# HARVEST GOLD CORPORATION

(An Exploration Stage Company)

Interim Consolidated Financial Statements

FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2010

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

UNAUDITED FINANCIAL STATEMENTS: In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the three months ended June 30, 2010.

# HARVEST GOLD CORPORATION

**(An Exploration Stage Company)**

**INTERIM CONSOLIDATED BALANCE SHEETS**

**AS AT JUNE 30, 2010**

| | June 30, 2010 | March 31, 2010 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT** | | |
| Cash | $ 967,518 | $ 266,046 |
| Marketable securities (note 4) | 6,500 | 8,000 |
| Receivables (note 8 (iv)) | 3,214 | 2,668 |
| Prepaid expenses and deposits | 27,989 | 4,588 |
| | 1,005,221 | 281,302 |
| **RECLAMATION BONDS (note 7)** | 36,066 | 16,656 |
| **EQUIPMENT (note 5)** | 647 | 725 |
| **MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (note 6)** | 2,041,017 | 1,671,450 |
| | $ 3,082,951 | $ 1,970,133 |
| **LIABILITIES** | | |
| **CURRENT** | | |
| Accounts payable and accrued liabilities | $ 170,269 | $ 83,398 |
| Due to related parties (note 8 (iii)) | 188,865 | 208,465 |
| | 359,134 | 291,863 |
| **SHAREHOLDERS' EQUITY** | | |
| **SHARE CAPITAL (note 9)** | 9,117,267 | 7,926,903 |
| **SHARE SUBSCRIPTIONS RECEIVED** | - | 112,500 |
| **CONTRIBUTED SURPLUS (note 9)** | 1,180,852 | 1,009,297 |
| **DEFICIT** | (7,531,802) | (7,329,430) |
| **ACCUMULATED OTHER COMPREHENSIVE LOSS** | (42,500) | (41,000) |
| | 2,723,817 | 1,678,270 |
| | $ 3,082,951 | $ 1,970,133 |

Nature of operations (note 1)
Commitments (notes 6 and 8)

Approved on behalf of the Board:

*Rick Mark*, Director
Rick Mark

*Evan Sleeman*, Director
Evan Sleeman

## HARVEST GOLD CORPORATION

**(An Exploration Stage Company)**
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**
**FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2010**
**(Unaudited - Prepared by Management)**
**(Expressed in Canadian Dollars)**

| | Three Month Period Ended June 30, 2010 | Three Month Period Ended June 30, 2009 |
|---|---|---|
| **EXPENSES** | | |
| Amortization | $ 81 | $ 377 |
| Consulting fees | 306 | 3,625 |
| Investor relations | 39,671 | 1,437 |
| Professional fees | 22,319 | 10,524 |
| Management fees (note 8 (b) (ii)) | 16,200 | 13,500 |
| Marketing and corporate communications | 4,500 | 4,500 |
| Geological consulting | 2,772 | 13,926 |
| Office and miscellaneous | 5,311 | 1,113 |
| Property investigation costs | 544 | - |
| Shareholder communications | 45 | - |
| Stock-based compensation (note 9) | 83,328 | - |
| Salaries and benefits | 9,400 | 10,364 |
| Rent and utilities | 1,866 | 2,415 |
| Transfer agent and regulatory fees | 11,841 | 3,107 |
| Travel and promotion | 1,885 | 1,546 |
| **LOSS BEFORE OTHER ITEMS** | 200,069 | 66,434 |
| **OTHER INCOME (EXPENSES)** | | |
| Foreign currency gain (loss) | (2,303) | (3,153) |
| Impairment of mineral properties | - | 1,313 |
| | (2,303) | (1,840) |
| **NET LOSS FOR THE PERIOD** | $ (202,372) | $ (68,275) |
| **DEFICIT, BEGINNING** | $ (7,329,430) | $ (2,569,860) |
| **DEFICIT, ENDING** | $ (7,531,802) | $ (2,638,135) |
| **Loss per common share - basic and diluted** | $ (0.00) | $ (0.00) |
| **WEIGHTED AVERAGE NUMBER OF COMMON SHARES** | 54,512,750 | 44,419,715 |

# HARVEST GOLD CORPORATION

**(An Exploration Stage Company)**

**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS**

**FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2010**

**(Unaudited - Prepared by Management)**

**(Expressed in Canadian Dollars)**

| | Three Month Period Ended | |
|---|---|---|
| | June 30, 2010 | June 30, 2009 |
| **NET LOSS FOR THE PERIOD** | $ (202,372) | $ (68,275) |
| Other comprehensive loss: | | |
| Unrealized gain/(loss) on available for sale marketable securities | (1,500) | 1,000 |
| **COMPREHENSIVE LOSS FOR THE PERIOD** | $ (203,872) | $ (67,275) |
| | | |
| **ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING** | $ (41,000) | $ (41,500) |
| Other comprehensive loss: | | |
| Unrealized gain/(loss) on available for sale marketable securities | (1,500) | 1,000 |
| **ACCUMULATED OTHER COMPREHENSIVE LOSS, ENDING** | $ (42,500) | $ (40,500) |

**HARVEST GOLD CORPORATION**

**(An Exploration Stage Company)**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2010**

**(Unaudited - Prepared by Management)**

**(Expressed in Canadian Dollars)**

| | Three Month Period Ended June 30, 2010 | Three Month Period Ended June 30, 2009 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net loss | $ (202,372) | $ (68,275) |
| Items not affecting cash | | |
| Amortization | 81 | 377 |
| Stock-based compensation | 83,328 | - |
| Impairment of mineral properties | - | - |
| Foreign Exchange | (3) | 25 |
| | (118,966) | (67,871) |
| Changes in non-cash working capital items: | | |
| Receivables | (546) | 1,779 |
| Prepaid expenses | (23,401) | 2,729 |
| Accounts payable and accrued liabilities | 86,872 | 62,524 |
| Due to related parties | (19,600) | (16,665) |
| | (75,641) | (17,504) |
| **FINANCING ACTIVITIES** | | |
| Proceeds on issuance of common shares | - | - |
| Private placement proceeds, net share issuance costs | 1,121,364 | - |
| | 1,121,364 | - |
| **INVESTING ACTIVITIES** | | |
| Expenditures on mineral properties | (324,841) | (45,654) |
| Reclamation bond | (19,410) | 3,713 |
| Redemption of short-term investment | - | - |
| | (344,251) | (41,941) |
| **INCREASE (DECREASE) IN CASH** | 701,472 | (59,445) |
| **Cash - beginning** | 266,046 | 480,023 |
| **Cash - ending** | $ 967,518 | $ 420,578 |
| Supplementary disclosure of cash flow information: | | |
| Cash paid for interest | $ - | $ - |
| Cash paid for income taxes | $ - | $ - |
| Effect of expenditures on mineral properties in | $ - | $ - |
| accounts payable and accrued liabilities and due to related parties | $ - | $ - |

See supplemental cash-flow information - note 12

**HARVEST GOLD CORPORATION**
**FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2010**
**CONSOLIDATED SCHEDULE OF MINERAL PROPERTY COSTS**

| | United States of America | | Canada | | | Period Ended: June 30, 2010 |
|---|---|---|---|---|---|---|
| | **Garcia Flats Property** | **Rosebud Gold Mine** | **Conley Estate Claims** | **Hunt Property** | **Rice Lake Claims** | **Total** |
| Mineral Properties Acquisition | | | | | | |
| Balance, March 31, 2010 | $ 82,605 | $ 330,248 | $ 42,100 | $ 1 | $ 49,000 | $ 503,954 |
| Acquisition costs - cash | - | - | 20,000 | - | - | 20,000 |
| Acquisition costs - Shares | - | - | 9,750 | - | - | 9,750 |
| Impairment | - | - | - | - | - | - |
| Balance, June 30, 2010 | $ 82,605 | $ 330,248 | $ 71,850 | $ 1 | $ 49,000 | $ 533,704 |
| Expenditures (recoveries) | | | | | | |
| Balance, March 31, 2010 | $ 422,172 | $ 505,660 | $ 237,889 | $ - | $ 1,775 | $ 1,167,496 |
| Assay and sampling (recovery) | - | 23,539 | - | - | - | 23,539 |
| Automobile costs | - | 3,844 | - | - | - | 3,844 |
| Claim fees/ Assessment fees PIL | - | - | 36 | - | - | 36 |
| Consulting services | - | 31,109 | 280 | - | - | 31,389 |
| Drilling expenses (recovery) | - | 236,324 | - | - | - | 236,324 |
| Equipment and supplies | - | 4,368 | - | - | - | 4,368 |
| Shipping and printing costs | - | 663 | - | - | - | 663 |
| Stock-based compensation (note 11) | - | 34,977 | - | - | - | 34,977 |
| Travel and transportation | - | 4,677 | - | - | - | 4,677 |
| | - | 339,501 | 316 | - | - | 339,817 |
| Impairment | - | - | - | - | - | - |
| | - | 339,501 | 316 | - | - | 339,817 |
| Balance, June 30, 2010 | 422,172 | 845,161 | 238,205 | - | 1,775 | 1,507,313 |
| Total, Balance June 30, 2010 | $ 504,777 | $ 1,175,409 | $ 310,055 | $ 1 | $ 50,775 | $ 2,041,017 |

