

HARVEST GOLD CORPORATION

(An Exploration Stage Company)

Consolidated Financial Statements

MARCH 31, 2011

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Harvest Gold Corporation:

We have audited the accompanying consolidated financial statements of Harvest Gold Corporation, which comprise the consolidated balance sheets as at March 31, 2011 and 2010, and the consolidated statements of operations and deficit, comprehensive loss and accumulated other comprehensive loss and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Harvest Gold Corporation as at March 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that give rise to doubt about the entity's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada

July 19, 2011

HARVEST GOLD CORPORATION
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 1,125,690	\$ 266,046
Marketable securities (note 4)	9,500	8,000
Receivables	15,896	2,668
Prepays	4,955	4,588
Reclamation bond (note 7)	15,938	
	1,171,979	281,302
RECLAMATION BONDS (note 7)	21,859	16,656
EQUIPMENT (note 5)	415	725
MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (note 6)	1,782,815	1,671,450
	\$ 2,977,068	\$ 1,970,133
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 150,986	\$ 83,398
Due to related parties (note 8)	69,974	208,465
	220,960	291,863
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 9)	10,214,397	7,926,903
SHARE SUBSCRIPTIONS RECEIVED	-	112,500
CONTRIBUTED SURPLUS (note 9)	1,329,398	1,009,297
DEFICIT	(8,748,187)	(7,329,430)
ACCUMULATED OTHER COMPREHENSIVE LOSS	(39,500)	(41,000)
	2,756,108	1,678,270
	\$ 2,977,068	\$ 1,970,133

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)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED MARCH 31

	2011	2010
EXPENSES		
Amortization	\$ 296	\$ 1,333
Consulting fees	2,128	12,606
Investor relations	175,276	12,188
Professional fees	55,245	44,638
Management fees (note 8)	64,800	60,300
Marketing and corporate communications	18,105	18,000
Geological consulting and administrative services (note 8)	15,484	30,363
Office and miscellaneous	29,785	9,149
Property investigation costs (note 8)	9,739	22,942
Stock-based compensation (note 9)	202,587	-
Salaries and benefits	29,728	33,783
Rent and utilities	5,074	4,353
Transfer agent and regulatory fees	33,740	13,752
Travel and promotion	3,373	2,826
	645,360	266,233
LOSS BEFORE OTHER ITEMS		
OTHER INCOME (EXPENSES)		
Foreign currency loss	(4,524)	(7,005)
Interest income	-	636
Impairment of mineral properties (note 6)	(818,373)	(4,486,968)
	(822,897)	(4,493,337)
LOSS BEFORE INCOME TAXES	(1,468,257)	(4,759,569)
Future income tax recovery (note 13)	49,500	-
	(1,418,757)	(4,759,570)
NET LOSS FOR THE YEAR		
	(1,418,757)	(4,759,570)
DEFICIT, BEGINNING	(7,329,430)	(2,569,860)
DEFICIT, ENDING	\$ (8,748,187)	\$ (7,329,430)
LOSS PER COMMON SHARE - BASIC AND DILUTED	\$ (0.02)	\$ (0.11)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES - BASIC AND DILUTED	59,063,368	44,518,886

HARVEST GOLD CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND ACCUMULATED OTHER COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31

	2011	2010
NET LOSS FOR THE YEAR	\$ (1,418,757)	\$ (4,759,570)
Other comprehensive income:		
Unrealized gain on available for sale marketable securities	1,500	500
COMPREHENSIVE LOSS FOR THE YEAR	\$ (1,417,257)	\$ (4,759,070)
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING	\$ (41,000)	\$ (41,500)
Other comprehensive income:		
Unrealized gain on available for sale marketable securities	1,500	500
ACCUMULATED OTHER COMPREHENSIVE LOSS, ENDING	\$ (39,500)	\$ (41,000)

HARVEST GOLD CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31

	2011	2010
OPERATING ACTIVITIES		
Net loss	\$ (1,418,757)	\$ (4,759,570)
Items not affecting cash		
Amortization	296	1,333
Stock-based compensation	202,587	-
Future income tax recovery	(49,500)	-
Realized and unrealized foreign exchange	-	-
Impairment of mineral properties	818,373	4,486,968
Foreign Exchange	14	53
	(446,987)	(271,216)
Changes in non-cash working capital items:		
Receivables	(13,228)	4,699
Prepays	(367)	2,340
Accounts payable and accrued liabilities	(39,526)	6,172
Due to related parties	(166,368)	188,307
	(666,476)	(69,698)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares, net	2,247,703	-
Share subscription received	-	112,500
	2,247,703	112,500
INVESTING ACTIVITIES		
Expenditures on mineral properties	(700,442)	(286,151)
Reclamation bond	(21,141)	29,372
	(721,583)	(256,779)
CHANGE IN CASH	859,643	(213,976)
CASH - BEGINNING	266,046	480,023
CASH - ENDING	\$ 1,125,690	\$ 266,046

Supplemental cash-flow information (note 11)

HARVEST GOLD CORPORATION
FOR THE YEAR ENDED MARCH 31, 2011
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	United States of America			Canada			March 31, 2011
	Garcia Flats Property	Rosebud Gold Mine	RW Claims	Conley Estate Claims	Hunt Property	Rice Lake Claims	Total
Mineral Property acquisition							
Balance, March 31, 2010	\$ 82,605	\$ 330,248	\$ -	\$ 42,100	\$ 1	\$ 49,000	\$ 503,954
Acquisition costs - cash	-	80,856	-	20,000	-	-	100,856
Acquisition costs - shares	-	20,000	-	9,750	-	-	29,750
Impairment	(82,604)	-	-	(71,850)	-	-	(154,454)
Balance, March 31, 2011	\$ 1	\$ 431,104	\$ -	\$ -	\$ 1	\$ 49,000	\$ 480,106
Expenditures							
Balance, March 31, 2010	\$ 422,172	\$ 505,660	\$ -	\$ 237,889	\$ -	\$ 1,775	\$ 1,167,496
Assay and sampling	-	92,152	-	-	-	-	92,152
Automobile costs	-	13,516	-	-	-	-	13,516
Claim fees	3,410	13,084	29,499	168	-	1,062	47,223
Consulting services	-	112,744	-	280	-	4,814	117,838
Drilling expenses	-	440,828	-	-	-	-	440,828
Equipment and supplies	-	9,157	2	-	-	-	9,159
Shipping and printing costs	-	794	18	-	-	-	813
Stock-based compensation (note 9)	-	64,555	-	-	-	-	64,555
Travel and transportation	-	10,765	69	-	-	2,214	13,048
	3,410	757,595	29,589	448	-	8,090	799,132
Impairment	(425,582)	-	-	(238,337)	-	-	(663,919)
	(422,172)	757,595	29,589	(237,889)	-	8,090	135,213
Balance, March 31, 2011	-	1,263,255	29,589	-	-	9,865	1,302,709
Total, March 31, 2011	\$ 1	\$ 1,694,359	\$ 29,589	\$ -	\$ 1	\$ 58,865	\$ 1,782,815

The accompanying notes are an integral part of these consolidated financial statements

HARVEST GOLD CORPORATION
FOR THE YEAR ENDED MARCH 31, 2010
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED EXPLORTION EXPENDITURES

