



**Management Discussion and Analysis  
For the Nine Months Ended December 31, 2012**

## **PRELIMINARY INFORMATION**

This Management's Discussion and Analysis ("MD&A") contains information up to and including February 26, 2012

The following MD&A of Harvest Gold Corp. (the "Company") should be read in conjunction with the audited financial statements for the year ended March 31, 2012 and the related notes contained therein. It should be noted that the audited financial statements for the year ended March 31, 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS").

All financial information in this MD&A related to the period ended December 31, 2012 have been prepared in accordance with International financial reporting standards ("IFRS"), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

## **FORWARD-LOOKING INFORMATION**

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information please refer to page 14 of this MD&A.

## **OVERVIEW**

The Company was incorporated on June 28, 2005 under the BC Business Corporations Act and is a reporting issuer in British Columbia and Alberta. The Company's common shares are traded on the TSX Venture Exchange under the symbol "HVG".

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is complete. The Company is exploring and evaluating each of the following properties, the Rosebud Gold Mine Property and the RW Claims in Nevada, USA and the Assean Lake Gold Property (Hunt), in Manitoba, Canada. As at the date of this MD&A, the Company has not earned any production revenue, nor has it found any proven reserves on any of its properties and is considered to be an exploration stage company.

## **RESOURCE PROPERTIES - PERFORMANCE SUMMARY**

Robert Cuffney is the Qualified Person responsible for the review and compilation of the technical information relating to the U.S. mineral projects and Neil Richardson, P Geo for the Canadian mineral projects disclosed in the MD&A.

## **ROSEBUD GOLD MINE, NEVADA**

### ***Historical Overview***

On November 16, 2006, the Company signed a letter of intent to acquire the Rosebud gold mine property, Nevada, USA with Nevada Eagle Resources LLC.

The letter of intent granted the Company a due diligence period ending December 15, 2006, during which the Company had the right to enter an Option Agreement with Nevada Eagle Resources LLC. On December 13, 2006, the Company signed an Option Agreement. The property vendor was paid US\$13,000 on signing of the letter of intent. The terms of the option grant provides the Company with the right to earn a 100% interest in the property by completing a schedule of property payments totaling US\$320,000 over a four-year period and issuing 600,000 shares of the Company to the property vendor as follows:

<b>Date</b>	<b>Amount</b>
On Execution of Agreement (Nov 9, 2006)	US\$13,000 Paid
Upon end of due diligence (Dec 13, 2006)	US\$29,600 Paid
On or before December 15, 2007	US\$57,400 Paid
On or before December 15, 2008	US\$60,000 Paid
On or before December 15, 2009	US\$80,000 Paid
On or before December 15, 2010	US\$80,000 Paid
<b>Total</b>	<b><u>US\$320,000</u></b>

<b>Date</b>	<b>Number of shares</b>
Upon end of due diligence (Dec 13, 2006)	50,000 Issued
On or before December 15, 2007	100,000 Issued
On or before December 15, 2008	100,000 Issued
On or before December 15, 2009	150,000 Issued
On or before December 15, 2010	200,000 Issued
<b>Total</b>	<b><u>600,000</u></b>

Upon earning a 100% interest, the Company is obligated on an annual basis to pay an advance royalty payment of US\$50,000 until the property is placed into production and is to be recovered from any actual future mineral production royalty payments. The Company is current on the annual royalty payments and in December 2012 the Company paid its 2<sup>nd</sup> anniversary royalty payment of \$50,000.

The property is subject to a net smelter royalty ("NSR") of 3%, one-half of which may be purchased for US\$2.25-million.