**HARVEST GOLD CORPORATION**
**FOR THE YEAR ENDED MARCH 31, 2010**
**CONSOLIDATED SCHEDULE OF MINERAL PROPERTY COSTS**

| | United States of America | | | Canada | | | | Year Ended: March 31, 2010 |
|---|---|---|---|---|---|---|---|---|
| | **Garcia Flats Property** | **Longstreet Property** | **Rosebud Gold Mine** | **Conley Estate Claims** | **Hunt Property** | **Lesavage Property** | **Rice Lake Claims** | **Total** |
| Mineral Properties Acquisition | | | | | | | | |
| Balance, March 31, 2009 | $ 70,369 | $ 1,184,468 | $ 230,008 | $ 42,100 | $ 277,500 | $ - | $ 49,000 | $ 1,853,445 |
| Acquisition costs - cash | 2,396 | - | 85,240 | - | - | - | - | 87,636 |
| Acquisition costs - Shares | 9,840 | - | 15,000 | - | - | - | - | 24,840 |
| Impairment | - | (1,184,468) | - | - | (277,500) | - | - | (1,461,968) |
| Balance, March 31, 2010 | $ 82,605 | $ - | $ 330,248 | $ 42,100 | $ - | $ - | $ 49,000 | $ 503,953 |
| Expenditures (recoveries) | | | | | | | | |
| Balance, March 31, 2009 | $ 416,409 | $ 764,877 | $ 371,092 | $ 235,918 | $ 918,593 | $ 1,330,889 | $ 713 | $ 4,038,491 |
| Automobile costs | - | - | 5,724 | - | - | - | - | 5,724 |
| Claim fees/ Assessment fees PIL | 2,487 | - | 8,928 | 96 | - | 144 | 1,062 | 12,718 |
| Consulting services | - | 1,250 | 106,799 | 1,875 | - | 5,575 | - | 115,499 |
| Equipment and supplies | - | - | 191 | - | - | - | - | 191 |
| Geological expenses (recovery) | 2,348 | 1,976 | 2,348 | - | - | 1,155 | - | 7,827 |
| Licenses and fees | 702 | - | - | - | - | - | - | 702 |
| Stock-based compensation (note 11) | - | - | 9,115 | - | - | - | - | 9,115 |
| Storage rental | - | 525 | - | - | - | - | - | 525 |
| Travel and transportation | 226 | 17 | 1,462 | - | - | - | - | 1,705 |
| | 5,763 | 3,768 | 134,567 | 1,971 | - | 6,874 | 1,062 | 154,006 |
| Impairment | - | (768,646) | - | - | (918,593) | (1,337,763) | - | (3,025,002) |
| | 5,763 | (764,877) | 134,567 | 1,971 | (918,593) | (1,330,889) | 1,062 | (2,870,995) |
| Balance, March 31, 2010 | 422,172 | (0) | 505,659 | 237,889 | - | 0 | 1,775 | 1,167,497 |
| Total, Balance March 31, 2010 | $ 504,777 | $ (0) | $ 835,907 | $ 279,989 | $ - | $ 0 | $ 50,775 | $ 1,671,450 |

## 1. NATURE OF OPERATIONS

Harvest Gold Corporation (the "Company") was incorporated on June 28, 2005 under the laws of British Columbia and began trading on the TSX Venture Exchange ("TSX-V") on December 13, 2005.

The Company's principal business activities include the exploration of natural resource properties. The recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has not earned any revenues to date and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability of the Company to raise additional capital to fund ongoing exploration expenditures and operating losses and ultimately on generating profitable operations.

Management is also aware that material uncertainties exist, related to current economic conditions, which could adversely affect the Company's ability to continue to finance its activities. Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs. As a result of the implementation of this plan, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the upcoming fiscal year. Further discussions of liquidity risk have been disclosed in Note 10.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operating as a going concern.

| | June 30, 2010 | March 31, 2010 |
|---|---|---|
| Deficit | $ (7,531,802) | $ (7,329,430) |
| Working capital (deficit) | $ 646,087 | $ (10,561) |

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Presentation and Consolidation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Harvest Gold Corporation (US). All significant inter-company transactions and balances have been eliminated upon consolidation.

### b) Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions 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 period. Areas requiring significant management estimates relate to the determination of impairment of mineral properties, going concern assessments, expected tax rates for future income taxes, fair value of stock-based payments, useful lives for amortization of long-lived assets, the fair values assigned to marketable securities, asset retirement obligations and financial instruments. Financial results as determined by actual events could differ from those estimates.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### c) Equipment

Equipment is recorded at cost. The Company amortizes its equipment using the declining balance method at the following annual rates:

| | |
|---|---|
| Computer Equipment | 30% |
| Field Equipment | 20% |

One half of the normal rate is recorded in the year of acquisition.

### d) Mineral Properties and Deferred Exploration Expenditures

All costs related to mineral property acquisition, exploration and development are capitalized by project. These costs will be amortized against revenue from future production using the units of production basis or written off if the interest is deemed impaired, abandoned, sold or the carrying value is determined to be impaired.

The amounts shown for mineral interests represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects as well as future profitable production or proceeds from the disposition thereof.

Mineral property costs are regularly reviewed, on a property by property basis, to consider whether there are any conditions which may indicate impairment. The conditions evaluated include the economics of the project, the Company's progress in its exploration activities, and the exploration results experienced by the Company. When conditions indicate that there may be impairment, the carrying value of the property is compared to its net recoverable amount which is estimated as the undiscounted cash flows expected to result from the property's use and eventual disposition. When the carrying value of the property exceeds its net recoverable amount, the estimated fair value of the property is computed and an impairment loss is recognized equal to the excess of the carrying amount over the fair value.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests.

### e) Mineral Exploration Grants

Mineral exploration grants are recorded as either a reduction of the cost of the applicable assets or credited in the statement of operations as determined by the terms and conditions of the agreement under which the grant is provided to the Company.

### f) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable directly at the discretion of the optionee, amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Translation of Foreign Currencies

The Company has determined that its subsidiary is an integrated operation; therefore, monetary items are translated at the rate of exchange in effect at the balance sheet date, non-monetary items are translated at historic exchange rates and revenue and expense items are translated at the average rate prevailing during the year.

Exchange gains and losses arising from these transactions are reflected in the statement of operations in the year in which they occur.

### h) Asset Retirement Obligations

The Company follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3110, "Asset Retirement Obligations." An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would indicate obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

At June 30, 2010 management has determined that there are no material asset retirement obligations to the Company.

### i) Impairment of Long-Lived Assets

The Company follows the recommendations of the CICA Handbook Section 3063, "Impairment of Long-Lived Assets." The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying value amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using the discounted cash flows when quoted market prices are not available.

### j) Loss per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per common share is not presented differently from basic loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

### k) Stock-Based Compensation

The Company follows the recommendations of CICA Handbook Section 3870, "Stock-Based Compensation And Other Stock-Based Payments," which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments. Compensation expense for options granted is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### l) Future Income Taxes

The Company accounts for future income taxes using the asset and liability method, whereby future tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the carrying values of the asset and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income taxes and liabilities of a change in rates is included in operations in the period that includes the substantive enactment date. Where the probability of a realization of a future income tax asset is more likely than not, a valuation allowance is recorded.

### m) Financial Instruments – Recognition and Measurement

The Company adopted the CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement". Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company does not use any hedging instruments.

The Company's financial instruments consist of cash, marketable securities, receivables, reclamation bonds, accounts payable and due to related parties. Cash is measured at face value, representing fair value, and are classified as held-for-trading. Marketable securities, which are measured at fair value, are classified as available-for-sale with unrealized gains and losses included in other comprehensive income/loss. Receivables, which are measured at amortized cost, are classified as loans and receivables. Reclamation bonds, which are measured amortized cost, are classified as held-to-maturity. Accounts payable and due to related parties are measured at amortized cost and are classified as other financial liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

A net smelter royalty ("NSR") is a form of derivative financial instrument. The fair value of the Company's right to purchase an NSR is not determinable at the current stage of the Company's exploration program. Therefore, no value has been assigned by management.

The Company has determined that it does not have derivatives or embedded derivatives.

### n) Comprehensive Income

The Company follows the CICA Section 1530, "Comprehensive Income". This section establishes standards for the reporting and presenting of comprehensive income loss which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income loss refers to items recognized in comprehensive income loss that are excluded from net income loss. At June 30, 2010, comprehensive loss was different than net loss due to an unrealized loss on marketable securities (note 4).

### o) Accounting Changes

CICA Handbook Section 1506, "Accounting Changes," establishes criteria for changes in accounting policies, accounting treatment and disclosure regarding changes in accounting policies, estimates and corrections of errors. In particular, this section allows for voluntary changes in accounting policies only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policies to be applied retrospectively unless doing so is impracticable.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### p) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173, "Credit Risk and the Fair Value of Financial Assets and Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The implementation of the recommendations of this section has not had a material impact on the Company's financial statements.

### q) Mining Exploration Costs

In March 2009 the CICA approved EIC 174, "Mining Exploration Costs". The guidance clarified that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The implementation of the recommendations of this new section has not had a material impact on the Company's financial statements.

### r) Comparative Figures

Certain of the prior period's figures have been reclassified to conform to the current period's presentation.

## 3. RECENT ACCOUNTING PRONOUNCEMENTS – Not Yet Adopted

### International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. Management plans for conversion include internal training, external consulting on complex issues, Board and Audit Committee oversight and the development of a conversion plan with impact assessments starting in late 2010.

### "Business Combinations" – Section 1582, "Consolidated Financial Statements" – Section 1601 and "Non-Controlling Interests" – Section 1602

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-Controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company's interim and annual financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently.

## 4. MARKETABLE SECURITIES

Marketable securities consist of the following holdings:

| | June 30, 2010 | | | | |
|---|---|---|---|---|---|
| Company: | Shares | | Market Value | | Original Cost |
| Grandview Gold Inc. | 50,000 | $ | 3,000 | $ | 23,500 |
| Christopher James Gold Corp. | 50,000 | | 3,500 | | 25,500 |
| | 100,000 | $ | 6,500 | $ | 49,000 |

| | March 31, 2010 | | | | |
|---|---|---|---|---|---|
| Company: | Shares | | Market Value | | Original Cost |
| Grandview Gold Inc. | 50,000 | $ | 4,250 | $ | 23,500 |
| Christopher James Gold Corp. | 50,000 | | 3,750 | | 25,500 |
| | 100,000 | $ | 8,000 | $ | 49,000 |

During the period ended June 30, 2010 the Company recognized an unrealized loss of $1,500 (March 31, 2010 – gain $500) which has been recorded as other comprehensive loss.

