

**PC GOLD INC.
(the “Company”)**

**FORM 51-102F1
MANAGEMENT’S DISCUSSION & ANALYSIS**

Date

This MD&A is dated May 11, 2010 and should be read in conjunction with the financial statements for the 9 months ended March 31, 2010.

Overview

The Company was incorporated under the laws of Ontario on October 17, 2007, and subsequently taken public through an Initial Public Offering (“IPO”) on the Toronto Stock Exchange on May 13, 2008, to consolidate leasehold ownership interests in, and explore and develop the past-producing Pickle Crow Gold Mine Property (“the Property”), located near the community of Pickle Lake in northwestern Ontario, Canada. The Pickle Crow Property is the Company’s sole property. The Property size presently stands at 4,117 hectares and the Company now holds 100% ownership of the Property’s mining lease, which expires July 31, 2067. The Company’s leasehold interest in the Property is additionally subject to two Net Smelter Return (NSR) royalties totaling 1.25%, both of which the Company has the option of purchasing in their entirety.

History

The Pickle Crow Property hosts the past-producing Pickle Crow Gold Mine. The Pickle Crow Mine was a very well known asset when in production and remains well known in the industry today. Operating continuously from April 1935 through September 1966, the mine produced in total 1,446,214 Troy oz. of gold and 168,757 Troy oz. of silver from 2,785,488 tonnes (3,070,475 tons) of ore milled. Average recovered grade over the life of the mine was 16.14 g/t Au (0.47 opt Au) and 1.88 g/t Ag (0.06 opt Ag). Gold production was derived almost entirely from high grade, narrow, quartz-carbonate veins.

The mine closed in 1966 not because the mineralized system had been mined out, but because the mine was losing money as operations extended to deeper levels and costs rose in a fixed gold price environment (\$US35/oz). The historical drilling record indicates and the Company’s own drilling has confirmed, that the high grade veins from which the bulk of the historical production was drawn remain open to depth below the workings, and lateral to them. Moreover, considerable volumes of gold in iron formation are known to have been left in place within, or proximal to, the historical workings, as the grade of this material was generally below the mine’s economic cut-off at the time (approx. 8.57 g/t). Several historical, non-NI 43-101 compliant estimates of the volume of gold mineralization remaining in the mine, or close to it, have been carried out. These historical estimates can be viewed in Section 5.4 of the Pickle Crow Property NI 43-101 Technical Report available from the Company’s website at www.pcgold.ca, or from www.sedar.com.

Exploration by PC Gold

A major exploration and development program commenced on the Property late in 2007, and was accelerated subsequent to the Company’s IPO in May 2008. The principal objectives of the exploration program are to quantify what remains within or in close proximity to the mine workings and to extend known gold zones, and make new discoveries, both lateral to the historical workings and at depth below the old mine. To oversee this effort, the Company has contracted Fladgate Exploration Consulting Corporation of Thunder Bay, Ontario (www.fladgateexploration.com).

Following extensive upgrades to roads, bridges, accommodations and on-site exploration facilities, the Pickle Crow Property is now a turn-key site capable of sustaining year-round exploration activities in all weather conditions.

Historical Data Digitization and 3D Mine Model Development

A key objective of the Company's exploration effort has been to assemble and digitize the enormous body of historical data sets from the earliest days of exploration on the Property through the mine's active years and up to the present time. These historical data sets constitute one of the Company's most important assets, providing hard data to support quantification to current standards of what remains within or close to the mine, the planning of new exploration drilling programs, and a possible future renewal of mining operations on the Property.

Drilling

The Company's exploration program currently comprises year-round drilling of shallow, intermediate and deep targets located lateral to and below the historical workings in the Property's core mine trend. Seasonally, when cold winter weather allows for access, drilling of mostly swamp and muskeg-covered regional targets located away from the core mine trend also takes place. Four drills are presently active on the Property. In the nine months from July 1, 2009 to March 31, 2010, 17,249 metres of shallow-intermediate drilling in 50 holes was accomplished, in addition to 3,671 metres in 8 deep wedge holes (and hole extensions), for a grand total of 20,921 metres drilled year to date.

