet</b>		
Cash and cash equivalents	1,047,755	604,218
Short-term investments	1,003,967	1,000,635
Marketable securities	1,186,350	861,450
Long-term investment	276,000	345,000
Mineral exploration properties	446,130	345,000
Deferred exploration expenses	2,932,365	2,786,329
Shareholders' equity	6,455,130	5,552,778
Total assets	7,151,424	6,208,443

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

### Results of Operations

Loss before Income taxes for the period ended October 31, 2010 is \$181,041 as compared to \$63,918 for 2009. The increase is mostly attributable to the recognition of \$88,181 stock-based compensation during the period as compared to none in 2009 and an increase in salaries and benefits caused by a decrease of salaries and benefits allocated to the mining projects.

Interest income was \$5,760 for the three-month period ended October 31, 2010 compared to \$720 for the same period in 2009 and relates to interest earned on the investment of the private placements proceeds in bankers'

acceptances and Treasury bills.

### Quarterly information

The following selected financial data are derived from the unaudited interim financial statements of the Company.

Quarter ended	Other income	Net earnings (loss)	Basic net earnings (loss) per common share
	\$	\$	\$
31/10/2010	5,760	(181,041)	(0.004)
31/07/2010	827,460	695,579	0.019
30/04/2010	1,178	(46,478)	(0.001)
31/01/2010	325	(159,737)	(0.005)
31/10/2009	720	(40,428)	(0.001)
31/07/2009	1,480	51,360	0.002
30/04/2009	2,062	(98,145)	(0.003)
31/01/2009	4,600	(94,553)	(0.003)

During the quarter ended October 31, 2010, net loss was high due mostly to the recognition of stock based compensation further to the grant of options to employees and directors of the Company and an increase in salaries and benefits caused by a decrease of salaries and benefits allocated to the mining projects.

During the quarter ended July 31, 2010, other income was high due to the recognition of a gain on the optioning of the Dubuisson and Meunier 144 properties for \$824,512. During the previous quarters, other income consisted of interest income only, earned on investment savings accounts, bankers' acceptances, GICs and bonds.

During the quarters ended July 31, 2010 and 2009, the Company realized net earnings for respectively \$695,579 (mostly attributable to the recognition of a gain on the optioning of the Dubuisson and Meunier 144 properties) and \$51,360 (mostly due to the recognition of a recovery of future income taxes for \$111,051, further to flow-through expenses renunciations filed during the year).

Net loss for the quarter ended January 31, 2010 was high due mostly to the recognition of stock based compensation further to the grant of options to employees and directors of the Company during that period.

### Liquidity and capital resources

The Company's working capital stands at \$3,401,579 (including \$1,047,755 in cash and cash equivalents, \$1,003,967 in short-term investments and \$1,186,350 in marketable securities) at October 31, 2010 compared to \$2,677,146 (including \$604,218 in cash and cash equivalents, \$1,000,635 in short-term investments and \$861,450 in marketable securities) at July 31, 2010. This significant increase is mostly attributable to proceeds from agent options payments received for \$104,107 and proceeds from exercised warrants and options for \$556,021.

The Company's principal requirements for cash for the next twelve months will be administrative expenditures for \$400,000, deferred exploration expenditures for \$1.0 million and an option payment of \$160,000. With a working capital of \$3,401,579, the Company anticipates having sufficient funds to meet its option payment and exploration work commitments, which are minimal given the optioning of the Dubuisson and Meunier properties, carry out an exploration program on its other properties, pursue and evaluate new resource projects and meet its corporate and administrative expenses for the next twelve months.

### Off Balance Sheet Arrangements

As of October 31, 2010, the Company has no off balance sheet arrangements.