## 5. EQUIPMENT

| | June 30, 2010 | | | | | | March 31, 2010 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Cost | | Accumulated amortization | | Net book value | | Cost | | Accumulated amortization | | Net book value |
| Computer equipment | $ | 4,341 | $ | (4,341) | $ | - | $ | 4,341 | $ | (4,341) | $ | - |
| Field equipment | | 1,575 | | (928) | | 647 | | 1,575 | | (850) | | 725 |
| | $ | 5,916 | $ | (5,269) | $ | 647 | $ | 5,916 | $ | (5,191) | $ | 725 |

## 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Title to mining claims involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining claims. The Company has investigated title to all of its mineral claims and, to the best of its knowledge, title to all of its claims are in good standing.

At June 30, 2010, the Company held an interest in the following mineral properties:

**Garcia Flats Property, Nevada, USA**

On March 30, 2006, the Company signed a letter of intent to acquire a 100% interest, subject to a 3% NSR in certain mining claims comprising the Garcia Flats Property located in Nevada, USA from a company related through an officer of the Company, for the following consideration:

## 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

### Garcia Flats Property, Nevada, USA (continued)

| Date | Payment | Issuance of shares | |
|---|---|---|---|
| On or before February 6, 2006 | $10,000 US | 25,000 | paid & issued |
| On or before February 6, 2007 | $10,000 US | 50,000 | paid & issued |
| On or before February 6, 2008 | $10,000 US | 100,000 | paid & issued |
| On or before February 6, 2009 amended | $ 2,000 US | 196,800 | paid & issued |

The Company has earned a 100% interest upon completion of the scheduled property option payments and expending US$400,000 in exploration expenditures over the four year period. The Company also has the option to purchase 1.5% of the NSR for US$750,000.

As of June 30, 2010 the Company made the following payments on the Garcia Flats Property:

| | Cash | Shares | | Total |
|---|---|---|---|---|
| | | Number of shares | Amount | |
| Prior to March 31, 2010 | $ 36,790 | 371,800 | $ 45,815 | $ 82,605 |
| During the three months ended June 30, 2010 | - | - | - | - |
| **Total** | $ 36,790 | 371,800 | $ 45,815 | $ 82,605 |

On June 7, 2007, the Company entered into a Memorandum of Understanding (“MOU”) with Christopher James Gold Corp. (“CJGC”), a public company listed on the TSX-V, whereby CJGC can earn an undivided 70% interest in Garcia Flats. In connection with the MOU, the Company paid a finder’s fee of 245,000 common shares, which were issued at a fair value of $56,350.

During the year ended March 31, 2008, CJGC issued the Company 50,000 common shares (note 4) and reimbursed $500,000 in exploration expenditures.

During the year ended March 31, 2009, CJGC withdrew from the project and terminated its option to acquire a 70% interest.

### Rosebud Gold Mine Property, Nevada, USA

On November 16, 2006, the Company signed a letter of intent to acquire a 100% interest, subject to a 3% NSR, in certain mining claims comprising the Rosebud Gold Mine Property located in Nevada, USA, for the following consideration:

## 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

### Rosebud Gold Mine Property, Nevada, USA (continued)

| Date | Payment | Issuance of shares | |
|---|---|---|---|
| Upon execution of the letter of intent | $42,600 US | 50,000 | paid & issued |
| On or before December 15, 2007 | $57,400 US | 100,000 | paid & issued |
| On or before December 15, 2008 | $60,000 US | 100,000 | paid & issued |
| On or before December 15, 2009 | $80,000 US | 150,000 | paid & issued |
| On or before December 15, 2010 | $80,000 US | 200,000 | |

Upon earning a 100% interest, beginning on December 15, 2011 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 also has the option to purchase 50% of the NSR for a total of US$2,250,000.

As of March 31, 2010 the Company has made the following payments on the Rosebud Gold Mine Property:

| | Cash | Shares | | Total |
|---|---|---|---|---|
| | | Number of shares | Amount | |
| Prior to March 31, 2010 | $ 269,248 | 400,000 | $ 61,000 | $ 330,248 |
| During the three months ended June 30, 2010 | - | - | - | - |
| **Total** | $ 269,248 | 400,000 | $ 61,000 | $ 330,248 |

### Conley Estate Claims, Manitoba, Canada

On October 5, 2006, the Company signed a letter of intent to acquire a 100% interest, subject to a 3% NSR, in certain mining claims comprising the Conley Estate Claims located in Manitoba, Canada, for the following consideration:

| Date | Payment | Issuance of shares | Additional expenditures to incur | |
|---|---|---|---|---|
| Upon execution of the letter of intent | $ 5,000 | 25,000 | $ - | paid & issued |
| On or before January 24, 2008 | 10,000 | 40,000 | 30,000 | paid, issued & completed |
| On or before January 24, 2009 amended | 7,500 | 125,000 | 60,000 | paid, issued & completed |
| On or before January 24, 2010 | 20,000 | 75,000 | 150,000 | paid, issued & completed |
| On or before January 24, 2011 | 35,000 | 100,000 | 260,000 | |

The Company also has the option to purchase 50% of the NSR for $1,500,000.

As of March 31, 2010 the Company has made the following payments on the Conley Estate Claims:

## 6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

### Conley Estate Claims, Manitoba, Canada (continued)

| | Cash | | Shares | | | Total | |
|---|---|---|---|---|---|---|---|
| | | | Number of shares | Amount | | | |
| Prior to March 31, 2010 | $ | 22,500 | 190,000 | $ | 19,600 | $ | 42,100 |
| During the three months ended June 30, 2010 | | - | - | | - | | - |
| **Total** | $ | 22,500 | 190,000 | $ | 19,600 | $ | 42,100 |

### Hunt Property, Manitoba, Canada

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. ("NGQ") (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 up to 50% of the NSR for $1,500,000.

At March 31, 2010, the majority owner, NGX. is seeking a joint venture partner to continue exploration of the Hunt Property and, therefore, the Company has written-down the property by $1,196,092 to a nominal value of $1.

### Rice Lake Claims, Manitoba, Canada

By an option 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 | Payment | | Issuance of shares | |
|---|---|---|---|---|
| Upon execution of the option agreement | $ | 5,000 | 200,000 | paid & issued |

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

As of June 30, 2010 the Company has made the following payments on the Rice Lake Claims:

| | Cash | | Shares | | | Total | |
|---|---|---|---|---|---|---|---|
| | | | Number of shares | Amount | | | |
| Prior to March 31, 2010 | $ | 5,000 | 200,000 | $ | 44,000 | $ | 49,000 |
| During the three months ended June 30, 2010 | | - | - | | - | | - |
| **Total** | $ | 5,000 | 200,000 | $ | 44,000 | $ | 49,000 |

## 7. RECLAMATION BONDS

As of June 30, 2010, the Company issued reclamation bonds with the United States Department of Agriculture in the amount of US $16,400 and US $17,859, respectively, to guarantee reclamation of the environment of the following properties:

| Property | March 31, 2010 | March 31, 2010 |
|---|---|---|
| Longstreet | $ 16,656 | $ 16,656 |
| Rosebud Gold Mine | 18,672 | - |
| | $ 35,328 | $ 16,656 |

## 8. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in these financial statements, related party transactions are in the normal course of operations and 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, the Company entered into a management agreement with an officer and director to fulfil the role as President for a period of 5 years. On October 1, 2008, the Company reduced fees for an amended monthly fee of $2,500. On September 1, 2009, the 5 year agreement was cancelled and a daily fee rate arrangement was instituted.

ii) On January 1, 2008, the Company entered into a management agreement with a director to provide consulting services for a 5 year term. On October 1, 2008, the Company reduced fees for an amended monthly fee of $2,500. On September 1, 2009, the agreement was cancelled.

iii) On January 1, 2008, 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. On October 1, 2008, the Company reduced fees for an amended monthly fee of $2,500. On September 1, 2009 another amendment was done to adjust the monthly rate back to $4,000 per month.

iv) The Company entered into an independent contractor agreement with a director to fulfil the role as Exploration Geologist for a period of 3 years for an amended monthly fee of US$7,500. On October 1, 2009 another amendment was done to adjust the monthly rate back to US$10,000 per month.

### b. Transactions with related parties

The Company incurred expenditures for various services provided by directors and officers and corporations controlled by directors and officers of the Company during the period ended June 30, 2010 as follows:

i) The Company paid or accrued $33,644 (June 30, 2009 - $45,289), in geological consulting fees to directors of the Company of which $31,073 (June 30, 2009 - $32,663) have been capitalized to mineral property expenditures as consulting services and property investigation costs and $2,571 (June 30, 2009 - $12,626) has been expensed to operations.

ii) The Company paid or accrued $16,200 (June 30, 2009 - $13,500) in management fees to directors of the Company.

## 8. RELATED PARTY TRANSACTIONS (continued)

### b. Transactions with related parties (continued)

iii) As of June 30, 2010, amounts due to related parties were $188,865 (June 30, 2009 $117,461) which were $134,131 (June 30, 2009 - $46,117) owing to a company related through directors of the Company for shared administration costs and $54,734 (June 30, 2009 - $71,344) owing to directors of the Company for management fees and geological fees. These amounts are non-interest bearing and have no fixed terms of repayment.

iv) As of June 30, 2010, the amount paid to related parties in advance of services received were $Nil (June 30, 2009 - $4,000) which were recorded in receivables.