	United States of America			Canada			March 31, 2010	Total
	Garcia Flats Property	Longstreet Property	Rosebud Gold Mine	Conley Estate Claims	Hunt Property	Lesavage Property		
Mineral Property acquisition								
Balance, March 31, 2009	\$ 70,369	\$ 1,184,468	\$ 230,008	\$ 42,100	\$ 277,500	\$ -	\$ 49,000	\$ 1,853,445
Acquisition costs - cash	2,396	-	85,240	-	-	-	-	87,636
Acquisition costs - shares	9,840	-	15,000	-	-	-	-	24,840
Impairment	-	(1,184,468)	-	-	(277,499)	-	-	(1,461,967)
Balance, March 31, 2010	\$ 82,605	\$ -	\$ 330,248	\$ 42,100	\$ 1	\$ -	\$ 49,000	\$ 503,954
Expenditures								
Balance, March 31, 2009	\$ 416,409	\$ 764,877	\$ 371,092	\$ 235,918	\$ 918,593	\$ 1,330,889	\$ 713	\$ 4,038,491
Automobile costs	-	-	5,724	-	-	-	-	5,724
Claim fees	2,487	-	8,928	96	-	144	1,062	12,717
Consulting services	-	1,250	106,800	1,875	-	5,575	-	115,500
Equipment and supplies	-	-	192	-	-	-	-	192
Geological expenses	2,348	1,976	2,348	-	-	1,155	-	7,826
Licenses and fees	702	-	-	-	-	-	-	702
Stock-based compensation (note 9)	-	-	9,115	-	-	-	-	9,115
Storage rental	-	525	-	-	-	-	-	525
Travel and transportation	226	17	1,461	-	-	-	-	1,704
	5,763	3,768	134,568	1,971	-	6,874	1,062	154,006
Impairment	-	(768,645)	-	-	(918,593)	(1,337,763)	-	(3,025,001)
	5,763	(764,877)	134,568	1,971	(918,593)	(1,330,889)	1,062	(2,870,995)
Balance, March 31, 2010	422,172	-	505,660	237,889	-	0	1,775	1,167,496
Total, March 31, 2010	\$ 504,777	\$ -	\$ 835,908	\$ 279,989	\$ 1	\$ 0	\$ 50,775	\$ 1,671,450

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

1. NATURE OF OPERATIONS

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

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

These consolidated financial statements have been prepared on a going concern basis. The appropriateness of using the going concern basis is dependent upon, 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

a) Basis of Presentation and Consolidation

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

b) Use of Estimates

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

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Equipment

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

Computer Equipment	30%
Field Equipment	20%

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

d) Mineral Properties and Deferred Exploration Expenditures

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

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

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

e) 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.

f) 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.

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Asset Retirement Obligations

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

At March 31, 2011 and 2010 management has determined that there are no material asset retirement obligations to the Company.

h) Impairment of Long-Lived Assets

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

i) 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.

j) Stock-Based Compensation

The Company follows the accounting standards issued by the CICA Handbook Section 3870, “Stock-Based Compensation And Other Stock-Based Payments”, which requires the fair-value based method for measuring compensation costs. The Company determines the fair value of the stock-based compensation using the Black-Scholes option pricing model.

The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date and any adjustment is charged or credited to operations upon re-measurement. Any consideration paid on the exercise of stock options is credited to share capital.

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Future Income Taxes

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

l) Flow-through shares

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

The Company follows recommendations by the Emerging Issues Committee (“EIC”) of the CICA relating to the issuance of flow-through shares. EIC 146 requires the recognition of future income tax liabilities relating to the issuance of flow-through shares as a direct reduction in share capital in the period of completion of applicable tax filings renouncing qualifying Canadian exploration expenditures to the share subscribers. The Company will recognize future income tax recoveries by applying available non-capital losses and other deductible temporary differences not previously recognized to offset any future income tax liability resulting from the issuance of flow-through shares. The resulting future income tax recovery is recognized in operating results in the same period.

m) Financial Instruments – Recognition and Measurement

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

The Company does not use any hedging instruments.

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

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

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

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial Instruments – Recognition and Measurement (continued)

The Company adopted CICA Handbook Section 3862 “Financial Instruments – Disclosures” which was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosures include classification of financial inputs used in making the measurements, described as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has included the required disclosures in note 10 to the financial statements.

n) Comprehensive Income

The Company follows the CICA Section 1530, “Comprehensive Income”. This section establishes standards for the reporting and presenting of comprehensive income loss which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income loss refers to items recognized in comprehensive income loss that are excluded from net income loss. At March 31, 2011, comprehensive loss was different than net loss due to an unrealized loss on marketable securities (note 4).

o) Comparative Figures

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

3. RECENT ACCOUNTING PRONOUNCEMENTS – Not Yet Adopted

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for the publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company’s transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011.

The Company developed a conversion plan consisting of four key stages including: project planning and preliminary assessment, detailed assessment, design and implementation. The project planning and preliminary assessment stage has been completed. The preliminary assessment was completed with the assistance of external advisors and training and outlines the significant differences between Canadian GAAP and IFRS and rates the impact of each of the significant differences on the entity’s financial statements, thereby allowing the Company to focus the detailed assessment on the highest priority items.

Other accounting pronouncements issued by the CICA with future effective dates are either not applicable or are not expected to be significant to the financial statements of the Company.

HARVEST GOLD CORPORATION

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Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

4. MARKETABLE SECURITIES

Marketable securities consist of the following holdings:

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>

Company:	March 31, 2010		
	Shares	Fair Value	Original Cost
Grandview Gold Inc.	50,000	\$ 4,250	\$ 23,500
Gunpoint Exploration Ltd.	50,000	3,750	25,500
	<u>100,000</u>	<u>\$ 8,000</u>	<u>\$ 49,000</u>

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

5. EQUIPMENT

	March 31, 2011			March 31, 2010		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 4,341	\$ (4,341)	\$ -	\$ 4,341	\$ (4,341)	\$ -
Field equipment	1,575	(1,160)	415	1,575	(850)	725
	<u>\$ 5,916</u>	<u>\$ (5,501)</u>	<u>\$ 415</u>	<u>\$ 5,916</u>	<u>\$ (5,191)</u>	<u>\$ 725</u>

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

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

At March 31, 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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Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)**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:

HARVEST GOLD CORPORATION

(An exploration stage company)

Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)**Rosebud Gold Mine Property, Nevada, USA (continued)**

Date	Payment	Issuance of shares
Upon execution of the letter of intent	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.

As of March 31, 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, 2010	\$ 269,248	400,000	\$ 61,000	\$ 330,248
During the year ended March 31, 2011	80,856	200,000	20,000	100,856
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.

Conley Estate Claims, Manitoba, Canada

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

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

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For the Year Ended March 31, 2011

6. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)**Conley Estate Claims, Manitoba, Canada (continued)**

The Conley Estate Claims are subject to a 3% NSR, which the Company has the option to purchase 1.5% for \$1,500,000.