As of the period to-date, December 31, 2012, the Company has incurred \$1,622,795, (March 31, 2012 \$1,610,264) net of stock-based compensation of \$94,128, (March 31, 2012 \$94,128) of expenditures on the property

### **Property Description**

The property comprises 54 contiguous unpatented claims covering an area of approximately 1,067 acres (4.3 square kilometres) overlying the reclaimed underground Rosebud mine and surrounding area. The property was mined by Hecla Mining Company and Newmont Mining Corporation as a joint venture with reported production from 1997 to 2000 of 396,842 ounces gold and 2,309,876 ounces silver (Hecla 2000 report). This publication reports 1992 mineral resources of 570,000 ounces gold (0.362 ounce per ton) and 5.5 million ounces silver (5.5 ounces per ton). The report, however, does not provide information on the resource classifications (inferred, indicated, or measured) and readers are cautioned not to place any undue reliance on these historical estimates as they are not compliant with National Instrument 43-101, *Standards of Disclosure for Mineral Projects*.

## **Background**

In late 2006, the Company signed an agreement to acquire a 100% interest in the property, subject to a schedule of property and advanced minimum royalty payments.

A NI 43-101 Technical report, entitled *Technical Report on the Rosebud Property, Pershing County, Nevada, USA* was completed by Robert G. Cuffney, Certified Professional Geologist, in September 2008. The Rosebud deposit produced 396,842 ounces gold and 2,309,876 ounces silver from high grade ores between 1997 and 2000. The 43-101 report describes exploration and mining activities at Rosebud from pre-discovery in 1988 until now and provides favorable evaluations of exploration targets developed by the Company. In late 2000, following closure of the Rosebud Mine, at a time when gold prices had reached US\$252/oz Au, Hecla reported an historical remaining Measured and Indicated Global Resource of 6,816,021 tons grading 0.036 oz Au/t and 0.31 oz Ag/t at a 0.01 oz Au/t cut-off, containing 242,857 gold ounces and 2,129,750 silver ounces (Hecla Mining Company, 2000). This historical estimate was made prior to the implementation of NI 43-101, may not comply with current CIM standards, and is presented for purposes of historical reference only. The Company is not treating the estimate as a National Instrument 43-101 defined resource and the historical estimate should not be relied upon. The Company believes that there is very good potential to discover additional high grade zones within and adjacent to the bulk tonnage envelope and to expand the size of this envelope.

Some highlights of the report are:

- The data produced by previous operators has been verified as being valid and useful
- The Rosebud mine occurs within a large, strong, hydrothermal system
- There is good potential for the discovery of additional high grade zones and expansion of the bulk tonnage envelope

Mr. Cuffney recommended a two-phase drill program totaling 36,800 ft (11,215 m) in 32 holes. This program has several objectives: (i) to discover additional high grade mineralized zones, (ii) to increase the average grade and extend the limits of the bulk tonnage envelope, and (iii) to accurately define the gold-mineralized envelope. The combination of geologic mapping, review and evaluation of the volume of data produced by prior operators, and additional soil geochemical surveys has resulted in the definition of several new high-quality targets within the bulk tonnage envelope. The data gathering, review, and evaluation process has also strengthened our understanding of previously-defined targets.

An important outcome of the process is the recognition of a key feature of the mined body called the “chimney”. This zone graded greater than 1.0 oz Au/t and contained approximately 40% of the pre-mining resource within an area measuring approximately 130 ft (40 m) long by 220 ft (60 m) high. A lower-grade, 0.10-1.0 oz Au/t (3.4-7.2 g/t) stockwork and disseminated zone of mineralization surrounded the chimney. The Company feels that there are very good opportunities to discover additional high-grade zones and is placing high priority on discovering additional zones similar to the chimney.

Data available from the Nevada Bureau of Mines and Geology have been collected and converted from paper to digital formats. Geological, geochemical, and geophysical data sets have been scanned and/or digitized and loaded into three dimensional mine modeling software. Quality assurance and quality control procedures have been utilized to determine the quality of these data and assure the accuracy of the information being input into modeling software.