As of June 30, 2010 the Company paid or accrued $Nil (June 30, 2009, $2,396) which were amounts paid to a company related through an officer of the Company for option payments of the Garcia Flats Property (note 6)

These transactions were in the normal course of operations and measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

## 9. SHARE CAPITAL

### a) Authorized

Unlimited number of common shares without par value.

### b) Issued and outstanding

A continuity of the number of common shares issued for the three month period ending June 30, 2010 and the amounts recorded in share capital and contributed surplus is as follows:

| | Number of Shares | Amount | Contributed Surplus | Share Subscriptions Receivable |
|---|---|---|---|---|
| Balance - March 31, 2009 | 44,296,445 | $ 7,902,063 | $ 1,000,182 | $ - |
| Shares issued for mineral properties - non-cash | 346,800 | 24,840 | | |
| Stock-based compensation | | | 9,115 | |
| Shares subscriptions received | | | | 112,500 |
| Balance - March 31, 2010 | 44,643,245 | $ 7,926,903 | $ 1,009,297 | $ 112,500 |
| Shares issued for mineral properties - non-cash | 75,000 | 9,750 | - | - |
| Stock-based compensation | - | - | 171,555 | - |
| Shares issued for Private Placement | 13,000,000 | 1,300,000 | - | (112,500) |
| Shares subscriptions received | - | - | - | - |
| Shares issuance costs | - | (119,386) | - | - |
| Balance - June 30, 2010 | 57,718,245 | $ 9,117,267 | $ 1,180,852 | $ - |

## 9. SHARE CAPITAL (continued)

### c) Warrants

A continuity schedule of outstanding common share purchase warrants for the three months ended June 30, 2010 is as follows:

| | June 30, 2010 | | March 31, 2010 | |
|---|---|---|---|---|
| | Number Outstanding | Weighted Average Exercise Price | Number Outstanding | Weighted Average Exercise Price |
| Outstanding, beginning of year | - | $ - | - | $ - |
| Granted | 13,750,800 | 0.20 | - | - |
| Cancelled/ Expired | - | - | - | - |
| Exercised | - | - | - | - |
| Outstanding, end of period | 13,750,800 | $ 0.20 | - | $ - |

At June 30, 2010, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

| Warrants Outstanding | Expiry Date | Exercise Price | Weighted Average remaining contractual life (in years) |
|---|---|---|---|
| 13,750,800 | April 23, 2012 | 0.20 | 1.82 |
| - | | - | - |
| 13,750,800 | | | 1.82 |

### d) Options

A continuity schedule of the Company's outstanding stock options for the three months ended June 30, 2010 is as follows:

| | June 30, 2010 | | March 31, 2010 | |
|---|---|---|---|---|
| | Number Outstanding | Weighted Average Exercise Price | Number Outstanding | Weighted Average Exercise Price |
| Outstanding, beginning of period | 4,432,500 | $ 0.12 | 4,207,500 | $ 0.12 |
| Granted | 1,669,325 | 0.15 | 225,000 | 0.12 |
| Cancelled/ Expired | (337,500) | 0.12 | - | - |
| Exercised | - | - | - | - |
| Outstanding, end of period | 5,764,325 | $ 0.13 | 4,432,500 | $ 0.12 |

## 9. SHARE CAPITAL (continued)

### d) Options (continued)

The following summarizes information about stock options outstanding and exercisable at June 30, 2010:

| Options Outstanding | Options Exercisable | Expiry Date | Exercise Price | Weighted Average remaining contractual life (in years) |
|---|---|---|---|---|
| 805,000 | 805,000 | January 6, 2011 | $ 0.12 | 0.52 |
| 610,000 | 610,000 | July 31, 2011 | 0.12 | 1.08 |
| 1,125,000 | 1,125,000 | March 20, 2012 | 0.12 | 1.72 |
| 880,000 | 880,000 | November 13, 2012 | 0.12 | 2.38 |
| 450,000 | 450,000 | May 7, 2013 | 0.12 | 2.85 |
| 225,000 | 225,000 | May 14, 2014 | 0.12 | 3.87 |
| 400,000 | 100,000 | May 11, 2015 | 0.15 | 4.87 |
| 1,269,325 | 1,269,325 | June 1, 2015 | 0.15 | 4.92 |
| 5,764,325 | 5,464,325 | | | 2.68 |

The fair value of stock-based compensation is measured at the date of grant and recognized over the vesting period. The fair value of stock options granted and re-priced to directors, employees, and consultants during the three months ended June 30, 2010 was $118,305 (June 30, 2009 – $5,430) of which $34,977 (June 30, 2009 - $5,430) was capitalized to mineral properties and $83,328 (June 30, 2009 - $Nil) was recorded in the consolidated statement of operations and deficit.

The Company estimated the fair value of stock options granted using the Black-Scholes option pricing model with the following weighted average assumptions:

| | June 30, 2010 | June 30, 2009 |
|---|---|---|
| Expected dividend yield | 0% | 0% |
| Expected share price volatility | 95.83% - 113.05% | 66.53% |
| Risk-free interest rate | 1.784% - 2.916% | 1.68% |
| Expected life of options | 2 and 5 years | 5 years |

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

## 10. MANAGEMENT OF CAPITAL AND RISK MANAGEMENT

### Risk Management

Industry Risk: The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

Credit Risk: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash, receivables and reclamation bonds. The risk relating to cash is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies. The risk associated with the Company's receivables and reclamation bonds is minimal as these are amounts due from various government authorities.

Currency Risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company operates in Canada and the United States. The Company's primary exposure to foreign exchange risk is in its reclamation bonds which are denominated in US dollars. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Interest Rate Risk: Interest rate risk refers to the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at March 31, 2010, the Company does not hold any significant interest bearing financial instruments.

Liquidity and Funding Risk: Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

### Capital Management

The Company considers its capital structure to be shareholders' equity represented by net assets over liabilities. The Company manages its capital structure based on the funds available to the Company, in order to support acquisition, maintenance, exploration, and development of mineral properties.

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

There were no changes in the Company's approach to capital management during the years ended March 31, 2009 and 2010. The Company is not subject to externally imposed capital restrictions.

## 11. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash financing and investing activities consisted of:

| | For the three months ended June 30, 2010 | June 30, 2009 |
|---|---|---|
| Shares issued for mineral properties | $ 9,750 | $ 9,840 |
| Stock-based compensation expense capitalized to mineral properties | 34,977 | 5,430 |

## 12. SEGMENTED INFORMATION

Details are as follows:

| | June 30, 2010 | March 31, 2010 |
|---|---|---|
| Total Assets | | |
| Canada | $ 1,365,769 | $ 603,305 |
| United States | 1,717,182 | 1,366,828 |
| | $ 3,082,951 | $ 1,970,133 |
| Mineral Properties | | |
| Canada | $ 360,831 | $ 330,765 |
| United States | 1,680,186 | 1,340,685 |
| | $ 2,041,017 | $ 1,671,450 |
| Equipment | | |
| Canada | $ - | $ - |
| United States | 647 | 725 |
| | $ 647 | $ 725 |

## 13. SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the Company is in receipt of $24,000 for 200,000 stock options exercised at $0.12 per share

# Management Discussion and Analysis
**For the Three Months Ended June 30, 2008**

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Harvest Gold Corporation ("Harvest" or the "Company") and its subsidiaries during the three months ended June 30, 2008 and to the date of this report.

The following discussion of performance and financial condition should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2008. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is July 26, 2008.

Additional information related to Harvest is available on SEDAR at www.sedar.com.

**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 211 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 its ten properties, the Longstreet Mine Gold Property, the Garcia Flats Property and the Rosebud Gold Mine Property in Nevada, USA and the Assean Lake Gold Property, the Wyatt Claims, the Lesavage North and South Properties, the Con Claims, the Conley Estate Claims, and the Vena Claim, all 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**

Dr. George Gale, Vice President of Exploration for Harvest, is the Qualified Person responsible for the review and compilation of the technical information relating to the Canadian mineral projects disclosed in the MD&A.

Greg Hill, President of Harvest Gold Corp. (US) is the Qualified Person responsible for the review and compilation of the technical information relating US 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, 7USA with Nevada Eagle Resources LLC.

The letter of intent granted the Company a due diligence period ending Dec. 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:

| Date | Amount | |
|---|---|---|
| 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 | |
| On or before December 15, 2009 | US$80,000 | |
| On or before December 15, 2010 | US$80,000 | |
| **Total** | **US$320,000** | |

| Date | Number of shares | |
|---|---|---|
| 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 | |
| On or before December 15, 2009 | 150,000 | |
| On or before December 15, 2010 | 200,000 | |
| **Total** | **600,000** | |

As of the period ended June 30, 2008, the Company has incurred $175,363 of expenditures on the property (March 31, 2008 $122,982).

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

**Property Description**

The property comprises 54 contiguous unpatented claims covering an area of approximately 1,067 acres (4.3 square kilometres) overlying the reclaimed 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***

The Company started its exploration program at the Rosebud mine project. The Company has reviewed much of the available data and reports from previous operators of the property and has hired a geologist with previous experience at Rosebud to compile this information. This preliminary review has led the company to believe that strong potential exists on the property to develop a mineral resource based on numerous low and high grade Au intercepts in previous operators' drill holes.

The Company conducted a detailed soil survey covering the most of the property package. The enzyme leach method was utilized to analyze approximately 200 soil samples collected at 100 m by 100 m spacings. The largely covered Rosebud deposit is strongly indicated by these results. Enzyme leach results from this survey show strong indications of the Rosebud Mine mineralization at depth as well as the extension of this mineralization into the Northwest Corridor. Buried mineralization in the Far East zone is also indicated by strong gold responses above the zone. Additionally, a new target area 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.