Shallow-Intermediate Drilling

In mid June 2009 a Phase II drill program got underway with a single shallow-intermediate drill capable of drilling to depths of approximately 1,000 metres vertically from surface. Drilling through the summer months focused on following up on promising intercepts made in the Albany Shaft area during the Fall 2008 Phase I drill program, along with exploration of areas to the south/southwest of the No. 3 Shaft. These early fiscal 2010 drilling efforts generated the following significant discoveries:

1. A substantial, previously unrecognized, sedimentary basin between Shafts 1 and 3, including a thick unit of conglomerate with gold in cross-cutting structures (for example, 1.45 g/t gold over 16.70 metres (hole PC-09-030)) (press release - August 10, 2009);
2. A zone of low grade disseminated gold bearing sulphides overlying the Pickle Crow – Confederation contact to the southwest of the No. 3 Shaft (for example, 0.54 g/t gold over 30 metres (hole PC-09-034)) (press release - August 10, 2009);
3. The first high grade gold bearing veins to the south of the Pickle Crow – Confederation contact in the Confederation rocks proper (for example, 24.89 g/t gold over 0.40 metres (hole PC-09-033)) (press release – August 10, 2009); and
4. The new Conduit Zone discovery at the Albany Shaft (for example, 3.17 g/t over 35.6 metres including 9.53 g/t over 10.1 metres (hole PC-09-036)) (press release - September 28, 2009).

Of these discoveries, the Conduit Zone find was deemed the most significant. Accordingly, shallow-intermediate drilling was concentrated on it throughout the second quarter, resulting in the expansion of the Conduit Zone discovery from a single, roughly rod-shaped body to three (press release – November 4, 2009).

By mid December 2009, drilling of the accessible portions of the three Conduit Zone bodies had been wrapped up, and the shallow-intermediate drill moved to the southwestern end of the Property to provide an initial test of the potential for new veins in the area between the southwestern property boundary and the Shaft 1 workings. An initial drill hole into the southwest property boundary target area, which had historically been covered by the Pickle Crow town site, resulted early in the new year in the discovery (press release – January 21, 2010) of the new No. 20 vein, which returned 20.96 g/t gold over 0.50 metres from 125.5 to 126.1 metres in hole PC-10-057. Follow-up drilling of this new discovery succeeded in expanding the known area of the No. 20 vein structure, and further work on it is planned.

Late in January the single drill active on the No. 20 vein discovery was taken off that target and, taking advantage of the winter cold-weather window, was moved north to test newly-identified targets along the mostly swamp and muskeg-covered Cohen-MacArthur structure. Concurrently, a second shallow-intermediate drill was added to the exploration program and also assigned to testing targets along the Cohen-MacArthur. Drilling of the Cohen-MacArthur targets continued with the two drills through the month of February and into early March. However, a rapid spring thaw necessitated the removal (March 13th) of both drills an estimated five weeks earlier than planned. In consequence, only approximately a third of the holes slated for winter drilling at Cohen-MacArthur were actually completed. Further work for this area is planned for winter 2010-2011.

The unplanned early exit from the Cohen-MacArthur had a silver lining, as the two intermediate capable drills were by mid March required for follow-up on an important new discovery made lateral to the historical workings in the core mine trend, the No. 19 vein. Announced as a new find on February 11, 2010, the No. 19 vein was first intercepted in the upper reaches of deep Shaft 1 area mother hole PC-09-052 (15.95 g/t over 0.7 metres) and its daughter hole PC-09-052A (7.50 g/t gold over 1.50 metres). Repeated attempts to overcome deviation in mother hole 52 and its wedges resulted in successive cuts through the thick Pickle Crow porphyry in which the new vein is hosted and consequently, further intercepts of the No. 19 vein.