This includes data from:

- approximately 700 holes drilled from surface and underground by previous operators,
- approximately 90 working cross sections produced by the former mine operators, covering

nearly the entire property at 50-100 foot spacings,

-approximately 230 maps produced by previous operators. These include geology maps, drill collars, rock chip geochemistry, soil geochemistry, grade-thickness, aero-magnetic and ground magnetic responses, gravity, IP, VLF, radiometric values and topography,

-numerous geological, geophysical, and geochemical data sets-

Numerous drill intercepts of gold and silver mineralization are present within a known mineralized envelope measuring approximately 1,800 feet (550 metres) north-south by 3,000 feet (915 metres) east-west, which suggests that the gold mineralization in the envelope around the historic resource is an asset worth pursuing aggressively.

Detailed soil surveys have been carried out by the Company covering most of the property package. The enzyme leach method was utilized to analyze 472 soil samples collected at 100 m by 100 m spacings throughout the property and 50 m by 50 m spacings above the East and Far East zones and immediately south of the mine. Enzyme leach results from this survey show strong indications of the Rosebud Mine mineralization at depth as well as extensions of this mineralization into the Northwest Corridor and to the south of the mine. Buried mineralization in the Far East zone and at the Valley target is also indicated by strong gold responses above these zones. Additionally, a new target area, the Northeast target, is defined by Au, Ag, and other element anomalies in the northeastern part of the property. Only two drill holes have been completed, by previous operators, near the margins of this new drill target and the target has not been drill tested.

Three-dimensional geologic modeling was carried out using all available data from past drilling, geology, geophysics and geochemistry. Additional geologic and geochemical data collected by the Company are also guiding the process. This has led to substantial revisions of the working geologic models used by previous operators.

#### ***During the nine months ended December 31, 2012***

No activities took place during the period.

#### ***Subsequent Events***

There have been no subsequent events.

#### ***Activities Contemplated In The Future***

The Company continues to seek out a suitable joint venture partner.

### **RW PROPERTY, EUREKA COUNTY, NEVADA**

#### ***Property Description***

The RW claims cover approximately 4.04 square miles (1045 hectares) in the southern Battle Mountain-Eureka Trend and are approximately three miles south of the Gold Pick, Gold Ridge, Cabin Creek, and Hunter cluster of deposits controlled by US Gold and known as their Gold Bar project. The Gold Bar mine, formerly operated by Atlas Precious Metals, is approximately 5.7 miles (9.2 km) west-northwest of the RW claims. The Gold Bar, Gold Pick, Gold Ridge, Gold Stone, and Gold Canyon deposits have produced approximately 500,000 oz Au. US Gold reports current measured, indicated, and inferred resources totaling 996,744 oz Au for its Gold Bar project.

## ***Background***

The Company believes the RW claims are prospective for the discovery of multi-million ounce Carlin-type ore bodies, based on proximity to known Carlin-type deposits, projections of mineralized trends, and geophysical and geochemical anomalies on or projecting onto the claims.

The RW property is situated within a gravel-covered portion of the Roberts Mountains Window, in which Devonian carbonate units structurally below the Roberts Mountains Thrust are uplifted and exposed in the Roberts Mountains. Certain of these Devonian units are hosts to the Carlin-type gold deposits to the north and are interpreted to occur at relatively shallow depths at the RW claims. A west-northwest trending gravity high, parallel to the alignment of deposits in the Roberts Mountains, extends to the east-southeast from the Gold Bar mine onto the RW claims. Preliminary gravity data suggest that depth to basement on the majority of the RW claim block is between 500 ft (150 m) and 1000 ft (300 m).

A soil geochemical survey undertaken by Harvest shows discrete north and west-northwest trending gold responses that cross much of the claim block. Arsenic, antimony, and other Carlin-type pathfinders are also enriched in these zones. The west-northwest gold response is approximately 3.7 miles long and at least 0.8 miles wide. This gold anomaly has the same orientation as the Gold Pick/Gold Ridge cluster of deposits. The most prominent north-trending gold response is approximately 2.7 miles long, 0.4 miles wide, and projects into the Hunter gold deposit approximately 1.6 miles north of the RW claims.