## **Related Party Transactions**

Under a cost sharing agreement between the Company and Everton Resources Inc. ("Everton"), the Company reimburses the cost of the Company's portion of shared salaries and benefits, rent and office expenses paid by Everton (which shares common management). During the three-month period ended October 31, 2010, the cost of shared salaries and benefits was \$22,500 (2009 - \$22,500) and rent and office expenses were \$1,500 (2009 - \$1,500). Included in amount due to related party is \$Nil (\$Nil as at July 31, 2010) due to Everton.

Under an agreement between the Company and Focus Metals Inc. ("Focus") (which shares common management), Focus was invoiced by the Company, at cost, for exploration expenses incurred on behalf of Focus during the three-month period ended October 31, 2010 for \$683 (2009 - \$Nil) and the Company was charged by Focus, at cost, for exploration expenses incurred on behalf of the Company for \$9,182. Included in amount due from related party is \$729 (\$729 as at July 31, 2010) due from Focus.

These transactions were measured at the exchange amount, which is the amount established and accepted by the parties and were conducted in the normal course of business.

The amounts due from/to related parties are without interest or specific terms of repayment.

## **Book Value of Mineral Properties**

At the end of each quarter, management reviews the carrying values of its resource properties to determine whether any write-downs are necessary. Following this analysis, no write-down was deemed necessary during the period ended October 31, 2010 (None in 2009).

## **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, short-term investments, marketable securities, amount due from related party, long term investment and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments. The fair value of cash equivalents, short-term investments, marketable securities and long-term investment are based on unadjusted quoted prices in active markets.

## **Critical Accounting Policies and Estimates**

The preparation of the Company's financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. The Company's significant accounting policies and estimates are fully described in note 4 to the audited financial statements for the years ended July 31, 2010 and 2009.

## **Future Accounting and Reporting Changes**

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board requires all public companies to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian GAAP to IFRS will be applicable for the Company's first quarter ended October 31, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are some differences in recognition, measurement, and disclosure. It is anticipated however that the Company's financial results and financial position as disclosed in the Company's current Canadian GAAP financial statements will not be significantly different when presented in accordance with IFRS.

The Company has developed and implemented a project plan to ensure full compliance with this requirement by 2011. The following is a summary of the four primary phases of the plan and the expected timing of activities related to the Company's transition to IFRS.

- *Diagnostic impact assessment phase:* this phase consists in performing an Initial analysis of key areas for which changes to accounting policies may be required. While an analysis will be required for all current accounting policies, the Company has performed a review as to the most significant areas of difference to the Company which include:
  - IFRS 1 First-time adoption of International Financial Reporting Standards
  - IFRS 2 Share-based payment
  - IFRS 6 Exploration and evaluation
  - IAS 1 Presentation of financial statements
  - IAS 12 Accounting for income taxes
  - IAS 16 Property, plant and equipment
  - IAS 21 Effects of changes in foreign exchange rates
  - IAS 32 financial instruments presentation
  - IAS 36 Impairment of assets
- *Design, planning and solution development phase:* this phase involves the development of the detailed plan for convergence and implementation, analyses of policy alternatives allowed under IFRS, the specification of changes required to existing accounting policies, and the development of solutions for information systems and business processes. To date, the Company has identified a number of accounting differences and policy alternatives, including one-time accounting alternatives under IFRS. As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and processes. The Company believes that the changes identified to date are minimal and the current systems and processes will be able to accommodate the necessary changes. The Company's staff which is involved in the preparation of financial statements is being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.
- *Implementation phase:* This phase includes the completion and formal authorization of recommended changes to accounting policies, including transition elections to apply changes retroactively or prospectively, the execution of changes to information systems and business processes, delivery of training programs across the Company and the preparation of the opening balance sheet and the quarterly and annual financial statements for both 2012 and the comparative 2011 fiscal years. In addition, the impact of IFRS on contractual arrangements will be addressed.
- *Post implementation phase:* This phase involves a compliance review of the conversion project to assess the accuracy and consistency with which IFRS accounting policies are being applied, the adoption of sustainable processes and procedures and the adequacy of information technology solutions, training programs and other business impact solutions.