As of March 31, 2011 the Company has made the following payments on the Conley Estate Claims:

	Cash	Shares		Total
		Number of shares	Amount	
Prior to March 31, 2010	\$ 22,500	190,000	\$ 19,600	\$ 42,100
During the year March 31, 2011 (Impaired agreement terminated)	(22,500)	75,000	(19,600)	(42,100)
Total	<u>\$ -</u>	<u>265,000</u>	<u>\$ -</u>	<u>\$ -</u>

During the year ended March 31, 2011, the Company decided to terminate the agreement and all its obligation for the Conley Estate Claims as no activities took place on the property during the year except for the payment of acquisition costs.

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 March 31, 2011 the Company has made the following payments on the Rice Lake Claims:

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For the Year Ended March 31, 2011

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, 2010	\$ 5,000	200,000	\$ 44,000	\$ 49,000
During the year ended March 31, 2011	-	-	-	-
Total	\$ 5,000	200,000	\$ 44,000	\$ 49,000

7. RECLAMATION BONDS

As of March 31, 2011, the Company issued reclamation bonds with the United States Department of Agriculture and the Nevada Division of Minerals in the amount of US\$16,400 and US\$17,859, respectively, to guarantee reclamation of the environment of the following properties:

Property	March 31, 2011	March 31, 2010
Longstreet	\$ 15,938	\$ 16,656
Rosebud Gold Mine	21,859	-
	\$ 37,797	\$ 16,656

Subsequent to March 31, 2011, the reclamation bond of US\$16,400 was refunded to the Company.

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

- 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.
- 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 years ended March 31, 2011 and 2010 as follows:

- The Company paid or accrued \$132,857 (2010 - \$151,187), in geological consulting fees to directors of the Company of which \$108,717 (2010 - \$109,031) have been capitalized to mineral property expenditures as consulting services and property investigation costs and \$14,634 (2010 - \$27,162) has been expensed to geological consulting and \$9,506 (2010 - \$14,994) has been expensed to property investigation costs.

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Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

8. RELATED PARTY TRANSACTIONS (continued)

- ii) The Company paid or accrued \$64,800 (2010 - \$60,300) in management fees to directors of the Company.
- iii) As of March 31, 2011, amounts due to related parties were \$69,974 (March 31, 2010 \$208,465) which were \$50,536 (2010 - \$81,945) owing to companies related through directors of the Company for shared administration costs and \$19,438 (2010 - \$126,519) owing to an officer of the Company for geological fees. These amounts are non-interest bearing and have no fixed terms of repayment.
- iv) As of March 31, 2011 the Company paid or accrued \$Nil (March 31, 2010, \$2,396) which were amounts paid to a company related through an officer of the Company for option payments of the Garcia Flats Property (note 6)

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 years ended March 31, 2011 and 2010 and the amounts recorded in share capital and contributed surplus is as follows:

	Number of Shares	Amount	Contributed Surplus
Balance - March 31, 2009	44,296,445	\$ 7,902,063	\$ 1,000,182
Shares issued for mineral properties - non-cash	346,800	24,840	-
Stock-based compensation	-	-	9,115
Balance - March 31, 2010	44,643,245	7,926,903	1,009,297
Shares issued for mineral properties - non-cash	275,000	29,750	-
Exercise options for cash	200,000	24,000	-
Stock-based compensation	-	-	267,142
Shares issued for Private Placement	24,695,000	2,469,500	-
Tax benefit renounced to flow-through share subscribers		(49,500)	-
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)	-
Balance - March 31, 2011	69,813,245	\$ 10,214,397	\$ 1,329,398

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For the Year Ended March 31, 2011

9. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

During the year ended March 31, 2011

- i) On April 22, 2010, the Company completed a non-brokered private placement of 13,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,300,000 of which \$112,500 was received during the year ended March 31, 2010. Each unit consists of one common share and one share purchase warrant. The Company has not separately disclosed the fair value of the warrants. Each warrant is exercisable to purchase an additional common share for a 2 year period at \$0.20 per share. If at any time which is more than 4 months and 1 day from the date of closing, the volume weighted average trading price of the commons shares exceeds \$0.30 for 20 consecutive trading day, the Company will have the right to accelerate (the "acceleration clause") the expiry date to 30 days from the date of notice. To March 31, 2011, the criteria for commencement of the acceleration clause had not been fulfilled. The Company paid cash finder's fee of \$66,136 and issued 750,800 finder's warrants, exercisable to purchase an additional common share for a 2 year period at \$0.20 per share. The fair value of the finders' warrants measured at the grant date was \$48,000 and was recorded in share issue costs.
- ii) On June 15, 2010, the Company issued 75,000 common shares at a value of \$9,750 pursuant to the Conley Estate Claims (note 6).
- iii) On August 10, 2010, the Company issued 100,000 common shares for proceeds of \$12,000 pursuant to the exercise of stock options.
- iv) On August 12, 2010, the Company issued 100,000 common shares for proceeds of \$12,000 pursuant to the exercise of stock options.
- v) On December 3, 2010, the Company issued 200,000 common shares at a value of \$20,000 pursuant to the Rosebud Property (note 6).
- vi) On December 30, 2010, the Company completed a non-brokered private placement of 1,650,000 flow-through units at a price of \$0.10 per unit for gross proceeds of \$165,000. Each unit consists of one flow through common share and one half of one share purchase warrant. The Company has not separately disclosed the fair value of the warrants. Each whole warrant is exercisable into one common share for a 1 year period at \$0.15 per share. The tax benefit renounced to flow-through share subscribers is \$49,500.
- vii) On February 3, 2011, the Company completed a non-brokered private placement of 10,045,000 units at a price of \$0.10 per unit for gross proceeds of \$1,004,500. Each unit consists of one common share and one-half of one share purchase warrant. The Company has not separately disclosed the fair value of the warrants. Each whole warrant is exercisable to purchase one additional common share for 1 year at \$0.15 per share. The Company paid a cash finder's fee of \$67,160 and issued 581,200 finder's warrants, exercisable to purchase an additional common share for a 1 year period at \$0.15 per share. The fair value of the finders' warrants measured at the grant date was \$17,313 and was recorded in share issue costs.

During the year ended March 31, 2010

- i) On May 4, 2009, the Company issued 196,800 common shares at a value of \$9,840 pursuant to the Garcia Flats Property (note 6).
- ii) On December 14, 2009, the Company issued 150,000 common shares at a value of \$15,000 pursuant to the Rosebud Property (note 6).