The Company staked 125 100% owned unpatented lode claims, the RW claims, on the south pediment of the Roberts Mountains in Eureka County, Nevada.

Effective January 1, 2012 the Company entered into a mining lease and option to purchase agreement with Kinetic Gold (US) Inc. As per the terms in the agreement the Company is in receipt of the first US\$10,000 upon execution of the agreement and is in receipt of the next installment which was paid on December 21, 2012.

## ***During the nine months ended December 31, 2012***

With the Company no longer managing the exploration of the property no activities took place during the period. The Company was in receipt of the first anniversary installment of \$15,000.

## ***Subsequent Events***

There are no subsequent events to report on the property.

## ***Activities Contemplated In The Future***

This project has been optioned to Kinetic Gold (US) Inc.

## **HUNT PROPERTY, ASSEAN LAKE, MANITOBA**

### ***Historical Overview***

By an option agreement, effective June 28, 2005, the Company acquired, subject to a 3% NSR, a 100% interest in certain claims comprising the Hunt Property located in Manitoba, Canada. As at September 30, 2008, the Company has fulfilled its required consideration payments and by sub-option agreement, optioned 60% of its interest to NGEx Resources Inc. ("NGX") (previously Canadian Gold Hunter Corp), a public company listed on the TSX-V. As a result, the Company and NGX formed a joint venture (the "Hunt Property joint venture") on a 40/60 basis, respectively.

The Hunt Property joint venture also had the option to purchase 50% of the NSR for \$1,500,000.

### **Property Description**

The Assean Lake gold property is located 125 kilometers via provincial highway #280, north east of the city of Thompson, Manitoba, a world class nickel, smelting and refining center. The property currently consists of 58 claims covering 9,598 hectares.

The Hunt Property is an advanced exploration project with over \$4 million spent on drilling and surveying activity to date. The primary exploration target at Assean Lake is shear-hosted gold associated with gold-enriched sulphide iron formation which is typical of mineralization styles for gold deposits on the Canadian Shield. Six gold zones have been identified to date (both from historical and current exploration programs) on the Company's property over a 12 kilometre strike length. The gold zones occur along the Assean Lake shear zone, a 200 kilometre long deformation zone similar to major shear zones associated with important gold mining camps elsewhere on the Canadian Shield.

As of March 31, 2010, the Company had incurred \$918,593 (March 31, 2009 - \$918,593) of net expenditures on the property.

During the prior year ending March 31, 2010 the Company wrote down the property by \$1,196,092 to a nominal value of \$1.

### **Background**

The Assean Lake property lies within the northeastern extension of the Thompson Nickel Belt, a zone marking the collisional margin of two ancient continents, the Early Proterozoic Churchill Province to the north west against the older Archean Superior Province to the south east during the Trans-Hudson orogeny. The contact between the two provinces is known as the Superior Boundary Zone, a zone of extreme, multi-stage deformation with a major bounding fault(s) and characterized by high-grade metamorphism all key characteristics associated with major gold camps around the world

The local geology of the Assean Lake property is poorly understood due to extensive cover of lacustrine clay, silt, sand and basal till up to 20 meters in thickness. Based on limited outcrops and core from diamond drilling, the area is underlain by gneiss and schist of varied derivation and Archean (+ 2.7 billion years) to early Proterozoic in age. On the claims, a sequence of metamorphosed and folded rocks of sedimentary origin with swarms of strongly folded gabbroic dikes. The succession is comparable to, and possibly correlative with, the Ospwagan Group (2.1 to 1.9 billion years), which hosts several major nickel deposits near Thompson, 125 kilometers to the southwest.