A second comprehensive data acquisition, compilation, and review has been undertaken. 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.

Numerous drill intercepts of gold and silver mineralization are present within a known mineralized envelope measuring approximately 1,800 feet (549 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.

The size potential of Rosebud as a bulk mineable open pit deposit can be inferred from historic data published by Hecla and Newmont. In 1995, Hecla reported that over 263,690 feet (greater than 80,370 metres) of drilling in approximately 310 drillholes had been completed of which approx. 250 surface drillholes exist within Harvest Gold's land position. This comprises an area about 1,800 feet (549 metres) north-south by 3,000 feet (915 metres) east-west and gold mineralization is present in drillholes to a depth greater than 700 feet (210 metres) below surface.

In its 1995 10K, Hecla comments that the results indicate that gold mineralization in the South, North and East zones, as in many other volcanic-hosted gold deposits, is erratically distributed with numerous low-grade intercepts interspersed with higher-grade intercepts. The Company has been able to access these drillhole data, which will be the subject of the planned NI 43-101 Technical Report.

According to a 1993 Equinox news release, drilling encountered numerous intercepts in other zones on the property, including important mineralization in drillholes in the Far East Zone and in the Dreamland areas. More follow-up exploration is required in these and other areas. In addition, drifting and approximately 20 underground drillholes explored gold and silver mineralization in the Northwest Corridor. Assay data from these areas suggest that the tenor of mineralization in the Northwest Corridor and Far East zones is similar to those in the underground mine.

The Company has been acquiring and compiling large amounts of data generated by the previous operators of the Rosebud mine project. Data are converted from paper sources to digital format, with an emphasis on data integrity and quality assurance.

This includes data from:

- approximately 250 holes drilled from surface by previous operators,

- several hundred underground development and exploration holes,

- 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

-includes geochemical data from the Company's 2007 geochemistry program.

There are four key objectives in the upcoming Rosebud Mine exploration program:

- The confirmation and validation of known mineralization as is necessary to utilize historic drill results in NI 43-101 compliant resource calculations.
- Expansion of known shallow mineralization envelopes
- Increased definition of known shallow mineralization
- Discovery of additional mineralized zones

Modeling of the deposit has been carried out by the Company for its internal use. As a result of this modeling, drill targets have been defined with the aim of developing a large bulk tonnage deposit centered on the previously underground mined portions of the Rosebud deposit. Drill targets have also been defined at the northeast target area.

***During the quarter ended June 30, 2008***

The Company contracted an independent Certified Professional Geologist, who is a Qualified Person under NI 43-101 guidelines, to produce a Technical Report on the Rosebud Mine property. The purpose of this report is to provide an evaluation of the historic exploration data for the Rosebud property; to comment on the reliability, adequacy, and implications of the data; and to assess the exploration potential of the property. The report is also meant to independently verify the presence and style of mineralization on the property. A field visit has been made during which rock chip samples were collected by the author of the report for confirmation of the type and strength of mineralization.

Expansion of the soil grid was begun with collection of approximately 90 additional soil samples to the north of the 2007 soil grid. As with the 2007 soil samples, enzyme leach analysis was performed. Expansion of the soil grid to the south was also designed. Soil sampling was done on a 100m by 100m grid and the same sampling protocol used in 2007 was utilized.

Geologic mapping was begun and reinterpretation of geology at the project is ongoing.

Scanning of drill logs, Au and Ag assays, geochemical data, and downhole surveys for all available surface and subsurface drill holes is nearly complete. Scanned images are being converted to digital data which is then formatted and loaded into 3D mine modeling software. These drill hole data are being integrated with geological, geophysical, and geochemical data.

### *Subsequent Events*

The Company has received the draft Rosebud Technical Report.

Geologic mapping has led to the recognition of several new target areas that the Company feels are highly prospective. A significant and potentially very important fault, informally termed the “Nym” fault has been recognized through mapping and reinterpretation of geology in the district. This previously unrecognized fault is exposed in prospects on Dozer Hill, which represents the upper portion of the Rosebud ore-forming hydrothermal system, and to the south of the property in Rosebud Canyon. High-grade gold intercepts to the south of the mine may be related to the Nym fault. This fault may also provide important controls on mineralization in the South and North Zone ore bodies mined by Hecla and Newmont. The fault and it’s history are under study. In the Northeast target area, a northwest-trending zone of altered rhyolitic rocks has been mapped. Argillic and silicic alteration along with hydrothermal and other types of breccias are present within a zone that is approximately 2000 ft. long by 600 ft. wide An enzyme leach anomaly detected in the 2007 survey surrounds the alteration zone and extends well beyond the mapped extent of aleration in the Northeast target. Two historic drill holes have been completed near the margins of the anomaly. However, the alteration and geochemical anomaly have not been adequately drill tested.

Soil sampling has been completed in the south extension of the soil grid. With the exception of the far northwest part of the property, the entire claim group has been soil sampled at 100 m by 100 m spacing. An area adjacent to and the south of the mine workings has been sampled at 50m by 50m spacing. Final enzyme leach geochemical results are pending.

Conversion of scanned drill logs to digital files continues. The digital data are being added to the Company’s digital database and 3D mine modeling platform as the conversions are completed.

Indexing of all available Rosebud Mine data held by the Nevada Bureau of Mines and Geology has been nearly completed. These data represent a very large volume of previous work and include numerous geological, geophysical, and geochemical maps, datasets, and reports; engineering and other company reports; drill logs, assays, and surveys; mine models; production and reconciliation data; metallurgical data; environmental and permitting reports; and other information.

### *Activities Contemplated In The Future*

Drill targets will be selected and ranked and a drill program planned. Continued geological investigations, such as geologic mapping, 3D modeling, petrographic studies, data integration, and others, will be used to refine drill target selection.

## GARCIA FLATS PROPERTY, ELKO COUNTY, NEVADA

### *Historical Overview*

On March 30, 2006, the Company signed a letter of intent to acquire a 100% interest in the Garcia Flats property in Nevada from Churnhill Gold LLC (“CGL”), a private company controlled by an Officer of the Company. The property is located at the southern extension of the Carlin trend in Elko County, Nevada. Garcia Flats is located approximately 40 kilometers south of Newmont's Rain mine and 35 km northwest of Barrick's Bald Mountain mine. The property, at the time, was comprised of 72 unpatented mining claims covering 5.8 square km (1,440 acres).

On December 22, 2006, the Company entered into a property purchase agreement with CGL. The Company may earn a 100-per-cent interest upon completion of a schedule of property payments totaling US$40,000, the issuance of 300,000 shares and exploration expenditures of US$400,000 over a three-year period as follows:

| Date | Amount | |
|---|---|---|
| On Execution of Agreement | US$10,000 | Paid |
| On or before February 6, 2007 | US$10,000 | Paid |
| On or before February 6, 2008 | US$10,000 | Paid |
| On or before February 6, 2009 | US$10,000 | |
| **Total** | **US$40,000** | |

| Date | Number of shares | |
|---|---|---|
| On Execution of Agreement | 25,000 | Issued |
| On or before February 6, 2007 | 50,000 | Issued |
| On or before February 6, 2008 | 100,000 | Issued |
| On or before February 6, 2009 | 125,000 | |
| **Total** | **300,000** | |

In May 2007, the Company entered into a Memorandum of Understanding with Christopher James Gold Corp. (“CJGC”) whereby CJGC has an option to earn an undivided 70% interest in Garcia Flats in exchange for a total of 225,000 shares of CJGC and a commitment to spend an aggregate of $2,500,000 over 3 years on the property. In September 2007, the Company received 50,000 shares from CJGC and CJGC had contributed $450,000 toward the property and committed a further $86,288.

After CJGC has earned a 70% interest in the project, the Company will be required to participate in the project expenditures on a pro-rata basis or be diluted to a 12.5% interest through completion of a bankable feasibility study. During the year ended March 31, 2008, the Company issued 245,000 shares with a fair market value of $58,800 as a finder’s fee relating to this agreement. As of August 13, 2008, CJGC has withdrawn from the Garcia Flats joint venture.

As of the period ending June 30, 2008, the Company has incurred $398,795 which is net of recoveries. The exploration expenditure requirement of the agreement has been satisfied.

The property is subject to a net smelter royalty of 3%, one-half of which may be purchased for US$750,000.

***Property Description***

The property comprises 250 unpatented lode claims in two blocks covering an area of approximately 5,165 acres (20.9 square kilometres) at the north end of Diamond Valley in Elko and Eureka Counties, Nevada. It is along the southern projection of the Carlin Trend.

***Background***

The Company received gold fire assays, trace element geochemical results, and petrographic results from the first phase drilling program at the Garcia Flats gold project. Three holes totaling 5,385 feet (1,641 m) were drilled with a flooded reverse circulation drill rig.

The three drill holes at Garcia Flats were positioned to test an enzyme leach geochemical anomaly, which was interpreted as the surface expression of a possible buried Carlin-type gold deposit. All three holes encountered what appears to be an epithermal-type alteration within what are interpreted as Eocene volcanics and interbedded limestones and volcanoclastics. The mineralization, which was intersected under several hundred metres of pediment cover, is low-grade and associated with anomalous gold and a suite of path-finder elements typical of both Carlin- and Epithermal-type mineralization.

A high of 0.08 grams/tonne ("g/t") gold (Au) was intersected in reverse circulation (r/c) hole GFR-3 at 1,615-1,620 feet (492-494 m). This occurs at the top of a zone of hydrothermal carbonate replacing felsic volcanic and volcaniclastic rocks and appears to be within a transition zone between volcanic rocks above and volcaniclastic rocks below. Limestone occurs from 1,700 feet (518 m) to the bottom of the hole at 2,255 feet (687 m) and contains several five foot intercepts with weakly anomalous gold, arsenic, antimony, molybdenum, tellurium and mercury.