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Notes to the Consolidated Financial Statements

For the Year Ended March 31, 2011

9. SHARE CAPITAL (continued)**c) Warrants**

A continuity schedule of outstanding common share purchase warrants for the years ended March 31, 2011 and 2010 is as follows:

	March 31, 2011		March 31, 2010	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
	Outstanding		Outstanding	
Outstanding, beginning of year	-	\$ -	-	\$ -
Granted	13,750,800	0.20	-	-
Granted	6,428,700	0.15	-	-
Outstanding, end of year	<u>20,179,500</u>	<u>\$ 0.18</u>	<u>-</u>	<u>\$ -</u>

At March 31, 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	1.07
825,000	December 30, 2011	0.15	0.75
5,603,700	February 3, 2012	0.15	0.85
<u>20,179,500</u>			<u>0.99</u>

d) Options

A continuity schedule of the Company's outstanding stock options for the years ended March 31, 2011 and 2010 is as follows:

	March 31, 2011		March 31, 2010	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
	Outstanding		Outstanding	
Outstanding, beginning of year	4,432,500	\$ 0.12	4,207,500	\$ 0.12
Granted	3,259,325	0.13	225,000	0.12
Cancelled/ Expired	(1,517,500)	0.12	-	-
Exercised	(200,000)	0.12	-	-
Outstanding, end of year	<u>5,974,325</u>	<u>\$ 0.13</u>	<u>4,432,500</u>	<u>\$ 0.12</u>

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For the Year Ended March 31, 2011

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

The following summarizes information about stock options outstanding and exercisable at March 31, 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	0.33
950,000	950,000	March 20, 2012	0.12	0.97
755,000	755,000	November 13, 2012	0.12	1.62
425,000	425,000	May 7, 2013	0.12	2.10
225,000	225,000	May 14, 2014	0.12	3.12
400,000	400,000	May 11, 2015	0.15	4.12
1,119,325	1,119,325	June 1, 2015	0.15	4.17
1,590,000	1,590,000	January 24, 2016	0.12	4.82
<u>5,974,325</u>	<u>5,974,325</u>			<u>3.00</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 year ended March 31, 2011 was \$332,455 (2010 – \$9,115) of which \$64,555 (2010 - \$9,115) was capitalized to mineral properties and \$202,587 (2010 - \$Nil) was recorded in the consolidated statement of operations and deficit and \$65,313 was recorded in share issue costs (2010 - \$Nil).

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:

	March 31, 2011	March 31, 2010
Expected dividend yield	0%	0%
Expected share price volatility	93.85% - 113.05%	103.57%
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 year ended March 31, 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 March 31, 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

Supplementary disclosure of cash flow information:

	For the year ended	
	March 31, 2011	March 31, 2010
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Effect of expenditures on mineral properties in accounts payable and accrued liabilities and due to related parties	134,991	53,625
Shares issued for mineral properties	29,750	24,840
Stock-based compensation expense capitalized to mineral properties	64,555	9,115
Stock-based compensation expense recorded as share issuance costs for finders warrants	65,313	-
Reclassification of fair value of stock options exercised to share capital	(12,354)	-

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:

	March 31, 2011	March 31, 2010
Total Assets		
Canada	\$ 1,221,488	\$ 603,305
United States	1,755,580	1,366,828
	<u>\$ 2,977,068</u>	<u>\$ 1,970,133</u>
Mineral Properties		
Canada	\$ 58,866	\$ 330,765
United States	1,723,949	1,340,685
	<u>\$ 1,782,815</u>	<u>\$ 1,671,450</u>
Equipment		
Canada	\$ -	\$ -
United States	415	725
	<u>\$ 415</u>	<u>\$ 725</u>
Total Loss		
Canada	\$ (922,016)	\$ (2,852,280)
United States	(496,741)	(1,907,290)
	<u>\$ (1,418,757)</u>	<u>\$ (4,759,570)</u>

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13. FUTURE INCOME TAX

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	For the year ended	
	March 31, 2011	March 31, 2010
Loss before income taxes	\$ (1,468,257)	\$ (4,759,570)
Tax rate	28.0%	31.0%
Future income recovery	(411,112)	(1,427,871)
Non-deductible expenses and other permanent differences	56,724	(78,683)
Tax effect of share issuance costs not recognized	(33,324)	150
Change in future income taxes relating to other comprehensive income	142,027	276,649
Effect of change in tax rate	4,976	4,935
Change in valuation allowance	191,209	1,224,820
Future income tax recovery	<u>\$ (49,500)</u>	<u>\$ -</u>

Significant components of future income tax assets and liabilities are as follows:

	March 31, 2011	March 31, 2010
Non-capital loss carry forwards	\$ 1,104,727	\$ 905,699
Mineral properties and deferred exploration expenditures	706,733	725,780
Equipment	-	1,231
Share issuance costs	26,883	5,301
Marketable securities	1,127	10,250
	1,839,470	1,648,261
Valuation allowance	<u>(1,839,470)</u>	<u>(1,648,261)</u>
Net future income tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company has Canadian non-capital losses of approximately \$2,109,000 which may be available to offset future income for income tax purposes. These losses expire as follows:

2026	\$ 151,000
2027	389,000
2028	447,000
2029	379,000
2030	284,000
2031	459,000
	<u>\$ 2,109,000</u>

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13. FUTURE INCOME TAX (continued)

The Company has US non-capital losses of approximately \$1,699,000 which may be available to offset future income for income tax purposes. These losses expire as follows:

2026	\$	67,000
2027		104,000
2028		208,000
2029		172,000
2030		899,000
2031		249,000
	\$	<u>1,699,000</u>

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.

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. The flow-through subscription agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to the flow-through participants. To March 31, 2011, the Company renounced \$6,103 in deductions. Accordingly, \$49,500, being the taxable benefit renounced, has been charged as a deduction to share capital offset by a future tax liability. Concurrent with the renunciation, the Company realized a future tax benefit against the future tax liability from the utilization of loss carryforwards. The realized tax benefit was recorded as a future income tax recovery during the year ended March 31, 2011, in accordance with CICA emerging issue pronouncement EIC-146.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2011, the Company was in receipt of the refund on the Longstreet reclamation bond of US\$16,400.



Management Discussion and Analysis
For the Year Ended March 31, 2011

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Harvest Gold Corporation ("Harvest" or the "Company") and its subsidiaries during the year ended March 31, 2011 and to the date of this report.

The following discussion of performance and financial condition should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2011. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is July 19, 2011.

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

FORWARD-LOOKING INFORMATION

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information please refer to page 30 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 year ended March 31, 2011, the Company has incurred \$1,169,127, (March 31, 2010 \$476,086) net of stock-based compensation of \$94,128, (March 31, 2010 \$29,573) 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 year ended March 31, 2011

Seventeen reverse circulation drill holes had been completed, totaling 18,650 feet (5685 m) tested six target areas. The first 12 holes were completed during the Phase I drill program whereas holes 13-17 were drilled during the beginning of the Phase II program. An additional; 17 holes were drilled during Phase II, subsequent to March 31, 2011, as discussed below. 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.

Assay results were reported for all 12 holes from Phase I. No Phase II drill results had been reported by March 31, 2011. Results from the Phase I holes demonstrate that significant zones of mineralization remain undiscovered at the Rosebud Mine. Important zones of mineralization stand out in the intercepts from the twelve holes, as described below. One is a gold intercept in HGR-5, reported below. It is near surface, has substantial thickness and extends the bulk tonnage halo to the south. It is open to the north, east, south and at depth in a sparsely drilled area approximately 100 metres south of the nearest underground mine workings. Another is a high grade silver zone in HGR-3, reported below. It is in one of our unconformity targets and is open to the north, east, and at depth. Hole HGR-10, also reported below, drilled 12.2 metres of 1.81 g Au/t and 20.9 g Ag/t near surface at the Valley target

The important gold and silver intercepts in these holes provide us with a significant expansion and increased definition of the mineralized envelope, or bulk tonnage halo, at Rosebud. It also provides us with a much better understanding of the deposit's structural framework. We have now intersected mineralized faults in several predicted locations and this reinforces our reinterpreted structural model and increases our confidence in the model. This will assist us in defining targets for the next phase of drilling.

Drill hole HGR-5 contains an intercept of:

114.3 metres of 0.49 g Au/t,

Including:

9.1 metres of 1.40 g Au/t. and

4.6 metres of 2.16 g Au/t.

