

# **EXCEL GOLD MINING INC.**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**(For the fiscal year ended April 30, 2009)**

The purpose of this Management Discussion and Analysis (MD&A) is to allow the reader to better understand and evaluate the trends and material changes related to the results and financial position of Excel Gold Mining (“Excel”) for the fiscal year ended April 30, 2009. It underlines management’s view of the Company’s current activities as well as its current and past financial results, as well as an overview of the activities planned for the upcoming months. This MD&A should be read in conjunction with Excel’s audited financial statements and the notes thereto.

### **1. NATURE OF THE COMPANY**

Excel Gold Mining was incorporated under the *Canadian Business Corporation Act* on February 12, 1990.

The Company is primarily engaged in the exploration of mining properties in both Guyana and Canada.

### **2. FORWARD LOOKING STATEMENTS**

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. These statements are reasonable but involve a number of risks and uncertainties, and there can be no assurance that they will prove to be accurate. Therefore, actual outcome and results may differ materially from those expressed in or implied by these forward-looking statements.

Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the Company’s ability to obtain the financing required to pursue exploration plans, the development of its properties and profitable future production or the recover proceeds from the sale of the properties it owns.

The Company must periodically obtain additional funds to pursue its activities, and its ability to do so in the past is no guarantee of its success in doing so in the future

### **3. MINING PROPERTIES AND RELATED COMPANIES**

#### **Montauban “Batiscan” Project**

In June 2008, and amended in July 2008, the Company acquired a 100% interest in the Batiscan I property, located in the Montauban region, Portneuf County. The property is totalizing 117 claims. This acquisition was made for a total consideration of 5,200,000 units at a price of

\$0.08 per unit, each unit comprising one (1) common share and half a warrant. Each full warrant can be converted into one common share at a price of \$0.22 for a period of 24 months.

In June 2009, the Company acquired another property in the Montauban mining camp, the « *Batiscan II* » Property. The property totalizes an approximate surface of 6,435 hectares comprised in 140 claims and located in the Montauban and Chavigny Townships near Grondines-West, in the Portneuf County, Québec. With this acquisition, Excel now owns 259 claims in the Montauban mining camp. The property is located in the Montauban and Chavigny townships, 120 kilometers west of Quebec City and 50 kilometers north of Trois-Rivières, Québec. (See Subsequent Events)

### **Montauban Mine**

The Montauban Mine consists in a mining lease joined to a mining concession both covering an approximate area of 76.84 hectares. The mine is located 3 kilometers south of the town of Notre-Dame-de-Montauban. The acquisition was concluded in July 2009 for a total consideration of \$150,000 and Net Smelter Return (NSR) of 1%. This percentage is redeemable at any time for an amount of \$500,000. (See Subsequent Events)

### **Evezza Property**

In February 2009, the Company acquired a 100% interest in 113 mining claims located in the Comporte, Razilly and Vezza townships in return of the issuance of 5,850,000 units at a price of \$0.035 per unit, each unit comprising one (1) common share and half a warrant. Each full warrant can be converted into one common share at a price of \$0.12 for a period of 24 months.

### ***Excel Gold Guyana***

A company owned and operated by Excel Gold Mining Inc. and incorporated on June 30, 2007. This company is located in Guyana and is fully owned by Excel Gold Mining. Financial statements are consolidated. During the fiscal year ending April 30, 2009, Excel management decided to focus on the Quebec properties and decided, for the best interest of the Company and its shareholders, to cease its operations in Guyana. Management mandated a Guyanese accounting firm to proceed to the subsidiary liquidation and dissolution.

### ***Guyana Properties***

In October 2007, the Company acquired a 100% interest in six prospecting permits located in the Rupununi Township, Guyana. Given the above mentioned events, the Company did not renew its exploration license in 2009.

## **4. OVERVIEW**

Since the beginning of 2009, Excel has undertaken a series of acquisition in order to focus its exploration in Quebec, specifically in the Montauban mining camp. All the information and geological results are showing promising potential in several targeted sectors.