By early March, the Company had cut the No. 19 vein with two more wedges, PC-10-052-W01 and W02, both of which returned thick intercepts. As announced at the annual PDAC convention in Toronto on Monday March 8, 2010, hole PC-10-052-W01 returned 8.23 g/t gold over 7.6 metres from 492.50 metres to 500.10 metres down hole, and hole PC-10-052-W02 cut the No. 19 vein zone from 530.42 metres to 531.85 metres with visible gold and then again from 539.51 metres to 543.43 metres with abundant coarse-grained visible gold. Assays were noted as pending for the PC-10-052-W02 intercept. On March 23, 2010, the Company released the assays for W02, which returned:

- 43.28 g/t gold over 13.13 metres,
- including 138.89 g/t gold over 4.00 metres, and
- including 201.96 g/t gold over 2.02 metres, and
- including 299.10 g/t gold over 0.48 metres

The No. 19 vein as it is presently understood is unquestionably the most significant new discovery to result from the Company's exploration activities on the Property to date, and the most important since the mine's closure in 1966. It is important not only for its apparent grade and encouraging thickness, but also for its location about mid-depth and lateral to the workings. Historically, almost all of the drilling by previous operators at Pickle Crow was concentrated within approximately 300 metres of surface and, underground, within about 100 metres of the end of underground workings. The No. 19 vein discovery confirms the potential for major new discoveries in those areas of the Property that lie below about 300 metres from surface and somewhat away, but lateral to and within reach of, the underground workings. The No. 19 vein is estimated to lie about 275 metres from the closest underground working, the 750 foot connector level between Shaft 1 and 3. It is approximately 595 metres from Shaft 1, and 985 metres from Shaft 3.

Recognizing the importance of the No. 19 vein discovery, and the strong market interest in it, at period's end both shallow-intermediate rigs were focused on the No. 19. The immediate goal of this work is to complete step-outs around the initial cluster of four intercepts, which were confined within an area measuring approximately 25 metres laterally by 50 metres vertically. This initial work will provide a better understanding of the orientation of the No 19 structure, as well as data useful for planning more aggressive step-outs to follow.

Strategically, the Company now sees the exploration of the Pickle Crow porphyry, in which the No. 19 vein was discovered, and nearby lithologies as a key exploration objective. The Pickle Crow porphyry comprises a thick “wall” trending southwest to northeast across the core mine trend, centred on the Property’s No. 2 and No. 3 Shafts, and plunging to depth. Historically only the upper reaches of the central portion of this porphyry body were explored and mined, primarily to extract the prolific No. 2 vein, which was one of the two most important orebodies in the mine. The porphyry is believed to be more brittle than surrounding rock types such that when deformed, it fractured more extensively and provided more open space for the entry of gold-bearing fluids. As with the other gold-bearing structures on the Property, it is likely that the structure which hosts the No. 19 vein cuts across all rock units, including the porphyry and surrounding conglomerate and mafic volcanics. However, the historical evidence from other known high grade veins in the Shaft 3 area suggests that the porphyry may be host to the “sweetest” portions of the No. 19 vein structure.

Going forward, the Company intends to 1) drill off the southwestern arm of the Pickle Crow porphyry to depth below the No. 19 vein discovery, 2) drill off the central portion of the Pickle Crow porphyry to depth below Shaft 3 itself, and 3) drill off to depth the virtually unexplored northeastern arm of the same body.

Deep Drilling

The deep drilling component of the Phase II exploration program on the Property commenced in mid September 2009 with a single deep rig capable of reaching depths of some 2,500 metres vertically from surface. The initial focus of deep drilling efforts was to complete wedge holes lateral to the No. 1 Shaft workings, which had been started during the Fall 2008 Phase I drill program but prematurely shut down due to economic conditions, prior to reaching target. These efforts were successful as, shortly after the drilling re-start, wedge hole PC-08-014AW03 drilled through multiple high grade veins. The results, as announced November 2, 2009, included:

- 112.15 g/t gold over 1.15 metres in the No. 5 vein
- 38.77 g/t gold over 0.30 metres in the No. 11 vein
- 10.99 g/t gold over 1.40 metres in a new vein hosted in iron formation

Following completion of wedge hole PC-08-014AW03, a fourth wedge hole, PC-09-014AW04, was commenced, targeting the No. 5 Banded Iron Formation (BIF) Zone southwest of the lowest level (3,800 feet/1,160 metres) of Shaft 1. During the quarter ending December 31, 2009 wedge hole PC-09-014AW04 was successfully completed, and the deep drill moved to a new site northeast of Shaft 1 where, from a set-up on a very large historical tailings pond, it commenced drilling a deep mother hole, PC-09-052, below the deepest workings of the former mine.

