

ACADIAN MINING CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

INTRODUCTION

The following management discussion and analysis (“MD&A”) of the financial position and results of operations for Acadian Mining Corporation (the “Company” or “Acadian”) has been prepared as of November 8, 2011, and should be read in conjunction with the condensed consolidated financial statements and the notes thereto for the periods ended September 30, 2011 and December 31, 2010.

This discussion includes certain statements that may be deemed “forward-looking statements”. Although this MD&A has been prepared using the assumption that the Company and its subsidiaries Annapolis Properties Corp., 6927629 Canada Inc. and 6179053 Canada Inc. will continue as a going concern, certain events described herein may or may not occur and could change this assumption. All statements in this discussion, other than statements of historical fact, that address reserve potential, exploration drilling, mining 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, investors are cautioned that any 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, mining and exploration results, continued availability of capital and financing and general economic, market, or business conditions.

These consolidated financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The Company’s financial statements are expressed in Canadian (CDN) dollars. All amounts in this MD&A are in CDN dollars unless otherwise noted.

The common shares of the Company are listed and posted for trading on the Toronto Stock Exchange under the symbol “ADA”, and the Frankfurt Exchange under the symbol “C2Z”. The Company’s head office is in Dartmouth, Nova Scotia, Canada.

The financial statements have been prepared by management, and have not been audited by the Company’s auditor, Smythe Ratcliffe LLP, Chartered Accountants.

OVERVIEW

Acadian is a Canadian exploration and development company based in Nova Scotia, Canada. The Company is focused on exploring and developing its large portfolio of gold properties in Nova Scotia totaling approximately 42,000 hectares. Five of these are advanced properties with National Instrument 43-101 (“NI 43-101”) compliant gold resources, two of which, namely Fifteen Mile Stream and Beaver Dam, are being explored as potential bulk tonnage-open pit deposits.

The Company also controls mineral claims hosting barite-fluorite deposits at Lake Ainslie, Cape Breton Island, Nova Scotia.

RESULTS OF OPERATIONS

The consolidated income for the 9 month period ended September 30, 2011 was \$1,330,002 compared to a loss of \$5,935,447 in 2010. A significant factor leading to this income was the sale by the Company of 100% of the shares of its wholly owned subsidiary, ScoZinc Limited, during the previous quarter resulting in a gain of \$3.4 million. The Company also settled a guarantee obligation with an equipment supplier resulting in a gain of \$1.2 million. In 2010 the most significant factor affecting the consolidated losses was an impairment loss of \$1.86 million on the investment in Royal Roads Corp., currently known as Buchans Minerals Corporation (“Royal Roads”).

Quarterly operating expenses increased by \$661,976 when compared to the same quarter of 2010. Exploration expenses increased substantially this quarter to \$940,460 (2010 – \$295,228) as the Company completed a drill program on the Fifteen Mile Stream project. Salaries decreased slightly in the current quarter \$158,132 compared to \$213,367 in 2010 due to a new President and CEO being hired in June 2010 while the former President was still retained by the Company as a contractor. Travel and investor relations expenses increased by \$67,951 this quarter compared to 2010 as the Company implemented investor relations programs. Most other operating expenses remained comparable quarter over quarter and year over year as the day to day operations of the Company remained consistent.

As of January 1, 2011 the Scotia Mine assets had been designated as held for sale and the operations classed as discontinued operations. This discontinued operations had a loss of \$449,346 (3 months 2010 - \$839,865) for the period, up to the date of sale on May 31, 2011. Before completing the sale of Scotia Mine the Company completed work on the mine’s reclamation plan. This work began in 2010 which led the Company to adjust the reclamation liability in the same quarter in 2010, resulting in a \$400,000 expense.

The Company’s working capital position went from a deficiency of \$4,473,456 as at December 31, 2010 to an actual working capital of \$1,930,424 as at period ended September 30, 2011. This change is primarily due to the sale of ScoZinc.

