ADVENTURE GOLD INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2010.

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 June 23, 2010, should be read in conjunction with the unaudited financial statements of the Company and notes thereto for the three and nine months ended April 30, 2010 as well as the Company's audited financial statements and notes thereto for the years ended July 31, 2009 and 2008. 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. The Company uses advanced exploration techniques with the aim of discovering commercially exploitable deposits of minerals (primarily gold) 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. 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.

Exploration Activities

Projects and New Acquisitions

As of April 30, 2010, the Company held a portfolio of 31 properties totalling 791 mining titles covering 35,801 hectares in four distinct areas,in the province of Quebec and one district in Ontario,. Gold mining exploration properties owned by the Company are located in the Val d'Or, Timmins, Casa Berardi – Cameron and Detour regions where historical mining production totalled more than 180 million ounces of gold. During the three-month period ended January 31, 2010, the Company acquired 100% of the rights on 166 new mining claims totalling 8,920 hectares in two distinct properties in the Detour area of Quebec. In addition, the Company increased the size of the Casgrain, Casagosic, Bell-Vezza and Megiscane properties by adding 78 new mining claims covering 4,366 hectares.

The Company's objective is to make low-cost property acquisitions by ground or map staking in prospective areas in order to bring them to drilling stage in a near future by doing a minimum of exploration work. Our priority is still to identify, evaluate and acquire other significant quality assets within major gold mining camps in Canada in a very short term.

During the quarter, the Company incurred deferred exploration expenses of $213,941 of which approximately 39% of the total was spent on Detour Quebec properties, 28% on the Casa-Berardi-Cameron properties and 33% on other properties. Exploration work on these properties consisted of 199 kilometres line cutting and magnetic geophysical surveys, geophysical and drill holes compilation including databases integration and target drilling development. Following the 3D modeling on the Timmins West Meunier-144 property, a deep drilling program was designed to test down plunge extension of Lake Shore Gold Timmins Mine mineralization. A new 3D geological model is also underway on the Val d'Or East - Pascalis-Colombiere property.

Timmins West – Meunier-144

The Meunier-144 property consists of 10 patented claims located in the western part of the prolific Timmins gold camp at the western limits of Bristol Township, 19 kilometres west of the town of Timmins. The claims were optioned in July 2008 from 13 individuals (the “Optionors”) 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.

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 (TSX: LSG; “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 800 m northwest, at surface, from the Rusk Zone where LSG has reported drill intersections up to 12.8 g/t Au over 83.4m.

During the last quarter, the Company,has defined three high quality drilling targets based on a 3D geological model recently completed. The key initial drilling targets on the property include the down plunge extension of gold zones located at the Timmins mine and Thunder Creek deposits including a pronounced “Fold nose” structure that is thought to control the bulk of gold mineralization at the Timmins mine and where LSG recently announced discovery of a second fold nose and significant new gold intersections (8.1 g/t Au / 6m) approximately 600 meters east of the boundary with the Property (see LSG press release dated February 18, 2010). Additional drilling targets include the projected down plunge extension of the Rusk horizon, which as indicated by new drilling by Lake Shore, could lie less than 500 meters south of the Timmins mine structure, as well as new targets to be defined by surface exploration along the west extension of the Bristol fault (see website for all the technical figures and maps).

The initial drill program on the Property will consist of a ~2,500-metre long drill hole designed to test both the fold-nose feature and the Rusk horizon below the 2,000-metre level along projected trends identified by LSG as well as one to two wedge holes to test along strike and dip. Concurrently with this, some work will be undertaken to evaluate programs for deep surface geophysics.

Also, subsequent to quarter-end (see subsequent events), the Company entered into an option agreement with RT Minerals Corp (‘’RTM’’) and 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.