The Pickle Crow Property offers a key exploration advantage for deep drilling efforts in that the principal gold bearing structures on the Property exhibit a so-called “en echelon” (i.e. overlapping) effect. Taking advantage of this structural set-up, and employing deep drilling technology including directional drilling tools and equipment that were not available to historical miners on the Property, individual deep drill holes can be designed to do what was not previously possible, i.e. to cut through multiple gold bearing structures when drilled from northeast to southwest across the core mine trend. Hole PC-09-052 and its subsequent wedges, for example, have been designed to target the down-plunge extensions below the old workings of several of the richest historical ore bodies in the former mine including, in order of expected penetration, the No. 1 vein, No. 1 BIF, Central BIF, No. 9 vein, No. 5 vein, No. 5 BIF, and No. 11 vein.

Such a deep drilling approach also maximizes the favourable lithologies intersected during deep drilling operations, thereby increasing the likelihood of making new discoveries. The chances were therefore considered excellent that deep hole PC-09-052 and its wedges would make new finds, in addition to its primary objective of intercepting the down-plunge extensions of previously mined gold zones. These expectations were confirmed with the discovery of the new No. 19 vein, discussed above, which was first intercepted at approximately the 500 metre vertical level in the upper portion of deep hole PC-09-052.

Drilling deeper, hole PC-09-052 displayed a consistent tendency to deviate to the left of target. When attempts to keep hole PC-09-052 on target proved ineffective, a new wedge hole (PC-09-52A) was started from higher up in the Pickle Crow porphyry unit which was believed to be responsible for causing the deviation. On February 22, 2010, the Company announced that hole PC-09-052A had cut the key No. 1 vein structure approximately 210 metres below the lowest mined level on this vein, and returned the highest grade gold intersection on record for this structure, 134.26 g/t gold over 3.20 metres from 1139.80 metres to 1143.00 metres down hole, including 838.14 g/t gold over 0.50 meters from 1140.30 metres to 1140.80 metres.

Encouraged by the high grade No. 1 vein intercept in PC-09-052A, but still fighting hole deviation, the Company backed off further up hole in the porphyry and commenced another wedge (PC-10-052-W01). This hole also deviated, but managed nonetheless to generate the thickest intercept (7.6 metres) to date of the new No. 19 vein discovery. A fourth attempt was made to establish and maintain a correct dip and azimuth for a new mother hole. Backing off up hole completely out of the problematic Pickle Crow porphyry unit, a new wedge hole PC-10-052-W02 was commenced.

Utilizing a combination of controlled drilling, stabilization tools, and Devico directional drilling equipment, wedge hole W02 was successfully kept on course completely through the porphyry and beyond. At March 31st this hole, which has become the de facto “new” Shaft 1 mother hole, was at approximately 1,200 metres depth downhole and on course. It is expected that as drilling proceeds, a series of down hole wedges will be used to keep nudging hole W02 and its wedges to the right and through the series of targets assigned to it, namely the No. 1 vein, No. 1 BIF, Central BIF Zone, No. 9 vein, No. 5 vein, No. 5 BIF, and No. 11 vein. Ultimately, wedge hole PC-10-052-W02 or its wedges should bottom out below Shaft 1 at approximately 2,000 metres vertically from surface.

Concurrent with the deep work at Shaft 1, shortly after the end of the period, on April 16th, 2009, a second deep drill arrived on the Property, capable of drilling to 2,500 metres vertically from surface. This drill has been set up on the northeastern quadrant of the Property, and is in the early stages of drilling a deep hole below Shaft 3. Drilling below Shaft 3 is considered a key strategic objective for the Company, given that historically the greatest concentration of high grade veins on the Property were found in the lower levels of the Shaft 3 workings.

As with the deep holes below Shaft 1, the Shaft 3 hole, designated PC-10-085, has been designed to drill through the lithologies below Shaft 3 from north to south, intercepting in the process what is expected to be as much as 1,000 metres of Pickle Crow porphyry. Ultimately this hole or its wedges is targeted to bottom at approximately 1,800 metres vertically from surface.

To date, inclusive of shallow and deep drilling components, a total of 22,082 metres of NQ-diameter diamond drilling in 61 holes had been completed on the Property by the Company since the commencement of Phase II drilling in mid June 2009.

