

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2011

(Expressed in Canadian Dollars)

Notice to Reader of the Unaudited Interim Financial Statements

For the three months ended June 30, 2011

In accordance with National Instrument 51-102, of the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements.

The unaudited interim financial statements of Harvest Gold Corporation (the “Company”) for the three month period ended June 30, 2011 (“Financial Statements”) have been prepared by management. The Financial Statements should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2011, which are available at the SEDAR website at www.sedar.com. The Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards (“IFRS”).

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars - Unaudited)

	June 30, 2011	March 31, 2011 (Note 14)	April 1, 2010 (Note 14)
ASSETS			
Current assets			
Cash	\$ 531,085	\$ 1,125,690	\$ 266,046
Marketable securities (note 4)	7,750	9,500	8,000
Receivables	7,285	15,896	2,668
Prepays	3,605	4,955	4,588
Reclamation bond (note 7)	-	15,938	-
Total current assets	<u>549,725</u>	<u>1,171,979</u>	<u>281,302</u>
Non-current assets			
Reclamation bond (note 7)	21,859	21,859	16,656
Equipment (note 5)	342	415	725
Exploration and evaluation assets (note 6)	2,218,262	1,782,815	1,671,450
Total non-current assets	<u>2,240,463</u>	<u>1,805,089</u>	<u>1,688,831</u>
Total assets	<u>\$ 2,790,188</u>	<u>\$ 2,977,068</u>	<u>\$ 1,970,133</u>
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	\$ 25,170	\$ 150,986	\$ 83,398
Due to related parties (note 8)	83,828	69,974	208,465
Total current liabilities	<u>108,998</u>	<u>220,960</u>	<u>291,863</u>
Non-current liabilities			
Taxes payable	642	-	-
Deferred income tax liability	21,058	31,721	-
Total non-current liabilities	<u>21,700</u>	<u>31,721</u>	<u>-</u>
Total liabilities	130,698	252,681	291,863
SHAREHOLDERS' EQUITY			
Share capital (note 9)	10,230,956	10,230,956	7,926,903
Share subscription received	-	-	112,500
Contributed surplus (note 9)	822,529	822,529	688,004
Accumulated other comprehensive loss	(41,250)	(39,500)	(41,000)
Deficit	(8,352,745)	(8,289,598)	(7,008,137)
Total shareholders' equity	<u>2,659,490</u>	<u>2,724,387</u>	<u>1,678,270</u>
Total equity	2,659,490	2,724,387	1,678,270
Total liabilities and equity	<u>\$ 2,790,188</u>	<u>\$ 2,977,068</u>	<u>\$ 1,970,133</u>

Nature of operations (note 1)
 Commitments (notes 6 , 8 and 13)

Approved on behalf of the Board:

Rick Mark, Director

Rick Mark

Evan Sleeman, Director

Evan Sleeman

HARVEST GOLD CORPORATION
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JUNE 30, 2011
(Expressed in Canadian Dollars - Unaudited)

		June 30, 2011	June 30, 2010
	Notes	<u> </u>	<u>(Note 14)</u>
General and administrative expenses			
Amortization		\$ 75	\$ 81
Consulting fees		195	306
Investor relations		22,287	39,716
Professional fees		11,181	22,319
Management fees	8	16,200	16,200
Marketing and corporate communications		4,500	4,500
Geological consulting and administrative services	8	2,372	2,772
Office and miscellaneous		3,594	5,311
Part XII.6 tax		642	-
Property investigation costs	8	-	544
Stock-based compensation	9	-	82,025
Salaries and benefits		6,628	9,400
Rent and utilities		508	1,866
Transfer agent and regulatory fees		3,468	11,841
Travel and promotion		-	1,885
		<u>71,650</u>	<u>198,766</u>
Loss before other items			
Other income (expenses)			
Foreign currency loss		(2,160)	(2,303)
Loss before income taxes			
Future income tax recovery	13	(73,810)	(201,068)
		<u>10,663</u>	<u>-</u>
Net loss for the period			
		<u>\$ (63,147)</u>	<u>\$ (201,069)</u>
Other comprehensive loss			
Fair value losses on available-for-sale investments		(1,750)	(1,500)
Comprehensive loss			
		<u>\$ (64,897)</u>	<u>\$ (202,569)</u>
Basic and diluted loss per share			
		<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average of number of common shares outstanding			
		<u>69,813,245</u>	<u>54,512,750</u>

HARVEST GOLD CORPORATION
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2011
(Expressed in Canadian Dollars - unaudited)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance at April 1, 2010	44,643,245	\$ 7,926,903	\$ 688,004	\$ (41,000)	\$ (7,008,137)	\$ 1,565,770
Loss for the period					(201,069)	(201,069)
Share capital issued private placement	13,000,000	1,300,000	-	-	-	1,300,000
Shares issued to acquire mineral properties	75,000	9,750	-	-	-	9,750
Stock-based compensation on stock options issued	-	-	170,252	-	-	170,252
Available-for-sale investment	-	-	-	(1,500)	-	(1,500)
Share issue costs	-	(119,386)	-	-	-	(119,386)
Balance at June 30, 2010	57,718,245	9,117,267	858,256	(42,500)	(7,209,206)	2,723,817
Loss for the period	-	-	-	-	(1,080,392)	(1,080,392)
Share capital issued private placement	11,695,000	1,169,500	-	-	-	1,169,500
Shares issued to acquire mineral properties	200,000	20,000	-	-	-	20,000
Stock options exercised	200,000	24,000	-	-	-	24,000
Expired stock options granted	-	-	(189,485)	-	-	(189,485)
Stock-based compensation on stock options issued	-	-	100,799	-	-	100,799
Fair value of finders warrants issued	-	(65,313)	65,313	-	-	-
Share issue costs	-	(13,911)	-	-	-	(13,911)
Tax benefit renounced to flow-through share subscribers	-	(32,941)	-	-	-	(32,941)
Adjust for stock-based compensation for exercise of options	-	12,354	(12,354)	-	-	-
Available-for-sale investment	-	-	-	3,000	-	3,000
Balance at March 31, 2011	69,813,245	\$ 10,230,956	\$ 822,529	\$ (39,500)	\$ (8,289,598)	\$ 2,724,387
Loss for the period	-	-	-	-	(63,147)	(63,147)
Available-for-sale investment	-	-	-	(1,750)	-	(1,750)
Balance at June 30, 2011	69,813,245	\$ 10,230,956	\$ 822,529	\$ (41,250)	\$ (8,352,745)	\$ 2,659,490

HARVEST GOLD CORPORATION
(An Exploration Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2011
(Expressed in Canadian Dollars - Unaudited)

	June 30, 2011	June 30, 2010
OPERATING ACTIVITIES		
Net loss	\$ (63,147)	\$ (201,069)
Items not affecting cash		
Amortization	75	81
Stock-based compensation	-	82,025
Future income tax recovery	(10,663)	-
Foreign Exchange	(2)	(3)
	<u>(73,737)</u>	<u>(118,966)</u>
Changes in non-cash working capital items:		
Receivables	8,611	(546)
Prepays	1,350	(23,401)
Accounts payable and accrued liabilities	(116,037)	86,872
Taxes payable	642	-
Due to related parties	4,075	(19,600)
	<u>(175,096)</u>	<u>(75,641)</u>
FINANCING ACTIVITIES		
Private placement proceeds, net share issuance costs	<u>-</u>	<u>1,121,364</u>
INVESTING ACTIVITIES		
Expenditures on mineral properties	(435,447)	(324,841)
Reclamation bond	15,938	(19,410)
	<u>(419,509)</u>	<u>(344,251)</u>
CHANGE IN CASH	(594,606)	701,473
CASH - BEGINNING	<u>1,125,690</u>	<u>266,046</u>
CASH - ENDING	<u>\$ 531,085</u>	<u>\$ 967,518</u>

Supplemental cash-flow information (note 11)

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

1. NATURE AND CONTINUANCE 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 unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. The appropriateness of using the going concern basis is dependent upon, the ability of the Company to raise additional capital to fund ongoing exploration expenditures and operating losses and ultimately on generating profitable operations.

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed interim financial statements were authorized for issue on August 26, 2011 by the Board of Directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2011. However, this interim financial report, being the first IFRS financial report, provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) to IFRS are provided in Note 14.

Basis of preparation

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company’s functional currency.

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION – cont'd

Basis of consolidation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. 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.

Estimates, assumptions and measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of the mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

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Notes to the Condensed Consolidated Interim Financial Statements

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION – cont'd

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.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Impairment of assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

HARVEST GOLD CORPORATION

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Notes to the Condensed Consolidated Interim Financial Statements

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For the three month period ended June 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION – cont'd

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

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.

HARVEST GOLD CORPORATION

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Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION – cont'd

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss/income.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the balance sheet method of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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Notes to the Condensed Consolidated Interim Financial Statements

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For the three month period ended June 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION – cont'd

Share-based payments – cont'd

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share based payments are reflected in contributed surplus, until exercised. Upon exercise shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

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Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION – cont'd

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rate applicable to equipment is as follows:

	Depreciation rate
Drilling and exploration equipment	20%

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 consolidated statement of operations and deficit in the year in which they occur.

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Amendments to IFRS 7 “Financial Instruments: Disclosures”

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

New standard IFRS 9 “Financial Instruments”

This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

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For the three month period ended June 30, 2011

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE – cont'd

New standard IFRS 9 “Financial Instruments” – cont'd

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. This new standard is effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 10 “Consolidated Financial Statements”

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

New standard IFRS 11 “Joint Arrangements”

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

New standard IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

New standard IFRS 13 “Fair Value Measurement”

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosure.

Amendments to other standards

In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

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3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE – cont'd

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its condensed interim financial statements or whether to early adopt any of the new requirements.

4. MARKETABLE SECURITIES

Marketable securities consist of the following holdings:

Company:	June 30, 2011		
	Shares	Fair Value	Original Cost
Grandview Gold Inc.	50,000	\$ 3,500	\$ 23,500
Gunpoint Exploration Ltd.	5,000	4,250	25,500
	<u>55,000</u>	<u>\$ 7,750</u>	<u>\$ 49,000</u>

Company:	March 31, 2011		
	Shares	Fair Value	Original Cost
Grandview Gold Inc.	50,000	\$ 3,500	\$ 23,500
Gunpoint Exploration Ltd.	5,000	6,000	25,500
	<u>55,000</u>	<u>\$ 9,500</u>	<u>\$ 49,000</u>

During the period ended June 30, 2011 the Company recognized an unrealized loss of \$1,750 (March 31, 2010 – \$500) which has been recorded as other comprehensive loss.

