

# ALPHA GOLD CORP.

Three Months Ended May 31, 2012

## MANAGEMENT DISCUSSION AND ANALYSIS

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### 1.1 The Date

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited financial statements of Alpha Gold Corp. (“Alpha” or the “Company”) for the three months May 31, 2012. This MD&A is prepared as of July 25, 2012. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

As of March 1, 2011, the Company adopted International Financial Reporting Standards (“IFRS”) and the following disclosure and associated condensed interim financial statements are presented in accordance with International Accounting Standards unless otherwise indicated.

### 1.2 Overview

Alpha Gold Corp. is a mineral exploration company focused on the Lustdust Property located in the Omineca Mining Division of British Columbia.

On July 15, 1989, the Company acquired a 100% interest in certain mineral claims located in the Omineca Mining Division, British Columbia for cash of \$170,000. The vendor retains a royalty of 3% of net smelter returns.

On February 21, 1992, the Company acquired a 100% interest in certain mineral claims located in the Omineca Mining Division, British Columbia for \$100,000 cash and 200,000 shares of the company at a deemed consideration of \$0.60 each (previously subject to a 5% net profit interest to a maximum of \$100,000 and a royalty of 2% of net smelter returns). In July 2003, the company acquired the retained 5% net profits interest and the 2% net smelter return royalties for \$150,000 cash.

The Company is in the exploration stage. The Company does not have any producing mineral properties at this time and is without a known body of commercial ore. Exploration is focused on the Lustdust property located in the Omineca Mining Division 200 km west of Ft. St. James, B.C. Assay results indicate anomalous base and precious metals in field and drill core samples. A definitive geological model interpreting the anomalous results has not yet been determined. The investment and expenditure on exploration properties comprise a significant portion of the Company’s assets. Realization of the Company’s investment in those assets is dependent upon obtaining the necessary financing to continue exploration and development of the properties, the attainment of successful production from the properties or from the proceeds of their disposal.

Results of the 2011 exploration program, which included a helicopter-borne ZTEM and aeromagnetic survey followed up by field work of soil sampling, mapping and prospecting, have been assessed by the Company. Several anomalous values of gold-in-soil were reported, including a sample from the Takla silver vein which graded 88 grams of silver per tonne and 7.5 grams of gold per tonne. Both the Company and the geological team feel there are very interesting targets at Lustdust warranting follow up and drilling.

The 2012 focus will be a further interpretation of the 2011 helicopter-borne ZTEM and aeromagnetic survey. The Company had initial information about this, but not nearly sufficient to interest investor to fund additional capital, especially in the current market.

Concurrently under consideration is the possibility of expansion as the Company may seek additional properties. It is expected that the Company will have to obtain additional funding. It is of note that current economic conditions have proven a significant challenge to many companies in terms of raising funds. Alpha Gold Corp. will comment on recommendations, currently under consideration by the Board, by way of news releases in the future.

The Alpha Gold Corp. website has all of the current property, project and investor information available at [www.alphagoldcorp.com](http://www.alphagoldcorp.com).

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**Metal Prices**

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of Alpha Gold may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond Alpha Gold's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

1.3 Selected Annual Information

The financial statements have been prepared in accordance with International Financial Reporting Standards or previous Canadian GAAP, and are expressed in Canadian dollars.

	As at February 29, 2012 (IFRS) \$	As at February 28, 2011 (IFRS) \$	As at February 28, 2010 (IFRS & Canadian GAAP) \$
Current Assets	442,045	932,790	1,282,481
Other Assets	11,823,465	11,602,182	10,799,380
Total Assets	12,265,510	12,534,972	12,081,861
Current Liabilities	43,718	39,373	13,747
Shareholders' Equity	11,040,758	11,246,113	10,913,562
Total Shareholders' Equity and Liabilities	12,265,510	12,534,972	12,081,861
Working Capital	398,327	893,417	1,268,734
Expenses			
Automotive	826	7,691	15,524
Consulting and management fees	62,720	90,000	75,500
Depreciation	22,456	47,281	51,325
Insurance	10,829	5,800	6,138
Office, printing and miscellaneous	43,897	50,363	32,490
Professional fees	66,547	90,938	106,897
Regulatory and transfer fees	20,612	20,754	13,530
Rent	6,000	6,000	6,000
Shareholder relations	46,014	82,243	75,205
Share-based payments	80,673	137,742	52,722
Telephone	786	4,000	1,699
Travel and promotion	156	16,330	2,291
Add(deduct): other items	(75,488)	124,245	28,603
Income (loss) for the period	(286,028)	(683,387)	(467,924)
Basic diluted loss per share	(0.01)	(0.02)	(0.01)
Weighted Average Number of Common Shares Outstanding	47,236,701	43,533,739	36,867,814

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1.4 Results of Operations

Overhead expenses in the first quarter of fiscal 2013 decreased to \$51,228, as compared to \$72,992 in the first quarter of fiscal 2012.

