

**ACADIAN MINING CORPORATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE PERIOD ENDED MARCH 31, 2012**

**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 May 8, 2012, and should be read in conjunction with the condensed consolidated interim financial statements and the notes thereto for the period ended March 31, 2012 and December 31, 2011.*

*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”, the OTCQX Market under the symbol “ADAIF”, and the Frankfurt Exchange under the symbol “C2Z”. The Company’s head office is in Dartmouth, Nova Scotia, Canada.

The annual financial statements have been prepared by management, and have 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 43,000 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.

**Discussion Relating To the First Quarter**

The loss from continuing operations in the current quarter is \$569,946, compared to a \$569,373 loss in the first quarter of 2011. Quarter over quarter operating expenses were similar as the Company was in the same stage in each quarter. In the period ended March 31, 2011 the Company was focused on exploring options for the sale of the Scotia mine assets and financings. In the current quarter the Company is again focused on assessing options

for financing the Company. During both time periods the Company continued to do minimal exploration work to maintain the mineral resources properties in good standing resulting in an expense of \$156,551 in 2012 and \$180,924 in 2011. Professional fees had a decrease this quarter of \$31,207 due to fees related to the sale of ScoZinc and a financing agreement during the first quarter of 2011 with no comparisons for 2012. Investor relations expense of \$17,700 in the current quarter with no comparison for the same quarter of 2011 were due to new investor relations programs put in place at the end of 2011. Rent expense also increased quarter over quarter by \$31,937 due to moving to a new office space. In the same quarter in 2011, the Company was residing at the ScoZinc mine site and therefore had not incurred any rental charges until the minesite was sold and the Company moved.

The Company recorded an impairment charge of \$27,269 on mineral resource properties in the current quarter which related to a few non-core mineral claims that the Company decided not to renew.

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 incurred an operating loss of \$201,818 for the period ended March 31, 2011. This loss included the general operating costs to keep the mine in care and maintenance mode until the date of sale on May 31, 2011.

The Company's working capital position at March 31, 2012 is \$119,762 compared to \$613,845 on December 31, 2011. This change is due to the net loss of the Company during the first quarter.

#### **Selected Financial Data (Quarterly)**

<b>Quarter</b> \$	<b>Revenue</b> \$	<b>Net Income (Loss)</b> \$	<b>Income (Loss) Per Share*</b> \$	<b>Total Assets</b> \$	<b>Capital Lease Obligation</b> \$	<b>Shareholder Equity</b> \$
Q1/12	-	(569,946)	(0.01)	6,508,523	-	6,345,090
Q4/11	-	(701,556)	(0.01)	7,087,201	-	6,901,601
Q3/11	-	(1,412,127)	(0.03)	8,271,703	-	7,596,681
Q2/11	-	3,513,318	0.07	10,240,845	-	8,981,426
Q1/11	-	(771,191)	(0.01)	13,367,028	1,498,796	5,436,083
Q4/10	-	(280,259)	(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

\* 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**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("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, 2011.

These consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on May 8, 2012.

### **Basis of Presentation**

The preparation of financial statements, to which this MD&A relates, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, 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 consolidated financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in notes 3(i) and 3(j) to the December 31, 2011, financial statements.

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue in operation for the foreseeable future.

As at March 31, 2012, the Company has cash of \$169,455, working capital in the amount of \$119,761, and shareholders' equity in the amount of \$6,345,089. 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. Continuation of the Company as a going concern is dependent upon the continued financial support of the major shareholders, other equity or debt financing or proceeds from the sale of assets. The consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to March 31, 2012.

## Sale of Mining Assets and Discontinued Operation

On May 31, 2011, the Company sold 100% of the shares of ScoZinc, a wholly owned subsidiary of the Company. ScoZinc held the Company's lead and zinc assets, including Scotia Mine. The Company received consideration of \$10 million.