A lot of advantageous economic factors are present and available for the exploitation of the Montauban mining camp:

- The proximity of the mine at less than 2 hours of Montreal
- Access to the rail within 1 kilometer of the mine
- Operating conditions of an open pit mine within 100 feet of depth
- Reduction of the costs of professional services for a centralized program of exploration
- Value of the exploitations permits linked to the mine
- Rising prices of precious metals

Following the closing of a flow-through private placement of \$800,000 with MineralFields on August 25, 2009, the Company appointed an exploration team to begin the diamond drilling exploration program on “Batiscan” starting early September 2009.

Partners chosen for this venture have a great knowledge of the mining camp and have worked in this area for more than 20 years.

The property acquisitions have significantly increased the value of the Company’s assets.

## 5. FINANCIAL INFORMATION

The financial statement had been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and all monetary values presented in this MD&A are expressed in Canadian dollars.

### a) SELECTED ANNUAL INFORMATION

Year Ended April 30	2009 \$	2008 \$	2007 \$
Total assets	1,350,105	226,002	137,336
Total liabilities	1,318,715	1,954,736	1,095,839
Income	-	-	-
Net loss	396,876	1,321,309	4,481,067
Net loss per share, basic and diluted	0.01	0.03	0.11

b) QUARTERLY FINANCIAL INFORMATION (unaudited)

	April 30 2009 \$	January 31 2009 \$	October 31 2008 \$	July 31 2008 \$	April 30 2008 \$	January 31 2008 \$	October 31 2007 \$	July 31 2007 \$
Total assets	1,350,105	550,257	541,059	348,707	226,002	527,574	409,128	126,497
Total liabilities	1,318,715	2,011,815	1,914,587	1,927,022	1,954,736	1,521,758	1,360,972	1,101,232
Income		-	-	-	-	-	-	-
Net loss	115,799	88,033	95,963	97,081	1,039,627	54,340	111,109	116,233
Net loss per share, basic and diluted	0.0043	0.0017	0.002	0.002	0.024	0.0013	0.0026	0.003

c) BALANCE SHEET

On April 30, 2009, total assets were totaling 1,350,105 compared to \$226,002 on April 30, 2008

Accounts payables and accrued liabilities increased from \$ 1,103,203 on April 30, 2008 to \$1,183,715 on April 30, 2009.

d) OFF BALANCE SHEET ARRANGEMENTS

The Company has not concluded any off balance sheet arrangement during the year

e) RESULTS

Due to the type of its activities, the Company does not generate any regular income and must continually issue shares to finances its exploration program and day to day operations.

The Company incurred a net loss of \$ 396,876 for the fiscal year ended April 30, 2009 compared to a net loss of \$1,321,309 for the fiscal year ended April 30, 2008. This decrease in the net loss is due to:

- Gain on debt settlement with a former officer of the Company for an amount of \$158,866
- No stock-base compensation was accounted during the year compare to \$133,400 in 2008
- Abatement of \$491,284 of consultant and professional fees

f) CASH FLOW STATEMENT

The Company's working capital is negative at \$944,860 for the period ended April 30, 2009 compared to \$1,860,352 on April 30, 2008. The Cash Flow was of \$254,013 in 2009 compared to \$12,196 in 2008.

#### g) SOURCES OF FINANCING

In order to finance its exploration activities, the Company can use two types of financing. The first one is the issuance of shares, flow-through or regular. The second one is by entering into a joint-venture with possible partners who will acquire part of the interest in the project in exchange of exploration works to be done by them at their expenses.

During the fiscal year, the Company closed 1 private placement for a total of \$500,000.

#### h) CONTRACTUAL OBLIGATIONS AND COMMITMENTS

##### Notes Payable

The Company has a note payable, bearing interest at 15% per year, guaranteed by a personal caution made by the former Company president (500,000 shares of his own). That note payable is expired since December 2006.

#### i) RELATED PARTY TRANSACTIONS

Related party transactions are conducted in the normal course of the Company activities and are measured by their exchange value, being the amount of consideration agreed between the parties of the agreements.