Exploration Goals & Milestones

The Company's overriding goal is to demonstrate the existence on the Property of a substantial NI 43-101 compliant gold resource, and to grow that resource as much as possible by expanding known gold zones and generating new discoveries. These goals are being pursued firstly, by quantifying what remains within the historical workings; secondly, by drilling lateral to and below the historical workings; and thirdly, by drilling regional targets located away from the core of the old mine.

Key near term objectives for the fourth quarter (April through June, 2010) will be to:

- Complete an initial series of step-outs around the No. 19 vein discovery and explore the Pickle Crow porphyry and nearby lithologies below and around the No. 19 vein intercepts;
- Complete the bulk of the historical data digitization and modeling process for the Shaft 1 area;
- Continue with deep drilling below Shafts 1 and 3.

Financings

On April 20, 2010, the Company completed a private placement offering of 5,000,000 common shares issued on a flow-through basis under the Income Tax Act (Canada) at a price of \$1.82 per share for gross proceeds of \$9,100,000. In connection with the financing, the Company paid a commission of \$546,000, representing 6% of proceeds of the financing.

On December 15, 2009 the Company completed a prospectus offering of 5,124,000 units at a price of \$0.70 per unit for gross proceeds of \$3,586,800. Each unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.80 per common share until June 15, 2011. The Company also completed an offering of 4,204,250 flow-through common shares at a price of \$0.80 per share for gross proceeds of \$3,363,400. In connection with the prospectus offering, the Company issued to the agents 594,147 broker warrants entitling the holder to purchase one common share at a price of \$0.70 per common share until June 15, 2011.

On July 22, 2009, the Company completed a private placement of 4,600,000 units at a price of \$0.53 per unit for gross proceeds of \$2,438,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of \$0.75 until July 22, 2010. In connection with the offering, the Company issued to the agents 50,000 common shares with a value of \$26,500 and 324,000 broker warrants entitling the holder to purchase one common share at a price of \$0.75 per common share until July 22, 2010.

Marketing Activities

Management was active during the first three quarters of the year marketing the Company at industry shows in Toronto, Montreal, San Francisco and Vancouver, and broadening awareness of the Company through selective advertising on the web and in print.

Website

The core of the Company's efforts to keep shareholders well informed, and to educate new investors, is the corporate website at www.pcgold.ca. All news releases, promotional and marketing activities and initiatives are linked to it, in a manner designed to channel visitor traffic to the site. The greater market visibility that the website affords has greatly assisted management's efforts to broaden awareness of the Company.

Environment

The Company is presently engaged with the Ontario Ministry of Northern Development and Mines in a process to complete a certified amendment to the Pickle Crow Production Closure Plan dated July 2002. This process, which is expected to include a review of the environmental condition of the Property by an independent environmental consulting firm and an assessment of the potential costs of remediating historical open pits, tailings areas, and mill and other infrastructure sites, will determine what new funds, if any, in addition to those already held by the Ministry on the Company's behalf, may be required to cover rehabilitation of the mine site following a permanent closure of the Pickle Crow Property.

Risks and Uncertainties

The Company is in the exploration stage and has not yet determined whether its mineral resource property contains reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral resource property is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource property, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource property.

The Company is subject to numerous risk factors that may affect its business prospects in the future. These risks include, but are not limited to, the Company's access to additional capital to fund future activities, its reliance on the Pickle Crow Property as its sole asset, the loss of its mineral property or the inability to obtain exploration licenses, the inherently risky nature of the Company's activities, price fluctuations for gold and silver, title risks, political and regulatory risks related to prospecting, development, mining, labour standards, occupational health and safety, waste disposal, land use, water use, environmental protection, land claims of indigenous people and other matters, statutory and regulatory compliance, the adequacy and availability of insurance coverage, competition for equipment and skilled personnel, liquidity risk, and the Company's dependence upon key employees and consultants.

