



***INTERIM MANAGEMENT'S DISCUSSION
AND ANALYSIS REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2012***

This interim management's discussion and analysis report ("MD&A") provides an analysis of our financial condition and results of operations to enable a reader to assess material changes for the nine-month period ended September 30, 2012, in comparison with the same period of last year. This interim MD&A was prepared as at November 18, 2012, and is intended to complement the condensed interim financial statements. This interim MD&A and our condensed interim financial statements are intended to provide investors with reasonable basis for assessing our results of operations and financial performance.

Z-Gold Exploration inc. (the "Corporation") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on June 15, 2006 and was classified as a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange. On September 16, 2006, the Corporation changed its name from Powerbeaver Capital Corp. to Nano Capital Corp. On March 11, 2010, the Corporation changed its articles to change its name from Nano Capital Corp. to Z-Gold Exploration Inc. Z-Gold is a junior mining exploration Corporation, exploring for gold and base metals in the Abitibi Greenstone Belt. The shares of Z-Gold are trading on the TSX Venture Exchange under the symbol ZGG.

This MD&A contains "forward-looking statements" not based on historical facts. Forward-looking statements express, as at the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors could cause results or events to differ materially from current expectations expressed or implied by forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Corporation to obtain financing.

MINING PROPERTIES

ABITIBI GOLD (ONTARIO)

Z-Gold Exploration Inc. has acquired the Abitibi Gold Property by issuing 3,000,000 common shares in favour of 1527805 Ontario Ltd., which company became an insider of the Corporation, owning more than 10% of the issued shares of the Corporation.

The Abitibi Gold Property is comprised of five 21 year mining leases containing 85 claims consisting of 91 claim units located in south central part of Munro Township in the Larder Lake Mining Division, Province of Ontario. The Abitibi Gold Property covers approximately 1,459 ha and is located approximately 86 km east northeast of the City of Timmins. Access to the Property is easy with paved highway 101 passing near the south boundary of the Property and gravel secondary roads giving access to the central area of the Property.

On June 29, 2010, the Corporation entered into an option agreement to acquire a 100% interest in two additional claims (3 units) in the Abitibi Gold. To acquire a 100 % interest in the additional claims of the Abitibi Gold Property, the Corporation paid \$2,000 at signature and issued 150,000 common shares. The vendor has retained a 2% NSR in the Property.

On August 24, 2010, the Corporation has entered into an option agreement to acquire 24 additional claims (29 units) located in the Munro township, Ontario. To acquire a 100 % interest in the additional claims of the Abitibi Gold Property, the Corporation paid \$50,000 and issued 1,000,000 shares. There is a 2% NSR on the claims in favour of a former owner.

On November 1st, 2010, the Corporation entered into an option agreement to acquire one (1) additional claim located in the Munro Township. To acquire a 100% interest in this additional claim of the Abitibi Gold Property, the Corporation paid \$5,000 at signature and issued 50,000 common shares. The vendor has retained a 2% NSR in the property.

On May 24, 2011, the Corporation has entered into an option agreement to acquire three additional mining claims (5 units) in the Munro Township. To acquire a 100% interest in these additional claims of the Abitibi Gold Property, the

Corporation has paid \$5,000 at signature and issued 50,000 common shares. The vendor has retained a 2% NSR in the property.

The Property has been explored since 1912 by trenching, shallow shaft sinking to 10 m or less, ground geophysical surveys, geological mapping and diamond drilling of up to 87 holes. In 1994, prospectors discovered visible gold on the zone C which caught the attention of several companies that completed trenching, ground geophysical and geological surveys as well as diamond drilling. The drilling was unable to locate mineralization similar to that discovered on surface but the host alteration zones of carbonatization were intersected.

The Property sits within the Abitibi Greenstone Belt and more specifically near the south boundary of the Kidd-Munro Assemblage just north of the Porcupine Assemblage, the contact of which is marked by the Pipestone Deformation Zone, a regional thrust fault that can be traced from approximately Garrison Township in the east to west of Timmins. The Property is underlain by mafic and ultramafic volcanic rocks that vary from peridotitic komatiite to High Fe tholeiite which have been intruded by felsic and mafic dykes and sills.

Mineralization on the Property appears to be of two types, either associated with strike-slip shear structures that are related to the Munro Fault or cross fault dilatant structures. The higher gold values do not appear to be associated preferentially with either structural style but the presence of higher concentrations of arsenopyrite and to a lesser extent sulphides usually bodes well for higher gold values. There are ten identified gold zones within the area of the Property (zones A to J) with the most spectacular zone, the zone C, where grab samples have returned assays as high as 2,500 g/t Au. Gold mineralization appears to sit within shallow dipping quartz-carbonate vein systems that are hosted in quartz-carbonate-sericite-sulphide zones that may be near vertical.