Mineralization intersected in HGR-5 occurs in a sparsely drilled area within Chocolate formation volcanic flows and begins at approximately 97 metres (320 feet) downhole. This mineralized zone is open to the north, east, south, and at depth and extends toward mineralization intersected in historic drill holes approximately 150 metres (500 feet) to the west. Mineralization may also extend toward the Far East Zone, approximately 250 metres (800 feet) to the east. This intercept opens a large new area of near surface bulk tonnage mineralization with grades comparable to average grades at Allied Nevada's (ANV: TSX, ANV: AMEX) producing Hycroft Mine, five miles to the north.

Drill hole HGR-3 contains an intercept of:

35.1 metres of 238.1 g Ag/t and 0.82 g Au/t (4.43 g AuEq/t)

Including:

12.2 metres of 564.3 g Ag/t and 1.58 g Au/t (10.13 g AuEq/t)

Including:

4.6 metres of 1235.1 g Ag/t and 2.47 g Au/t (21.19 g AuEq/t)

The intercept, characterized by quartz vein and stock work material, was drilled to the northeast of the North Zone, approximately 30 metres (100 feet) from the nearest underground mined workings. The highest silver values encountered in HGR-3 are among the richest ever drilled at Rosebud, ranking in the top one percent of all previous Rosebud silver intercepts. Mineralization is open to the north, to the east, and at depth. This mineralization occurs at, and below, the unconformity between Tertiary volcanics and Triassic-Jurassic phyllites. It confirms the presence of high-grade mineralization within, and near, the unconformity, which is largely untested by previous drilling.

Drill hole HGR-6 contains an intercept of:

64.0 metres of 0.48 g Au/t

Including:

4.6 metres of 1.64 g Au/t and

4.6 metres of 1.31 g Au/t

HGR-6 was drilled in the western portion of the South Zone. It demonstrates that significant thicknesses of bulk tonnage mineralization do remain in place at Rosebud. This intercept confirms the Company's reinterpreted structural model, having targeted and intersected high-angle mineralized faults that are primary controls on mineralization. Historical intercepts occur to the north, south, and at depth along these ore controlling structures. Mineralization is open in these directions.

Drill hole HGR-7 contains an intercept of:

13.7 metres of 25.4 g Ag/t and 0.12 g Au/t (0.50 g AuEq/t)

Including:

4.6 metres of 60.7 g Ag/t and 0.13 g Au/t (1.05 g AuEq/t)

The high grade silver intercept in this hole occurs within forty metres of surface within a high angle fault zone that includes in-place, high grade gold mineralization at depth. This mineralized fault zone presents new high grade targets to the north, south, and at depth.

Drill hole HGR-8 contains the following six intercepts:

7.6 metres of 0.69 g Au/t and 1.4 g Ag/t (0.71 g AuEq/t) and

16.8 metres of 0.21 g Au/t and 21.9 g Ag/t (0.54 g AuEq/t) and

32.0 metres of 0.27 g Au/t and 2.4 g Ag/t (0.30 g AuEq/t) and

12.2 metres of 0.39 g Au/t and 3.4 g Ag/t (0.44 g AuEq/t) and

7.6 metres of 0.92 g Au/t and 16.8 g Ag/t (1.18 g AuEq/t) and

1.5 metres of 0.93 g Au/t and 5.1 g Ag/t (1.00 g AuEq/t)

The intercepts in HGR-8 occur in an area of widely-spaced drilling between the Rosebud Mine's North, South, and East ore zones. They reinforce that significant potential exists to expand the bulk tonnage envelope in the ground and discover additional high grade pods within the volcanic pile in this area. In addition, intercepts at, and below, the unconformity, including 7.6 m of 0.92 g Au/t, 16.8 g Ag/t demonstrate the viability of the basement as an important host rock and allow for more precise targeting of the basement in this area. This hole ended in mineralization beneath the unconformity with 1.5 m of 0.93 g Au/t, 5.1 g Ag/t.

HGR-9 contains an intercept of:

3.0 metres of 1.16 g Au/t and 7.7 g Ag/t (1.28 g AuEq/t)

HGR-10 contains intercepts of:

12.2 metres of 1.81 g Au/t and 20.9 g Ag/t (2.13 g AuEq/t)

Including:

3.0 metres of 4.26 g Au/t and 15.3 g Ag/t (4.49 g AuEq/t) and

1.5 metres of 3.53 g Au/t and 58.6 g Ag/t (4.42 g AuEq/t)

The top intercept in HGR-10 begins approximately 17 metres (55 feet) from surface and is one of the highest grade and thickest intercepts drilled at the Valley target to date. There is mineralization in historical drill holes 40 metres (130 feet) to the east and 65 metres (215 feet) to the west of the HGR-10 intercepts. This begins to define a new mineralized zone, open in all directions.

The Valley target has been tested by approximately 20 drill holes, including HGR-9 and HGR-10, and is spread over an area approximately 700 metres (2300 feet) by 500 metres (1600 feet). Many of the historic holes contain ore grade or anomalous mineralization.

All of the intercepts in the Valley target are within Tertiary volcanic or volcanoclastic rocks.

Drill hole HGR-11 contains intercepts of:

54.9 metres of 0.29 g Au/t and 3.9 g Ag/t (0.34 g AuEq/t)

Including:

3.0 metres of 1.15 g Au/t and 3.3 g Ag/t (1.20 g AuEq/t),

24.4 metres of 0.29 g Au/t and 23.1 g Ag/t (0.64 g AuEq/t)

Including:

3.0 metres of 0.75 g Au/t and 48.2 g Ag/t (1.48 g AuEq/t) and

3.0 metres of 0.51 g Au/t and 60.2 g Ag/t (1.43 g AuEq/t)

Drill hole HGR-12 contains intercepts of:

15.2 metres of 0.26 g Au/t and 8.8 g Ag/t (0.39 g AuEq/t)

Including:

1.5 metres of 0.88 g Au/t and 34.6 g Ag/t (1.41 g AuEq/t),

21.3 metres of 0.19 g Au/t and 7.2 g Ag/t (0.30 g AuEq/t)

Including:

1.5 metres of 0.16 g Au/t and 59.7 g Ag/t (1.07 g AuEq/t)

In hole HVG-11, the unconformity target was intersected with 24.4 metres of 0.64 g AuEq/t. A northeast oriented mineralized zone is emerging in which gold and silver are enriched at the unconformity. This zone is at least 250 metres long and is open to the northeast and southwest. Along with intercepts in four holes drilled during this first phase program, HGR-3, HGR-4, HGR-8, and HGR-11, and nearly all historical holes that penetrated the unconformity in this zone contain anomalous gold and silver mineralization. Several examples of mineralization at and beneath unconformities occur in Nevada. The most important is the Hollister deposit, where Great Basin Gold is developing high grade veins within Ordovician quartzite beneath Tertiary volcanic rocks.

The intercepts in HGR-12 begin near surface (7.6 metres downhole). The upper mineralized zone is bounded by a modeled fault with mineralization occurring in the hanging wall of this structure. As with many other intercepts from the first phase drill program, these results are confirming the Company's structural model, and allow for advancement of the model.