5. EQUIPMENT

	June 30, 2011			March 31, 2011		
	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	(1,233)	342	1,575	(1,160)	415
	<u>\$ 5,916</u>	<u>\$ (5,574)</u>	<u>\$ 342</u>	<u>\$ 5,916</u>	<u>\$ (5,501)</u>	<u>\$ 415</u>

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6. EXPLORATION AND EVALUATION ASSETS

	United States of America			Canada		Total
	Garcia Flats Property	Rosebud Gold Mine	RW Claims	Hunt Property	Rice Lake Claims	
Mineral Property acquisition						
Balance, March 31, 2011	\$ 1	\$ 431,104	\$ -	\$ 1	\$ 49,000	\$ 480,106
Acquisition costs - cash	-	-	-	-	-	-
Acquisition costs - shares	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance, June 30, 2011	\$ 1	\$ 431,104	\$ -	\$ 1	\$ 49,000	\$ 480,106
Expenditures						
Balance, March 31, 2011	\$ -	\$ 1,263,255	\$ 29,589	\$ -	\$ 9,865	\$ 1,302,709
Administration	-	151	-	-	-	151
Assay and sampling	-	73,113	-	-	-	73,113
Automobile costs	-	6,496	-	-	-	6,496
Consulting services	-	39,746	-	-	7,006	46,752
Drilling expenses	-	259,752	-	-	-	259,752
Equipment and supplies	-	426	-	-	-	426
Licenses and fees	-	594	-	-	-	594
Line cutting costs	-	-	-	-	18,080	18,080
Shipping and printing costs	-	140	-	-	-	140
Survey costs	-	-	-	-	23,850	23,850
Travel and accomodation	-	5,821	-	-	272	6,093
	-	386,239	-	-	49,208	435,447
Balance, June 30, 2011	-	1,649,494	29,589	-	59,073	1,738,156
Total, June 30, 2011	\$ 1	\$ 2,080,598	\$ 29,589	\$ 1	\$ 108,073	\$ 2,218,262

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, 2011, 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, 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:

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6. EXPLORATION AND EVALUATION ASSETS – cont'd

Garcia Flats Property, Nevada, USA (continued)

<u>Date</u>	<u>Payment</u>	<u>Issuance of shares</u>
On or before February 6, 2006	US \$10,000	25,000 (paid & issued)
On or before February 6, 2007	US \$10,000	50,000 (paid & issued)
On or before February 6, 2008	US \$10,000	100,000 (paid & issued)
On or before February 6, 2009	US \$2,000	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 4 year period. The Garcia Flats Property is subject to 3% NSR which the Company also has the option to purchase 1.5% of the NSR for US\$750,000.

On June 7, 2007, the Company entered into a Memorandum of Understanding (“MOU”) with Gunpoint Exploration Ltd. (formerly Christopher James Gold Corp.) (“Gunpoint”), a public company listed on the TSX-V, whereby Gunpoint 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, Gunpoint issued the Company 50,000 common shares (note 4) and reimbursed \$500,000 in exploration expenditures.

During the year ended March 31, 2009, Gunpoint withdrew from the project and terminated its option.

During the year ended March 31, 2011 the Company wrote down the property to a nominal value of \$1 with an impairment of \$508,186 as no exploration activities took place on the property during the year.

Rosebud Gold Mine Property, Nevada, USA

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

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

The Rosebud Gold Mine Property is subject to a 3% NSR, which the Company has the option to purchase 1.5% for \$2,250,000. 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.

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6. EXPLORATION AND EVALUATION ASSETS – cont'd**Rosebud Gold Mine Property, Nevada, USA (continued)**

As of June 30, 2011 the Company has made the following payments on the Rosebud Gold Mine Property:

	Cash	Shares		Total
		Number of shares	Amount	
Prior to March 31, 2011	\$ 350,104	600,000	\$ 81,000	\$ 431,104
During the period ended June 30, 2011	-	-	-	-
Total	\$ 350,104	600,000	\$ 81,000	\$ 431,104

RW Claims, Nevada, USA

On November 19, 2010, the Company staked claims comprising the RW Claims located in Eureka County, Nevada.

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. ("NGX") (previously Canadian Gold Hunter Corp), a public company listed on the TSX-V. As a result, the Company and NGX formed a joint venture (the "Hunt Property joint venture") on a 40/60 basis, respectively.

The Hunt Property is subject to a 3% NSR, which the Hunt Property joint venture has the option to purchase up to 1.5% 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 a 100% interest in certain claims comprising the Rice Lake Claims located in, Manitoba, Canada, for the following consideration:

Date	Payment	Issuance of shares
Upon execution of the option agreement	\$ 5,000	200,000 paid & issued

The Rice Lake Claims are subject to a 2% NSR which the Company the option to purchase 1% for a total purchase price of \$1,000,000.

As of June 30, 2011 the Company has made the following payments on the Rice Lake Claims:

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6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Rice Lake Claims, Manitoba, Canada (continued)

	Cash	Shares		Total
		Number of shares	Amount	
Prior to March 31, 2011	\$ 5,000	200,000	\$ 44,000	\$ 49,000
During the period ended June 30, 2011	-	-	-	-
Total	<u>\$ 5,000</u>	<u>200,000</u>	<u>\$ 44,000</u>	<u>\$ 49,000</u>

7. RECLAMATION BONDS

As of June 30, 2011, the Company has one reclamation bond issued with the Nevada Division of Minerals in the amount of US\$17,859, respectively, to guarantee reclamation of the environment of the following properties:

Property	June 30, 2011	March 31, 2011
Longstreet	\$ -	\$ 15,938
Rosebud Gold Mine	21,859	21,859
	<u>\$ 21,859</u>	<u>\$ 37,797</u>

8. RELATED PARTY TRANSACTIONS

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

a. Contractual commitments with related parties

- i) On January 1, 2008, 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 September 1, 2009 an amendment adjusted the monthly rate to \$4,000 per month.
- ii) On January 1, 2008, the Company entered into an independent contractor agreement with an officer to fulfil the role as Exploration Geologist for a period of 3 years. On October 1, 2009 an amendment adjusted the monthly rate 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 three months ended June 30, 2011 and 2010 as follows:

- i. The Company paid or accrued \$27,481 (June 2010 - \$33,644), in geological consulting fees to an officer of the Company of which \$26,707 (June 2010 - \$31,073) have been capitalized to mineral property expenditures as consulting services and \$774 (June 2010 - \$2,571) has been expensed to geological consulting.

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8. RELATED PARTY TRANSACTIONS (continued)

- ii) The Company paid or accrued \$16,200 (June 2010 - \$16,200) in management fees to directors of the Company.
- iii) As of June 30, 2011, amounts due to related parties were \$83,828 (June 2010 \$188,865) which were \$74,049 (June 2010 - \$134,131) owing to companies related through directors of the Company for shared administration costs and \$9,779 (June 2010 - \$54,734) owing to an officer of the Company for geological fees. These amounts are non-interest bearing and have no fixed terms of repayment.

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 period ended June 30, 2011 and the amounts recorded in share capital and contributed surplus is as follows:

	Number of Shares	Amount	Contributed Surplus
Balance - March 31, 2010	44,643,245	\$ 7,926,903	\$ 688,004
Shares issued for mineral properties - non-cash	275,000	29,750	-
Exercise options for cash	200,000	24,000	-
Expired stock options granted			(189,485)
Stock-based compensation	-	-	271,051
Shares issued for Private Placement	24,695,000	2,469,500	-
Tax benefit renounced to flow-through share subscribers		(32,941)	-
Adjust for stock-based compensation for exercise of options	-	12,354	(12,354)
Fair value of finders' warrants		(65,313)	65,313
Shares issuance costs	-	(133,297)	-
Shares subscriptions received	-	-	-
Balance - March 31, 2011 and June 30, 2011	<u>69,813,245</u>	<u>10,230,956</u>	<u>822,529</u>

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9. SHARE CAPITAL – cont'd**c) Warrants**

A continuity schedule of outstanding common share purchase warrants for the period ended June 30, 2011 is as follows:

	June 30, 2011		March 31, 2011	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
	Outstanding		Outstanding	
Outstanding, beginning of year	20,179,500	\$ 0.18	-	\$ -
Granted	-	-	13,750,800	0.20
Granted	-	-	6,428,700	0.15
Outstanding, end of period	<u>20,179,500</u>	<u>\$ 0.18</u>	<u>20,179,500</u>	<u>\$ 0.18</u>

At June 30, 2011, 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	0.82
825,000	December 30, 2011	0.15	0.50
<u>5,603,700</u>	February 3, 2012	<u>0.15</u>	<u>0.60</u>
<u>20,179,500</u>			<u>0.74</u>

d) Options

A continuity schedule of the Company's outstanding stock options for the period ended June 30, 2011 is as follows:

	June 30, 2011		March 31, 2011	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
	Outstanding		Outstanding	
Outstanding, beginning of year	5,974,325	\$ 0.13	4,432,500	\$ 0.12
Granted	-	-	3,259,325	0.13
Cancelled/ Expired	-	-	(1,517,500)	0.12
Exercised	-	-	(200,000)	0.12
Outstanding, end of period	<u>5,974,325</u>	<u>\$ 0.13</u>	<u>5,974,325</u>	<u>\$ 0.13</u>

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9. SHARE CAPITAL (continued)**d) Options (continued)**

The following summarizes information about stock options outstanding and exercisable at June 30, 2011:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price	Weighted Average remaining contractual life (in years)
510,000	510,000	July 31, 2011	\$ 0.12	0.08
950,000	950,000	March 20, 2012	0.12	0.72
755,000	755,000	November 13, 2012	0.12	1.38
425,000	425,000	May 7, 2013	0.12	1.85
225,000	225,000	May 14, 2014	0.12	2.87
400,000	400,000	May 11, 2015	0.15	3.87
1,119,325	1,119,325	June 1, 2015	0.15	3.92
1,590,000	1,590,000	January 24, 2016	0.12	4.57
<u>5,974,325</u>	<u>5,974,325</u>			<u>2.75</u>

The fair value of stock-based compensation is measured at the date of grant and recognized over the vesting period. Options granted to directors and employees and warrants granted to finders were vested immediately. Options granted to investor relation consultants were vested quarterly over a 12 month period. The fair value of stock options and warrants granted to directors, employees, and consultants during the three months ended June 30, 2011 was \$Nil (June 2010 – \$118,305) of which \$Nil (June 2010 - \$34,977) was capitalized to mineral properties and \$Nil (June 2010 - \$83,328) was recorded in the consolidated statement of operations.

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

	June 30, 2011	June 30, 2010
Expected dividend yield	0%	0%
Expected share price volatility	93.85% - 113.05%	95.83% - 113.05%
Risk-free interest rate	1.784% - 2.916%	2.17%
Expected life of options and warrants	1 - 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.

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10. MANAGEMENT OF CAPITAL AND RISK MANAGEMENT

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 three months ended June 30, 2011. The Company is not subject to externally imposed capital restrictions.

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 June 30, 2011, 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.