Results of Operations

9 months ended March 31

	2010	2009
	\$	\$
General and administrative expenses		
Professional fees	34,676	40,438
Salaries and benefits	259,665	230,890
Consulting fees	36,000	36,000
Directors' fees	77,417	70,333
Stock-based compensation	967,840	264,743
Premises	15,075	15,245
Office, general and administration	49,184	37,318
Public company costs	91,432	67,091
Investor relations and marketing	302,341	218,364
Travel	9,971	12,781
Amortization	11,214	16,020
Part XII.6 tax	6,394	-
	<u>1,861,209</u>	<u>1,009,223</u>
Loss and comprehensive loss before the following item	(1,861,209)	(1,009,223)
Interest income	4,815	49,389
Loss and comprehensive loss for the period	<u>(1,856,394)</u>	<u>(959,834)</u>

The increase in the loss for the 9 months ended March 31, 2010 compared to the same period in the previous year is primarily the result of stock-based compensation of \$967,840 recorded for stock options issued.

3 months ended March 31

	2010	2009
	\$	\$
General and administrative expenses		
Professional fees	6,250	15,396
Salaries and benefits	63,137	70,547
Consulting fees	12,000	12,000
Directors' fees	26,000	22,250
Stock-based compensation	88,248	88,248
Premises	5,025	5,045
Office, general and administration	22,511	14,091
Public company costs	47,654	45,346
Investor relations and marketing	142,777	61,705
Travel	3,103	1,225
Amortization	3,738	5,340
Part XII.6 tax	6,394	-
	<u>426,837</u>	<u>341,193</u>
Loss and comprehensive loss before the following item	(426,837)	(341,193)
Interest income	2,117	4,026
Loss and comprehensive loss for the period	<u>(424,720)</u>	<u>(337,167)</u>

Summary of Quarterly Results

The summary of quarterly results has been prepared in accordance with Canadian generally accepted accounting principles.

	Q4 FY 2008 \$	Q1 FY 2009 \$	Q2 FY 2009 \$	Q3 FY 2009 \$	Q4 FY 2009 \$	Q1 FY 2010 \$	Q2 FY 2010 \$	Q3 FY 2010 \$
Interest revenue	18,089	31,101	14,262	4,026	3,473	1,765	933	2,117
Loss								
- Total	1,481,387	311,770	310,897	337,167	396,770	1,103,044	326,852	424,720
- Per share	0.09	0.01	0.01	0.01	0.01	0.03	0.01	0.01

The loss of \$1,481,387 for the fourth quarter of 2008 includes stock-based compensation of \$1,246,372 for stock options granted during the period.

The loss of \$1,103,044 for the first quarter of 2010 includes stock-based compensation of \$791,344 for stock options granted during the period.

Overall Performance

Net loss for the 9 months ended March 31, 2010 was \$1,856,394, which included \$979,054 related to non-cash charges for stock compensation and amortization.

Exploration expenses capitalized to the Company's mineral resource property for the nine months ended March 31, 2010 totalled \$6,665,936.

Liquidity and Capital Resources

On April 20, 2010, the Company completed a private placement offering of 5,000,000 common shares issued on a flow-through basis under the Income Tax Act (Canada) at a price of \$1.82 per share for gross proceeds of \$9,100,000. In connection with the financing, the Company paid a commission of \$546,000, representing 6% of proceeds of the financing.

On December 15, 2009 the Company completed a prospectus offering of 5,124,000 units at a price of \$0.70 per unit for gross proceeds of \$3,586,800. Each unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.80 per common share until June 15, 2011. The Company also completed an offering of 4,204,250 flow-through common shares at a price of \$0.80 per share for gross proceeds of \$3,363,400. In connection with the prospectus offering, the Company issued to the agents 594,147 broker warrants entitling the holder to purchase one common share at a price of \$0.70 per common share until June 15, 2011.

On July 22, 2009, the Company completed a private placement of 4,600,000 units at a price of \$0.53 per unit for gross proceeds of \$2,438,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of \$0.75 until July 22, 2010. In connection with the offering, the Company issued to the agents 50,000 common shares with a value of \$26,500 and 324,000 broker warrants entitling the holder to purchase one common share at a price of \$0.75 per common share until July 22, 2010.

As at March 31, 2010, the Company had working capital of \$4,360,865, which included cash of \$4,813,381. Barring the option available to it of scaling back its activities, these amounts are not sufficient to enable the Company to indefinitely fund its operations and the exploration of its mineral resource property at present rates of expenditure. Accordingly, the Company will in future be required to raise additional capital to sustain its exploration plans, activities and operational needs. Although the Company has to date been successful in its efforts to raise financing, there can be no assurance that its future efforts to raise additional funding will likewise be successful. Without additional capital to meet existing obligations and to finance its operations and the exploration of its mineral resource property, there is substantial doubt as to the Company's ability to continue as a going concern.