Approximately 1,050 feet (320 m) to the west, r/c hole GFR-2 contains three separate five foot intercepts in carbonate-altered volcaniclastic units ranging from 0.024 g/t to 0.039 g/t Au at 1,625-1,630 feet (495-497 m), 1,680-1,685 feet (512-514 m), and 1,700-1,705 feet (518-520 m) respectively. The mineralized intercept is strongly anomalous in barium and weakly anomalous in thallium.

Reverse circulation hole GFR-1 is approximately 4,080 feet (1,244 m) east of r/c hole GFR-3 and includes a broad zone from 690 feet (210 m) to 910 feet (277 m) that is anomalous in gold, arsenic, mercury, molybdenum, antimony, thallium, selenium, and barium. This anomalous geochemistry is hosted in limestone and carbonate-altered sedimentary and/or volcaniclastic rocks in the footwall of an interpreted fault zone.

Final petrographic reports for a suite of representative samples were received from the Company's consulting petrographer. A model of the mineralizing system has been built based on these data combined with other project data including geochemistry, geology and geophysics.

***During the quarter ended June 30, 2008,***

No work was carried out on the property during the quarter.

***Subsequent Events***

Further work has not been performed at the property.

***Activities Contemplated In The Future***

The Company seeks a joint venture partner to test additional drill targets on the property.

## LONGSTREET (PINION), NEVADA: GOLD-SILVER PROJECT

***Historical Overview***

Pursuant to an agreement dated April 30, 2002, as amended on February 15, 2005, the Company entered into an agreement effective June 28, 2005 with Golden Crown Resources Inc. ("Golden Crown") to an option from Minquest Inc., an arm's-length Nevada company, to acquire a 100% interest in the Longstreet project, a Nevada property consisting of the Longstreet gold deposit and several untested gold target zones. Under the terms of the amended option agreement, which is now assumed by the Company, Golden Crown could acquire 100% of the Longstreet project by completing the following, by May 1, 2009.

a) Paying Minquest US$315,000 in property payments
b) Issuing Minquest one million shares
c) Spending US$737,000 on the property.

d) The breakdown is as follows:

| Date | Amount | |
|---|---|---|
| Prior to March 31, 2007 | US$202,500 | Paid |
| On or before May 1, 2007 | US$37,500 | Paid |
| On or before May 1, 2008 | US$37,500 | Paid |
| On or before May 1, 2009 | US$37,500 | |
| **Total** | **US$315,000** | |

| Date | Number of shares | |
|---|---|---|
| Prior to March 31, 2007 | 475,000 | Issued |
| On or before May 1, 2007 | 175,000 | Issued |
| On or before May 1, 2008 | 175,000 | Issued |
| On or before May 1, 2009 | 175,000 | |
| **Total** | **1,000,000** | |

| Date | Expenditures (cumulative) |
|---|---|
| Prior to March 31, 2007 | US$473,000 |
| By May 1, 2007 | US$561,000 |
| By May 1, 2008 | US$649,000 |
| By May 1, 2009 | US$737,000 |

As of June 30, 2008, the Company has incurred $767,360 of expenditures on the property (March 31, 2008 - $748,100).

**Property Description**

The property is located in the Monitor Range, 55 kilometres (km) (30 miles) northeast of Tonopah, Nevada. It is situated adjacent to the Walker Lane mineral belt, a volcanic-hosted gold trend that includes world-class deposits such as the Comstock and Goldfields mining camps. Longstreet is approximately 47 km (29 miles) southeast of the Round Mountain gold mine.

***Background***

The Company continued its search for a Joint Venture partner for Longstreet. The Company prefers a partnership that would include putting the Longstreet Gold-Silver deposit into production, while further exploring the other gold targets identified.

***During the quarter ended June 30, 2008***

No work was carried out on the property during the quarter.

***Subsequent Events***

Further work has not been performed at the property.

***Activities Contemplated In The Future***

The Company will explore several options available to advance the project including seeking permitting to begin the drilling of the remaining six mineralized zones as yet untested by the Company and pursuing a strategic partnership with the goal of achieving gold-silver production from the Longstreet deposit.

**LESAVAGE PROPERTY, RICE LAKE GOLD BELT, MANITOBA – LESAVAGE NORTH AND LESAVAGE SOUTH**

***Historical Overview***

By an option agreement dated November 15, 2005, The Company entered into an option agreement dated November 15, 2005 to acquire a 50% interest, subject to a 3% NSR, in certain mining claims comprising the Lesavage Property located in Manitoba, Canada. In order to earn a 50% interest, the Company must complete a schedule of work on the property totaling $1.7 million over a 5 year period as follows:

| Date | Expenditures (Cumulative) |
|---|---|
| Prior to February 28, 2007 | $300,000 |
| By February 28, 2008 | $650,000 |
| By February 28, 2009 | $1,050,000 |
| By February 28, 2010 | $1,700,000 |

As of June 30, 2008, the Company has incurred $1,221,130 of net expenditures on the property (March 31, 2008 - $1,111,080).

The Company also has the option to purchase up to half of the Production Royalty of 3% for $1,000,000.

**Property Description**

On November 15, 2005, the Company announced the option of two blocks of claims in the central part of the Rice Lake Gold Belt, Manitoba approximately 20 km east of the mining community of Bissett, Manitoba. The property package consists of two separate claim blocks, Lesavage North (previously announced as the Johnston claims), comprising 13 claims covering an area of approximately 19 square km and Lesavage South (previously announced as the Mabel Lake claims), comprising 6 claims covering an area of approximately 9 sq km located between Mabel Lake and Cliff Lake. Provincial highway #304 runs through the claim block providing excellent access to the property.

***Background***

In late 2005, a drill program was undertaken to test an outcropping of mineralization and altered rock which resulted in the discovery of the Red Hill Zone and reported up to 7.5 grams per tonne Au over two metres in hole L-05-01 and multiple lower grades intervals of 3.4 g/t gold or less in adjacent holes (see Jan. 18, 2006, news release).

The gold discovered at Red Hill is associated with very fine-grained pyrite and arsenopyrite within a zone of ankerite (iron-magnesium carbonate) and silica alteration, which is found in association with many gold deposits in the Red Lake District. Other occurrences of the same type of alteration are located in a large fold structure and in a regional shear zone crossing through the property. This shear zone is important in that it is part of a major crustal break that extends eastwards through the world-class Red Lake gold camp in Ontario 80 kilometres to the east.

During the quarter ending December 31, 2006, the Company received the results of its summer 2006 drill program on the Lesavage North property in the Rice Lake gold belt, Manitoba. A total of 1,402 metres of diamond drilling were completed in six drill holes testing the eastern strike extent of the Red Hill gold zone. The program was designed to test for gold mineralization up to 400 m east of the October, 2005, discovery drill hole L 05-01 and approximately 65 m beneath the previously intersected mineralization. Anomalous gold mineralization was intercepted in five of the six holes.

The mineralization intersected in October, 2005, and July, 2006, occurs within a zone of intense alteration that contains disseminated sulphide (1% to 30% pyrite plus or minus pyrrhotite). However, one exception is the auriferous section encountered over the bottom 6.9 m of hole L-06-03 which occurs in a carbonate-altered shear. This section, which ended this easternmost hole of the drill pattern, indicates the presence of a second mineralized zone that appears to be separate to the original mineralization.

In addition to the drilling, the company completed a field program over the Red Hill zone, extending the soil geochemical survey coverage approximately 1.5 km to the east. The program included 20 line kilometres of new grid lines, 16 line kilometres of IP geophysical survey coverage, and the collection of approximately 300 geochemical samples. This work has led the exploration team into a second area, where the IP geophysical survey has identified several strong anomalies. Geochemical samples have been taken over the new anomalies and these samples will be used to prioritize targets for further drill testing. Crews completed collecting soil samples in geologically favourable parts of the Lesavage North property in late September. This survey is intended to provide complete geochemical coverage between Red Hill and the extensive alteration at the Conley shaft on the Con claims approximately 3.3 km to the east. Management obtained geochemical data for most of the untested, historical geophysical anomalies and more recent IP geophysical anomalies identified in July 2006.

Baselines were extended over the eastern part of the Lesavage North property then test soil surveys were conducted over several small areas of the property to access the effectiveness of the Company’s exploration procedures and to explore for drill targets in previously untested areas.

Two geologists and a helper were engaged in geological mapping and soil sampling on the Lesavage North option for two weeks. In November, 2007 the company geologist spent two weeks mapping the property. Final maps and reports were prepared in December. Compilation and evaluation of data from the field season was completed.

The drill program to test drilling targets was started in February 2008. The Company completed 10 drill holes for a total of approximately 2,100 m of diamond drilling testing the Red Hill gold zone discovered in 2005 plus 8 other target areas.

***During the quarter ended June 30, 2008,***

Drill core from the winter 2008 drill program was logged and marked for sample preparation.

***Subsequent Events***

A local contractor was hired to cut core samples in preparation for assay

***Activities Contemplated In The Future***

Assays for Au and Ag will be conducted on the samples in the third quarter.

## ***Lesavage South Claims***

***Background***

Geological mapping was completed and soil samples were collected over selected parts of the property in which management believes are the most probable for the hosting of gold deposits on the property.

The company geologist engaged in preparation of final maps and reports for the property. Data from the field season was compiled and evaluated. Final reports and maps were received in January and have identified several new targets for follow up exploration on the property. The integration and evaluation of Steve Lesavage's geochemical data on vegetation and the soil data gathered by the Company was completed.

***During the quarter ended June 30, 2008,***

No work was carried out on the property during the quarter.

***Subsequent Events***

Assessment reports on previous summer activities will be completed.