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11. SUPPLEMENTAL CASH FLOW INFORMATION

	For the three months ended	
	June 30, 2011	June 30, 2010
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Shares issued for mineral properties	-	9,750
Stock-based compensation expense capitalized to mineral properties	-	34,977

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segments, being exploration and development of mineral properties. Summarized financial information for the geographic segments, the Company operates in are as follows:

	June 30, 2011	March 31, 2011
Total Assets		
Canada	\$ 1,445,303	\$ 1,221,488
United States	1,344,885	1,755,580
	<u>\$ 2,790,188</u>	<u>\$ 2,977,068</u>
Mineral Properties		
Canada	\$ 108,074	\$ 58,866
United States	2,110,188	1,723,949
	<u>\$ 2,218,262</u>	<u>\$ 1,782,815</u>
Equipment		
Canada	\$ -	\$ -
United States	342	415
	<u>\$ 342</u>	<u>\$ 415</u>
Total Loss		
Canada	\$ (58,213)	\$ (784,720)
United States	(4,934)	(496,741)
	<u>\$ (63,147)</u>	<u>\$ (1,281,461)</u>

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13. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

a) Provision for current tax

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended March 31, 2011, the Company issued 1,650,000 flow-through units at a price of \$0.10 per unit for proceeds of \$165,000. These amounts will not be available to the Company for future deduction from taxable income. Effective June 30, 2011, the Company renounced \$53,359 to the subscribers under the look-back rule and has incurred \$13,340 in deferred tax expense which has not been booked due to the losses to apply against the amount. The Company has booked an amount of \$642 which is due regarding the Part Xii.6 generated on the renounced expenditures at the period ending June 30, 2011.

b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at June 30, 2011, the Company has approximately \$2,109,000 in non-capital losses that can be offset against taxable income in future years which began expiring at various dates commencing in 2026. Due to the uncertainty of realization of these future income tax assets, the benefit is not reflected in the financial statements as the Company has provided a full valuation allowance.

14. TRANSITION TO IFRS

As a result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first interim financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", April 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

IFRS 2 "Share-based payment" – IFRS 1 allows that full retrospective application may be avoided for certain share-based instruments depending on the grant date, vesting terms and settlement of any real liabilities. A first-time adopter can elect to not apply IFRS 2 to share-based payments granted after November 7, 2002 that vested before the later of

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14. TRANSITION TO IFRS – cont'd

(a) the date of transition to IFRS and (b) January 1, 2005. The Company plans to elect this exemption and will apply IFRS 2 to only unvested stock options as at April 1, 2010 being the transition date.

IFRS 3 “Business Combinations” – IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition avoiding the requirement to restate prior business combinations. The Company plans to elect this exemption and as such expects no difference between Canadian GAAP and IFRS on transition for differences in business combination accounting.

IFRS 1 “Deemed Cost” – allows for exploration and evaluation assets costs to be accounted for in cost centres that include all properties in a large geographical area. A first-time adopter using such accounting under previous Canadian GAAP may elect to measure exploration and evaluation assets at the amount determined under the Company’s previous GAAP. The Company plans to elect this exemption and shall continue to test exploration and evaluation assets in the development phases for impairment at the date of transition to IFRS in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources.

Mandatory exceptions applied

IAS 39 “Financial Instruments” the Company has applied the derecognition of financial assets and liabilities exception requirements prospectively from the transition date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39. The application of this exemption has no impact on the Company.

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. No adjustments for estimates have been made.

IAS 27 was applied prospectively from the Transition Date. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. No adjustment was required.

Reconciliation to previously reported financial statements

The following tables provide a reconciliation between the amounts previously reported under Canadian GAAP and those anticipated to be reported in accordance with IFRS and related transitional requirements, based on our analysis to date. A summary of each of the noted changes is included in the notes following the reconciliations of the following Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive Income for the dates noted below. The anticipated effects of transition from GAAP to IFRS on the cash flow are not material therefore a reconciliation of cash flows has not been presented. The reconciliations and related adjustments have not been audited by the Company’s external auditor.

Transitional Consolidated Statement of Financial Position Reconciliation – April 1, 2010

Consolidated Interim Statement of Financial Position – June 30, 2010

Consolidated Statement of Financial Position Reconciliation – March 31, 2011

Consolidated Interim Statement of Comprehensive Loss Reconciliation – June 30, 2010

Consolidated Statement of Comprehensive Loss Reconciliation – March 31, 2011

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

14. TRANSITION TO IFRS – cont'd**Transitional Consolidated Statement of Financial Position Reconciliation to IFRS (unaudited) as follows:**

	Ref	April 1 2010 CAN GAAP	Effect of Transition to IFRS	April 1 2010 IFRS
ASSETS				
Current assets				
Cash		\$ 266,046	\$ -	\$ 266,046
Marketable securities		8,000		8,000
Receivables		2,668		2,668
Prepaid expenses and deposits		4,588		4,588
Total current assets		281,302	-	281,302
Reclamation bonds		16,656		16,656
Equipment		725		725
Mineral properties and deferred exploration costs		1,671,450		1,671,450
		1,688,831	-	1,688,831
Total assets		\$ 1,970,133	\$ -	\$ 1,970,133
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		\$ 83,398		\$ 83,398
Due to related parties		208,465		208,465
Total current liabilities		291,863	-	291,863
Total liabilities		291,863	-	291,863
Shareholders' equity (deficit)				
Share capital - common		7,926,903		7,926,903
Share subscriptions received		112,500		112,500
Contributed surplus	a	1,009,297	(321,293)	688,004
Accumulated other comprehensive income		(41,000)		(41,000)
Deficit		(7,329,430)	321,293	(7,008,137)
Total shareholders's equity		1,678,270	-	1,678,270
Total equity		1,678,270	-	1,678,270
Total liabilities and equity		\$ 1,970,133	\$ -	\$ 1,970,133

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

14. TRANSITION TO IFRS – cont'd**Reconciliation to previously reported financial statements – cont'd**

Transitional Consolidated Statement of Financial Position Reconciliation to IFRS (unaudited) as follows:

	Ref	June 30 2010	Effect of Transition to IFRS	June 30 2010
		CAN GAAP		IFRS
ASSETS				
Current assets				
Cash		\$ 967,518	\$ -	\$ 967,518
Marketable securities		6,500		6,500
Receivables		3,214		3,214
Prepaid expenses and deposits		27,989		27,989
Total current assets		1,005,221	-	1,005,221
Reclamation bonds		36,066		36,066
Equipment		647		647
Mineral properties and deferred exploration costs		2,041,017		2,041,017
		2,077,730	-	2,077,730
Total assets		\$ 3,082,951	\$ -	\$ 3,082,951
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		\$ 170,269		\$ 170,269
Due to related parties		188,865		188,865
Total current liabilities		359,134	-	359,134
Total liabilities		359,134	-	359,134
Shareholders' equity (deficit)				
Share capital - common		9,117,267		9,117,267
Share subscriptions received		-		-
Contributed surplus	b, c	1,180,852	(368,813)	812,039
Accumulated other comprehensive income		(42,500)		(42,500)
Deficit	b, c	(7,531,802)	368,813	(7,162,989)
Total shareholders's equity		2,723,817	-	2,723,817
Total equity		2,723,817	-	2,723,817
Total liabilities and equity		\$ 3,082,951	\$ -	\$ 3,082,951

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

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For the three month period ended June 30, 2011

14. TRANSITION TO IFRS – cont'd**Reconciliation to previously reported financial statements – cont'd**

Consolidated Interim Statement of Financial Position Reconciled to IFRS (unaudited) as follows:

	Ref	March 31 2011 CAN GAAP	Effect of Transition to IFRS	March 31 2011 IFRS
ASSETS				
Current assets				
Cash		\$ 1,125,690	\$ -	\$ 1,125,690
Marketable securities		9,500		9,500
Receivables		15,896	-	15,896
Prepaid expenses and deposits		4,955		4,955
Reclamation bonds		15,938	-	15,938
Total current assets		1,171,979	-	1,171,979
Reclamation bonds		21,859		21,859
Equipment		415		415
Mineral properties and deferred exploration costs		1,782,815	-	1,782,815
		1,805,089	-	1,805,089
Total assets		\$ 2,977,068	\$ -	\$ 2,977,068
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		\$ 220,960	-	\$ 220,960
Total current liabilities		220,960	-	220,960
Non-current liability				
Deferred income tax liability	a	-	31,721	31,721
Total liabilities		220,960	31,721	252,681
Shareholders' equity (deficit)				
Share capital - common	a	10,214,397	16,559	10,230,956
Contributed surplus	b, c	1,329,398	(506,869)	822,529
Accumulated other comprehensive income		(39,500)	-	(39,500)
Deficit	b, c	(8,748,187)	458,589	(8,289,598)
Total shareholders's equity		2,756,108	(31,721)	2,724,387
Total liabilities and equity		\$ 2,977,068	\$ -	\$ 2,977,068

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

14. TRANSITION TO IFRS – cont'd**Reconciliation to previously reported financial statements – cont'd**

The Canadian GAAP Consolidated Statement of Operations and Comprehensive Loss
For The Three Months Ended June 30, 2010 has been reconciled to IFRS (unaudited) as follows:

	Ref	June 30 2010	Effect of Transition to IFRS	June 30 2010
		CAN GAAP		IFRS
EXPENSES				
Amortization		\$ 81		\$ 81
Consulting		306		306
Investor relation		39,716		39,716
Professional fees		22,319		22,319
Management fees (Note 8 (b) (ii))		16,200		16,200
Marketing and corporate communications		4,500	-	4,500
Geological consulting		2,772		2,772
Office and miscellaneous		5,311		5,311
Property investigation costs		544		544
Stock-based compensation (Note 9)		83,328	(1,303)	82,025
Salaries and benefits		9,400		9,400
Rent and utilities		1,866		1,866
Transfer agent and regulatory fees		11,841		11,841
Travel and promotion		1,885	-	1,885
LOSS BEFORE OTHER ITEMS		200,069	(1,303)	198,766
OTHER ITEMS:				
Foreign currency gain (loss)		(2,303)		(2,303)
Impairment of mineral properties		-	-	-
		(2,303)	-	(2,303)
NET LOSS BEFORE INCOME TAXES		\$ 202,372	\$ (1,303)	\$ 201,069
Deferred income tax recovery (expense)	a	-	-	-
NET LOSS FOR THE YEAR		\$ 202,372	\$ (1,303)	\$ 201,069
LOSS PER COMMON SHARE - Basic and diluted				
From continuing operations		\$ (0.00)	\$ -	\$ (0.00)
Weighted average shares outstanding - Basic and diluted				
		54,512,750		54,512,750
COMPREHENSIVE LOSS				
Net Loss		\$ 202,372	\$ (1,303)	\$ 201,069
Unrealized loss on marketable securities		1,500	-	1,500
COMPREHENSIVE LOSS		\$ 203,872	\$ (1,303)	\$ 202,569