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, operated jointly by Richmont Mines and Louvem 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 m 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, the Company has received the final results of the 1,394-metres six (6) holes program drilled at the end of the year 2009 on the Highway showing, located 1.2 kilometers north-west of the former producer Lucien C. Beliveau Mine. The drill program was designed to test the near-surface lateral extensions of the gold mineralization intersected by the summer 2009 drilling program, where hole PC-09-04 returned values up to 6.1 g/t Au over 2.6 m and hole PC-09-05 returned values of 9.9 g/t Au over 2.4 m. Drilling has confirmed the near surface lateral extension of the Highway Gold System and indicates the presence of new zones to the North, where no drilling was done before. The best drill intersections include:

- Hole PC-09-07 : 4.1 g/t Au over 1.6 m and 0.8 g/t Au over 7.7 m;
- Hole PC-09-08 : 8.2 g/t Au over 1.0 m included in a cut of 0.8 g/t Au over 13,4 m and a new zone to the North returning 0.9 g/t Au over 10,3 m ;
- Hole PC-09-09 : 6.7 g/t Au over 0.4 m and 11.6 g/t Au over 0.6 m
- Hole PC-09-10 : 3.9 g/t Au over 1.8 m and 0.8 g/t Au over 7.7 m;
- Hole PC-09-11 : 6.0 g/t Au over 0.6 m included in a cut 0.7 g/t Au over 11.7 m;

The Company has started the final data verification of the technical information from the L.C. Beliveau Mine, No-1 and North Zones in order to do a 3D model. Preliminary results indicate strong exploration potential below 100 m deep under the North and No-1 Zones and below 300 to 600 m deep under the LC Beliveau Mine. Follow-up drilling is suggested on mineralized drilling intersections like:

- 9.8 g/t Au over 4.7m and 4.2 g/t Au over 6.1m for the No-1 zone;
- 9.0 g/t Au over 18.5m and 17.8 g/t Au over 12.0m under LC Beliveau Mine and;
- 6.8 g/t Au over 8.0m and 4.5 g/t Au over 5.0m for the North.

The Company believes there is a strong potential to increase the last gold resource calculation made in 1993 on the main gold mineralized zone at the L.C. Beliveau Mine (23,500 ounces of gold, Cambior, 1993 - Not compliant with NI 43-101) and intends to do more diamond drilling in order to increase this resource in the near future. The Company intends also to continue its drilling work on and around the Highway Showing and the new gold zones intersected to the North. Following successful drilling programs of 2009 on Pascalis-Colombiere, a 3D geological model has been initiated on the 5,000-m long by 2,000-m wide and 1,000-m deep sector covering all the gold zones of the property. Based on the 3D model, a drilling program will be performed to test the down plunge and extensions of the mineralized zones. A composite longitudinal vertical section available on the website shows the strong exploration potential remaining around the Pascalis-Colombiere gold system. A 43-101 resource estimate calculation should follow later this year.

Val d'Or East - Lapaska

The Lapaska roperty 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.

During the last quarter, 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	1.15	79,335
1.0	865,000	1.81	50,442
2.0	220,000	3.14	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 Eloro Resources and Megastar Development announced significant drilling intersections on the Simkar property including 20.4 g/t Au over 3m and 9.4 g/t Au over 6m on 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. We will continue to monitor the exploration work conducted by several companies in the area and we are evaluating different scenarios in order to accelerate the exploration of this promising property.

Val d’Or East - Megiscane-Tavernier property

The 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 (Lynx-Tavernier, Lacoma, Jolin et Ananconda 1 and 3 showings - 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 2.2 to 6.5 g/t Au and up to 6.2 % Cu and 1.2 g/t Au (historical grab samples) in altered volcanic rocks, typically associated with VMS deposits.

During the last quarter, a geological compilation map has been completed on this property. A detail review of all historical geophysical surveys and the digitizing of the recent have been completed. A recent Megatem survey covers in part this area and several anomalies are located on the Property. New modelling made by Fugro identified and characterized a strong conductor in the south eastern part of the Property. Fugro recommended follow-up ground geophysics and drilling to test this conductor. In addition, a 22-km grid line and magnetic survey has been completed on this part of the Property. During the next quarter, the Company intends to complete a field reconnaissance on the area where the strong Megatem conductor is located.

Dubuisson

The Dubuisson property (100% owned) is located in the Dubuisson Township, about 7 kilometers 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.

During the period ended April 30, 2010, the Company completed a detail set of section and level maps. The project is now ready to drill and was presented to several potential partners. The Company is evaluating different scenarios in order to accelerate the exploration of this promising property.