Selected Financial Data (Quarterly)

Quarter	Revenue	Net Income (Loss)	Income (Loss) Per Share*	Total Assets	Capital Lease Obligation	Shareholder Equity
\$	\$	\$	\$	\$	\$	\$
Q3/11	-	1,330,002	0.03	8,271,703	-	7,596,681
Q2/11	-	2,792,129	0.07	10,240,845	-	8,981,426
Q1/11	-	(771,191)	(0.15)	13,367,028	1,498,796	5,436,083
Q4/10	-	(280,258)	(0.06)	13,844,208	1,898,796	6,170,245
Q3/10	-	(1,560,556)	(0.03)	14,727,780	2,098,795	6,445,329
Q2/10	-	(1,029,808)	(0.02)	14,326,374	2,098,795	6,479,823
Q1/10	-	(3,345,083)	(0.07)	15,538,108	2,526,941	7,417,770
Q4/09 (restated)	-	(2,527,388)	(0.04)	18,027,608	2,526,941	10,763,853

* The income (loss) per share does not differ materially on a fully diluted basis.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

Basis of Presentation and Going Concern Issues

Statement of Compliance

The Company's condensed consolidated interim financial statements for the period ended September 30, 2011, have been prepared using accounting policies consistent with IFRS, and in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting*, as issued by the IASB.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2010, and the Company's unaudited condensed consolidated interim financial statements for the three months ended June 30, 2011, which were the Company's first financial statements prepared in accordance with IFRS. These financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on November 8, 2011.

The Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) until December 31, 2010. Canadian GAAP differs from IFRS in some areas and, accordingly, the significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below and have been consistently applied to all periods presented except in instances where IFRS 1 either requires or permits an exemption. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported consolidated financial statements of the Company is provided below.

Basis of Presentation

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 3(k) and 3(l) of the interim condensed consolidated financial statements for the period ended March 31, 2011.

Assets held for sale

Acadian signed a letter agreement with Selwyn Resources Ltd. (“Selwyn”) on February 18, 2011, whereby Selwyn agreed to acquire the zinc and lead assets of the Company. As of January 1, 2011, the Company classified these assets as held for sale. On May 31, 2011, the Company closed the transaction and sold 100% of the shares of ScoZinc, a wholly owned subsidiary, for cash consideration of \$10 million. The following table presents summarized financial information of the asset and liabilities related to those assets held for sale:

	May 31, 2011	
Assets		
Current assets	\$	120,796
Cash held for remediation		2,812,500
Mineral resource properties		56,587
Property, Plant and Equipment		6,096,696
Total assets held for sale	\$	9,086,579
Liabilities		
Accounts payable and accrued liabilities	\$	152,623
Accrued site remediation		2,600,000
Total liabilities related to assets held for sale	\$	2,752,623
Net assets held for sale	\$	6,333,956
Gain on sale of Mining Assets		
Proceeds	\$	10,000,000
Net assets held for sale		(6,333,956)
Direct selling costs		(197,253)
	\$	3,468,791

The following table presents summarized financial information of the operating loss of the discontinued operation for the periods ended September 30:

		2011		2010	
		3 Months	9 Months	3 Months	9 Months
Amortization	\$	-	59,415	143,400	430,200
Insurance		-	34,880	26,001	51,275
Office and general		-	66,971	97,763	175,825
Professional fees		-	26,600	46,570	56,634
Rent		-	2,500	1,500	4,500
Salaries and benefits		-	111,217	78,063	216,538
Environmental monitoring		-	146,627	451,926	522,144
Travel		-	1,136	165	3,430
Total operating expenses	\$	-	449,346	645,388	1,260,546
Interest and other income		-	-	5,523	233,851
Operating loss from discontinued operations	\$	-	(449,346)	(839,865)	(1,226,695)

Cash Requirements

The Company's principal requirements for cash in 2011 relate to the exploration expenditures required to keep its mineral properties in good standing, continued development of its principal mineral properties, administrative expenditures, and settling of accounts payable.

As at September 30, 2011, the Company had cash of \$1,766,892, working capital in the amount of \$1,430,414, and shareholders' equity in the amount of \$7,596,682. Should the going concern assumption prove not to be appropriate, further adjustments will be required to the carrying amounts and/or classification of the Company's assets and liabilities, and the adjustments are likely to be material. The consolidated financial statements to which this MD&A relates do not reflect any adjustments related to conditions that occurred subsequent to September 30, 2011.