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

14. TRANSITION TO IFRS – cont'd**Reconciliation to previously reported financial statements – cont'd**

The Canadian GAAP Consolidated Statement of Operations and Comprehensive Loss
For The Year Ended March 31, 2011 has been reconciled to IFRS (unaudited) as follows:

	Ref	March 31 2011 CAN GAAP	Effect of Transition to IFRS	March 31 2011 IFRS
EXPENSES				
Amortization		\$ 296		\$ 296
Consulting		2,128		2,128
Investor relation		175,276		175,276
Professional fees		55,245		55,245
Management fees (Note 8 (b) (ii))		64,800		64,800
Marketing and corporate communications		18,105	-	18,105
Geological consulting		15,484		15,484
Office and miscellaneous		29,785		29,785
Property investigation costs		9,739		9,739
Stock-based compensation (Note 9)		202,587	(3,909)	198,678
Salaries and benefits		29,728		29,728
Rent and utilities		5,074		5,074
Transfer agent and regulatory fees		33,740		33,740
Travel and promotion		3,373	-	3,373
LOSS BEFORE OTHER ITEMS		645,360	(3,909)	641,451
OTHER ITEMS:				
Foreign currency gain (loss)		(4,524)		(4,524)
Impairment of mineral properties		(818,373)	-	(818,373)
		(822,897)	-	(822,897)
NET LOSS BEFORE INCOME TAXES		\$ 1,468,257	\$ (3,909)	\$ 1,464,348
Deferred income tax recovery (expense)	a	49,500	(48,280)	1,220
NET LOSS FOR THE YEAR		<u>\$ 1,418,757</u>	<u>\$ 44,371</u>	<u>\$ 1,463,128</u>
LOSS PER COMMON SHARE - Basic and diluted				
From continuing operations		\$ (0.02)	\$ -	\$ (0.02)
Weighted average shares outstanding - Basic and diluted				
		59,063,368		59,063,368
COMPREHENSIVE LOSS				
Net Loss		\$ 1,468,257	\$ (3,909)	\$ 1,464,348
Unrealized gain on marketable securities		(1,500)	-	(1,500)
COMPREHENSIVE LOSS		<u>\$ 1,466,757</u>	<u>\$ (3,909)</u>	<u>\$ 1,462,848</u>

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

14. TRANSITION TO IFRS – cont'd

Reconciliation to previously reported financial statements – cont'd

The following is a summary of the significant accounting differences considered as part of the IFRS transition project and, where appropriate, the preliminary quantification of the adjustments required as of the transition date and for the comparative period. Completion of the final stages of our project may result in the identification of other adjustments or changes to the amounts presented, and such changes may be material.

Asset impairment

Both Canadian GAAP and IFRS require an entity to undertake quantitative impairment testing where there is an indication of impairment. Further there is a requirement under IFRS for the Company to assess whether indicators of impairment exist at the date of transition to IFRS.

Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if circumstances leading to the impairment no longer exist. The Company has no historic impairment charges which could be reversed as of the transition date.

As at the transition date, there were no indications of impairment under IFRS identified by management, therefore no formal quantitative impairment was undertaken.

Flow-through shares

Under Canadian GAAP, share capital is recorded at net proceeds less the deferred tax liability related to the renounced expenditures. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or “premium”, are recorded as a deferred charge. When expenditures are renounced, a deferred tax liability is recognized and the deferred charge is reversed. The net amount is recognized as deferred tax expense. On adoption of the IFRS requirements, the Company will record a \$32,941 decrease to share capital, a premium liability of \$31,721 and a deferred income tax recovery of \$1,220

Adjustments on transition to IFRS:

(a) Flow-through shares

On transition to IFRS the Company will record a decrease to share capital, a premium liability and a deferred income tax recovery

Impact on Consolidated Statement of Financial Position (Unaudited)

	March 31 2011	June 30 2010	April 1 2010
FIT recovery	\$ 49,500	\$ -	\$ -
Share capital - common	\$ (16,559)	\$ -	\$ -
Deferred income tax liability	\$ (32,941)	\$ -	\$ -
Deferred income tax liability	\$ 1,220	\$ -	\$ -
Deferred income tax (recovery) expense	\$ (1,220)	\$ -	\$ -

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Condensed Consolidated Interim Financial Statements

Expressed in Canadian Dollars

For the three month period ended June 30, 2011

14. TRANSITION TO IFRS – cont'd**(b) Share-based payment transactions**

On transition to IFRS the Company has elected to change its accounting policy for the treatment of amounts recorded in contributed surplus which relate to stock options which expire unexercised. Under IFRS amounts recorded for expired unexercised stock options will be transferred to deficit on the date of expiry. Previously the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

Impact on Consolidated Statement of Financial Position (Unaudited)

	March 31 2011	June 30 2010	April 1 2010
Contributed surplus	\$ (510,778)	\$ (370,116)	\$ (321,293)
Adjustment to deficit	\$ 510,778	\$ 370,116	\$ 321,293

(c) Share-based payment transactions

The Company has elected and only reassess the fair value of options that were granted after November 7, 2002 and that have not vested at the date of transition, April 1, 2010.

Impact on Consolidated Statement of Financial Position (Unaudited)

	March 31 2011	June 30 2010	April 1 2010
Contributed surplus	\$ 3,909	\$ 1,303	\$ -
Adjustment to deficit	\$ (3,909)	\$ (1,303)	\$ -

A further difference is that IFRS 2 requires that forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods, whereas under the Company's Canadian GAAP policy forfeitures of awards have been recognized as they occur. On application of the IFRS 1 exemption noted previously, this change in accounting was not applied since the forfeiture rate was zero on the unvested awards as of the transition date.



**Management Discussion and Analysis
For the Three Months Ended June 30, 2011**

PRELIMINARY INFORMATION

This Management's Discussion and Analysis ("MD&A") contains information up to and including August 26, 2011.

The following MD&A of Harvest Gold Corporation (the "Company") should be read in conjunction with the unaudited consolidated financial statements for the three months ended June 30, 2011 and the related notes contained therein. In addition, the following should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2011 and the notes thereto. It should be noted that the audited consolidated financial statements for the year ended March 31, 2011 was prepared in accordance with Canadian generally accepted accounting principles ("CAD GAAP"), the reconciliation of which can be found beginning on page 26 of this MD&A.

All financial information in this MD&A related to 2011 have been prepared in accordance with International financial reporting standards ("IFRS"), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING INFORMATION

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information please refer to page 23 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 five properties, the Garcia Flats Property, the Rosebud Gold Mine Property and the RW Claims in Nevada, USA and the Assean Lake Gold Property (Hunt), and the Rice Lake Claims (Cud) 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

Greg Hill, President of Harvest Gold Corp. (US) is the Qualified Person responsible for the review and compilation of the technical information relating to the mineral projects disclosed in the MD&A.

ROSEBUD GOLD MINE, NEVADA

Historical Overview

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

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

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 Paid
On or before December 15, 2009	US\$80,000 Paid
On or before December 15, 2010	US\$80,000 Paid
Total	<u>US\$320,000</u>

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 Issued
On or before December 15, 2009	150,000 Issued
On or before December 15, 2010	200,000 Issued
Total	<u>600,000</u>

Upon earning a 100% interest, the Company is obligated on an annual basis to pay an advance royalty payment of US\$50,000 until the property is placed into production and is to be recovered from any actual future mineral production royalty payments.

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

As of the period ended June 30, 2011, the Company has incurred \$1,555,366, (March 31, 2011 \$1,169,127) net of stock-based compensation of \$94,128, (March 31, 2010 \$94,128) of expenditures on the property

Property Description

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

Background

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

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

Some highlights of the report are:

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

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

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

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

This includes data from:

- approximately 700 holes drilled from surface and underground by previous operators,
- approximately 90 working cross sections produced by the former mine operators, covering nearly the entire property at 50-100 foot spacings,
- approximately 230 maps produced by previous operators. These include geology maps, drill collars, rock chip geochemistry, soil geochemistry, grade-thickness, aero-magnetic and ground magnetic responses, gravity, IP, VLF, radiometric values and topography,
- numerous geological, geophysical, and geochemical data sets-

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

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 approximately 250 surface drillholes exist within Harvest Gold's land position. Gold mineralization is present in drillholes at depths ranging 0 to 1200 feet (365 metres) from surface.

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

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

A new structural model has been developed through this work. The structural model indicates that high-grade mineral zones are developed at dilational jogs along a major through-going north-northeast left-lateral fault system. This fault system has been recognized at surface and in the subsurface through geological mapping and 3D geological modeling. Eleven high-priority targets have been identified. The targets include potential bonanza veins in basement rocks, stockwork/disseminated targets in volcanic rocks, and vein or stockwork/disseminated targets at the unconformity between basement metasediments and the overlying volcanic pile.

During the three months ended June 30, 2011

The final seventeen reverse circulation drill holes of Phase II were completed, totaling 11,520 feet (3511 m). These holes, HGR-18 through HGR-34 tested six target areas. Target types include: high grade volcanic-hosted stockwork and disseminated mineralization within the bulk tonnage halo surrounding the deposit; extensions and definition of the bulk tonnage halo; and high grade feeder veins within metamorphic basement rocks.

The Phase II drill program was completed in late May 2011 and assay results were reported in June 2011. Twenty-two reverse circulation holes were drilled in Phase II for a total of 4622 metres in six target areas, the majority testing the Valley and Southern Extension targets.

Phase II Drill Program highlights include:

South Zone

- **10.67 metres of 1.4 g Au/t, 15.1 g Ag/t**
including 1.52 metres of 3.8 g Au/t
and including 1.52 metres of 60.5 g Ag/t
- Confirmation in historical, non NI 43-101 resource

Southern Extension

- **Visible gold intersected;** Metallic screen assays show grade increases up to 500% above standard fire assays; Additional metallic screens in progress
- **Au intercepts in all Southern Extension holes**
- 44.20 metres of 0.3 g Au/t in HGR-30
including **9.14 metres of 0.9 g Au/t**
- 15.24 metres of 0.4 g Au/t in HGR-33
including **3.05 metres of 1.6 g Au/t**

Valley target

- **Au and Ag intercepts in all holes**
- 9.14 metres of 0.7 g Au/t in HGR-31
- 7.62 metres of 0.3 g Au/t, 41.5 g Ag/t in HGR-22
including 3.05 metres of 0.6 g Au/t, 87.4 g Ag/t
including 1.52 metres of 1.0 g Au/t, 153.9 g Ag/t
- 7.62 metres of 0.7 g Au/t in HGR-21
including 1.52 metres of 1.7 g Au/t
- **Mineralization begins almost at surface**
- Structural controls defined in blind mineralization beneath thin cover
- 185 metre strike length; open in all directions

Untested targets remaining at Rosebud

- Dreamland, Motherland, Gold Hill, Motherlode targets untested by Harvest Gold drilling; high grade historical intercepts in Dreamland and Motherland targets; high grade Ag intercept from Phase I (35.1 metres of 238.1 g Ag/t; Aug. 5, 2010 news release) in Unconformity target remains to be followed up

Gold and silver assays from significant intercepts are summarized below.