Detour Quebec properties

The Detour Quebec project includes nine properties, 100%-owned by the Company, totalling 269 claims and covering an area of 14,700 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 American Bonanza 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 on 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 last quarter, final geological compilation maps have been completed on Massicotte, Casgrain, and Sicotte properties. A detail review of all historical geophysical surveys and the digitizing of the recent ones are being completed. Following this compilation work, three grid lines and magnetic surveys has been designed. At the end of April, a total of 144.2 km of line cutting and Magnetic survey were performed on the Casgrain and Sicotte properties. On the Casgrain property, a total of 121 km has been completed in two grids which cover the possible bedrock source of the gold till anomalies returning up to 3.6 g/t Au. On the Sicotte property, a 23-km line cutting and magnetic surveys has been completed in order to better delineate the location of an East-West shear zone which contains a quartz-tourmaline veins system that returned up to 54 g/t Au in historical grab sample. During the next quarter, the Company intends to complete the interpretation of the recent surveys, field work validation and to perform Induced Polarization and/or MMI geochemical survey on these grids.

Casa Cameron Properties

The Casa Cameron project includes four gold properties, 100%-owned by the Company, totalling 178 claims and covering 8,063 hectares. The properties are mainly located along the major gold break between the Casa Berardi Gold Mine (proven and probable reserves of 1 Millions 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, Dec 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.

During the last quarter, final geological compilation maps have been completed on Casagosic, Sinclair-Bruneau, and Céré. A detail review of all historical geophysical surveys and the digitizing of the recent surveys have been completed. Following this compilation work, a grid lines and magnetic surveys has been designed on Sinclair-Bruneau. At the end of April, a total of a 32.5 km line cutting and magnetic survey has been completed in the north-west part of this property, in the extension of a 10-metre thick gold anomalous shear zone intersected by previous drilling. On the Céré property, a 120-m thick deformation zone strongly silicified and anomalous in gold has been identified over 2 km. Previous drilling intersected gold zone returning 4.1 g/t Au over 1.3m and 1.8 g/t Au over 1.9 m associated with altered felsic and porphyritic dykes in the deformation zone. A drill program has been designed to test these two gold structures on Céré and Sinclair-Bruneau properties. During the next quarter, the Company intends to complete a 1,200-m drilling program on Sinclair-Bruneau and Céré properties.

Outlook

During the summer 2010, exploration work will be focusing on:

1) Drilling 2,500 m on the Meunier property. Work will be performed by our partners RT Minerals and LSG. They will test the extension on the new fold zone (8.1 g/t Au over 6m) and the Rusk zone (12.8 g/t Au over 83.4m);
2) Drilling 1,200 m on the Casa Cameron properties (Sinclair-Bruneau and Céré);
3) Completing a 3D model on the Val d'Or East - Pascalis-Colombière;
4) Performing geophysical and/or geochemical surveys on Detour Quebec properties.

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 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 financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

Selected Financial Information

	Three months Ended April 30, 2010	Three months Ended April 30, 2009	Nine months Ended April 30, 2010	Nine months Ended April 30, 2009
	$	$	$	$
Statement of Operations				
Total operating expenses	58,449	100,207	310,765	325,118
Interest income	1,178	2,062	2,223	13,687
Loss before income taxes	57,271	98,145	308,542	311,431
Net loss and comprehensive loss	46,478	98,145	246,643	311,431
Basic and diluted net loss per common share	0.001	0.003	0.007	0.013
Basic and diluted weighted average number of common shares outstanding	40,045,136	30,309,794	35,534,980	24,716,635
Statement of Mineral Exploration Expenses and Deferred Exploration Expenses				
Deferred exploration expenses before write-downs	213,941	416,756	589,736	1,528,033
Acquisition of mineral properties	10,894	-	42,678	17,500
Statement of Cash Flows				
Cash flows used in operating activities	58,995	148,509	85,833	294,502
Cash flows used in investing activities	174,736	306,912	560,650	1,465,735
Cash flows from financing activities	723,940	179,060	1,674,417	1,364,302
Increase (decrease) in cash and cash equivalents	490,209	(276,361)	1,027,934	(395,935)

	April 30, 2010	July 31, 2009
Balance Sheet	$	$
Cash	1,384,052	356,118
Mineral exploration properties	572,345	529,668
Deferred exploration expenses	3,056,813	2,467,076
Shareholders' equity	4,504,742	2,904,663
Total assets	5,072,412	3,460,573

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 for the three months ended April 30, 2010 and 2009

Loss before Income taxes for the three-month period ended April 30, 2010 was $57,271 as compared to $98,145 for the three-month period ended April 30, 2009. This decrease is mostly attributable to lower professional fees, the absence of recognition of stock-based compensation during the period as well as a slight decrease in general and administrative expenses and interest income.