### **Certification of interim filings**

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Interim Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the interim filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the interim financial statements and the interim MD&A (together, the "interim filings") of the Company for the three-month period ended October 31, 2010.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim financial statements together with the

other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

## Outstanding Share Data

Common shares and convertible securities outstanding at December 24, 2010 consist of:

Securities	Expiry date	Average exercise price	Number of securities outstanding
Common shares	-	-	50,839,445
Warrants	Up to October 27, 2015	\$0.20	10,902,752
Options	Up to December 8, 2020	\$0.26	3,320,000

## Subsequent events

On November 5, 2010, the Company granted 75,000 stock options to a Director at an exercise price of \$0.39 and expiring on November 5, 2015.

On December 8, 2010, the Company granted 450,000 stock options to officers, directors, employees and a consultant, to purchase 450,000 common shares of the Company at an exercise price of \$ 0.53 and expiring on December 8, 2020.

The Company signed a letter of agreement pursuant to which Mazorro Resources Inc. has acquired an exclusive option to earn up to 70% in 26 claims covering an area of approximately 352 hectares of the Company's Lapaska Gold property in Val d'Or East area, by spending \$7.7M in exploration expenditures, issuing 3,000,000 shares of Mazorro, paying \$250,000 in cash payment and paying \$2,000,000 (in cash and shares) over the next 6 years. The Company will be the operator until Mazorro earns 70% interest.

Under the terms of the option agreement, in order to acquire an initial 50% undivided interest in the Property (the "First Option"), Mazorro Resources Inc. is required to provide total cash payments of \$250,000, a total of 3,000,000 common shares and has committed to conduct exploration of \$1,700,000 over a period of three years from the completion of a definitive option agreement. Consideration payable is summarized as follows:

	Cash Payments \$	Shares	Exploration Expenses \$
On signing of the Definitive Agreement	25,000	1,000,000	-
1st anniversary of the Definitive Agreement	25,000	500,000	500,000
2nd anniversary of the Definitive Agreement	50,000	500,000	500,000
3rd anniversary of the Definitive Agreement	150,000	1,000,000	700,000
	<u>250,000</u>	<u>3,000,000</u>	<u>1,700,000</u>

Following the exercise of the First Option, Mazorro Resources Inc. shall have the option to acquire an additional 20% undivided interest in the Property (the "Second Option"), thereby acquiring a total undivided interest of 70%, by making additional cash payments of \$2,000,000 and by conducting additional exploration of \$6,000,000 over another three year period. Mazorro Resources Inc. shall have the option of paying up to 75% of the required cash payments for the Second Option in common shares at a price equal to the market price of the Company's shares on the TSX Venture Exchange (the "Exchange") on the date such payment is payable less the maximum applicable discount allowed by the policies of the Exchange, subject to the required regulatory and corporate

approvals, including disinterested shareholder approval, as applicable. After the Second Option periods, Mazorro Resources Inc. shall be entitled to become the operator of the Property.

In December 2010, the Company sold a block of 12 claims, located in the Noranda mining camp, to Société d'exploration minière Vior inc. in consideration of a cash payment of \$7,500. The Company will retain a 2.0% NSR, half of which (1.0%) can be bought back for \$1,000,000 at any time.

In December 2010, a total of 225,000 warrants were exercised for gross proceeds of \$37,000.

## **Risk and uncertainties**

Exploration of minerals and development of mineral properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

### *Financial risk*

The Company is considered to be in the exploration stage, that it is dependant on obtaining regular financing in order to continue exploration. Despite previous success in acquiring this financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

### *Risk on the uncertainty of title*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

### *Environmental risk*

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

## **Additional information and continuous disclosure**

This Management's Discussion and Analysis has been prepared as of December 24, 2010. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)).

\_\_\_\_\_  
*(Signed) Marco Gagnon*  
Chief Executive Officer

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*(Signed) Robert Boisjoli*  
Chief Financial Officer