Southern Extension Target

Drill hole HGR-30 intersected 9.14 metres of 0.9 g Au/t within a larger intercept of 44.2 metres of 0.3 g Au/t, 2.3 g Ag/t (0.4 g AuEq/t) in the Southern Extension target. Six other drill holes tested the Southern Extension and all contain significant intercepts (see table below) within quartz vein, hydrothermal breccia, and stockworks in silicified volcanic rocks. Mineralization occurs near surface, at and above the faulted contact between fine grained volcanic rocks and Dozer rhyolite, as well as within a deeper zone in Dozer rhyolite. The deeper mineralization was intersected near the ends of HGR-32 and HGR-33 and is characterized by quartz-sulfide veinlets with minor to absent wall rock alteration. The Dozer rhyolite is a very competent host rock that may be capable of hosting bonanza veins.

Phase II drilling extended mineralization by approximately 100 metres from a thick intercept in HGR-5 (114.3 meters of 0.49 g Au/t; Aug. 5, 2010 news release) drilled in Phase I. Mineralization in the upper and lower zones is open to the south, southeast, and southwest, and may connect with historical intercepts approximately 100-200 metres to the west.

Phase II Southern Extension intercepts.

	FROM metres	TO metres	INTERVAL ¹ metres	Au ² g/t	Ag g/t	AuEq ^{3,4} g/t
HGR-18	25.91	38.10	12.19	0.2	1.8	0.2
	109.73	118.87	9.14	0.3	1.9	0.3
	135.64	137.16	1.52	0.5	1.3	0.5
	144.78	146.30	1.52	0.4	1	0.4
	152.40	153.92	1.52	1.3	2	1.3
HGR-19	28.96	99.06	70.10	0.2	3.4	0.3
including	79.25	80.77	1.52	1.2	3.3	1.2
	115.82	134.11	18.29	0.2	1.8	0.2
including	118.87	120.40	1.52	0.7	1.5	0.8
HGR-28	30.48	91.44	60.96	0.2	2.4	0.3
including	44.20	45.72	1.52	0.7	3	0.8
and including	54.86	56.39	1.52	0.8	2.2	0.9
	106.68	115.82	9.14	0.1	3.1	0.2
	128.02	140.21	12.19	0.2	3.6	0.3
including	131.06	134.11	3.05	0.5	5.2	0.6
HGR-30	22.86	67.06	44.20	0.3	2.3	0.4
including	56.39	65.53	9.14	0.9	1.6	0.9
	74.68	80.77	6.10	0.3	1.0	0.3
HGR-32	12.19	13.72	1.52	0.5	1.1	0.5
	33.53	56.39	22.86	0.2	2.3	0.3
	79.25	80.77	1.52	0.5	1.1	0.5
	156.97	170.69	13.72	0.4	1.7	0.5
including	156.97	158.50	1.52	2.2	3.1	2.2
HGR-33	0.00	1.52	1.52	0.3	0.4	0.3
	18.29	19.81	1.52	0.3	1.8	0.4
	27.43	44.20	16.76	0.2	2.9	0.3
	48.77	64.01	15.24	0.4	6.5	0.6
including	51.82	54.86	3.05	1.6	2.5	1.7
including	53.34	54.86	1.52	2.3	2.5	2.3
	73.15	88.39	15.24	0.2	4.2	0.3
	129.54	132.59	3.05	0.3	1.6	0.3
	175.26	176.78	1.52	0.6	1.1	0.6
HGR-34	21.34	33.53	12.19	0.4	1.4	0.4
including	22.86	24.38	1.52	1.6	1.1	1.6
	47.24	73.15	25.91	0.3	1.8	0.3
including	50.29	60.96	10.67	0.5	2.2	0.6
including	51.82	53.34	1.52	2.1	5.8	2.2

¹ - True widths unknown; additional drilling required to determine true widths

² - Metallic screen fire assays used in all intervals where available for HGR-30, HGR-32, HGR-33, and HGR-34. Remaining intervals are reported from 30g fire assays.

³ - Cutoff values set at 0.17 g AuEq/t

⁴ - Gold equivalent (AuEq) calculated using a Ag to Au ratio of 41.7:1, calculated at spot prices, \$1500 Au and \$36 Ag

⁵ - All holes are inclined except for HGR-14 and HGR-18 which are vertical.

Valley Target

All eight holes drilled in the Valley target intersected precious metals mineralization, starting near surface, beneath thin post mineral alluvial cover, with widths ranging up to 67.06 metres. HGR-31 intersected 9.14 metres of 0.7 g Au/t, 1.0 g Ag/t (0.8 g AuEq/t) within a larger interval of 16.76 metres of 0.4 g Au/t, 2.5 g Ag/t (0.5 g AuEq/t). Multi-ounce Ag was intersected in three holes, with HGR-22 returning 153.9 g Ag/t, 1.0 g Au/t over 1.52 metres within a 7.62 metre interval of 0.3 g Au/t, 41.5 g Ag/t (1.3 g Au Eq). Phase II drilling has defined structural controls on mineralization along a contiguous west-northwest striking zone extending 185 metres from historic intercepts (WW-1, MW-4, RL-56). Mineralization is contained within stockworks and hydrothermal breccias developed in trachytic and rhyolitic host rocks with associated chalcedonic silica and minor banded veining at shallow depths. Historic intercepts to the north, south, east, and west suggest that mineralization can be expanded in several directions with additional drilling.

Phase II Valley intercepts.

	FROM metres	TO metres	INTERVAL metres	Au g/t	Ag g/t	AuEq ¹ g/t
HGR-13	0	1.52	1.52	0.7	0.8	0.7
	48.77	54.86	6.10	0.6	2.3	0.7
including	53.34	54.86	1.52	0.9	2.0	1.0
	102.11	114.30	12.19	0.1	5.4	0.3
including	102.11	103.63	1.52	0.2	22.7	0.7
HGR-14	3.05	18.29	15.24	0.2	4.3	0.3
including	3.05	4.57	1.52	0.4	33.1	1.2
HGR-15	33.53	47.24	13.72	0.4	3.5	0.4
including	36.58	41.15	4.57	0.8	2.9	0.9
including	38.10	39.62	1.52	1.8	3.8	1.9
	85.34	152.40	67.06	0.2	5.2	0.3
including	106.68	108.20	1.52	0.5	23.4	1.1
	118.87	120.40	1.52	0.1	22.1	0.6
	149.35	150.88	1.52	0.1	25.6	0.7
HGR-20	48.77	53.34	4.57	0.3	23.2	0.8
including	48.77	51.82	3.05	0.2	32.4	1.0
	74.68	103.63	28.96	0.2	12.5	0.5
including	74.68	89.92	15.24	0.2	20.8	0.7
including	77.72	79.25	1.52	0.4	45.2	1.5
and						
including	85.34	86.87	1.52	0.2	56.4	1.5
HGR-21	36.58	44.20	7.62	0.7	4.4	0.8
including	41.15	42.67	1.52	1.7	3.3	1.8
	83.82	96.01	12.19	0.3	2.7	0.3
HGR-22	19.81	27.43	7.62	0.3	41.5	1.3

including	19.81	22.86	3.05	0.6	87.4	2.7
including	19.81	21.34	1.52	1.0	153.9	4.7
	45.72	74.68	28.96	0.1	4.0	0.2
	96.01	102.11	6.10	0.1	10.8	0.4
	108.20	114.30	6.10	0.1	8.9	0.3
HGR-23	28.96	68.58	39.62	0.2	8.9	0.4
including	39.62	54.86	15.24	0.3	14.0	0.6
and including	35.05	41.15	6.10	0.1	36.3	1.0
	83.82	103.63	19.81	0.2	1.0	0.2
including	102.11	103.63	1.52	1.0	5.2	1.1
	120.40	126.49	6.10	0.2	2.4	0.2
HGR-29	4.57	10.67	6.10	0.2	4.2	0.3
	21.34	59.44	38.10	0.1	6.8	0.3
including	56.39	57.91	1.52	0.2	67.3	1.8
	97.54	150.88	53.34	0.2	3.8	0.3
including	128.02	131.06	3.05	1.1	22.4	1.6
	170.69	178.31	7.62	0.3	1.3	0.3
	207.26	208.79	1.52	1.1	2.4	1.1
	220.98	224.03	3.05	0.3	1.2	0.3
HGR-31	15.24	30.48	15.24	0.1	4.1	0.2
	64.01	82.30	18.29	0.1	4.5	0.2
	108.20	124.97	16.76	0.4	2.5	0.5
including	115.82	124.97	9.14	0.7	1.0	0.8
	132.59	135.64	3.05	0.4	0.6	0.4
	152.40	155.45	3.05	0.2	1.3	0.3

South Zone

Drill hole HGR-17 intersected 10.67 metres of 1.4 g Au/t, 15.1 g Ag/t (1.7g AuEq/t) and a 22.86 metre intercept of 0.8 g Au/t, 9.8 g Ag/t (1.0 g AuEq/t) in the South Zone. This hole confirms mineralization within the pre NI-43-101 resource.

South Zone intercepts.

	FROM metres	TO metres	INTERVAL metres	Au g/t	Ag g/t	AuEq ¹ g/t
HGR-17	38.10	45.72	7.62	0.1	7.9	0.3
	86.87	94.49	7.62	0.7	9.8	0.9
including	88.39	89.92	1.52	0.1	30.5	0.8
and including	89.92	91.44	1.52	1.5	3.6	1.6
	138.68	161.54	22.86	0.8	9.8	1.0
including	150.88	161.54	10.67	1.4	15.1	1.7
including	152.40	153.92	1.52	3.8	13.8	4.1
and						
including	160.02	161.54	1.52	0.9	60.5	2.3
	170.69	192.02	21.34	0.4	6.1	0.5

Far East Target

Two holes were drilled in the Far East target. Results are summarized in the following table.

Far East target intercepts.