##### a. Transactions conducted in the normal course of the Company activities

	Année	Administrative Charges	Owed
Companies controlled by the Company directors	2008	-	216,046
	2009		10,000
Directors	2008	420,000	510,487
	2009	71,437	

##### b. Transactions conducted outside the normal course of the Company activities

During the year, the Company settled some outstanding amounts due to the directors and a company controlled by a director for a total amount of \$375,938 in exchange of the symbolic sum of \$1. The difference of \$375,937 was entered in the contributed surplus.

#### j) FINANCIAL INSTRUMENTS

##### Fair Market Value

The fair value of short term financial instruments is assumed to be equal to book value according to their next maturity and the normal market conditions that they entail.

## Management of Financial Risk

The company is exposed to various financial risks arising from both its operations and its investment activities. The financial risk management is performed by the management of the Company.

The Company does not enter into contracts to hedge the risks related to financial instruments including financial derivatives.

## Financial Risks

The main financial risks to which the Company is exposed and policies for managing those risks are detailed below:

### Credit Risk

Credit risk is the risk that one party to a financial instrument fails to perform its obligation, thus leading the other party to incur a financial loss. The Company is subject to credit risk through its cash and advance to a private company.

The balance of advances to a private company is management and analyzed quarterly to detect any impairment. On April 30, 2009, management believed that the credit risk of the Company on these financial assets is weak and, therefore, no provision for a loss has been recorded.

Furthermore, the Company reduced its credit risk by maintaining a cash positive account in a Canadian chartered bank.

### Exchange Rate Risk

The Company is exposed to currency exchange risk due to certain cash accounts denominated in US\$ dollars and Guyanese dollars

The Company does not enter into contracts to hedge the currency risk to which it is exposed.

### Interest Rate Risk

The note payable bears interest at a fixed rate. Accordingly, the Company is exposed to interest rate risk limited.

The other Company's assets and liabilities are not subject to the interest rate risk since they do not bear interest.

The Company does not use financial derivatives to reduce its exposure to interest rate risk.

### Liquidity Risk

The liquidity risk management aims to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company is able to have a proper financing in the form of private placement. The Company establishes budget and cash forecast to ensure it has the

funds to meet its obligations. Obtaining new financing allows the Company to continue its activities and, despite the fact that it succeeded in the past; there is no guarantee of success for the future.

#### k) Risk and Uncertainties

##### Risk Pertaining to Exploration

Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. Other risks related to exploration and mining activities include unusual or unforeseen formations, fire, power failures, labor disputes, flooding, explosions, cave-ins, landslides and shortages of adequate or appropriate manpower, machinery or equipment.

The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment, and others, such as aboriginal claims, government regulations including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resources produced, the Company may decide not to undertake or continue commercial production. There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

##### Environmental and Other Regulations

Current possible or future environmental legislation, regulations and measures may entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. The requirements of the environmental regulations and standards are constantly re-evaluated and may be considerably increased, which could seriously hamper the Company or its ability to develop its properties economically. Before a property can enter into production, the Company must obtain regulatory and environmental approvals. There can be no assurance that such approvals will be obtained, nor that they will be obtained in a timely manner. The cost related to assessing changes in government regulations may reduce the profitability of the operation or altogether prevent a property from being developed. The Company considers itself to be in material compliance with the existing environmental legislation.

##### Commodities Prices

The market for gold, diamonds, base metals or any other mineral discovered can be affected by factors beyond the Company's control. Resource prices have always fluctuated widely, particularly in recent years. The impact of these factors cannot be accurately predicted.

##### Insurance

The Company could become liable for subsidence, pollution and other risks against which it cannot insure itself or chooses not to insure itself due to the high cost of premiums or for some

other reason. Payment of such liabilities could decrease or even eliminate the funds available for exploration or mining activities.

#### l) ADDITIONNAL INFORMATION

The Company provides information on deferred exploration expenses in Note 6 of its financial statements for the period ended April 30, 2009 (Accounting Policies – Properties and deferred exploration expenses).

The Company did not have any expenses on research and development. There are no deferred charges other than mining properties and deferred exploration expenses.

Below are the details for the general administrative charges for the year ended April 30.