TABLE 1: SUMMARY OF HOLES HGR 1 – HGR 12

	FROM Metres	TO metres	INTERVAL metres	Au g/t	Ag g/t	AuEq g/t
*HGR-1	77.7	85.3	7.6	0.74	11.1	0.90
*HGR-2	259.1	269.7	10.6	0.61	13.1	0.81
*HGR-3	315.5	350.5	35.1	0.82	238.1	4.43
<i>including</i>	318.5	330.7	12.2	1.58	564.3	10.13
<i>including</i>	323.1	327.7	4.6	2.47	1235.1	21.19
<i>including</i>	324.6	326.1	1.5	1.00	2159.8	33.72
<i>and</i>	326.1	327.7	1.6	6.24	473.5	13.42
*HGR-4	79.2	93.0	13.8	0.28	4.0	0.34
	342.9	347.5	4.6	0.10	14.6	0.32
	349.0	352.0	3.0	0.07	12.1	0.26
	406.9	410.0	3.1	0.53	4.9	0.61
*HGR-5	97.5	211.8	114.3	0.49	4.7	0.56
<i>including</i>	106.7	108.2	1.5	2.59	3.8	2.65
<i>and</i>	129.5	134.1	4.6	2.16	3.9	2.22
<i>and</i>	163.1	172.2	9.1	1.40	4.6	1.47
*HGR-6	140.2	204.2	64.0	0.48	2.9	0.52
<i>including</i>	163.1	167.6	4.6	1.31	5.5	1.39
<i>and</i>	195.1	199.6	4.6	1.64	2.6	1.68
*HGR-7	42.7	56.4	13.7	0.12	25.4	0.50
<i>including</i>	50.3	54.9	4.6	0.13	60.7	1.05
*HGR-8	129.5	137.2	7.6	0.69	1.4	0.71
	202.7	219.5	16.8	0.21	21.9	0.54
	234.7	266.7	32.0	0.27	2.4	0.30
	289.6	301.8	12.2	0.39	3.4	0.44
	367.3	374.9	7.6	0.92	16.8	1.18
	403.9	405.4	1.5	0.93	5.1	1.00

*HGR-9	13.7	16.8	3.0	1.16	7.7	1.28
*HGR-10	19.8	32.0	12.2	1.81	20.9	2.13
<i>including</i>	21.3	24.4	3.0	4.26	15.3	4.49
<i>and</i>	27.4	29.0	1.5	3.53	58.6	4.42
	48.8	50.3	1.5	2.77	12.2	2.96
	61.0	77.7	16.8	0.21	31.5	0.69
	129.5	138.7	9.1	0.20	8.3	0.32
HGR-11	62.5	117.3	54.9	0.29	3.9	0.34
<i>including</i>	77.7	80.8	3.0	1.15	3.3	1.20
	350.5	353.6	3.0	1.10	15.8	1.34
	364.2	388.6	24.4	0.29	23.1	0.64
<i>including</i>	370.3	373.4	3.0	0.75	48.2	1.48
<i>and</i>	385.6	388.6	3.0	0.51	60.2	1.43
HGR-12	7.6	22.9	15.2	0.26	8.8	0.39
<i>including</i>	21.3	22.9	1.5	0.88	34.6	1.41
	36.6	57.9	21.3	0.19	7.2	0.30
<i>including</i>	36.6	38.1	1.5	0.16	59.7	1.07
	193.5	213.4	19.8	0.31	3.1	0.36
	280.4	283.5	3.0	0.36	12.0	0.54

Gold equivalent (AuEq) values calculated using a Ag:Au ratio of 66:1, based on a gold price of US\$1160/oz and a silver price of US\$17.60/oz. No Ag or Au recovery factors have been applied due to a lack of appropriate metallurgical data. All holes are inclined except for HGR-1. True widths are not known and additional modeling and drilling will be required to determine true widths.

Subsequent Events

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	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'-	77.72	79.25	0.274	0.141	-49

260'					
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

Activities Contemplated In The Future

The Company continues to seek out a suitable joint venture partner and is awaiting additional metallic screen assay data. Once received, additional plans for the project will be formulated.

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
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 has incurred \$407,128, (March 31, 2010 \$403,718) net of stock-based compensation charges of \$18,454, (March 31, 2010 \$18,454) which is net of recoveries. 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 year ended 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.

Subsequent Events

There has been no subsequent activity at Garcia Flats.

Activities Contemplated In The Future

Development of additional targets is contemplated through geochemical and geophysical surveys, and geologic modeling.

RW PROPERTY, EUREKA COUNTY, NEVADA

Property Description

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

Background

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

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

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

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.

During the year ended March 31, 2011

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

Subsequent Events

There has been no subsequent activity at the RW project.

Activities Contemplated In The Future

Detailed gravity and soil geochemical surveys, and potentially additional geophysical surveys, are proposed to define specific drill targets.

The Company is seeking a joint venture partner to fund drilling of targets defined by contemplated gravity and soil surveys.

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 year ended March 31, 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.

CONLEY ESTATE CLAIMS, MANITOBA

Historical Overview

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

The Company entered into a property option agreement on January 25, 2007 with Conley Mines Ltd. ("CML") to acquire 100% of CML's right, title and interest in mineral claims referred to as Conley Estates Claims. The Company has the right to repurchase up to one half of the NSR (1.5% of Net Smelter Returns) for \$500,000 per 0.5%, for a total purchase price of \$1,500,000. The Company will pay the \$85,000, issue 300,000 common shares of the Company and expend \$500,000 on the property to earn the 100% interest. On April 2, 2009, the anniversary payment due January 24, 2009 was re-negotiated to a payment of \$7,500 and the issuance of 125,000 common shares as follows:

Date	Amount	
On Execution of Agreement	\$5,000	Paid
By January 24, 2008	\$10,000	Paid
By January 24, 2009 Re-negotiated	\$7,500	Paid
By January 24, 2010	\$20,000	Paid
By January 24, 2011	\$35,000	Agreement terminated
Total	<u>\$77,500</u>	

Date	Number of shares	
On Execution of Agreement	25,000	Issued
By January 24, 2008	40,000	Issued
By January 24, 2009 Re-negotiated	125,000	Issued
By January 24, 2010	75,000	Issued
By January 24, 2011	100,000	Agreement terminated
Total	<u>365,000</u>	

Date	Expenditures (cumulative)	
By January 24, 2008	\$30,000	
By January 24, 2009	\$90,000	
By January 24, 2010	\$240,000	
By January 24, 2011	\$500,000	

As of the year ending March 31, 2011, the Company has incurred \$231,149, (March 31, 2010 \$230,701) net of stock-based compensation charges of \$7,188 (March 31, 2010 \$7,188) on this property.

Property Description

The Conley claims are located on the northwest side of Wallace Lake, approximately 25 km east of the San Antonio Gold Mine at the town site of Bissett in southeastern Manitoba. Access is by an all weather gravel road (PR 304) that intersects the southern part of the property and trails suitable for ATVs and snow mobiles. Boat access on Wallace Lake is also possible. The property consists of eight claims with a total area of 1,189 Ha.