	FROM metres	TO metres	INTERVAL metres	Au g/t	Ag g/t	AuEq ¹ g/t
HGR-25	50.29	59.44	9.14	0.3	6.2	0.5
including	50.29	51.82	1.52	1.3	4.5	1.4
	74.68	91.44	16.76	0.4	7.3	0.6
including	80.77	82.30	1.52	1.1	9.1	1.4
HGR-26	156.97	161.54	4.57	0.1	16.6	0.5
including	156.97	158.50	1.52	0.2	31.0	1.0
	222.50	225.55	3.05	0.3	0.9	0.3

Metallic Screen Assays

Due to the presence of visible gold in certain intervals in the Southern Extension target, metallic screen assays were performed on selected mineralized intervals in HGR-30, HGR-32, HGR-33, and HGR-34. Metallic screen assays are the preferred analytical method for samples containing coarse gold because coarse Au may plate out during preparation of samples for conventional 30g (1 assay ton) fire assays, resulting in under-reporting of Au values. Metallic screen assays provide more accurate results where coarse gold is present because total Au values are calculated from analyses of both fine and coarse fractions. The metallic screen assay procedure is as follows. Approximately 1kg of sample is sieved through a 150 mesh screen and the -150 mesh and +150 mesh fractions are both saved. Gold assays are then performed on two -150 mesh splits and on the +150 mesh fraction, and a total Au value is then calculated based on the weights and assays from each fraction. The presence of coarse gold in the sample is determined by Au analysis of the coarse fraction and comparison with results from the fine fraction. Results of the metallic screen assays are summarized below.

Approximately 42% of samples analyzed by the metallic screen technique show decreases in Au relative to standard 30g fire assays whereas 58% show increases. Moreover, the median decrease in Au grade is 26% whereas the median increase is 59%. Large increases in Au grade by metallic screen assays are seen in HGR-30 and HGR-33, and to a lesser extent in HGR-32 and HGR-34, and coarse Au has been detected in 26% of samples (22 out of 86) submitted for metallic screen assays. Additional samples from mineralized intervals in the Southern Extension target are being selected to be submitted for metallic screen assays.

Comparison between standard 30g fire assay and metallic screen assay results for Southern Extension drill holes.

Sample ID	From	To	Au g/t		Percent difference
	metres	metres	30 g fire assay	Metallic screen assay	
HGR-30 150'-155'	45.72	47.24	0.456	0.226	-50
HGR-30 155'-160'	47.24	48.77	0.232	0.171	-26
HGR-30 160'-165'	48.77	50.29	0.130	<0.103	
HGR-30 165'-170'	50.29	51.82	0.121	<0.103	
HGR-30 170'-175'	51.82	53.34	0.165	0.38	130
HGR-30 175'-180'	53.34	54.86	0.371	0.205	-45
HGR-30 180'-185'	54.86	56.39	0.122	<0.103	
HGR-30 185'-190'	56.39	57.91	0.220	0.887	303
HGR-30 190'-195'	57.91	59.44	0.166	0.856	416
HGR-30 195'-200'	59.44	60.96	0.151	0.649	330
HGR-30 200'-205'	60.96	62.48	0.126	0.786	524

HGR-30 205'-210'	62.48	64.01	0.362	0.972	169
HGR-30 210'-215'	64.01	65.53	0.390	1.074	175
HGR-30 215'-220'	65.53	67.06	0.169	0.206	22
HGR-30 245'-250'	74.68	76.20	0.199	0.233	17
HGR-30 250'-255'	76.20	77.72	0.417	0.495	19
HGR-30 255'-260'	77.72	79.25	0.399	0.31	-22
HGR-30 260'-265'	79.25	80.77	0.112	0.17	52
HGR-32 110'-115'	33.53	35.05	0.168	0.308	83
HGR-32 115'-120'	35.05	36.58	0.300	0.307	2
HGR-32 120'-125'	36.58	38.10	0.780	0.431	-45
HGR-32 125'-130'	38.10	39.62	0.414	0.227	-45
HGR-32 130'-135'	39.62	41.15	0.134	0.171	28
HGR-32 135'-140'	41.15	42.67	0.083	<0.103	
HGR-32 140'-145'	42.67	44.20	0.162	0.257	59
HGR-32 145'-150'	44.20	45.72	0.298	0.14	-53
HGR-32 150'-155'	45.72	47.24	0.156	0.105	-33
HGR-32 155'-160'	47.24	48.77	0.111	0.258	132
HGR-32 160'-165'	48.77	50.29	0.123	0.139	13
HGR-32 165'-170'	50.29	51.82	0.205	0.298	45
HGR-32 170'-175'	51.82	53.34	0.143	0.139	-3
HGR-32 175'-180'	53.34	54.86	0.106	0.172	62
HGR-32 180'-185'	54.86	56.39	0.509	0.123	-76
HGR-33 95'-100'	28.96	30.48	0.343	0.718	109
HGR-33 135'-140'	41.15	42.67	0.309	0.25	-19
HGR-33 160'-165'	48.77	50.29	0.206	0.153	-26
HGR-33 165'-170'	50.29	51.82	0.446	0.227	-49
HGR-33 170'-175'	51.82	53.34	0.171	0.946	452
HGR-33 175'-180'	53.34	54.86	0.617	2.253	265
HGR-33 180'-185'	54.86	56.39	0.171	0.235	37
HGR-33 185'-190'	56.39	57.91	0.171	0.156	-9
HGR-33 190'-195'	57.91	59.44	0.137	0.146	6
HGR-33 250'-255'	76.20	77.72	0.171	0.315	84
HGR-33 255'-260'	77.72	79.25	0.274	0.141	-49
HGR-33 260'-265'	79.25	80.77	0.171	0.14	-18
HGR-33 265'-270'	80.77	82.30	0.171	<0.103	
HGR-33 270'-275'	82.30	83.82	0.240	0.222	-7
HGR-33 275'-280'	83.82	85.34	0.343	0.208	-39
HGR-33 280'-285'	85.34	86.87	0.274	0.139	-49
HGR-34 70'-75'	21.34	22.86	0.171	0.207	21
HGR-34 75'-80'	22.86	24.38	1.166	1.57	35
HGR-34 80'-85'	24.38	25.91	0.171	0.143	-17
HGR-34 85'-90'	25.91	27.43	0.103	0.112	9
HGR-34 90'-95'	27.43	28.96	0.069	0.158	130
HGR-34 95'-100'	28.96	30.48	0.240	0.277	15
HGR-34 100'-105'	30.48	32.00	0.103	0.12	17
HGR-34 105'-110'	32.00	33.53	0.549	0.657	20
HGR-34 155'-160'	47.24	48.77	0.206	0.191	-7
HGR-34 160'-165'	48.77	50.29	0.137	0.16	17

HGR-34 165'-170'	50.29	51.82	0.171	0.138	-19
HGR-34 170'-175'	51.82	53.34	1.303	2.093	61
HGR-34 175'-180'	53.34	54.86	0.171	0.335	95
HGR-34 180'-185'	54.86	56.39	0.274	0.221	-19
HGR-34 185'-190'	56.39	57.91	0.240	0.296	23
HGR-34 190'-195'	57.91	59.44	0.171	0.297	73
HGR-34 195'-200'	59.44	60.96	0.411	0.4	-3

Drill samples were collected at the drill site, transported to Sparks, NV and assayed by Inspectorate America of Reno, following standard industry practice. Gold results were determined using standard fire assay techniques on a 30 gram sample with an atomic absorption finish. Additional gold values were determined by metallic screen assays as described and tabulated above. Samples or standards returning assays exceeding 10 grams Au per tonne were re-assayed using a gravimetric finish. Silver results were determined by ICP. Rigorous QA/QC was employed including the insertion of standards and blanks into the sample stream.

Subsequent Events

Additional metallic screen assays were received for selected intervals in the Southern Extension target. These results further confirm the presence of coarse gold in the Southern Extension.

Activities Contemplated In The Future

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

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% 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. On April 8, 2009, the property option agreement with Churnhill Gold LLC was amended to provide a cash payment of US\$2,000 and the issuance of 196,800 common shares of the Company in full and final satisfaction of the obligations of the Property Option Agreement 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 Amended	US\$2,000 Paid
Total	<u>US\$32,000</u>

Date	Number of shares
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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 Amended	196,800	Issued
Total	<u>371,800</u>	

In May 2007, the Company entered into a Memorandum of Understanding with Gunpoint Exploration (previously 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 a total of \$500,000 toward the property.

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.

The Company announced on September 22, 2008 that CJGC decided not to continue with the option agreement to acquire up to 70% of the Garcia Flats project.

As of the year ending March 31, 2011, the Company decided to make an impairment on the property of \$508,186 and carry it at a nominal value of \$1. The exploration expenditure requirement of the agreement has been satisfied.

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

Property Description

On September 1, 2008, the claims were reduced to 15 unpatented lode claims covering an area of approximately 300 acres (1.21 square kilometres) at the north end of Diamond Valley in Elko County, Nevada. It is along the southern projection of the Carlin Trend.

Background

Based on regional reconnaissance and targeting work, the Garcia Flats property was identified as an area that could potentially host an entirely buried Carlin-type district on the southern extension of the Carlin trend. Broadly-spaced soil surveying identified anomalous gold and pathfinder element responses that were then staked. Detailed soil surveying, acquisition of magnetic and gravity data, and geologic modeling led to the definition of three large north-northwest trending target zones. Two of these were subsequently drill tested with three flooded reverse circulation drill holes totaling 5,385 feet (1,641 m). Drilling was funded by joint venture partner Gunpoint Exploration Ltd. (previously Christopher James Gold).

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 volcanoclastic rocks and appears to be within a transition zone between volcanic rocks above and volcanoclastic 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 volcanoclastic 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 volcanoclastic 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.

Gunpoint Exploration Ltd. (previously Christopher James Gold) has terminated the joint venture agreement and holds no further interest in the property.

During the three months ended June 30, 2011

There has been no activity on the property during the period.

Subsequent Events

There has been no subsequent activity at Garcia Flats.

Activities Contemplated In The Future

The Company is seeking a partner for the project.

RW PROPERTY, EUREKA COUNTY, NEVADA

Property Description

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

Background

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

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

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

Several companies have carried out previous work, including a few shallow drill holes, within or adjacent to Harvest's claim block. The company is in the process of acquiring as much of this information as possible and compiling and integrating this information into its database. Harvest plans to collect additional soil geochemical data and geophysical data in order to develop drill targets within this large land position.

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

During the three months ended June 30, 2011

There has been no activity on the property during the period.

Subsequent Events

There has been no subsequent activity at the RW project.

Activities Contemplated In The Future

The Company is seeking a joint venture partner to continue exploration of the RW project..

HUNT PROPERTY, ASSEAN LAKE, MANITOBA

Historical Overview

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

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

Property Description

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

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

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

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

Background

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

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

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

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

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

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

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

During the three months ended June 30, 2011

The Company is seeking a joint venture partner to continue exploration of the Hunt Property.

Subsequent Events

There are no subsequent events to report.

Activities Contemplated In The Future

The Company continues to seek joint ventures partners to pursue the exploration of this highly prospective property.

RICE LAKE CLAIMS, MANITOBA (Cud)

Historical Overview

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

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

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

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

Property Description

The property is located 7 km from the gold mining community of Bissett, Manitoba where San Gold Resources Corporation (TSX-V: SGR) is operating two mines and a mill. The Company is interested in the claim for its potential to host similar mineralization to San Gold's nearby #2 and #3 gold zones.