The gold prospects have similar characteristics to shear-hosted deposits found in the prolific gold belts of the Precambrian shield in eastern and northern Canada. Precambrian shear-hosted gold deposits range in size from a few thousand metric tons to over 50 million metric tons and constitute a significant source of global gold production. The region around Assean Lake has been explored periodically since the 1930's, when prospectors first discovered the Lindal, Dunbrack and Galena Island gold showings along the lake's shore. Sherritt Gordon Mines Ltd. drilled some short holes on the Dunbrack showing in 1938 and Westfield Minerals drilled two holes in 1959. In 1964, Hudson Bay Exploration & Development carried out a regional airborne electro-magnetic (EM) survey over the area, which led to the subsequent drill discovery of the small Tex zinc prospect in 1965.

From February 2001 to April 2005, NGEX Resources Inc. (Previously Canadian Gold Hunter), later jointly with VMS Ventures Inc, funded and carried out nine major programs during the intervening summer and winter field seasons. Work to date on the property by the JV partners includes significant line cutting for surface grid development, MMI geochemistry, ground magnetic surveys, induced polarization (IP) surveys, ground electro-magnetic (EM) surveys and the drilling of 183 core holes amounting to 28,566 meters. The various programs resulted in the discovery of a number of gold occurrences at Assean Lake, including the Hunt Zone and the BIF (banded iron formation) Zone among others.

The Hunt Zone is a mineralized shear reaching a width of almost 10 meters and extending over a strike length of 700 meters. It has been tested by 57 diamond drill holes (14,058 meters). Considerable fine visible gold within the Hunt Zone occurs in a high-grade shoot where grades reach as high as 27.22 g/t Au over 4.27 meters (about 3.60 meters true width). The shoot has a strike length of about 100 meters and plunges within the broader zone of gold mineralization at about -45° to the WSW.

The Hunt Zone has been traced by drilling to a depth of 250-275 meters. At that depth, the zone is disrupted by a complex, steeply dipping, fault-breccia zone. Seven deep drill holes below the fault breccia zone failed to intersect the high-grade Hunt Zone. The Hunt Zone remains open to the west above the fault breccia but grades are low.

The BIF Zone is a sulphide-bearing iron formation underlying a strike length of some 1,000 meters immediately east of the Hunt Zone. The zone has been tested by 15 core holes up to a depth of 200 meters. Gold in the BIF Zone is not visible to the naked eye and is associated with pyrite and pyrrhotite introduced into magnetite iron formation. Gold grades are generally low and erratic, typically ranging from 0.50 to 4.25 g/t over two to seven meters. Given the close spatial relationship of the BIF and Hunt gold systems, the two zones are probably part of the same mineralizing event.

The project is currently managed under an option agreement with NGEX Resources Inc. (60%) and Harvest Gold Inc. (40%).

***During the nine months ended December 31, 2012***

The Company did not perform any exploration during the period on the Hunt property.

***Subsequent Events***

There are no subsequent events to report.

***Activities Contemplated In The Future***

The Company continues to seek joint ventures partners to pursue the exploration of this property or negotiate a majority interest in the project from its' JV Partner.

**RICE LAKE CLAIMS, MANITOBA (Cud)**

***Historical Overview***

Through an agreement dated June 23, 2008, the Company was granted an option to acquire, subject to a 2% NSR, a 100% interest in the property located in the Rice Lake Greenstone Belt, Manitoba, Canada, for the following consideration:

Date	Amount
Upon execution of the option agreement	\$5,000 Paid

Date	Number of shares
On Execution of Agreement	200,000 Issued

The Company also has the option to purchase 50% of the NSR for a purchase price of \$1,000,000.



## **Property Description**

The property is located 8 km from the gold mining community of Bissett, Manitoba where San Gold Resources Corporation (TSX-V: SGR) is operating two mines and a mill. The Company is interested in the claim for its potential to host similar mineralization to San Gold's nearby #2 and #3 gold zones.