The Munro-Croesus Mine is three km west southwest of the zone C and produced 421,246 grams gold from 4,838 tons milled for a grade of 87.07 g/t Au from 1915 to 1936. The Munro-Croesus would be the best deposit model to use in exploring the Property.

Many gold showings were tested by geophysical surveys and by a diamond drilling program. An airborne survey covered the property and successfully outlined many structural features.

The Corporation has completed a line cutting program of 81.9 km, as well as a mag/VLF ground survey and a 20 km IP survey. Also, a sampling program was realized to execute geochemical analyses for gold and arsenic. The program has been completed as well as the geochemical analysis. The analysis results were compiled with other geophysical data in order to determine the best drill targets for this property. A drilling program of 10,000 meters started on the property in May 2011. Fifteen drill holes have been completed for a total of about 3,000 meters. Drilling has been put on hold to wait for the results of a geophysicist report in order to determine more precisely the next drill targets. The disappointing results of the first phase of drilling prompt the Corporation to decide to redo the geochemical survey, gold having been associated to arsenic in the past on the property. Once new geological targets will be determined, a new drilling program will be undertaken.

CASA BERARDI PROPERTY (QUEBEC)

In June 2010, the Corporation entered into an option agreement to acquire 96 mining claims located in the Casa Berardi Township in the mining division of Rouyn-Noranda, province of Quebec. To acquire a 100% interest in the Property, the Corporation paid \$15,000 at signature and issued 900,000 common shares. The vendor has retained a 2% NSR in the property.

The Casa Berardi property is located in North-western Quebec in the prolific Abitibi Greenstone Belt from where a large amount of Canada's gold has been extracted. Z-Gold acquired the property for its exploration potential. The property is contiguous to the Casa Berardi Mine controlled by Aurizon. The property is characterized by splay faults of the Casa Berardi Break and the same type of alteration. Many geological input anomalies are present and represent the splay faults and need to be investigated by diamond drilling. A compilation report of historical work conducted on the property was realized by a consultant. Following the results of this compilation, other exploration works are necessary. A mandate has been given to a consultant in order to determine the extent of these works. Magnetic and EM surveys will be executed on part of the property to identify drill targets.

Analysis of the Exploration Expenditures

The Corporation has incurred in the first nine months of the year, exploration expenditures totaling \$9,607 (\$1,149,736 in 2011).

Description	Abitibi Gold \$	Casa Berardi \$	Total \$
Balance as of December 31, 2011	1,259,502	32,387	1,291,889
Analyses	56	51	107
Geology	8,000	1,500	9,500
Total as at September 30, 2012	1,262,558	33,938	1,301,496

Analysis of Acquisitions, Write-off and Renewal of Mining Claims

During the nine-month period ended September 30, 2012; there have been no acquisition, radiation or renewal of claims on the mining properties.

Royalties on the mining properties are as follows:

Abitibi Gold 2% Casa Berardi 2%

The Corporation has no research and development expenses.

The Corporation doesn't have any deferred expenses others than the mining properties and the deferred exploration expenses.

Person Responsible of the Technical Information

The qualified person pursuant to National Instrument 43-101, responsible of the technical information of the Corporation is Mr. Christian Dupont, P.Eng.

FINANCIAL INFORMATION

This MD &A of the condensed interim financial statements should be read in conjunction with the condensed interim financial statements dated September 30, 2012 as well as with the audited annual financial statements for the years ended December 31, 2011 and December 31, 2010. The condensed interim financial statements for the nine-month period ending September 30, 2012 as well as the corresponding period of last year have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS"). All monetary values contained in this MD&A are expressed in Canadian currency.

Significant Financial Data (Audited)

YEARS ENDED DECEMBER 31	2011 \$	2010 \$	2009 \$
Total assets	2,456,230	1,844,647	307,089
Total liabilities	1,135,173	174,669	161,715
Revenue	-	-	-
Net and comprehensive loss	(623,173)	(1,097,456)	(141,300)
Net loss per share on a diluted basis	(0.03)	(0.11)	(0.03)

As at December 31, 2011, the total assets of the Corporation have increased because of the acquisition of mining properties and of deferred exploration expenses. The total liabilities were composed of \$344,554 for the future income and mining taxes, of \$18,705 for the other liability, and of \$771,914 for the accounts payable. The net loss decreased compared to 2010 when the head quarters of Z-Gold were transferred in Quebec and the Corporation amended its by-laws in order to change its corporate name. In connection with the qualifying transaction, Z-Gold Exploration Inc. was classified as a Tier 2 issuer, in the mining category with the TSX Venture Exchange.