Contractual Obligations

Contractual Obligations	Payments Due by Period				
	Total \$	Less than 1 Year \$	1-3 Years \$	4-5 Years \$	After 5 Years \$
Operating Lease Obligations ¹	770,624	216,289	328,971	225,364	-
Accounts Payable and Accrued Liabilities ²	675,021	675,021	-	-	-
Total	1,445,645	891,310	328,971	225,364	-

(1) The Company is committed to minimum annual lease payments of \$103,607 on its previous office premises until October 2013. Effective September 1, 2010, the Company has sublet these office premises equal to its cost. On July 1, 2011 the Company entered into a lease for an office premises. The lease begins on July 1, 2011, and ends on June 30, 2016, with a right to terminate after June 30, 2013 for a penalty equal to four months base rent.

(2) Normal trade payables and accruals all due within one year.

OUTSTANDING SHARE DATA

	November 8, 2011	September 30, 2011	December 31, 2010
Common Shares Outstanding	54,186,662	54,186,662	54,157,251
Fully Diluted Common Shares Outstanding	55,398,662	55,398,662	55,175,251
Capital Stock	\$68,071,829	\$68,071,829	\$68,062,712

There have been no changes in the shares during the current quarter. The Company issued 29,411 (2010 – 64,706) common shares at a deemed price of \$0.31 (2010 - \$0.60) as consideration for land access rights at the Fifteen Mile Stream property in the previous quarter. During the prior year, the Company announced it had issued Golden River Resources Corporation (“Golden River”) 4,923,387 common shares at a price of \$0.30 for aggregate proceeds of \$1,477,016, pursuant to a private placement transaction. Golden River owns 38,994,020 common shares or approximately 71.95% of the issued and outstanding common shares of the Company. There are no warrants outstanding. There are 1,212,000 options outstanding and the average exercise prices are in excess of the current market price of the Company's common shares.

FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents as held-for-trading; accounts receivable are classified as loans and receivables; accounts payable, accrued liabilities, notes payable, capital lease obligations, and advances from related party as other financial liabilities.

Management of capital risk

The Company's objective when managing capital are: (i) to ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; (ii) to minimize the cost of capital while taking into consideration current and future industry, market and economic risks and conditions; and (iii) to maintain an optimal capital structure that provides necessary financial flexibility while also ensuring compliance with any financial covenants.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mining properties, and to maintain flexible capital structure, which optimizes the costs of capital at an acceptable rate.

In the management of capital, the Company only includes shareholders' equity, which at September 30, 2011 is \$7,596,682.

There are no externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it depending on economic conditions and the rate of anticipated expenditures. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and investments. At the present time, the only capital requirements are to satisfy the current liabilities. There were no changes in the Company's approach to capital management during the year.

Fair value

The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value.

Credit risk

The Company is exposed to credit risk with respect to its cash, and accounts receivable,. The credit risk associated with cash is minimal, as cash has been placed with a major Canadian financial institution with strong investment-grade ratings by a primary ratings agency. The Company is not exposed to significant credit risk with respect to accounts receivable, as \$185,725 of the amount due is from a government agency.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash at September 30, 2011, in the amount of \$1,766,892, which is sufficient to meet its short-term business requirements. At September 30, 2011, the Company had accounts payable and accrued liabilities of \$675,021 with contractual maturities of 90 days.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency risk, and other price risk.

(a) *Interest rate risk*

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(b) *Foreign currency rate risk*

The Company is not exposed to significant foreign currency risk.

(c) *Other price risk*

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

OUTLOOK

Current and forecast prices for gold are quite favourable, and as such the Company's principal exploration focus will be on advancing its key bulk tonnage gold projects, namely Fifteen Mile Stream and Beaver Dam.

In 2009, the Company received an injection of new capital from a private placement to Golden River, which totalled \$10 million, and closed the sale of its interest in Royal Roads for proceeds of \$1.96 million on April 30, 2010. In February 2011, the Company announced it had signed agreements to sell ScoZinc and to undertake a private placement of shares and warrants, for \$10 million and \$8.1 million respectively, which were due to close in May and June 2011, respectively if all pre-conditions were met.

The sale of ScoZinc closed on May 31, 2011, and the proposed \$8.1 million private placement by China Metallurgical Exploration Corp. ("CME") was not completed. CME did complete its due diligence activities to its satisfaction, however CME was not able to complete the remainder of the conditions precedent to the proposed private placement by the June 17, 2011 deadline.

Management continues to focus its efforts on exploring and developing its extensive mineral holdings in Atlantic Canada.