### ***Background***

Little exploration has taken place on the claim which is located immediately north and east of San Gold's #2-#3 zone. The #2- #3 zone strikes east southeast and appears to have a vertical to very steep north dip. Future work will focus on determining if parallel structures similar to the #2-#3 zone exist on the Cud claim as well the Company will investigate the possibility that the #2-#3 zone dips onto the Cud claim at depth. The property has good road access and drill hole collars on the neighboring San Gold property come within 15 meters of the Cud claim boundary.

In May 2011 line cutters began establishing a grid over the property ahead of prospecting, geophysical and geochemical surveys that are planned for completion during the summer field season. In June 2011, line cutting was completed and a surface magnetometer survey was performed over the claim. Several historical prospecting trenches were discovered during the course of the magnetometer survey. An Induced Polarization (IP) geophysical program was completed and numerous charge-ability targets have been outlined along favourable geological structures. A prospecting program was carried out reviewing prospective charge-ability anomalies. Rock types consist of sheared felsic and intermediate volcanic with quartz vein material found in float.

In January, 2012, three diamond drill holes tested two induced polarization anomalies north of the Wanipigow River. The holes intersected disseminated pyrite in numerous locations and quartz veins with chlorite alteration. No significant gold values were returned.

### ***During the nine months ended December 31, 2012***

The Company did not perform any exploration during the period on this property.

On July 17, 2012, the Company announced that terms had been successfully negotiated with San Gold Corp. for their purchase out right of the CUD Claim property and that the property had been sold to San Gold Corp 100% for \$225,000 in cash. The terms also include the payment of a further sum of \$225,000, if, and when, any gold is produced from the CUD 3 claim.

The Company no longer has any ownership in this project and no further activities are contemplated in the future by the Company on the property.

## **RESULTS FROM OPERATIONS**

### **Selected Information**

The Company's interim consolidated financial statements for the nine months ended December 31, 2012 (the "Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Consolidated Interim Financial Statements and should be read in conjunction with those statements.

	For the nine months ended		
	December 31, 2012	December 31, 2011	December 31, 2010
<b>Financial Results</b>			
Net loss	\$ 160,492	\$ 87,660	\$ 423,426
Basic loss per share	0.04	0.00	0.01
<b>As at:</b>			
	September 30, 2012	March 31, 2011	March 31, 2010
<b>Balance Sheet Data</b>			
Cash and short-term investments	\$ 224,326	\$ 200,591	\$ 266,046
Mineral properties	2,272,845	2,460,135	1,671,450
Total assets	2,519,817	2,708,450	1,970,133
Shareholders' deficit	(9,316,138)	(9,155,645)	(7,008,137)

### **Nine Months Ended December 31, 2012 compared with Nine Months Ended December 31, 2011**

The Company incurred a net loss of \$160,492 for the nine months ended December 31, 2012; an increase of \$72,832 compared to \$87,660 for the nine months ended December 31, 2011. The result primarily was a decrease of \$19,973 in investor relation services which was the result of less advertising costs and ending an IR consulting agreement, an increase to stock-based compensation of \$37,799 which was a result of an adjustment made in the prior year relating to expired unexercised stock options under IFRS, an increase of \$12,889 in professional fees mainly a result of increased legal fees, an increase of \$20,000 in property investigation costs relating to a potential property project which was later dropped and a net decrease of general and administrative operating expenses \$6,605 due to a diligent effort to reduce operating costs. There was also a loss on the sale of the Rice Lake property of \$11,007 and no amount for future income tax income tax recovery as \$16,341 was reported in the prior year.

#### **Investor relations**

Investor relations expenses for the nine months ended December 31, 2012 were \$7,454, a decrease of \$19,973, from \$27,427 for the nine months ended December 31, 2011. The decrease is the result of less advertising and ending an IR Consulting agreement.

#### **Operating expenses**

During the nine months ended December 31, 2012 the Company had a net increase of \$4,032 in general operations including amortization, consulting fees, professional fees, marketing and corporate communications, office and miscellaneous, salaries, travel, transfer agent fees and rent. A decrease of \$8,808 in salaries and benefits and a decrease of \$10,656 in marketing and corporate communications are a result of fewer staff and an increase in property investigation costs of \$20,000 due to the letter of intent with DLK Minerals Ltd. on the Esker property.

## SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Net income/(loss)	\$ (29,561)	\$ (67,349)	\$ (63,582)	\$ (108,249)
Basic loss per share	0.00	0.00	0.00	0.00

	Three months ended			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Net income/(loss)	\$ (29,511)	\$ 4,999	\$ (63,147)	\$ (1,044,831)
Basic loss per share	0.00	0.00	0.00	0.02

### Balance Sheet Data

<i>As at:</i>	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Working capital/ (deficit)	\$ 114,159	\$ 178,609	\$ 12,741	\$ 88,478
Mineral properties	2,272,845	2,238,072	2,471,558	2,460,135
Total assets	2,519,817	2,553,406	2,666,572	2,708,450
Shareholders' equity	2,407,944	2,438,540	2,506,194	2,570,585

<i>As at:</i>	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Working capital/ (deficit)	\$ 223,517	\$ 340,118	\$ 440,727	\$ 951,019
Mineral properties	2,367,265	2,281,723	2,218,262	1,782,815
Total assets	2,735,780	2,714,231	2,790,188	2,977,068
Shareholders' equity	2,596,386	2,626,439	2,659,490	2,756,108

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2012, the Company has cash of \$224,326. The Company has slowed its utilization of its cash resources on administrative requirements and the Company is now looking for a partner on the Rosebud property and has sold the Rice Lake, Cud 3 claim, for cash of \$225,000. The Company was in receipt of \$15,000 as per the agreement to lease the RW Claims and the Company made the advance royalty payment of US\$50,000 on the Rosebud property. The Company has no significant income, and will rely on replenishing cash balances by capital fundraising.

The Company's operations to date have been primarily financed by sales of equity securities. The Company continues to seek capital through various means including the issuance of equity and/or debt.

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

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables and trade payables and accrued liabilities. Cash and cash equivalents are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded in income. Receivables are designated as loan receivables and trade payables, accrued liabilities are designated as other financial liabilities and recorded at amortized cost. Marketable securities are available for sale with the unrealized gain or loss recorded in other comprehensive income.

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable (supported by little or no market activity).

Cash and cash equivalents are stated at fair value and are classified as Level 1 of the fair value hierarchy. The fair values of accounts receivables, trade payables and accrued liabilities are approximate carrying value because of the short term nature of these instruments.

The fair value of available for sale investments are determined based on a market approach reflecting the closing price of each particular security at the closing balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available for sale securities are classified within Level 1 of the fair value hierarchy.

## **RISKS AND UNCERTAINTIES**

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Exploration for mineral resources involves a high degree of risk, and the cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company attempts to mitigate its exploration risk through joint ventures with other companies.

Beyond exploration risk, management is faced with other possible risks which include the following:

### Metal Price Risk

The price of gold greatly affects the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed.

### Financial Market Risk

The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

### Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, has title to properties in which it has a material interest. However, the results of the Company's investigations should not be construed as a guarantee of title.

### Environmental Risk

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the country in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

### Value Risk

There is no certainty that the properties which the Company has deferred as assets on its consolidated balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its properties to determine if it hosts a mineral resource that can be economically developed and profitably mined.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not enter into any off-balance sheet arrangements during the period.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

## **OUTSTANDING COMMON SHARE DATA**

As at December 31, 2012, the Company had 6,981,325 common shares issued and outstanding as a result of the Company consolidating its capital on a 10:1 basis. .

As at the date of this MD&A, the Company had 6,981,325 common shares issued and outstanding.