***Activities Contemplated In The Future***

No further activities are contemplated at this time.

## ROCKY RIDGE GOLD PROPERTY, MANITOBA

### Historical Overview

On November 8, 2006, the Company acquired the Rocky Ridge gold property located in the Lac du Bonnet mining district, Manitoba. 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 $60,000 over a two-year period and issuing 500,000 shares of the Company to property vendor William Kuran.

On November 29, 2006, Grandview Gold Inc. ("Grandview") signed an option agreement with the Company to acquire a 70% interest in the Rocky Ridge gold property by incurring $600,000 in resource exploration and development expenditures, $85,000 in cash payments and issuing 225,000 common shares of Grandview shares to the Company, over a two-year period. The Company managed the exploration and drilling and was reimbursed by Grandview for costs.

On February 21, 2007, the Company announced the results of a 12 hole drill program totaling 1,872 m of diamond drilling. The program tested 3 zones with indications of gold mineralization reported in historical property assessment reports. Gold mineralization was intercepted in several holes testing the "A" zone anomaly with highlights of 4.22 g/t Au over 0.47 m in Drill Hole RR-06-01 and 11 m of 0.50 g/t Au in Drill Hole RR-06-05.

The Company and Grandview decided not to proceed with exploration on the property as the drill results to date were insufficient and too inconsistent to warrant further exploration by the Company at this time and the Company has elected to drop its option of the project. As a result, the Company recorded an impairment provision of $54,249 to write-off the carrying value of the Rocky Ridge Gold Property.

***Activities Contemplated In The Future***

Since the Company has dropped this property there will be no further activity on the property.

## HUNT PROPERTY, ASSEAN LAKE, MANITOBA

***Historical Overview***

By an option agreement dated February 12, 2001 and amended the Company was granted an option to acquire, subject to a 3% net smelter royalty, a 100% interest in thirty one mineral claims in the Assean Lake area of Manitoba. During 2005, the Company and Joint Venture partner Canadian Gold Hunter ("CGH") completed the fifth year of the option agreement to acquire a 100% interest in the Hunt property. To-date, the Company has issued 250,000 shares and combined with CGH made property payments of $250,000; the final property payment was made in February, 2005. The project is owned 40% by the Company and 60% by CGH.

**Property Description**

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 June 30, 2008, the Company has incurred $918,593 (March 31, 2008 - $918,593) of net expenditures on the property.

***During the quarter ended June 30, 2008,***

No activity took place on the property

***Subsequent Events***

There are no subsequent events to report.

***Activities Contemplated In The Future***

The Company geologists are reviewing the project and developing an exploration plan to advance the property, focusing first on expanding the Hunt Zone gold resource and secondly identifying prospective areas on which to explore for drill targets. The Company and its Joint Venture partner, CGH, are also considering finding a more senior partner to finance an extensive exploration plan to test the Hunt Zone and the various other gold zones already discovered on the large land package.

**WYATT CLAIMS, RICE LAKE GOLD BELT, BISSETT, MANITOBA**

***Historical Overview***

By an option agreement with William Kuran, dated October 24, 2005, the Company was subject to a 3% net smelter royalty, a 100% interest in eight mineral claims. The property is located in the Garner Lake region in the SE part of the Rice Lake Gold Belt, approximately 40 km SE by road from the mining community of Bissett, Manitoba.

In order to earn a 100% interest, the Company must make cash payments totaling $60,000, issue 600,000 common shares and incur $750,000 in expenditures on the property over a period ending November 15, 2007. Alternatively, the Company may elect to earn a 51% interest in the property by making a pro-rata portion of the above payments.

| Date | Amount | |
|---|---|---|
| Prior to March 31, 2007 | $35,000 | Paid |

| Date | Number of shares | |
|---|---|---|
| On Execution of Agreement | 125,000 | Issued |
| By November 15, 2006 | 175,000 | Issued |
| By April 30, 2008 | 50,000 | Issued |
| By May 15, 2008 (as amended) | 350,000 | |
| **Total** | **700,000** | |

**Property Description**

The Wyatt claims encompass rocks similar in age and composition to those that host the San Antonio Gold mine, which has had over 1.4 million ounces of historical production. The San Antonio Mine reopened on August 22, 2006, under the name Rice Lake Gold Mine and is now operated by San Gold Resources.

A number of other discoveries such as the Central Manitoba, Hope, Oakland-Rockland and Beresford Lake deposits have produced high-grade ore. They are situated to the north and northwest of the Wyatt Claims, occur in the same geological setting, and are currently undergoing renewed exploration for additional reserves. A number of these deposits are associated with extensive shear zones and zones of silicification.

**Background**

Soil samples were collected on the property during November, 2007.

***During the quarter ended June 30, 2008***

No activity took place on the property.

***Subsequent Events***

Samples from the soil sampling program of 2007 were analyzed and the results are being interpreted to highlight areas of higher prospectivity in order to focus future field work on the property to priority areas.

Subsequent to the period ending June 30, 2008, the Company is renegotiating the terms of the option with the property vendor.

***Activities Contemplated In The Future***

In the event that more favorable Option terms can be reached, the Company plans to follow-up on survey results from the summer and fall 2007 programs and assess property targets for continued exploration activity.

## CON & GARNER CLAIMS, MANITOBA

***Historical Overview***

By an option agreement dated August 12, 2006, the Company was granted an option to acquire, an 80% in the Con 1, Con 2 and Garner 2 claims located in the Rice gold belt in Manitoba by Peter Dunlop. The Con 1 and Con 2 claims cover an area of 121 hectares (299 acres) and extend the company's property package a further 1.5 kilometres east of the existing property boundary. The claims appear to be along the strike direction of the mineralization tested on the Company’s Lesavage North property in the summer 2006 drilling program

In order to earn an 80% interest, the Company must make cash payments totaling $57,000, issue 320,000 common shares and incur $300,000 in exploration expenditures on the property over a four year period as follows:

| Date | Amount | |
|---|---|---|
| On Execution of Agreement | $5,000 | Paid |
| August 12, 2007 | $11,000 | Paid |
| August 12, 2008 | $11,000 | Paid |
| August 12, 2009 | $10,000 | |
| August 12, 2010 | $20,000 | |

| Date | Number of shares | |
|---|---|---|
| August 12, 2007 | 30,000 | Issued |
| August 12, 2008 | 70,000 | Issued |
| August 12, 2009 | 90,000 | |
| August 12, 2010 | 130,000 | |
| **Total** | **320,000** | |

| Date | Expenditures (cumulative) |
|---|---|
| By August 11, 2010 | $300,000 |
| **Total** | **$300,000** |

As of June 30, 2008, the Company has incurred $66,750 (March 31, 2008 - $58,844) on this property.

***Background***

Soil samples were collected over the entire property. A geological map was prepared that outlines the favourable zones of alteration on the property.

***During the quarter ended June 30, 2008***

There were no field activities on this property to report for the quarter ended June 30, 2008. An assessment report was prepared that incorporates the results of the 2007 geochemical and geological studies.

***Subsequent Events***

There are no subsequent events at this time.

***Activities Contemplated In The Future***

The claims will be evaluated after receipt of the drill data from the adjoining Lesavage property.

**CONLEY ESTATE CLAIMS, MANITOBA**

***Historical Overview***

On October 5, 2006, the Company paid $5,000 and signed a letter of intent to option eight claims known as the Conley Estate Claims, held for over thirty years by Bill Conley, from the trustees of his estate. This contiguous property package is over 30 square km and covers favourable rocks including major fold structures and the shear that continues some 80 km eastwards, to and beyond the Red Lake Gold camp

The Company entered into a property option agreement on January 25, 2007 with Conley Mines Ltd. ("CML") to acquire 100% of all CML right, title and interest in mineral claims referred to as Conley Estates Claims. The Company has the right to repurchase up to one half of the Net Smelter Royalty (1.5% of Net Smelter Returns) for $500,000 per 0.5%, for a total purchase price of $1,500,000. The Company will pay the $85,000, issue 300,000 common shares of the Company and expend $500,000 on the property as follows:

| Date | Amount | |
|---|---|---|
| On Execution of Agreement | $5,000 | Paid |
| By January 24, 2008 | $10,000 | Paid |
| By January 24, 2009 | $15,000 | |
| By January 24, 2010 | $20,000 | |
| By January 24, 2011 | $35,000 | |
| **Total** | **$85,000** | |

| Date | Number of shares | |
|---|---|---|
| On Execution of Agreement | 25,000 | Issued |
| By January 24, 2008 | 40,000 | Issued |
| By January 24, 2009 | 60,000 | |
| By January 24, 2010 | 75,000 | |
| By January 24, 2011 | 100,000 | |
| **Total** | **300,000** | |

| Date | Expenditures (cumulative) | |
|---|---|---|
| By January 24, 2008 | $30,000 | |
| By January 24, 2009 | $90,000 | |
| By January 24, 2010 | $240,000 | |
| By January 24, 2011 | $500,000 | |
| | **$860,000** | |

As of June 30, 2008, the Company has incurred $233,519 (March 31, 2008 - $225,871) on this property.

***Background***

Baselines were cut to provide controls for soil sampling. Soil samples were collected on the southern part of the property. Geological mapping of the southern part of the property was completed.

Final maps and reports were prepared by the company geologist for the property. Compilation and evaluation of data from the field season was completed.

***During the quarter ended June 30, 2008,***

Analytical data is being received for the soil samples. Evaluation of MMI soil data from the Conley Estate Option was undertaken. An assessment report on the 2007 activities is in preparation.

***Subsequent Events***

Preparation of assessment report incorporating 2007 results is taking place.

***Activities Contemplated In The Future***

The Company will undertake an evaluation of geological and geochemical data to develop targets for drilling.