Exploration costs decreased in the first quarter of fiscal 2013 to \$700 compared to the same quarter of 2012, (\$22,026). Exploration expenditure during the quarter were as follows: Assaying (2013- \$Nil, 2012 - \$380), camp expense (2013- \$700, 2012 - \$Nil), drilling expense (2013- \$Nil, 2012 - \$Nil), on-site fuel costs (2013- \$Nil, 2012 - \$Nil) geological/geochemical work and reports (2013- \$Nil, 2012 - \$21,646), on-site management (2013- \$Nil, 2012 - \$Nil), roadwork and reclamation (2013- \$Nil, 2012 - \$Nil) and travel (2013- \$Nil, 2012 - \$Nil) and filing fees (2013 - \$Nil, 2012 - \$Nil).

Office and administration costs increased from \$17,069 spent in the first quarter of the 2012 fiscal year to \$24,883 in the first quarter of the 2013 fiscal year.

Share-based payments of \$2,372 was charged to operations during the first quarter of 2013 compared to \$18,242 in the first quarter of 2012.



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1.6 Liquidity

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. The Company has issued common share capital in each of the past few years, pursuant to private placement financings and the exercise of warrants or options. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to significant equity funding.

At May 31, 2012, the Company had working capital of \$352,060. As the Company chooses to proceed on additional exploration and development programs at the Lust Dust project, it will need to raise additional funds for those expenditures.

The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations. The Company has no "Purchase Obligations" defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

1.7 Capital Resources

At May 31, 2012 Alpha had working capital of \$352,060 as compared to \$849,140 at the end of May 31, 2011. The Company has 47,236,701 common shares issued and outstanding at the end of the first quarter.

The Company had no commitments for material expenditures as of May 31, 2012.

1.8 Off-Balance Sheet Arrangements

None.

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1.9 Transactions with Related Parties

During the three months ended May 31, 2012, the Company paid/accrued \$24,501 to related parties as follows: administration of company affairs plus planning and contract negotiations for the drilling program to the Company's President (\$12,501); administration of company affairs plus shareholders' relations, property investigation, site investigation for drilling, geology and planning of field operations to a Director of the Company (\$Nil); part time secretarial and accounting work to a Director and a relative of a Director (\$10,500); office rent to a relative of a Director (\$1,500); and Director's fees (\$Nil).

1.10 Fourth Quarter

Not applicable.

1.11 Proposed Transaction

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course or as described in item 1.7 above, before the board of directors for consideration.

1.12 Critical Accounting Estimates

Not applicable. The Company is a venture issuer.

1.13 Changes in Accounting Policies including Initial Adoption

Adoption of Accounting Standards and Pronouncements under IFRS

The Accounting Standards Board of Canada ("AcSB") requires that Canadian publicly accountable enterprises adopt International Financial Reporting Standards ("IFRS") effective January 1, 2011.

Effective March 1, 2011 the Company adopted IFRS which has replaced Canadian Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011.

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Previously, the Company prepared its financial statements in accordance with Canadian GAAP.

The accounting policies as set out in Note 3 of the unaudited condensed interim financial statements have been applied consistently to all periods presented in the unaudited condensed interim financial statements.

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Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, bond reclamation and accounts payable and accrued liabilities. The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

1.14 Other MD&A Requirements

1.14.1 Other MD&A Requirements

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com)

1.14.2 Additional Disclosure for Venture Issuers Without Significant Revenue

- (a) capitalized or expensed exploration and development costs;  
The required disclosure is presented in a schedule to the accompanying financial statements.
- (b) expensed research and development costs;  
Not applicable.
- (c) deferred development costs;  
Not applicable.
- (d) general and administration expenses; and  
The required disclosure is presented in the Statement of Loss and Deficit.
- (e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d);  
None.

1.14.3 Disclosure of Outstanding Share Data

The following details the share capital structure as of the date of this MD&A, subject to minor accounting adjustments.

	Expiry date	Exercise price	Number	Number
Common shares				47,236,701
Warrants	August 18, 2012	\$0.25-\$0.35	1,480,000	1,480,000
Finder's warrants	August 18, 2012	\$0.25-\$0.35	49,000	49,000
Share purchase options	July 20, 2014	\$0.20	1,450,000	
	July 23, 2015	\$0.10	1,750,000	
	May 30, 2016	\$0.10	1,000,000	
				4,200,000

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This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.