A 4,000 metre drilling program was completed at the Fifteen Mile Stream project in 2011, and planning for a second phase program is underway. The second phase program is expected to include up to 12,000 metres of drilling, and potentially advance the project to pre-feasibility level status. Future economic studies would include analysis of mining both the Fifteen Mile Stream and Beaver Dam projects with a common processing facility.

Activity levels on these two projects will be dependent on available funds and, may also be modified from time to time reflecting potential increases/decreases in activities on other projects.

In addition, the Company will continue to evaluate the FMS Trend, a 130 kilometre long geological corridor identified as being prospective for bulk tonnage style gold deposits. The FMS Trend is host to three bulk tonnage gold deposits, two of which, Beaver Dam and Fifteen Mile Stream, are owned by Acadian. The FMS Trend is extensively covered with overburden and has been minimally explored, and as such has potential for new discoveries. A high resolution airborne magnetic survey was commissioned to provide geophysical information on the Company's FMS Trend holdings as well as the Lake Catcha, Oldham, Tangier, Goldenville and Forest Hill properties. The geophysical results assisted in identifying areas for ground follow-up. This survey was conducted in 2010 and was the first high resolution airborne magnetic survey flown in the Nova Scotia goldfields since the mid-1980s.

Acadian also recently completed a detailed till survey covering the FMS Trend. The data generated by this program, in conjunction with the geophysical data discussed above, will assist in identifying areas for follow-up in the search for new gold deposits. The survey covered approximately 8,300 hectares and included over a thousand samples.

Subject to available funds, expenditures may also be made in the course of reviewing new mineral properties or opportunities of merit which may be of interest to the Company. This may result in increased capital expenditures and attendant increased administrative and professional expenses.

PROPERTY INFORMATION

The Company's expenditures on property acquisitions and exploration for the period were \$999,117 (2010 - \$317,983). A summary of exploration expenditures for key mineral properties is presented in the following table.

	Cumulative To Date (\$)			
	Acquisition Cost	Exploration & Development	Balance September 30, 2011	Balance December 31, 2010
Forest Hill	1,355,217	2,217,751	3,572,968	3,570,729
Beaver Dam	585,627	5,315,807	5,901,434	5,896,466
Tangier	296,341	577,725	874,066	853,047
Goldenville	192,650	598,275	790,925	790,926
Fifteen Mile Stream	2,324,195	1,776,083	4,100,278	3,349,684
Other	557,961	2,211,464	2,789,425	2,279,121

GOLD PROPERTIES

The Company's principal efforts with respect to gold are focused on exploring and developing its two most advanced potential bulk tonnage-open pit deposits: Fifteen Mile Stream and Beaver Dam, and to a lesser extent on its other gold properties. The Company's five most advanced properties collectively host measured and indicated resources of 626,000 ounces of gold, plus inferred resources of 1,111,000 ounces of gold (see tables below for resource details).

Gold Resources – Gold Ounces (Cut)		
	Indicated	Inferred
Beaver Dam**	446,000	504,000
Forest Hill*	108,000	147,000
Goldenville*	30,000	153,000
Tangier*	42,000	105,000
Fifteen Mile Stream	---	202,000
Total	626,000	1,111,000

* 3.5 g/t/1.2 metres gold grade threshold; block top cut – 50 g/t

** 0.30 g/t cutoff; 2 metre assay composites; top cut 14 g/t and 25 g/t after compositing.

Gold Resources – Tonnage And Grade (Cut)				
Property	Category	Threshold	Tonnes	Grade g/t
Beaver Dam	Indicated	0.3 g/t/2m	9,080,000	1.53
	Inferred		10,400,000	1.51
Forest Hill	Indicated	3.5 g/t/1.2m	225,000	14.91
	Inferred		383,000	11.93
Goldenville	Indicated	3.5 g/t/1.2m	63,000	14.72
	Inferred		385,000	12.38
Tangier	Indicated	3.5 g/t/1.2m	134,000	9.67
	Inferred		271,000	12.08
Fifteen Mile Stream	Indicated	0.7 g/t	3,800,000	1.66
	Inferred			

The technical information disclosed in this MD&A is referenced to the “Technical Report on the Mineral Resource at Fifteen Mile Stream, Nova Scotia” dated May 27, 2008, the “Updated Mineral Resource Estimate Beaver Dam Property, Halifax County, Nova Scotia” dated July 16, 2007, the “Technical Report on the Mineral Resource Estimate Forest Hill Property, Guysborough County, Nova Scotia” dated September 28, 2005, the “Technical Report on the Mineral Resource Estimate Goldenville Property, Guysborough County, Nova Scotia” dated March 1, 2005 and the “Technical Report On The Mineral Resource Tangier Property, Halifax County, Nova Scotia” dated September 29, 2004, all of which are available on www.sedar.com.