E.S. Moore of the Geological Survey of Canada was the first to map the Wallace Lake belt in 1913. William Conley (presently his estate), is the registered owner of the claims, and he has worked on the property intermittently since 1958. Conley's work has consisted of prospecting, trenching, sampling and limited diamond drilling. Assessment files show that Conley is responsible in whole or in part for locating numerous areas of surficial mineralization associated with quartz veins and shear zones in a wide range of rock units. Many of the showings are highly anomalous while others have yielded spectacular samples of visible gold which have high gold content ("1.12 oz/ton Au over 3.5").

Kerr Addison Mines Ltd (1965, AF 91559) drilled seven holes in the area in 1965. Spectacular gold assays (0.97 oz/ton Au over 1.7' and 0.63 oz/ton Au over 1.5') were returned from a showing known as the 'No.1 Hi-grade'. Manitoba Mineral Resources flew an Airborne Electromagnetic and Magnetic survey in the Wallace Lake and Siderock Lake areas in 1972.

Noranda Exploration Co. performed geological work between October 1988 and June 1989. Stripping, mapping and channel and humus sampling were performed. Noranda undertook preliminary property examinations and decided that two showings (Smoky and No. 1 Hi-grade) required stripping to expose their potential. It was concluded that gold-bearing quartz veins in the Smoky showing be drill tested along their strike and down plunge extension to the northeast. As well, the No. 1 Hi-grade showing, be drill tested or an induced polarization program be carried out in the vicinity of the intersection of the noted VLF anomaly and the strike extension of the showing.

Background

Significant efforts have been directed towards understanding the detailed geological setting of the rocks that underpin the Wallace-Conley Estate property. This includes efforts in the summer of 2007 when geological mapping was conducted by Harvest Gold geologists for the Wallace Lake area, including the Wallace-Conley Estate property. Reports by government geologists indicate that the rocks that underlie the property are the same age and composition as the Balmer Formation in the Red Lake Gold Camp.

These have been referred to frequently as the "Balmer Equivalent rocks" and underscore the significance this holds for the property. The geology of the property consists of a basement of felsic volcanic and felsic intrusive rocks that are overlain by mafic and felsic volcanic rocks, oxide-carbonate-sulphide-iron formation and younger mafic volcanic rocks and clastic sedimentary rocks. Pillowed flows have been reported by several geologists.

The Company has undertaken a line cutting program with a total of 15.14 km of grids (25 lines) cut on the property to prepare for geochemical sampling and prospecting and mapping. Gold anomalies were defined in both sampling media. In particular the soil geochemical anomalies on the Smokey Claim, immediately south of the Wanipigow River, This gold plus copper and lead anomaly is observed to be along strike from gold-base metal bearing quartz veins on the west shore of Wallace Lake. The high grade veins found to date on the Conley Estate Option appear, from the descriptions in published reports, to be San Antonio '16-type' veins, which are high-grade single vein. The '38 type' veins are larger stockwork vein systems that tend to be high-grade and structurally related to the '16-type' vein. To date there has been no focused exploration for the more prolific San Antonio '38-type' veins on the property.

During the year ended March 31, 2011

No activities took place on the property during the year ending March 31, 2011. In June 2010 the Company issued 75,000 common shares and made the payment of \$20,000 in fulfillment of the property payment obligation for 2010 set out in the option agreement.

On January 18, 2011, the Company decided to terminate the agreement and all obligations therein. All claims have been renewed and are in good standing for a period of 12 months.

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 year ended March 31, 2011

In January 2011 the geological team met in Snow Lake to discuss a proposed exploration budget and possible drill program on certain targets.

Subsequent Events

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.

Activities Contemplated In The Future

An Induced Polarization (IP) geophysical program is planned to commence in July 2011 and later in the summer, mapping and sampling of prospecting trenches and rock outcrops is expected to be completed. Ultimately this work will be used to identify and prioritize specific targets for drill testing later in the year. The Company is investigating potential partners for the project.

RESULTS FROM OPERATIONS

Selected Information

The Company's consolidated financial statements for the year ended March 31, 2011 (the "Consolidated Financial Statements") have been prepared in accordance with Canadian generally accepted accounting principles and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Consolidated Financial Statements and should be read in conjunction with those statements.

	For the years ended		
	March 31, 2011	March 31, 2010	March 31, 2009
Financial Results			
Net loss	\$ 1,418,757	\$ 4,759,570	\$ 771,109
Basic loss per share	0.02	0.11	0.02
As at:			
Balance Sheet Data			
Cash and short-term investments	\$ 1,125,690	\$ 266,046	\$ 480,023
Mineral properties	1,782,815	1,671,450	5,891,936
Total assets	2,977,068	1,970,133	6,441,893
Shareholders' deficit	(8,748,187)	(7,329,430)	(2,569,860)

Year Ended March 31, 2011 compared with Year Ended March 31, 2010

The Company incurred a net loss of \$1,418,757 for the year ended March 31, 2011; a decrease of \$3,340,813, compared to \$4,759,570 for the year ended March 31, 2010. The result primarily was the decrease in property impairments of \$3,668,595. There was an increase of \$379,127 for administration and operating costs which is a result of an increase in stock-based compensation of \$202,587, an increase of \$163,088 in investor relation services which include more advertising, investor relation consultant retained and a larger number of press releases during the year. An accumulation of other operating costs had a net decrease of \$13,452. There was future income tax recovery due to the realized tax benefit of \$49,500 generated through the renounced amount on the flow-through subscription agreements.

Investor relations

Investor relations expenses for the year ended March 31, 2011 were \$175,276, an increase of \$163,088, from \$12,188 for the year ended March 31, 2010. The increase is the result of retaining an IR consultant, increase number of press releases and more spent on advertising through additional mail blasts and conferences.

Stock-based compensation

The Company granted to directors, officers, employees and consultants of the Company incentive stock options to purchase up to 3,259,325 common shares, 1,669,325 exercisable at a price of \$0.15 per share for a 5 year term and 1,590,000 exercisable at a price of \$0.12 per share for a 5 year term which some had vesting restrictions and warrants

granted for finder fees resulting in a stock-based compensation charge of \$332,455 of which \$202,587 being expensed, \$64,555 being capitalized and \$65,313 recorded in share issue costs.

Operating expenses

During the year ended March 31, 2011 the Company had a net increase of \$8,952 in general and administrative expenses. An increase of \$10,607 in professional fees, an increase of \$20,636 in office and miscellaneous and an increase of \$19,988 in transfer agent and regulatory fees was offset by a net decrease of \$42,279 in general operations of amortization, consulting fees, property investigation costs, salaries and benefits, rent and travel.

Management fees

During the year ended March 31, 2011, the Company paid out the fees according to the amended contractual agreements as indicated in the related party note in this document.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010
Net loss	\$ (995,332)	\$ (110,213)	\$ (110,840)	\$ (202,372)
Basic loss per share	0.02	0.00	0.00	0.00

	Three months ended			
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
Net loss	\$ (2,619,934)	\$ (40,493)	\$ (2,030,868)	\$ (68,275)
Basic loss per share	(0.06)	0.00	(0.05)	0.00

Balance Sheet Data

As at:	March 31, 2011	September 30, 2010	June 30, 2010	March 31, 2010
Working capital/ (deficit)	\$ 951,019	\$ 357,797	\$ 646,087	\$ (10,561)
Mineral properties	1,782,815	2,258,520	2,041,017	1,671,450
Total assets	2,977,068	2,797,882	3,082,951	1,970,133
Shareholders' equity	2,756,108	2,652,446	2,723,817	1,678,270

As at:	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Working capital	\$ (32,243)	\$ 114,619	\$ 241,995	\$ 350,810
Mineral properties	4,197,058	4,053,992	5,952,861	5,891,936
Total assets	4,438,809	4,443,684	6,433,750	6,441,893
Shareholders' equity	4,183,019	4,209,012	6,238,880	6,290,885

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2011, the Company has cash of \$1,125,690. The Company has slowed its utilization of its cash resources on administrative requirements and the funding of Manitoba projects while it concentrates on the Rosebud drill program. 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.