**VENA CLAIM, MANITOBA**

***Historical Overview***

On June 8, 2007, the Company entered into an option agreement with William Kuran. Under the terms of the agreement, the Company can earn a 100% interest in the Vena Claim by making $12,500 cash payment and issuing 150,000 shares over two years on the property as follows:

| Date | Amount | |
|---|---|---|
| On Execution of Agreement | $12,500 | Paid |
| **Total** | **$12,500** | |

| Date | Number of shares | |
|---|---|---|
| On Execution of Agreement | 50,000 | Issued |
| By June 8, 2008 | 50,000 | Issued |
| By June 8, 2009 | 50,000 | |
| **Total** | **150,000** | |

The property is subject to a 2% NSR.

As of June 30, 2008, the Company has incurred $16,560 (March 31, 2008 - $16,560) on this property.

**Background**

There are no activities on this property to report.

***During the quarter ended June 30, 2008***

No work was carried out on the property during the quarter.

***Subsequent Events***

There are no subsequent events to report.

***Activities Contemplated In The Future***

Currently there are no activities contemplated for the future.

**RICE LAKE CLAIMS, MANITOBA**

***Historical Overview***

By an option 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 1% of the NSR for $500,000 per 0.5% for a total purchase price of $1,000,000.

***Background***

There are no activities on this property to report.

***During the quarter ended June 30, 2008***

No work was carried out on the property during the quarter

***Subsequent Events***

There are no subsequent events to report.

***Activities Contemplated In The Future***

Geochemical surveys to identify drill targets are planned for late 2008 or mid 2009.

**RESULTS FROM OPERATIONS**

**Selected Information**

The Company's consolidated financial statements for the year ended March 31, 2008 (the "Consolidated Financial Statements") have been prepared in accordance with Canadian generally accepted accounting principles and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Consolidated Financial Statements and should be read in conjunction with those statements.

| | For the three months ended | | |
|---|---|---|---|
| | **June 30, 2008** | **June 30, 2007** | **June 30, 2006** |
| **Financial Results** | | | |
| Net loss | $ 188,468 | $ 163,980 | $ 59,689 |
| Basic loss per share | 0.00 | 0.01 | 0.01 |
| ***As at:*** | **June 30, 2008** | **March 31, 2008** | **March 31, 2007** |
| **Balance Sheet Data** | | | |
| Cash and short-term investments | $ 1,273,266 | $ 1,604,982 | $ 330,746 |
| Mineral properties | 5,728,821 | 5,428,664 | 3,956,492 |
| Total assets | 7,199,100 | 7,197,307 | 4,488,340 |
| Shareholders' deficit | (1,987,219) | (1,798,751) | (1,219,679) |

**Three Months Ended June 30, 2008 compared with Three Months Ended June 30, 2007**

The Company incurred a net loss of $188,468 for the three months ended June 30, 2008; an increase of $23,488, compared to $164,980 for the three months ended June 30, 2007. This increase was primarily the result of the increase in accounting and audit fees, marketing and corporation communications, geological consulting, salaries and benefits and an increase in stock-based compensation. The increase was partially offset by the increase in interest and other income during the three months ended June 30, 2008.

***Professional fees***

Professional fees for the three months ended June 30, 2008 were $36,590, an increase of $27,260, from $9,330 for the three months ended June 30, 2007. This increase was primarily the result of using a consulting firm for accounting services until appropriate staff was hired.

***Marketing and corporate communications***

Marketing and corporate communications expenses the three months ended June 30, 2008 were $7,500 an increase of $1,500, from $6,000 for the three months ended June 30, 2007. The increase is the result of an increase in fees to a consultant.

***Salaries and benefits***

Salaries and benefits expenses for the three months ended June 30, 2008 were $18,255, an increase of $13,255, from $5,000 for the three months ended June 30, 2007. This increase is the result of hiring an in house controller.

## SUMMARY OF QUARTERLY RESULTS

| | Three months ended | | | |
|---|---|---|---|---|
| | **June 30, 2008** | **March 31, 2008** | **December 31, 2007** | **September 30, 2007** |
| Net loss | $ (188,468) | $ (2,912) | $ (314,298) | $ (103,706) |
| Basic loss per share | 0.00 | 0.00 | (0.01) | 0.00 |

| | Three months ended | | | |
|---|---|---|---|---|
| | **June 30, 2007** | **March 31, 2007** | **December 31, 2006** | **September 30, 2006** |
| Net loss | $ (163,980) | $ (200,752) | $ (84,150) | $ (187,944) |
| Basic loss per share | (0.01) | (0.01) | 0.00 | (0.01) |

**Balance Sheet Data**

| ***As at:*** | **June 30, 2008** | **March 31, 2008** | **December 31, 2007** | **September 30, 2007** |
|---|---|---|---|---|
| Working capital | $ 989,388 | $ 1,357,863 | $ 1,952,064 | $ 596,414 |
| Mineral properties | 5,728,821 | 5,428,664 | 4,838,122.00 | 4,593,940 |
| Total assets | 7,199,099 | 7,197,307 | 6,979,549.00 | 5,418,758 |
| Shareholders' equity | 6,758,666 | 6,807,079 | 6,810,027 | 5,213,395 |

| ***As at:*** | **June 30, 2007** | **March 31, 2007** | **December 31, 2006** | **September 30, 2006** |
|---|---|---|---|---|
| Working capital | $ 751,373 | $ 381,987 | $ 428,856 | $ 774,810 |
| Mineral properties | 2,588,475 | 3,956,492 | 3,919,824.00 | 3,568,640 |
| Total assets | 5,011,395 | 4,488,340 | 4,637,061.00 | 4,437,521 |
| Shareholders' equity | 4,901,596 | 4,360,724 | 4,436,896 | 4,371,574 |

## LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2008, the Company has cash and short-term investments of $1,273,266. The Company continues to utilize its cash resources to fund project exploration and administrative requirements. As the Company has no significant income, cash balances, unless replenished by capital fundraising, will continue to decline as the Company utilizes these funds to conduct its operations.

The Company's operations to date have been primarily financed by sales of the 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.

## OUTSTANDING COMMON SHARE DATA

During the three months ended June 30, 2008, the Company issued 340,000 common shares. The Company issued 100,000 common shares from exercising stock options and 15,000 from exercising common share purchase warrants. In addition, the Company issued 225,000 common shares for mineral properties.

As at June 30, 2008, the Company had 42,883,225 common shares issued and outstanding.

Subsequent to June 30, 2008, the Company, on July 9, 2008, issued 200,000 common shares for the Rice Lake Claim and 70,000 common shares for the Con & Garner Property Agreement.

As at the date of this MD&A, the Company had 43,153,225 common shares issued and outstanding.

**TRANSACTIONS WITH RELATED PARTIES**

The Company incurred expenditures for various services provided by directors and officers and corporations controlled by directors and officers of the Company during the three month period ended June 30, 2008 as follows:

i) The Company paid or accrued $48,334 (June 30, 2007 - $30,910), in geological consulting fees, which $26,260 have been capitalized to mineral property expenditures as consulting services.

ii) The Company paid or accrued $20,550 (June 30, 2007 - $22,859) in management fees.

iii) As of June 30, 2008, amounts due to related parties were $65,950 (March 31, 2008 - $58,329) which were amounts owing for shared administration costs from and to companies related through common shareholders and directors. These amounts are non-interest bearing and have no fixed terms of repayment.

iv) As of June 30, 2008, the amount paid to related parties in advance of services received were $8,000 (March 31, 2008 - $8,000).

**SUBSEQUENT EVENTS**

Subsequent to June 30, 2008, the Company entered into the following transactions:

i) 70,000 common shares were issued and $11,000 paid pursuant to the Con & Garner option agreement.
ii) $10,765 paid pursuant to the Garcia Flats property agreement.
iii) 200,000 common shares were issued pursuant to the Rice Lake, Cud claims, option agreement

**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:

<u>Metal Price Risk</u>

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.

<u>Financial Market Risk</u>

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 interim consolidated financial statements.

**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 interim period 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.

**CRITICAL ACCOUNTING POLICIES**

Management has prepared the consolidated financial statements of the Company in accordance with Canadian generally accepted accounting policies and are stated in Canadian dollars. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

**CHANGES IN ACCOUNTING PRINCIPLES**

On April 1, 2007, in accordance with the application transitional provisions, the Company adopted without restating prior periods, the new recommendations of the CICA Handbook included in Section 3855 *"Financials Instruments –*

*Recognition and Measurement",* Section 3865, *"Hedges",* Section 1530 *"Comprehensive Income"* and Section 3861 "*Financial Instruments – Disclosure and Presentation".* Sections 3855 and 3861 deal with the classifications, recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. Section 3865 deals with the standards for when and how hedge accounting may be applied, Section 1530 deals with the presentation of comprehensive income and Section 3251 deals with the presentation of equity and changes in equity for the period.

Adoption of these recommendations has the following impacts on the classification and measurement of the Company's financial instruments:

- Cash and cash equivalents and short term investments are classified as "held-for-trading". They are measured at fair value and changes in fair value are recognized in earnings.
- Investments other than "held-for-trading" are classified as "available-for-sale". They are measured at fair value and changes in fair value are recognized in accumulated other comprehensive income, a component of equity on the balance sheet.
- Accounts payable, accrued liabilities, and amounts due to related parties are classified as other financial liabilities and are measured at cost.

In addition, in January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada and the expected convergence with International Financial Reporting Standards ("IFRS") by the end of 2011. On February 13, 2008 the Canadian Accounting Standards Board confirmed 2011 as the official changeover date for publicly listed Canadian companies to start using International Financial Reporting Standards (IFRS). The transition will affect interim and annual financial statements relating to years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

**OTHER INFORMATION**

Additional information is available on the Company's website at www.harvestgoldcorp.com.