Additional information pertaining to the gold properties can be found on the Company's website, www.acadianmining.com and in material filed on the regulatory filing site, www.sedar.com.

On December 10, 2009 the Company acquired from Tangier Limited Partnership an Environmental Approval for a 400 tpd gold mine on its Tangier property.

The Company's objective is to develop mines on its advanced gold properties. Realization of this objective is subject to: continued exploration success, completing favourable feasibility studies on the properties, and obtaining the necessary funding and governmental permits.

Fifteen Mile Stream Property

During the third quarter of 2009, the Company acquired the remaining 50% interest in the Fifteen Mile Stream gold property and now holds a 100% interest subject to a 1% net smelter return royalty on the mineral licenses which encompass the main resource area (SL 11/90 and 06134); mineral license 06135, which lies south of the main resource area, is subject to a 2% net smelter return royalty. This property has potential for delineation of multiple gold deposits over a large strike length. Historic exploration programs in the 1980s by previous operators have identified the Egerton-McLean deposit in the central portion of the property, which is characterized by disseminated gold over significant widths. Similar style gold mineralization has also been identified in the Hudson and 149 East areas, located west and east respectively of the Egerton-McLean deposit.

Recent work by Acadian included construction of computer digitized working plans and a three dimensional geological model to support a diamond drilling program, and sampling and assaying of historic drill core. The additional sampling by Acadian resulted in increased gold mineralized widths and grades; typically, grades increased by 20% to 50%. These results are considered encouraging and support the Company's confidence in identifying more gold resources at Fifteen Mile Stream.

A first phase diamond drilling program totalling approximately 4,000 metres was completed in October, 2011. The diamond drilling program was designed to expand the Egerton-McLean deposit, which currently has an inferred resource of 201,000 ounces of gold (3.8 million tonnes grading 1.66 g/t gold), and to build on favourable initial drill results in the Hudson area. Drilling results returned to date have met expectations; the balance of the results will be returned over the next several weeks. Highlights include drill hole FS11-110 that graded 2.03 g/T over 106.8 metres, including 2.81 g/T over 72.9 metres and drill hole FS11-116, which returned 1.63 g/T over 115.3 metres.

Planning for a phase two in-fill and step-out drilling program is underway. The phase two program is expected to include up to 12,000 metres of drilling, and potentially advance the project to pre-feasibility level status. Future economic studies would include analysis of mining both the Fifteen Mile Stream and Beaver Dam deposits with a common processing facility.

Beaver Dam Property

A final report was received during the fourth quarter of 2009 from SGS Lakefield Research Limited on "An Investigation of the Recovery of Gold from Beaver Dam Deposit Samples". Results of the program were excellent, showing that a gold recovery process comprising gravity separation plus cyanidation or flotation of gravity tails could achieve in excess of 97% gold recovery. In addition, column tests showed that Beaver Dam gold mineralization may be amenable to heap leaching.

A limited diamond drilling program comprised of 14 drill holes totalling 2,360.5 metres was completed during the fourth quarter of 2009. Results were announced in news releases issued on November 4, 2009, December 15, 2009 and February 25, 2010. The results of the drill program support continued development of the Beaver Dam deposit.

Future work programs at Beaver Dam will include additional diamond drilling both to provide further definition on the currently delineated Main Deposit and potential expansion of gold mineralization identified at the Mill Shaft and Beaver Dam North areas, to the west and north respectively. Commencement of this program is subject to funding, and is anticipated to occur in 2012.

Tangier, Goldenville and Forest Hill Properties

Minimal exploration and development work has been undertaken on the Company's other advanced gold properties in 2011, with prioritization of resources on the Fifteen Mile Stream project. Future programs are in the planning stage but will likely be at a low priority level for the next several months.

Golden Seal Property

The Golden Seal property comprises the east and west strike extensions of the Goldboro project currently being evaluated by Orex Exploration. On August 4, 2009, Orex Exploration announced a NI 43-101 compliant resource estimate at a 1.5 g/T cut off over a strike length of 1.5 kms of 2,711,000 tonnes grading 4.56 g/T gold totaling 397,200 ounces of gold in the measured and indicated resource categories with an additional 3,438,000 tonnes grading 3.67 g/T gold totaling 405,926 ounces of gold in the inferred resource category.