Background

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

During the three months ended June 30, 2011

In May 2011 line cutters began establishing a grid over the property ahead of prospecting, geophysical and geochemical surveys that are planned for completion during the summer field season. In June 2011, line cutting was completed and a surface magnetometer survey was performed over the claim. Several historical prospecting trenches were discovered during the course of the magnetometer survey.

Subsequent Events

An Induced Polarization (IP) geophysical program was completed with the final report and interpretation pending.

Activities Contemplated In The Future

In September a field program of geological mapping and sampling of prospecting trenches and rock outcrops will be undertaken. The results of this program will be used to identify and prioritize potential targets for drill testing later in the year. The Company is also discussing potential partnerships for the project.

RESULTS FROM OPERATIONS

Selected Information

The Company's consolidated financial statements for the three months ended June 30, 2011 (the "Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Consolidated Financial Statements and should be read in conjunction with those statements.

Financial Results	For the three months ended		
	June 30, 2011	June 30, 2010	June 30, 2009 **
Net loss	\$ 63,147	\$ 201,069	\$ 68,275
Basic loss per share	0.00	0.00	0.00

As at:	June 30, 2011	March 31, 2011	March 31, 2010 **
Balance Sheet Data			
Cash and short-term investments	\$ 531,085	\$ 1,125,690	\$ 266,046
Mineral properties	2,218,262	1,782,815	1,671,450
Total assets	2,790,188	2,977,068	1,970,133
Shareholders' deficit	(8,352,745)	(8,289,598)	(7,329,430)

** Figures for June 30, 2009 and March 31, 2010 are expressed under Canadian GAAP.

Three Months Ended June 30, 2011 compared with Three Months Ended June 30, 2010

The Company incurred a net loss of \$63,147 for the three months ended June 30, 2011; a decrease of \$137,922, compared to \$201,069 for the three months ended June 30, 2010. The result primarily was the decrease in stock-based compensation of \$82,025, a decrease of \$17,429 in investor relation services which was the result of less advertising costs and a decrease in investor relations consulting fees, a decrease of \$11,138 in professional fees, a decrease of \$8,373 in transfer agent and filing fees and a net decrease of \$8,276 for general operating costs in rent, travel, office and admin costs. There was future income tax recovery due to the renounced amount on the flow-through subscription agreements.

Investor relations

Investor relations expenses for the three months ended June 30, 2011 were \$22,287, a decrease of \$17,429, from \$39,716 for the three months ended June 30, 2010. The decrease is the result of less advertising and less IR consultant fees retained.

Stock-based compensation

The Company did not grant any stock options during the three months ended June 30, 2011 to generate a stock-based compensation amount compared to the stock-based compensation amount of \$82,025 for the three months ended June 30, 2010 for the grant of 1,669,325 stock options to directors, officers, employees and consultants of the Company for a stock-based compensation charge of \$118,305 of which \$83,328 was expensed and \$34,977 was capitalized.

Operating expenses

During the three months ended June 30, 2011 the Company had a net decrease of \$8,276 in general operations including amortization, consulting fees, property investigation costs, salaries, travel and rent. A decrease of \$11,138 in professional fees and a decrease of \$8,373 in transfer agent and regulatory fees as a result of fewer transactions.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Net loss	\$ (63,147)	\$ (1,041,006)	\$ (110,213)	\$ (110,840)
Basic loss per share	0.00	0.02	0.00	0.00

	Three months ended			
	June 30, 2010	March 31, 2010 **	December 31, 2009 **	September 30, 2009 **
Net loss	\$ (201,069)	\$ (2,619,934)	\$ (40,493)	\$ (2,030,868)
Basic loss per share	0.00	(0.06)	0.00	(0.05)

Balance Sheet Data

As at:	June 30, 2011	March 31, 2011	September 30, 2010	June 30, 2010
Working capital/ (deficit)	\$ 440,727	\$ 951,019	\$ 357,797	\$ 646,087
Mineral properties	2,218,262	1,782,815	2,258,520	2,041,017
Total assets	2,790,188	2,977,068	2,797,882	3,082,951
Shareholders' equity	2,659,490	2,724,387	2,652,446	2,723,817

As at:	March 31, 2010 **	December 31, 2009 **	September 30, 2009 **	June 30, 2009 **
Working capital	\$ (10,561)	\$ (32,243)	\$ 114,619	\$ 241,995
Mineral properties	1,671,450	4,197,058	4,053,992	5,952,861
Total assets	1,970,133	4,438,809	4,443,684	6,433,750
Shareholders' equity	1,678,270	4,183,019	4,209,012	6,238,880

**Figures for June 30, 2009, September 30, 2009, December 31, 2009 and March 31, 2010 are expressed under Canadian GAAP.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2011, the Company has cash of \$531,085 of which \$111,476 is flow-through dollars for the exploration of the Manitoba projects. The Company has slowed its utilization of its cash resources on administrative requirements and the Company is now looking for a partner on the Rosebud property. The Company has no significant income, and will rely on replenishing cash balances by capital fundraising.

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

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

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

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

instruments.

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

RISKS AND UNCERTAINTIES

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

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

Metal Price Risk

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

Financial Market Risk

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

Title Risk

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

Environmental Risk

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

Value Risk

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

OUTSTANDING COMMON SHARE DATA

As at June 30, 2011, the Company had 69,813,245 common shares issued and outstanding.

As at the date of this MD&A, the Company had 69,813,245 common shares issued and outstanding.

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 Chief Executive Officer for a period of 5 years. On September 1, 2009 an amendment adjusted the monthly rate to \$4,000 per month.
- ii) On January 1, 2008, the Company entered into an independent contractor agreement with an officer to fulfil the role as Exploration Geologist for a period of 3 years. On October 1, 2009 an amendment adjusted the monthly rate 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 three months ended June 30, 2011 and 2010 as follows:

The Company paid or accrued \$27,481 (June 2010 - \$33,644), in geological consulting fees to an officer of the Company of which \$26,707 (June 2010 - \$31,073) have been capitalized to mineral property expenditures as consulting services and \$774 (June 2010 - \$2,571) has been expensed to geological consulting.

The Company paid or accrued \$16,200 (June 2010 - \$16,200) in management fees to directors of the Company.

As of June 30, 2011, amounts due to related parties were \$83,828 (June 2010 \$188,865) which were \$74,049 (June 2010 - \$134,131) owing to companies related through directors of the Company for shared administration costs and \$9,779 (June 2010 - \$54,734) owing to an officer of the Company for geological fees. These amounts are non-interest bearing and have no fixed terms of repayment.

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 three months ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

APPROVAL

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

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Accounting Standards Not Yet Effective

Amendments to IFRS 7 "Financial Instruments: Disclosures"

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

New standard IFRS 9 "Financial Instruments"

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

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

Critical Accounting Estimates

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

Impairment of long lived assets

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

If an area of interest is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the period of abandonment or determination that the

carrying value exceeds its fair value. The amounts recorded as mineral properties represent costs incurred to date and do not necessarily reflect present or future values.

Provision for reclamation and rehabilitation

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

Deferred Income Tax

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

Stock-based Compensation

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises would be required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. Accordingly, the Company has transitioned from Canadian GAAP reporting and commenced reporting under IFRS for the first quarter of 2011, with restatement of comparative information presented.

FIRST TIME ADOPTION OF IFRS

The Company has adopted IFRS on April 1, 2011 with a transition date of April 1, 2010. Under IFRS 1 *First time adoption of International Financial Reporting Standards* (IFRS 1), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit, with IFRS 1 providing for certain optional and mandatory exemptions to this principle.

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

IFRS 2 “Share-based payment” – IFRS 1 allows that full retrospective application may be avoided for certain share-based instruments depending on the grant date, vesting terms and settlement of any real liabilities. A first-time adopter can elect to not apply IFRS 2 to share-based payments granted after November 7, 2002 that vested before the later of (a) the date of transition to IFRS and (b) January 1, 2005. The Company plans to elect this exemption and will apply IFRS 2 to only unvested stock options as at April 1, 2010 being the transition date.

IFRS 3 “Business Combinations” – IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition avoiding the requirement to restate prior business combinations. The Company plans to elect this exemption and as such expects no difference between Canadian GAAP and IFRS on transition for differences in business combination accounting.

IFRS 1 “Deemed Cost” – allows for exploration and evaluation assets costs to be accounted for in cost centres that include all properties in a large geographical area. A first-time adopter using such accounting under previous Canadian GAAP may elect to measure exploration and evaluation assets at the amount determined under the Company’s previous GAAP. The Company plans to elect this exemption and shall continue to test exploration and evaluation assets in the development phases for impairment at the date of transition to IFRS in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources.

Mandatory exceptions applied

IAS 39 “Financial Instruments” the Company has applied the derecognition of financial assets and liabilities exception requirements prospectively from the transition date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with prechangeover Canadian GAAP have not been reviewed for compliance with IAS 39. The application of this exemption has no impact on the Company.

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. No adjustments for estimates have been made.

IAS 27 was applied prospectively from the Transition Date. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. No adjustment was required.

RECONCILIATION TO PREVIOUSLY REPORTED FINANCIAL STATEMENTS

The following tables provide a reconciliation between the amounts previously reported under Canadian GAAP and those anticipated to be reported in accordance with IFRS and related transitional requirements, based on our analysis to date. A summary of each of the noted changes is included in the notes following the reconciliations of the following Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive Income for the dates noted below. The anticipated effects of transition from GAAP to IFRS on the cash flow are not material therefore a reconciliation of cash flows has not been presented. The reconciliations and related adjustments have not been audited by the Company’s external auditor.