## **RELATED PARTY TRANSACTIONS**

Related party transactions are measured at their exchange amounts, which is the amount of consideration paid or received as agreed by the parties. Related party transactions are as follows:

### **a. Contractual commitments with related parties**

- i) On January 1, 2008, and as amended on September 1, 2009, the Company entered into a management agreement with an officer and director to fulfil the role as Chief Executive Officer for a period of 5 years for a monthly rate to \$4,000 per month.
- ii) On August 1, 2012, the Company entered into an employee agreement with an officer and director to fulfil the role of Chief Operating Officer for a period of 12 months for a monthly rate of \$4,000 per month.

### **b. Transactions with related parties**

The Company incurred expenditures for various services provided by a director of the Company during the period ended December 31, 2012 as follows:

- i. The Company paid or accrued \$36,000 (December 2011 - \$42,600) in management fees to a director of the Company.
- ii. The Company paid or accrued \$20,000 (December 2011 - \$Nil) in fees to the Chief Operating Officer.
- iii. As of December 31, 2012, amounts due to related parties were \$90,009 (December 2011 \$91,569) which is owing to a company that has common directors for shared administration costs. These amounts are non-interest bearing and have no fixed terms of repayment.
- iv. As of December 31, 2012, trade payables and accrued liabilities includes \$20,000 (December 2011 \$Nil), which is the accrued portion of fees owing to the CEO and COO.

### c. Transactions with key management personnel

	December 31, 2012	December 31, 2011
Management fees	\$ 36,000	\$ 42,600
Chief Operating Officer fees	20,000	-
Geological consulting fees - expensed	-	1,595
Geological consulting fees - capitalized	-	39,528
	<u>\$ 56,000</u>	<u>\$ 83,723</u>

### CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the

Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

#### **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recent nine months ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

#### **APPROVAL**

The Board of Directors of Harvest Gold Corporation has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

#### **CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

##### Amendments to IFRS 7 "Financial Instruments: Disclosures"

This amendment increases the disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment is effective for annual periods beginning on or after July 1, 2011.

##### New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2013.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

##### Critical Accounting Estimates

The preparation of financial statements requires the Company to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates relate to the determination of impairment of long-lived assets, determination of asset retirement obligations, valuation allowances for future income taxes and assumptions used in determining the fair value of non-cash based compensation.

##### Impairment of long lived assets

Management periodically reviews the carrying value of its mineral properties with internal and external mining related professionals. A decision to abandon, reduce or expand a specific project is based upon many factors including general and specific assessments of reserves, anticipated future prices, anticipated future costs of exploring, developing and operating a producing mine, expiration term and ongoing expense of maintaining leased mineral properties and the period for properties with unproven reserves. However, properties which have not demonstrated suitable mineral concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and their carrying values are appropriate.

If an area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the period of abandonment or determination that the carrying value exceeds its fair value. The amounts recorded as mineral properties represent costs incurred to date and do not necessarily reflect present or future values.

#### Provision for reclamation and rehabilitation

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognizes the present value of liabilities for reclamation and closure costs in the period in which they are incurred. These obligations are measured initially at fair value and the resulting costs capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the accretion of discounted underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

#### Deferred Income Tax

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted or enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount. The future income tax provision also incorporates management's estimates regarding the utilization of tax loss carry forwards, which are dependent on future operating performance and transactions.

#### Stock-based Compensation

The Company records all stock-based compensation for options using the fair value method. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model, with expected volatility based on historical volatility of our stock. The Company uses historical data to estimate the term of the option and the risk free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

### **DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING**

Management has the responsibility for the design and implementation of controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the accounting principles generally accepted in Canada. Based on a review of its internal controls at the end of the year covered by this MD&A, management believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed and reported in an accurate and timely manner. There have been no significant changes in the Company's internal control over financial reporting during the period ended December 31, 2012.

Management is responsible for the design and effectiveness of disclosure controls and other procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls as of December 31, 2012 and have concluded these controls and procedures are



effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

#### **GOING CONCERN ISSUE**

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

#### **OTHER INFORMATION**

Additional information is available on the Company's website at [www.harvestgoldcorp.com](http://www.harvestgoldcorp.com).