Acadian has a limited drill program planned for late 2011 intended to confirm the presence of mineralization adjacent to the eastern end of the Orex project.

Dufferin Property

Acadian holds mineral claims adjacent to the mining lease at the Dufferin Gold deposit held by Appalachians Resources Inc. Recent drilling on the mining lease has extended the mineralized vein system close to Acadian's claims and previous work suggests a good probability that the vein system extends onto Acadian's claims. A limited drill program is planned for the fall of 2011 to test the presence of mineralization on Acadian's claims.

Other Gold Properties

The Company has numerous other gold properties in Nova Scotia which include several grass roots properties as well as previous producing mines, including the Oldham and Lake Catcha properties. Minimal exploration work has been undertaken on these properties in 2011, but programs may be undertaken in 2012 dependent upon the level of funding available.

A regional till sampling program has recently been completed to aid in delineating target areas along the FMS Trend. The till sampling data will be evaluated in conjunction with data from the regional airborne survey to assist in identifying areas for follow-up exploration.

LAKE AINSLIE BARITE-FLUORITE PROPERTY

Work programs including compilation and evaluation of historical information and initial field investigations have been completed on the property. The surface rights necessary to develop the Upper Johnson and MacDougall deposits were acquired in early 2008. A trenching program conducted in late 2009 on the Upper Johnson vein area was successful in demonstrating the continuity of the Upper Johnson North Vein, which was previously believed to be discontinuous. Widths of the Upper Johnson North Vein in the trenches ranged between 0.60 and 2.05 metres. Vein grades ranged between 76% and 92% barite and 4.6% and 11.2% fluorite. The gangue mineral in the veins is predominantly calcite.

A study of markets for barite from the deposit was recently completed and indicates potential markets for mud grade barite.

A metallurgical testing program is planned for late 2011 which will consist of sampling several tonnes from the Johnson Vein and processing studies at the Minerals Engineering Centre, Dalhousie University.

QUALIFIED PERSON

Richard Horne, M.Sc., P.Geo., Chief Geologist of Acadian Mining, is a Qualified Person in compliance with NI 43-101 and has reviewed the technical information in this MD&A.

RELATED PARTY TRANSACTIONS

As part of the conditions of a private placement with Golden River in 2009, the Company acquired the remaining 50% of the Fifteen Mile Stream mineral claims for a cash payment of \$79,610 and a non-interest-bearing note for \$1.0 million due one year from the date of acquisition and a 1% NSR payable to Mr. Will Felderhof, former President, Director and CEO of the Company, and members of his family. The Company had the option to extend these terms for a further 12 months for a \$100,000 principal payment. On July 8, 2010, the Company exercised this option to extend the agreement and made the \$100,000 payment. On July 8, 2011, the Company issued a \$900,000 payment for full settlement of this note payable.

During the year, the Company received funds from the controlling shareholder, Golden River, in the aggregate amount of \$1,664,000 to fund operations. In the previous year the Company had received funds of \$835,858 bringing the balance due to \$2,499,858. This was a non-interest-bearing loan with no set terms of repayment. This loan was repaid in full during the previous quarter.

During the previous year ended December 31, 2010, the Company charged fees for common costs and salaries to Royal Roads and its wholly owned subsidiary, Buchans River Ltd., including a proportionate share of rent, administrative supplies and services as well as services provided by the Company including those of controller, engineers and geologists. The Company received \$45,000 in the first quarter and \$15,300 in the second quarter, these amounts were offset against interest owing to Royal Roads on inter-company advances.

The remuneration of directors and other members of key management personnel of the Company during the quarters ended September 30, 2011 and 2010 were as follows:

	2011		2010	
	3 Months	6 Months	3 Months	6 Months
Salaries and directors fees	\$ 97,500	455,000	328,000	505,015
Share-based payments	17,889	77,824	-	-
Total	\$ 115,389	532,824	328,000	505,015

- (i) Share-based payments are the fair value of options granted to key management personnel.
- (ii) Key management personnel were paid \$300,000 in termination benefits during the quarter ended March 31, 2010.