Results of Operations for the nine months ended April 30, 2010 and 2009

Loss before Income taxes for the nine-month period ended April 30, 2010 was $308,542 as compared to $311,431 for the nine-month period ended April 30, 2009. Although there was no significant change in the loss as compared to 2009, there was an increase in stock-based compensation ($111,865 in 2010 and $47,508 in 2009) offset by a decrease in operating expenses.

During fiscal year 2010, the Company filed for flow-through renunciations totalling $102,780 ($1,150,600 in fiscal year 2009), and recorded a recovery of future income taxes for respectively $10,793 and $61,899 during the three-month and nine-month periods ended April 30, 2010 ($Nil in 2009) which resulted in a reduction of net loss by the same amount.

Interest income was respectively $1,178 and $2,223 during the three-month and nine-month periods ended April 30, 2010 ($2,062 and $13,687 in 2009) and relates to the interest earned on investment savings accounts. This decrease is mostly due to a decline in interest rates of short term investments, and to a decrease in the investments portfolio as the Company advances in its exploration program.

Quarterly information

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

Quarter ended	Other income	Net loss (earnings)	Basic and diluted net loss (earnings) per common share
	$	$	$
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
31/10/2008	7,025	118,733	0.006
31/07/2008	8,199	(14,510)	(0.001)

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. Also, during the quarters ended July 31, 2009 and 2008, the Company recorded a recovery of future income taxes for respectively $111,051 and $146,148 further to flow-through expenses renunciations filed, which explains the net earnings for these quarters.

During the last eight quarters, the Company realized other income consisting of interest income earned on investment savings accounts, bankers' acceptances, GICs and treasury bills with maturities of up to three months.

Liquidity and capital resources

The Company's working capital stands at $1,323,110 at April 30, 2010 as compared to $389,471 at July 31, 2009. This significant increase is mostly attributable to proceeds from private placements that the Completed since fiscal year end for total net amount of $1,639,099.

The Company's principal requirements for cash for the next twelve months will be administrative expenditures, deferred exploration expenditures and cash payment commitments. With a working capital of $1,323,110 including $1,384,052 in cash as at April 30, 2010, and together with $700,000 gross proceeds from the option payment and the concurrent private placement that the Company completed subsequent to quarter-end (See subsequent events), the Company anticipates having sufficient funds to meet its current option payment and exploration work commitments (Note 6 to unaudited interim financial statements), and meet its corporate and administrative expenses for the next twelve months.

As at April 30, 2010, the Company had incurred the total required flow-through expenditures of 2009 ($1,150,600) and 2010 ($102,780) and met the deadline requirement for incurring those expenditures.

Off Balance Sheet Arrangements

As of April 30, 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 and nine months period ended April 30, 2010, the cost of shared salaries and benefits was respectively $22,500 and $67,500 (2009 - $22,643 and $69,040) and rent and office expenses were respectively $1,500 and $4,500 (2009 - $1,500 and $7,573). On January 27, 2010, the Company issued 385,444 common shares at $0.135 per share and 122,125 common shares at $0.12 per share for a total value of $66,690 to Everton in payment of shared cost for the second half of 2009 and the Insider management costs for the twelve months of 2009.Included in the amount due to related party is $2,963 due to Everton ($29,319 as at July 31, 2009).

During the three and nine months ended April 30, 2010, Focus Metals Inc. (''Focus'') (which shares common management) was invoiced by the Company, at cost, for exploration expenses incurred on behalf of Focus on the Fosse Labrador project, during the three and nine months period ended April 30, 2010, for $3,158 and $47,466 respectively ($Nil in 2009). Included in amount due from related party is $Nil due from Focus ($Nil as at July 31, 2009).

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.

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 three and nine months ended April 30, 2010 ($Nil and $935 in 2009).

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, 2009 and 2008.