The following table presents summarized financial information of the net assets of ScoZinc as at May 31, 2011:

	<b>May 31, 2011</b>	
<b>Assets</b>		
Cash	\$	82,990
Accounts Receivable		8,106
Prepaid expenses		29,700
Cash held for remediation (note 6)		2,812,500
Property, plant and equipment		6,096,696
Mineral Resource properties		56,587
		<b>9,086,579</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		152,623
Accrued site remediation (note 6)		2,600,000
		<b>2,752,623</b>
<b>Net assets</b>	<b>\$</b>	<b>6,333,956</b>
<b>Gain on sale of mining assets</b>		
Proceeds	\$	10,000,000
Net assets		(6,333,956)
Direct selling costs		(197,253)
	<b>\$</b>	<b>3,468,791</b>

The comparative statement of operations and comprehensive income (loss) reflects this discontinued operations separately from continuing operations:

	<b>3 Months ended March 31, 2011</b>	<b>5 Months ended May 31, 2011</b>
<b>Operating expenses</b>		
Depreciation	\$ 35,649	\$ 59,415
Insurance	26,160	34,880
Office and general	21,425	52,384
Professional fees	10,000	26,600
Rent	1,500	2,500
Salaries and benefits	56,759	111,217
Environmental monitoring	49,678	161,214
Travel	647	1,136
<b>Total operating expenses</b>	(201,818)	(449,346)
Gain on settlement of guarantee obligation	-	1,198,796
	(201,818)	(749,450)
<b>Gain on sale of discontinued operations</b>	-	3,468,791
<b>Income (loss) from discontinued operations</b>	\$ (201,818)	\$ 4,218,241

ScoZinc entered into lease agreements for heavy equipment with Komatsu Finance (“Komatsu”), which transferred substantially all the benefits and risks of ownership to ScoZinc.

During the year ended December 31, 2010, the last of the equipment was sold and the Company agreed on the final amounts due to Komatsu. The Company had commenced making monthly principal payments and settled the liability in full during May 2011, with a gain on settlement of guarantee obligation of \$1,198,791.

### Cash Requirements

The Company’s principal requirements for cash in 2012 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. Continuation of the Company as a going concern is dependent upon the continued financial support of the controlling shareholder, other equity or debt financing or proceeds from the sale of assets.

As at March 31, 2012, the Company has cash of \$169,455, working capital in the amount of \$119,761, and shareholders’ equity in the amount of \$6,508,523. The Company’s budgeted expenditures for renewals and programs on its gold and other property holdings are being kept at a minimum at this time, and the Company has reduced its capital expenditures budget for the 2012 year until funding is in place.

## Commitments

During 2011, the Company entered into a lease for office premises. The lease began 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. The Company is committed to pay base rent ranging from \$70,000 to \$74,000 per annum. In addition to the base rent, the Company is committed to pay additional rent, which consists of its proportionate share of realty taxes, operating costs and management fees totaling approximately \$60,000 per annum.

The Company is committed to minimum annual lease payments of \$103,607 on its former office premises until October 2013. Effective September 1, 2010, the Company sublet its former office premises for an amount equal to its cost.

## OUTSTANDING SHARE DATA

	May 8, 2012	March 31, 2012	December 31, 2011
Common Shares Outstanding	54,186,662	54,186,662	54,186,662
Fully Diluted Common Shares Outstanding	55,398,662	55,398,662	55,398,662
Capital Stock	\$68,071,829	\$68,071,829	\$68,071,829

There have been no changes in the shares issued or outstanding during the current quarter. In its most recently completed financial year, the Company issued 29,411 common shares at a deemed price of \$0.31 as consideration for land access rights at the Fifteen Mile Stream property during the year.

Golden River owned 38,994,020 common shares or approximately 71.95% of the issued and outstanding common shares of the Company at December 31, 2011. During the quarter, Igneous Capital Limited ("Igneous") acquired 10,783,145 common shares of Acadian from Golden River, which represents 19.9% of the issued and outstanding shares. This transaction reduced Golden River's holdings to 52.1%.

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. There are no warrants outstanding.

## 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 March 31, 2012, was \$6,508,523.

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, accounts receivable, and loan 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 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 had cash at March 31, 2012, in the amount of \$169,455, which is sufficient to meet its short-term business requirements. At March 31, 2011, the Company had accounts payable and accrued liabilities of \$163,433 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.

#### *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.

#### *Foreign currency rate risk*

The Company is not exposed to significant foreign currency risk.

#### *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. Management will also focus some of its efforts on exploring and developing its other mineral holdings in Atlantic Canada.

A 3,741 metre drilling program was completed at the Fifteen Mile Stream project in 2011, and planning for a second phase program is underway. An updated resource estimate for the project will be completed based on the results of the 2011 program. 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 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 \$201,467 (2011 - \$189,398). A summary of exploration expenditures for key mineral properties is presented in the following table.