OFF BALANCE SHEET ARRANGEMENTS

During the year the Company did not enter into any off balance sheet transactions or commitments as defined by National Instrument 51-102, Continuous Disclosure Obligations.

CRITICAL ACCOUNTING ESTIMATES

Significant accounting policies used by the Company are disclosed in Note 3 of the condensed interim financial statements for the quarter ended September 30, 2011. The preparation of financial statements 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 reporting period. Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests and property, plant and equipment, the determination of accrued liabilities and accrued site remediation, rates of amortization for property and equipment, the variables used in the determination of the fair value of stock options granted and warrants issued, and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The unaudited condensed consolidated interim financial statements, including comparatives provided, have been prepared in accordance with IAS 34 and accounting policies consistent with IFRS. An explanation of IFRS 1, first-time adoption of IFRS exemptions and the required reconciliations between IFRS and Canadian GAAP are described in the Company's unaudited condensed consolidated financial statements for the three months ended March 31, 2011, and below:

Reconciliation of Assets, Liabilities and Equity

The below table provides a summary of the adjustments to the Company's consolidated statements of financial position at December 31, 2010 and September 30, 2010:

	December 31, 2010	September 30, 2010
Total assets per Canadian GAAP	\$ 13,844,208	\$ 14,727,780
Adjustments required on adoption of IFRS		
Total assets per IFRS	13,844,208	14,727,780
Total Liabilities under Canadian GAAP	\$ 7,673,963	\$ 8,282,451
Adjustments required on adoption of IFRS		
Total Liabilities under IFRS	7,673,963	8,282,451
Shareholders' Equity		
Total Equity under Canadian GAAP	6,170,245	6,445,329
Adjustments required on adoption of IFRS		
Total Equity under IFRS	6,170,245	6,445,329
Total liabilities and Equity under IFRS	\$ 13,844,208	\$ 14,727,780

Reconciliation of Net Income

The below table provides a summary of the adjustments to net loss for the three and nine months ended September 30, 2010:

		Three Months		Nine Months
Net (Loss) Gain and comprehensive loss per Canadian GAAP	\$	(1,560,556)	\$	(5,935,447)
Adjustments required on adoption of IFRS				
Net (Loss) Gain and comprehensive loss per IFRS	\$	(1,560,556)	\$	(5,935,447)

Reconciliation of Cash-flows

The below table provides a summary of the adjustments to cash-flows for the three and nine months ended September 30, 2010:

	Three Months	Nine Months
Operating Activities		
Operating Activities per Canadian GAAP	\$ (1,029,192)	\$ (2,501,227)
Adjustments required on adoption of IFRS		
Operating Activities per IFRS	(1,029,192)	(2,501,227)
Investing Activities per Canadian GAAP	(98,540)	(114,447)
Adjustments required on adoption of IFRS		
Investing Activities per IFRS	(98,540)	(114,447)
Financing Activities per Canadian GAAP	1,526,062	3,540,938
Adjustments required on adoption of IFRS		
Financing Activities per IFRS	1,526,062	3,540,938

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures (as defined in NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings "NI 52-109"). The Chief Executive Officer and Chief Financial Officer, after having caused an evaluation to be performed of the effectiveness of the design and operation of the Company's disclosure controls and procedures have concluded that as of September 30, 2011 the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries required to be disclosed in the Company's reports filed or submitted under the NI 52-109 would have been known to them.

Internal Control over Financial Reporting

NI 52-109 requires Canadian public companies to submit an annual certificate relating to the design and operating effectiveness of internal control over financial reporting ("ICFR"). ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management is responsible for establishing and maintaining ICFR and management, including the CEO and the CFO, has evaluated the design and caused testing of the effectiveness of the ICFR at December 31, 2010. Based on this evaluation, the management, with the participation of the CEO and CFO, has concluded that the design and operating effectiveness of ICFR was effective as of September 30, 2011. The Company has used the Guidance for Smaller Public Companies published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") internal control framework to design ICFR.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis as such systems can only be designed to provide reasonable as opposed to absolute assurance. Also projections of any evaluation of the effectiveness of ICFR to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

NI 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. There has been no change in the Company's internal control over financial reporting that occurred during the period ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

OTHER INFORMATION

The financial statements and additional information regarding the Company, including the Company's Annual Information Form and the technical reports referred to herein, are available on SEDAR at www.sedar.com and on the Company's website at www.acadianmining.com