	<u>2009</u>	<u>2008</u>
Travelling expenses and representation	\$ 13 584	\$ 26 752
Equipment and vehicle & Gas	\$ 26 000	\$ 10 455
Office charges	\$ 7 213	\$ 51 500
Secretary	\$ 17 479	\$ 15 148
Adjustment on consumption taxes	\$ (8 375)	\$ _____
	\$ 55 901	\$ 103 855

#### m) INFORMATION ON OUTSTANDING SHARES

As of April 30, 2009, there were 65,858,692 issued shares compared to 45,308,692 for the year ended April 30, 2008. This number of shares represents a total value of \$18,041,418 compared to \$16,683,254 for the year ended April 30, 2008.

The authorized capital of the Company consists of an unlimited number of common shares without par value.

On August 28, 2009 date of the redaction of this MD&A, 81,608,692 shares were issued and outstanding.

On February 8, 2008, shareholders of the Company approved a new stock option plan (the "Plan") for the grant of stock option to the directors, officers, employees and suppliers in order for them to acquire shares at a pre-defined price. The conditions and exercise price of each stock option shall be determined by the Board of Directors and may be lower than the market value on the grant date.

The Plan required that the maximum number of shares in the capital of the Company which might be reserved for grant under the Plan shall be equal or less that 10% of the number of shares issued and outstanding at the moment of the grant. The Plan also stipulates that the grant of stock option to a single owner cannot exceed 5% of the shares issued and outstanding. Furthermore, at the date of the grant, the stock options issued to an Investors Relations consultant cannot exceed 2% of the total shares issued and outstanding and stock cannot be

acquired at more than 25% per quarter. All stock options will expire within a maximum of five years after being granted.

On April 30, 2009, Stock Options were detailed as follow:

<u>Quantity</u>	<u>Price</u>	<u>Expiration Date</u>
1,575,000	0.07	April 2013
750 000	0.07	July 2009

On April 30, 2009, Warrants were detailed as follow:

<u>Quantity</u>	<u>Price</u>	<u>Expiration Date</u>
740,740	0.18	June 2009
300,000	0.15	September 2009
506,670	0.15	November 2009
720,500	0.15	December 2009
1,350,000	0.15	January 2010
3,125,000	0.12	May 2010
2,600,000	0.22	June 2010
2,925,000	0.12	February 2011

On April 30, 2009, Stock Options granted for Investor Relations were detailed as follow:

<u>Quantity</u>	<u>Price</u>	<u>Expiration Date</u>
55,000	0.15	September 2009
25,000	0.15	November 2009
72,050	0.15	December 2009

#### n) SUBSEQUENT EVENTS

In August 2009, the Company announced the closing of a private placement of \$800,000. The offering consisted in 10,000,000 flow-through shares at a price of \$0.08, each share accompanied by a warrant, giving the right to its holder to purchase one common share at a price of \$0.135 for a period of 18 months following the closing of the private placement.

On July 21, 2009, the Company acquired the mining lease of Montauban and 2 adjoining claims.

On June 26, 2009, the Company announced the acquisition of the Batiscan II property.

## 6. Information Disclosure Controls and Procedures

Company management, including the president and chief financial officer, participated in an assessment of the effectiveness of information disclosure controls and procedures for the fiscal

year ended April 30, 2009. Based on this assessment, the president and chief financial officer have concluded that such controls and procedures were effective and reliable at the end of the financial year ended April 30, 2009, and were applied in such a way as to provide reasonable assurance that material information on the Company was adequately disclosed.

The management can confirm that there has been no change concerning the internal control over financial reporting during the exercise ended on April 30, 2009 that is reasonably likely to materially affect on the internal control over financial reporting.

## **8. ADDITIONAL INFORMATION AND DISCLOSURE**

This annual report has been prepared as of September 3, 2009. The Company regularly discloses additional information by issuing press releases and quarterly financial statement on SEDAR ([www.sedar.com](http://www.sedar.com))

## **CERTIFICATION**

This annual report is approved by the board of directors.

(s) Patrick Lessard

Patrick Lessard

September 3, 2009