OUTSTANDING COMMON SHARE DATA

During the year ended March 31, 2011, the Company issued 25,170,000 common shares. The Company issued the 275,000 common shares for mineral properties and 23,045,000 for a non-brokered private placement, 1,650,000 for a flow through private placement and 200,000 on the exercise of stock options.

As at March 31, 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 years ended March 31, 2011 and 2010 as follows:

- i. The Company paid or accrued \$132,857 (2010 - \$151,187), in geological consulting fees to directors of the Company of which \$108,717 (2010 - \$109,031) have been capitalized to mineral property expenditures as consulting services and property investigation costs and \$14,634 (2010 - \$27,162) has been expensed to geological consulting and \$9,506 (2010 - \$14,994) has been expensed to property investigation costs.
- ii) The Company paid or accrued \$64,800 (2010 - \$60,300) in management fees to directors of the Company.
- iii) As of March 31, 2011, amounts due to related parties were \$69,974 (March 31, 2010 \$208,465) which were \$50,536 (2010 - \$81,945) owing to companies related through directors of the Company for shared administration costs and \$19,438 (2010 - \$126,519) owing to an officer of the Company for geological fees. These amounts are non-interest bearing and have no fixed terms of repayment.
- iv) As of March 31, 2011 the Company paid or accrued \$Nil (March 31, 2010, \$2,396) which were amounts paid to a company related through an officer of the Company for option payments of the Garcia Flats Property (note 6)

SUBSEQUENT EVENTS

Subsequent to March 31, 2011, the Company was in receipt of the refund on the Longstreet reclamation bond of US\$16,400.

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.

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 year end that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

APPROVAL

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

CRITICAL ACCOUNTING POLICIES

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

RECENT ACCOUNTING PRONOUNCEMENTS

Other accounting pronouncements issued by the CICA with future effective dates, not listed below, are either not applicable or are not expected to be significant to the financial statements of the Company.

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will 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 will transition from current Canadian GAAP reporting and commence reporting under IFRS for the first quarter of 2011, with restatement of comparative information presented.

The Company developed a conversion plan consisting of four key stages including; project planning and preliminary assessment, detailed assessment, design and implementation. The project planning and preliminary assessment stage has been completed. The preliminary assessment was completed with the assistance of external advisors and training and outlines the significant differences between Canadian GAAP and IFRS and rates the impact of each of the significant differences on the entity's financial statements, thereby allowing the Company to focus the detailed assessment on the highest priority items.

The Company has completed the design stage which includes completing an assessment of the quantified effects of the anticipated changes to the Company's IFRS opening balance sheet and identifying business processes and resources that may require modification as a result of these changes. The implementation stage proceeded concurrently with the detailed assessment and design stages including preparing draft IFRS compliant model financial statements and making appropriate changes to business, reporting and system processes and training to support preparation and maintenance of IFRS compliant financial data for the IFRS opening balance sheet at April 1, 2010 and going forward. The Company believes the plan is sufficiently advanced and adequate resources are in place to ensure an efficient and effective transition to IFRS reporting.

The following table provides a summary of the key activities involved and the status of these activities:

Key Activities	Status
Financial Reporting <ul style="list-style-type: none"> · Identify key differences between IFRS and Canadian GAAP · Analyze and select IFRS 1 elections available upon adoption · Analyze IFRS accounting policies where alternatives are permitted and select appropriate alternative · Quantify key differences for opening balance sheet · Prepare IFRS 1 reconciliations 	<ul style="list-style-type: none"> · Key differences between IFRS and Canadian GAAP are identified · IFRS 1 elections have been analyzed and elections have been selected · Policy positions for key accounting differences have been completed · Quantification of key differences for the opening balance sheet are near complete · IFRS reconciliations are near complete
Financial Information Systems <ul style="list-style-type: none"> · Create solution to capture IFRS information during 2010 while still reporting under Canadian GAAP · Analyze information systems to determine changes required to capture IFRS information from April 2011 onward 	<ul style="list-style-type: none"> · Solutions have been implemented for some of the areas with key differences with the remaining areas still in progress · Sufficient information systems are thought to be in place
Training <ul style="list-style-type: none"> · Provide technical training to key finance personnel 	<ul style="list-style-type: none"> · Key finance personnel have been and continue to be provided with training at various seminars and current published materials
Business Activities <ul style="list-style-type: none"> · Assess impact of conversion on budgeting, forecasts and compensation arrangements 	<ul style="list-style-type: none"> · It is anticipated that there will be a minimal impact on these business activities but continuing re-assessment is to be performed as the transition process progresses
Control Environment <ul style="list-style-type: none"> · Maintain effective controls over the IFRS conversion process · Revise internal controls for changes in processes as a result of the transition to IFRS · Approval by Audit Committee 	<ul style="list-style-type: none"> · Key finance personnel meet regularly to ensure effective controls over the process are maintained · Further information needs to be gathered for the assessment of changes to internal controls for any changes in processes · Approval is pending

Application of IFRS 1 transitional exemptions and identified GAAP differences

The Company has identified the key areas noted below where changes in accounting policy are expected on the transition from Canadian GAAP to IFRS. These areas do not necessarily represent a final list of changes. As we progress through the final steps of the implementation stage, the differences and impacts described below are subject to change, upon review by the Company's Audit Committee.

First-time adoption of IFRS

The Company's adoption of IFRS will require the application of "First-time adoption of International Financial Reporting Standards" ("IFRS 1") which generally requires that all IFRS standards and interpretations be accounted for on a retrospective basis. IFRS 1 provides for certain optional exemptions and specific mandatory exemptions. The following represents the optional exemptions that the Company expects to apply:

Share-based payments – 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.

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.

Deemed Cost – IFRS 1 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.

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 Statement of Financial Position Reconciliation – March 31, 2011

Consolidated Statement of Comprehensive Income Reconciliation – March 31, 2011

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

	Ref	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

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		
Reclamation bonds		15,938	-	15,938
Total current assets		1,171,979	-	1,167,024
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	\$ -	\$ 2,972,113
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 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		202,587
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	-	645,360
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	\$ -	\$ 1,468,257
Deferred income tax recovery (expense)	a	49,500	(48,280)	1,220
NET LOSS FOR THE YEAR		\$ 1,418,757	\$ 48,280	\$ 1,467,037
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	\$ -	\$ 1,468,257

Adjustments on transition to IFRS:

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	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	April 1 2010
Contributed surplus	\$ (510,778)	\$ (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	April 1 2010
Contributed surplus	\$ 3,909	\$ -
Adjustment to deficit	\$ (3,909)	\$ -

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 year ended March 31, 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 March 31, 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.