Changes in Accounting Policies

On August 1, 2009, in accordance with the applicable transitional provisions, the Company adopted the amendments by the Canadian Institute of Chartered Accountants of Section 3862, Financial Instruments – Disclosures, which apply to financial statements relating to fiscal years ending after September 30, 2009, and which requires including additional disclosures about fair value measurement for financial instruments and liability risk disclosures. The new requirement only addresses disclosures and has no impact on the Company's financial results.

In June 2009, the CICA issued an amendment to CICA 1506, Accounting Changes, to exclude from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. The amendment is effective for annual and interim financial statements relating to fiscal years beginning on or after July 1, 2009. The adoption of the International Financial Reporting Standards ("IFRS") is not expected to qualify as an accounting change under CICA 1506. The amendment to this standard did not have a material impact on the Company's financial statements.

These two changes are fully described in note 3 to the unaudited interim financial statements.

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. The Company is at the stage of completing its detailed analysis of the standards and expects to complete this phase by the end of the first period ending October 31, 2010. 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.

Outstanding Share Data

Common shares and convertible securities outstanding at June 23, 2010 consist of:

Securities	Expiry date	Average exercise price	Number of securities outstanding
Common shares	-	-	45,815,182
Warrants	Up to May 27, 2012	$0.20	14,337,730
Agent option	October 30, 2010	0.14	392,857
Options	Up to January 29, 2015	$0.21	2,250,000

Subsequent events

Option agreement on the Meunier 144 property

On May 5, 2010, the Company entered into an option agreement with RTM and Lake Shore Gold LSG relating to the Meunier 144 property in Timmins West, Ontario, presently under option by the Company from a group of local prospectors (Note 6 of interim financial statements).

Under the terms of the agreement, RTM may acquire up to 50% of the Company's right, title and interest in the Property by completing the following:

- A cash payment of $300,000, the issuance of 2,500,000 shares of RTM to the Company and the incurring of $500,000 in firm exploration costs on the Property before October 31, 2010, and another $1,000,000 before October 31, 2011, whereupon RTM will have earned a 25% interest in the Property. On May 27, 2010, RTM made the cash payment and issued the common shares (valued at approximately $500,000). As consideration for the firm RTM commitments, the Company issued 500,000 compensation warrants to RTM. Each warrant entitles RTM to acquire one common share of the Company at a price $0.20 per share until May 27, 2011.

- RTM can earn an additional 25% interest in the Property by issuing to the Company an additional 250,000 shares of RTM and incurring an additional $1,500,000 in exploration expenditures by no later than October 31, 2013.

In addition, all the initial optionors of the Meunier 144 property consented to the Option Agreement, in exchange for an additional cash payment of $25,000 and the issuance of 200,000 share purchase warrants at $0.20 per share for a five-year period to the initial vendors on or before July 8, 2010, as well as the transfer of 200,000 common shares of RTM by no later than October 31, 2010.

As part of the above transaction, following the exercise of the additional 25% option by RTM and for a period of up to 10 years, LSG may acquire from the Company and RTM a 10% interest in the Property by carrying out a Preliminary Assessment on any NI 43-101 resources identified by RTM or the Company on the Property and by reimbursing RTM and/or the Company for any costs associated with the initial NI 43-101 report.

Concurrently with this option agreement, both RTM and LSG participated in a $400,000 private placement and subscribed for 1,000,000 units each. Each unit consists of one common share of the Company at a price of $0.20 per share and one-half warrant. Each whole warrant entitles the holder to acquire an additional common share of the company at a price of $0.27 per share until May 27, 2012. The Company paid a finder's fee of $32,000 in cash and 200,000 non-transferable warrants at an exercise price of $0.20 until May 27, 2012. The securities issued by the Company in connection with the option agreement and the private placement are subject to a regulatory hold period ending on September 28, 2010.

Forfeiture of stock options and exercise of warrants

On May 1, 2010, 100,000 stock options at exercised price of $0.265 were forfeited.

On June 15, 2010, 25,000 warrants were exercised at an exercise price of $0.20 for total proceeds of $5,000.

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 June 23, 2010. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).

(Signed) Marco Gagnon	*(Signed) Khadija Abounaim*
Chief Executive Officer	Chief Financial Officer