	<b>Cumulative To Date (\$)</b>			
	<b>Acquisition Cost</b>	<b>Exploration &amp; Development</b>	<b>Balance March 31, 2012</b>	<b>Balance December 31, 2011</b>
Fifteen Mile Stream	2,330,956	2,373,697	4,624,307	4,624,307
Forest Hill	1,355,432	2,217,923	3,573,162	3,573,162
Beaver Dam	592,210	5,404,650	5,919,249	5,919,249
Tangier	296,774	603,037	887,912	887,912
Goldenville	197,357	650,629	847,803	847,803
Other	591,033	2,341,527	2,898,485	2,898,485

## **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. 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).

<b>Gold Resources – Gold Ounces (Cut)</b>	
	<b>Indicated</b>
Beaver Dam**	446,000
Forest Hill*	108,000
Goldenville*	30,000
Tangier*	42,000
Fifteen Mile Stream	---
<b>Total</b>	<b>626,000</b>

<b>Gold Resources – Gold Ounces (Cut)</b>	
	<b>Inferred</b>
Beaver Dam**	504,000
Forest Hill*	147,000
Goldenville*	153,000
Tangier*	105,000
Fifteen Mile Stream	202,000
<b>Total</b>	<b>1,111,000</b>

\* 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

<b>Gold Resources – Tonnage And Grade (Cut)</b>				
<b>Property</b>	<b>Category</b>	<b>Threshold</b>	<b>Tonnes</b>	<b>Grade g/t</b>
Beaver Dam	Indicated	0.3 g/t/2m	9,080,000	1.53
Forest Hill	Indicated	3.5 g/t/1.2m	225,000	14.91
Goldenville	Indicated	3.5 g/t/1.2m	63,000	14.72
Tangier	Indicated	3.5 g/t/1.2m	134,000	9.67
Fifteen Mile Stream	Indicated	0.7 g/t		

<b>Gold Resources – Tonnage And Grade (Cut)</b>				
<b>Property</b>	<b>Category</b>	<b>Threshold</b>	<b>Tonnes</b>	<b>Grade g/t</b>
Beaver Dam	Inferred	0.3 g/t/2m	10,400,000	1.51
Forest Hill	Inferred	3.5 g/t/1.2m	383,000	11.93
Goldenville	Inferred	3.5 g/t/1.2m	385,000	12.38
Tangier	Inferred	3.5 g/t/1.2m	271,000	12.08
Fifteen Mile Stream	Inferred	0.7 g/t	3,800,000	1.66

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](http://www.sedar.com).

Additional information pertaining to the gold properties can be found on the Company’s website, [www.acadianmining.com](http://www.acadianmining.com) and in material filed on the regulatory filing site, [www.sedar.com](http://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 not previously held, 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 conducted 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 of historic core by Acadian resulted in increased gold mineralized widths and grades; typically, grades for intervals including significant previously unsampled intervals 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 3,741 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 have met expectations; 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. The Company has initiated work on an updated mineral resource estimate to evaluate the impact of the additional sampling of historic core and the 2011 drill program.

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**

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.

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.

## **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 completed one diamond drill hole just east of the Orex project in late 2011. The drill hole intersected several quartz veins and significant alteration and is interpreted to have encountered the extension of the Orex mineralized zone. The drill core has not yet been sampled. Diamond drilling further east of the 2011 drill hole and west of the Orex project are planned for 2012 to test for further extension of the mineralized zone.

## **Dufferin Property**

Acadian holds mineral claims adjacent to the mining lease at the Dufferin Gold deposit held by Appalaches 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 property.

A single diamond drill hole was drilled on the property by Acadian in late 2011. The hole intersected the target hinge of the Crown Reserve Anticline at about 200 metres and continued down the north limb of the fold, ending in the hinge of an adjacent syncline. The hole is dominated by altered (carbonate) metasandstone with a distinctive well-developed, spaced pressure solution cleavage that is similar to that found in the adjacent Dufferin Mine. Several thin slate intervals occur, hosting bedding-parallel quartz-carbonate veins. As is common in Meguma gold deposits, bedding-parallel veins located in the hinge area are tightly buckled. A distinct 10-20 cm thick laminated, bedding-parallel vein occurs on the north and south limbs adjacent the crest of the Crown

Reserve Anticline. Within the adjacent Dufferin Mine similar laminated veins commonly represent the down-limb extension of saddle-reef veins, indicating the potential existence of a saddle-reef vein above the drill intersection in this area. Several discordant quartz-carbonate-chlorite veins are present throughout the hole. In particular, several discordant veins occur in the hinge of the Crown Reserve Anticline, between the above noted laminated bedding-parallel vein, that contain significant arsenopyrite within the veins and adjacent wall rock. Discordant veins in the adjacent Dufferin Mine are common in the footwall of saddle-reef veins, supporting the potential existence of a saddle-reef vein above the drill intersection.