Transitional Consolidated Statement of Financial Position Reconciliation – April 1, 2010

Consolidated Interim Statement of Financial Position – June 30, 2010

Consolidated Statement of Financial Position Reconciliation – March 31, 2011

Consolidated Interim Statement of Comprehensive Loss Reconciliation – June 30, 2010

Consolidated Statement of Comprehensive Loss Reconciliation – March 31, 2011

Transitional Consolidated Statement of Financial Position Reconciliation to IFRS (unaudited) as follows:

	Ref	April 1 2010 CAN GAAP	Effect of Transition to IFRS	April 1 2010 IFRS
ASSETS				
Current assets				
Cash		\$ 266,046	\$ -	\$ 266,046
Marketable securities		8,000		8,000
Receivables		2,668		2,668
Prepaid expenses and deposits		4,588		4,588
Total current assets		281,302	-	281,302
Reclamation bonds		16,656		16,656
Equipment		725		725
Mineral properties and deferred exploration costs		1,671,450		1,671,450
		1,688,831	-	1,688,831
Total assets		\$ 1,970,133	\$ -	\$ 1,970,133
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		\$ 83,398		\$ 83,398
Due to related parties		208,465		208,465
Total current liabilities		291,863	-	291,863
Total liabilities		291,863	-	291,863
Shareholders' equity (deficit)				
Share capital - common		7,926,903		7,926,903
Share subscriptions received		112,500		112,500
Contributed surplus	a	1,009,297	(321,293)	688,004
Accumulated other comprehensive income		(41,000)		(41,000)
Deficit		(7,329,430)	321,293	(7,008,137)
Total shareholders's equity		1,678,270	-	1,678,270
Total equity		1,678,270	-	1,678,270
Total liabilities and equity		\$ 1,970,133	\$ -	\$ 1,970,133

Transitional Consolidated Statement of Financial Position Reconciliation to IFRS (unaudited) as follows:

	Ref	June 30 2010 CAN GAAP	Effect of Transition to IFRS	June 30 2010 IFRS
ASSETS				
Current assets				
Cash		\$ 967,518	\$ -	\$ 967,518
Marketable securities		6,500		6,500
Receivables		3,214		3,214
Prepaid expenses and deposits		27,989		27,989
Total current assets		1,005,221	-	1,005,221
Reclamation bonds		36,066		36,066
Equipment		647		647
Mineral properties and deferred exploration costs		2,041,017		2,041,017
		2,077,730	-	2,077,730
Total assets		\$ 3,082,951	\$ -	\$ 3,082,951
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		\$ 170,269		\$ 170,269
Due to related parties		188,865		188,865
Total current liabilities		359,134	-	359,134
Total liabilities		359,134	-	359,134
Shareholders' equity (deficit)				
Share capital - common		9,117,267		9,117,267
Share subscriptions received		-		-
Contributed surplus	b, c	1,180,852	(368,813)	812,039
Accumulated other comprehensive income		(42,500)		(42,500)
Deficit	b, c	(7,531,802)	368,813	(7,162,989)
Total shareholders's equity		2,723,817	-	2,723,817
Total equity		2,723,817	-	2,723,817
Total liabilities and equity		\$ 3,082,951	\$ -	\$ 3,082,951

Consolidated Interim Statement of Financial Position Reconciled to IFRS (unaudited) as follows:

	Ref	March 31 2011 CAN GAAP	Effect of Transition to IFRS	March 31 2011 IFRS
ASSETS				
Current assets				
Cash		\$ 1,125,690	\$ -	\$ 1,125,690
Marketable securities		9,500		9,500
Receivables		15,896	-	15,896
Prepaid expenses and deposits		4,955		4,955
Reclamation bonds		15,938	-	15,938
Total current assets		1,171,979	-	1,171,979
Reclamation bonds		21,859		21,859
Equipment		415		415
Mineral properties and deferred exploration costs		1,782,815	-	1,782,815
		1,805,089	-	1,805,089
Total assets		\$ 2,977,068	\$ -	\$ 2,977,068
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		\$ 220,960	-	\$ 220,960
Total current liabilities		220,960	-	220,960
Non-current liability				
Deferred income tax liability	a	-	31,721	31,721
Total liabilities		220,960	31,721	252,681
Shareholders' equity (deficit)				
Share capital - common	a	10,214,397	16,559	10,230,956
Contributed surplus	b, c	1,329,398	(506,869)	822,529
Accumulated other comprehensive income		(39,500)	-	(39,500)
Deficit	b, c	(8,748,187)	458,589	(8,289,598)
Total shareholders's equity		2,756,108	(31,721)	2,724,387
Total liabilities and equity		\$ 2,977,068	\$ -	\$ 2,977,068

**The Canadian GAAP Consolidated Statement of Operations and Comprehensive Loss
For The Three Months Ended June 30, 2010 has been reconciled to IFRS (unaudited) as follows:**

	Ref	June 30 2010 CAN GAAP	Effect of Transition to IFRS	June 30 2010 IFRS
EXPENSES				
Amortization		\$ 81		\$ 81
Consulting		306		306
Investor relation		39,716		39,716
Professional fees		22,319		22,319
Management fees (Note 8 (b) (ii))		16,200		16,200
Marketing and corporate communications		4,500	-	4,500
Geological consulting		2,772		2,772
Office and miscellaneous		5,311		5,311
Property investigation costs		544		544
Stock-based compensation (Note 9)		83,328	(1,303)	82,025
Salaries and benefits		9,400		9,400
Rent and utilities		1,866		1,866
Transfer agent and regulatory fees		11,841		11,841
Travel and promotion		1,885	-	1,885
LOSS BEFORE OTHER ITEMS		200,069	(1,303)	198,766
OTHER ITEMS:				
Foreign currency gain (loss)		(2,303)		(2,303)
Impairment of mineral properties		-	-	-
		(2,303)	-	(2,303)
NET LOSS BEFORE INCOME TAXES		\$ 202,372	\$ (1,303)	\$ 201,069
Deferred income tax recovery (expense)	a	-	-	-
NET LOSS FOR THE YEAR		\$ 202,372	\$ (1,303)	\$ 201,069
LOSS PER COMMON SHARE - Basic and diluted				
From continuing operations		\$ (0.00)	\$ -	\$ (0.00)
Weighted average shares outstanding - Basic and diluted				
		54,512,750		54,512,750
COMPREHENSIVE LOSS				
Net Loss		\$ 202,372	\$ (1,303)	\$ 201,069
Unrealized loss on marketable securities		1,500	-	1,500
COMPREHENSIVE LOSS		\$ 203,872	\$ (1,303)	\$ 202,569

**The Canadian GAAP Consolidated Statement of Operations and Comprehensive Loss
For The Year Ended March 31, 2011 has been reconciled to IFRS (unaudited) as follows:**

	Ref	March 31 2011	Effect of Transition to IFRS	March 31 2011
		CAN GAAP		IFRS
EXPENSES				
Amortization		\$ 296		\$ 296
Consulting		2,128		2,128
Investor relation		175,276		175,276
Professional fees		55,245		55,245
Management fees (Note 8 (b) (ii))		64,800		64,800
Marketing and corporate communications		18,105	-	18,105
Geological consulting		15,484		15,484
Office and miscellaneous		29,785		29,785
Property investigation costs		9,739		9,739
Stock-based compensation (Note 9)		202,587	(3,909)	198,678
Salaries and benefits		29,728		29,728
Rent and utilities		5,074		5,074
Transfer agent and regulatory fees		33,740		33,740
Travel and promotion		3,373	-	3,373
LOSS BEFORE OTHER ITEMS		645,360	(3,909)	641,451
OTHER ITEMS:				
Foreign currency gain (loss)		(4,524)		(4,524)
Impairment of mineral properties		(818,373)	-	(818,373)
		(822,897)	-	(822,897)
NET LOSS BEFORE INCOME TAXES		\$ 1,468,257	\$ (3,909)	\$ 1,464,348
Deferred income tax recovery (expense)	a	49,500	(48,280)	1,220
NET LOSS FOR THE YEAR		\$ 1,418,757	\$ 44,371	\$ 1,463,128
LOSS PER COMMON SHARE - Basic and diluted				
From continuing operations		\$ (0.02)	\$ -	\$ (0.02)
Weighted average shares outstanding - Basic and diluted		59,063,368		59,063,368
COMPREHENSIVE LOSS				
Net Loss		\$ 1,468,257	\$ (3,909)	\$ 1,464,348
Unrealized gain on marketable securities		(1,500)	-	(1,500)
COMPREHENSIVE LOSS		\$ 1,466,757	\$ (3,909)	\$ 1,462,848

The following is a summary of the significant accounting differences considered as part of the IFRS transition project and, where appropriate, the preliminary quantification of the adjustments required as of the transition date and for the comparative period. Completion of the final stages of our project may result in the identification of other adjustments or changes to the amounts presented, and such changes may be material.

Asset impairment

Both Canadian GAAP and IFRS require an entity to undertake quantitative impairment testing where there is an indication of impairment. Further there is a requirement under IFRS for the Company to assess whether indicators of impairment exist at the date of transition to IFRS.

Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if circumstances leading to the impairment no longer exist. The Company has no historic impairment charges which could be reversed as of the transition date.

As at the transition date, there were no indications of impairment under IFRS identified by management, therefore no formal quantitative impairment was undertaken.

Flow-through shares

Under Canadian GAAP, share capital is recorded at net proceeds less the deferred tax liability related to the renounced expenditures. Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as a deferred charge. When expenditures are renounced, a deferred tax liability is recognized and the deferred charge is reversed. The net amount is recognized as deferred tax expense. On adoption of the IFRS requirements, the Company will record a \$32,941 decrease to share capital, a premium liability of \$31,721 and a deferred income tax recovery of \$1,220

Adjustments on transition to IFRS:

(a) Flow-through shares

On transition to IFRS the Company will record a decrease to share capital, a premium liability and a deferred income tax recovery

Impact on Consolidated Statement of Financial Position (Unaudited)

	March 31 2011	June 30 2010	April 1 2010
FIT recovery	\$ 49,500	\$ -	\$ -
Share capital - common	\$ (16,559)	\$ -	\$ -
Deferred income tax liability	\$ (32,941)	\$ -	\$ -
Deferred income tax liability	\$ 1,220	\$ -	\$ -
Deferred income tax (recovery) expense	\$ (1,220)	\$ -	\$ -

(b) Share-based payment transactions

On transition to IFRS the Company has elected to change its accounting policy for the treatment of amounts recorded in contributed surplus which relate to stock options which expire unexercised. Under IFRS amounts recorded for expired unexercised stock options will be transferred to deficit on the date of expiry. Previously the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

Impact on Consolidated Statement of Financial Position (Unaudited)

	March 31 2011	June 30 2010	April 1 2010
Contributed surplus	\$ (510,778)	\$ (370,116)	\$ (321,293)
Adjustment to deficit	\$ 510,778	\$ 370,116	\$ 321,293

(C) Share-based payment transactions

The Company has elected and only reassess the fair value of options that were granted after November 7, 2002 and that have not vested at the date of transition, April 1, 2010.

Impact on Consolidated Statement of Financial Position (Unaudited)

	March 31 2011	June 30 2010	April 1 2010
Contributed surplus	\$ 3,909	\$ 1,303	\$ -
Adjustment to deficit	\$ (3,909)	\$ (1,303)	\$ -

A further difference is that IFRS 2 requires that forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods, whereas under the Company's Canadian GAAP policy forfeitures of awards have been recognized as they occur. On application of the IFRS 1 exemption noted previously, this change in accounting was not applied since the forfeiture rate was zero on the unvested awards as of the transition date.

DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Management has the responsibility for the design and implementation of controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the accounting principles generally accepted in Canada. Based on a review of its internal controls at the end of the year covered by this MD&A, management believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed and reported in an accurate and timely manner. There have been no significant changes in the Company's internal control over financial reporting during the period ended June 30, 2011.

Management is responsible for the design and effectiveness of disclosure controls and other procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls as of June 30, 2011 and have concluded these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

GOING CONCERN ISSUE

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

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

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

OTHER INFORMATION

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