Future cash requirements will depend primarily on the extent of future expenditures on the Company's exploration program, and to a lesser degree outlays on general and administrative expenses, including marketing activities.

In keeping with the recommendations of the NI 43-101 Technical Report on the Pickle Crow Property, the Company is engaged in a multi-phase exploration and development program at Pickle Crow. As the Company is an exploration stage company and does not generate revenues, it will in future require additional capital to fully execute on its vision. Some of this required capital may be secured through the exercise by current shareholders of outstanding warrants. However, it is likely that the major part of the Company's future financing needs will be met by the issuance of additional share capital.

The Company has considerable discretion in terms of the scale and rate at which it unfolds its exploration activities, can tailor its program expenditures to its ability to raise funds from capital markets and, on an ongoing basis, pays careful attention to costs throughout its operations, the net effect of which is to ensure the Company has sufficient funds to maintain itself. In light of unsettled market conditions over the past two years, including tightness in credit and capital markets, the Company has been especially cognizant of the need to conserve its capital resources, and to deploy what it has to maximum effect. The success of the April 20, 2010 \$9,100,000 private placement, the December 15, 2009, \$6,950,200 prospectus financing and the two prior calendar year 2009 private placement financings totaling a combined \$4,438,000, has underscored the Company's continued ability to raise money in current markets.

The Company intends to deploy most of its current capital resources to achieving the key objectives cited above under "*Exploration Goals & Milestones*." At present, the Company's monthly burn rate, with four drills running, is approximately \$1.5 million. The net proceeds of the April 20, 2010 financing, when added to its remaining capital resources, are sufficient to fund the Company at the current scale of operations for approximately nine months. At any time the Company has available to it the option of scaling back its activities and / or restricting itself to general and administrative expenses only, thereby conserving capital resources and ensuring the Company's continuance as a going concern.

Transactions With Related Parties

	9 months ended March 31, 2010 \$	Outstanding as at March 31, 2010 \$
Consulting fees		
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer of the Company.	36,000	-
Public company costs		
DSA Corporate Services, a company controlled by Shaun Drake, for his services as Secretary of the Company.	9,595	1,326
Salary		
Kevin Keough for his services as President and Chief Executive Officer of the Company.	165,000	118,333
Mineral property exploration expenditures		
<i>Paid or payable to Fladgate Exploration Consulting,</i> a company, of which, Neil Pettigrew, Vice President, Exploration of the Company is an officer		357,606
Geological consulting and management fees	1,162,382	
<i>Paid or payable to third-party suppliers to Fladgate</i>		
Directional and drill hole surveying	638,517	
Surveying & geophysics	268,463	
Assays	513,588	
Other exploration costs	738,235	
	<u>2,158,803</u>	
Total	<u>3,321,185</u>	

These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

Critical Accounting Estimates*Mineral resource property*

Costs relating to the acquisition, exploration and development of a mineral resource property are deferred until the property is brought into commercial production, at which time they are amortized over the estimated useful life of the property on a unit-of-production basis. The cost of mineral resource property includes the cash consideration and the fair value of shares issued on the date the property is acquired. The proceeds from options granted on the property are credited to the cost of the property. When a property is determined to be non-commercial, non-productive or its value otherwise impaired, those costs in excess of estimated recoveries are charged to operations.

The recoverability of amounts shown for mineral resource property is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource property, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource property.

The amount shown for mineral resource property does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral resource property.

Stock-based compensation

Stock-based compensation is determined using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. Changes in these input assumptions can materially affect the estimate of fair value.

Accounting Changes

On July 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. Concurrent with the introduction of this standard, the CICA withdrew EIC-27, Revenues and Expenses during the pre-operating period.

On July 1, 2009, the Company adopted CICA Handbook Section 1000, "Financial Statement Concepts" which has also been amended to clarify the criteria for the recognition of an asset, specifically as it relates to the use of the matching principle. Accordingly, certain items that may have been previously recognized as assets may not be able to be reflected as such under the new recommendations.