In summary, features noted in the drill hole support the presence of a mineralized saddle-reef vein system in the area that would represent the extension of the mineralized vein system in the adjacent Dufferin Mine. Sampling has been completed and samples will be sent for analysis when funding becomes available. Further drilling to better define the vein system in this area is recommended.

### **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 was 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 was recently completed to aid in delineating target areas along the FMS Trend. The survey consisted of “gold grain analysis” which identified the number and character of gold grains in 10 kilogram samples. Results have identified several multi-site anomalies which will be evaluated with follow-up surveys.

### **LAKE AINSLIE BARITE-FLUORITE PROPERTY**

Sufficient work programs are conducted to ensure retention of the mineral claims that host Acadians barite deposit, which is a non-core asset. A metallurgical testing program undertaken in late 2011 consisted of sampling several tonnes from the Johnson Vein and processing studies at the Minerals Engineering Centre, Dalhousie University. The processing studies focused on separating barite to produce a mud grade product. Processing included use of shaking tables and a spiral classifier. Analysis and determination of specific gravity of concentrates indicate it is possible to reach the standards for mud grade barite. Further work on the property may be completed in 2012.

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.

### **QUALIFIED PERSON**

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

## **RELATED PARTY TRANSACTIONS**

All related party transactions and balances have been recorded at amounts agreed to by the parties, which equal the exchange amount.

Golden River Resources Corp. (“Golden River”) is the controlling shareholder of the Company. As at December 31, 2011, Golden River owned 71.95% of the outstanding common shares of the Company. During the quarter, Igneous Capital Limited (“Igneous”) acquired 10,783,145 common shares of Acadian from Golden River, which represents 19.9% of the issued and outstanding shares. This transaction reduced Golden River holdings to 52.1%.

In 2010, the Company had received funds for operating expenditures of \$835,858 from Golden River and during 2011, the Company received funds of \$1,664,000 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 2011.

The remuneration of directors and other members of key management personnel during the periods ended March 31, 2012 and 2011 were as follows:

		<b>2012</b>	<b>2011</b>
Salaries and directors fees	\$	108,750	102,500
Share-based payments <sup>1</sup>		13,435	27,912
	\$	122,185	130,412

1.Share-based payments are the fair value of options granted to key management personnel.

## **SUBSEQUENT EVENTS**

Subsequent to quarter end, on May 8, 2012, the Board of Directors of the Company approved a proposed issuance of \$600,000 principal amount of unsecured convertible debentures (the “Debentures”) through a private placement transaction (the “Private Placement”) with its two major shareholders, Golden River and Igneous. Pursuant to the Private Placement, Golden River will purchase up to \$420,000 principal amount of Debentures and Igneous will purchase up to \$180,000 principal amount of Debentures. The Debentures will be unsecured and convertible into Common Shares of the Company at the holder’s option at a price of \$0.12 per Common Share at any time within 12 months from the date of issuance of the Debentures. The Debentures will have an interest rate of 8% per annum accruing daily and compounded monthly in arrears. Such interest will only become payable in the event that the Debenture holders do not elect to convert the Debentures into Common Shares. The Private Placement is subject to the TSX approval.

Also, subsequent to the quarter end, on May 8, 2012 Golden River advanced a shareholder loan in the amount \$140,000 to the Company to be used for operating expenditures. The loan has no set terms of repayment and is non-interest bearing.

## **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 financial statements for the year ended December 31, 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 consolidated 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 resource properties and property, plant and equipment, the determination of accrued liabilities and accrued site remediation, rates of amortization for property, plant 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.

## **CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") 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 CEO and CFO, 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 March 31, 2012, 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, 2011. 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 March 31, 2012. The Company has used the Guidance for Smaller Public Companies published by the Committee of Sponsoring Organizations of the Treadway Commission 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 March 31, 2012, 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](http://www.sedar.com) and on the Company's website at [www.acadianmining.com](http://www.acadianmining.com)