The adoption of these new standards did not have an effect on the Company's financial statements.

Future Accounting Changes

On January 1, 2011, the Company will adopt CICA Handbook Section 1582, "Business Combinations", which will replace Section 1581, "Business Combinations". The new standard amends standards for the recognition and measurement of identifiable assets acquired, liabilities assumed, non-controlling interest in the acquiree and goodwill acquired in a business combination.

On January 1, 2011, the Company will adopt CICA Handbook Sections 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests", which together, will replace section 1600, "Consolidated Financial Statements". Section 1601 amends standards for the preparation of consolidated financial statements and Section 1602, establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

The Company does not expect the adoption of these new standards to have an effect on the Company's financial statements.

International Financial Reporting Standards (“IFRS”)

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian generally accepted accounting principles will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS commencing with the interim financial statements for the 3 months ended September 30, 2012. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS:

Initial analysis of key areas for which changes to accounting policies may be required	In progress, expected to be completed by June 30, 2010
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Throughout calendar 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Throughout calendar 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q4 2010 - Q1 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 2010 – Q2 2011
Management and employee education and training	Throughout the transition process
Quantification of the financial statement impact of changes in accounting policies	Throughout 2011

Financial Instruments and Other Instruments

The carrying value of cash, accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash and cash equivalents in Canadian dollars.

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures ("DC&P") to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company, particularly during the period in which the interim filings are being prepared. The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with Canadian generally accepted accounting principles.

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's DC&P and ICFR and concluded that they are ineffective due to the weakness discussed below. As the Company has a limited number of personnel, management has concluded that a weakness exists in the design of internal controls over financial reporting caused by a lack of adequate segregation of duties. This weakness has the potential to result in material misstatements in the Company's financial statements and should also be considered a weakness in its disclosure controls and procedures. Management has concluded that taking into account the present stage of the Company's development and the best interests of its shareholders, the Company does not have sufficient size and scale to warrant the hiring of additional personnel to correct this weakness at this time. To help mitigate the impact of this weakness and to ensure quality financial reporting, the Company employs both a Controller and a Chief Financial Officer and there are additional supervisory controls exercised by management and audit committee oversight.

Disclosure of Outstanding Share Data (as at May 11, 2010)**Shares**

Authorized:
Unlimited number of common shares.

Outstanding:
51,658,851 common shares.

Warrants

Outstanding:

Exercise price	Number of warrants outstanding	Expiry date
\$1.40	2,375,000	May 13, 2010
\$0.75	2,264,644	July 22, 2010
\$0.80	1,719,404	June 15, 2011
\$0.70	575,738	June 15, 2011
\$0.49	200,000	July 8, 2014
	<hr/> 7,134,786 <hr/>	

Stock options

Authorized:
5,165,885 stock options.

Outstanding:

Exercise price	Options outstanding	Options exercisable	Expiry date
\$1.00	2,015,000	1,601,667	May 13, 2013
\$1.08	400,000	350,000	May 28, 2013
\$1.10	895,000	895,000	August 10, 2014
\$1.64	1,675,000	1,625,000	April 27, 2015
	<hr/> 4,985,000 <hr/>	<hr/> 4,471,667 <hr/>	

At May 11, 2010, there are 180,885 stock options available to be granted under the stock option plan.

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “will”, “would”, “should”, “guidance”, “potential”, “continue”, “project”, “forecast”, “confident”, “prospects”, and similar expressions typically are used to identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the Company’s business and the industry and markets in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied by these forward-looking statements due to a number of factors, including but not limited to the Company’s access to additional capital to fund future activities, the loss of its mineral property or the inability to obtain exploration and development licenses, the inherently risky nature of the Company’s activities, land claims of indigenous peoples in the area in which the Company carries on operations, title risks, statutory and regulatory compliance risks, the adequacy and availability of insurance coverage, the Company’s dependence upon key employees and consultants, and fluctuations in the price of gold and silver. These risks, as well as others, could cause actual results and events to vary significantly. The Company expressly disclaims any intent or obligation to update these forward-looking statements, unless the Company specifically states otherwise.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com, and at www.pcgold.ca.