QUARTERLY INFORMATION (Not Audited)

	Sept. 30 2012	June 30, 2012	Mar. 31, 2012	Dec 31, 2011	Sept. 30 2011	June 30, 2011	Mar. 31, 2011	Dec. 31, 2010
Total Assets	2,300,600	2,294,821	2,422,182	2,456,230	2,701,965	2,004,616	1,938,703	1,844,647
Total Liabilities	1,144,662	1,095,382	1,142,660	1,135,173	962,171	277,998	160,698	174,669
Revenues	-	-	-	-	-	-	-	1,330
Net and comprehensive loss	(64,501)	(80,951)	(41,285)	(454,071)	(28,840)	(75,267)	(73,995)	(623,101)
Basic and diluted loss per share	(0.00)	(0.00)	(0.02)	0.01	(0.00)	(0.00)	(0.04)	(0.05)

STATEMENT OF EARNINGS

Being a mining exploration company, Z-Gold does not generate any regular earnings so in order to survive; the Corporation has to issue capital stock. The revenues recorded are interests received.

Expenses

During the nine-month period ended September 30, 2012, the net and comprehensive loss of the Corporation is \$185,869 compared to \$178,102 for the same period ended September 30, 2011.

Details of the administrative expenses for the nine-month period ending September 30,

	2012 \$	2011 \$
Consultants' fees	61,623	105,290
Professional fees	57,947	76,792
General administrative expenses	26,077	44,212
Registration, listing fees and shareholders' information	19,001	31,598
Interests and bank expenses	476	808
Share-based compensation	21,000	-
Amortization of fixed assets	2,046	2,046
Total	188,170	260,746

Summary of the administrative expenses for the last fourth quarters

	Sept. 30, 2012	June 30, 2012	March 31, 2012	Dec. 31, 2011
Consultants' fees	21,225	15,000	19,198	35,000
Professional fees	9,000	49,985	5,162	21,097
General administrative expenses	7,060	10,702	8,315	13,084
Registration, listing fees and shareholders' information	5,360	4,444	9,197	3,510
Part XII.6 Tax	-	-	-	4,916
Interests and bank expenses	174	138	164	597
Share-based compensation	21,000	-	-	-
Amortization	682	682	682	682

CASH FLOWS

As at September 30, 2012, the working capital is negative at \$764,582 compared to \$717,825 as at December 31, 2011. The Corporation will have to find financing sources to continue its activities.

During the nine-month period ended September 30, 2012, the Corporation incurred \$51 in deferred exploration expenses. These financing activities are directly linked to the sector of activity of Z-Gold and are in accordance with the plans of management.

SOURCE OF FINANCING

Date	Financing		Commercial Goals
January 2011	Flow-through shares	\$16,000	Exploration expenditures in Quebec
		\$140,400	Exploration expenditures in Ontario
	Common shares	\$39,100	Working capital
February 2011	Flow-through shares	\$45,000	Exploration expenditures in Quebec
		\$135,000	Exploration expenditures in Ontario
	Common shares	\$20,000	Working capital
September 2011	Flow-through shares	\$40,000	Exploration expenditures in Ontario
	Common shares	\$10,000	Working capital
December 2011	Flow-through shares	\$40,000	Exploration expenditures in Ontario
	Common shares	\$10,000	Working capital
October 2012	Common shares	\$30,000	Working capital

The Corporation will have to disburse about \$100,000 in administrative expenses in the current year. The Corporation will have to continue its efforts in order to realize others financings to pursue its projects.

OBLIGATION AND CONTRACTUAL COMMITMENTS

The Corporation finances in part by the issuance of flow-through shares. However, there is no guarantee that the amounts incurred by the Corporation will be eligible as Canadian Exploration Expenses (CEE), even if the Corporation has made the commitment to take all necessary measures in this effect. As at September 30, 2012, because of the flow-through financings, the Corporation will have to incur in exploration expenses an amount of \$32,852 at the latest on December 31, 2012. Refusal from the tax authorities of certain expenses would have negative tax consequences for the investors.

RELATED PARTY TRANSACTIONS AND COMMERCIAL GOALS

Z-Gold Exploration Inc. has concluded the following transactions with related parties:

During the nine-month period ended September 30, 2012, the Corporation incurred consultant fees for an amount of \$45,000 (\$45,000 in 2011) with the President. The Corporation also incurred general administrative expenses for an amount of \$6,393 (\$6,009 in 2011) with a company to which the President of Z-Gold is also a director. Also the Corporation has taken an interest free loan of \$315,000 from a company controlled by the President of Z-Gold.

These transactions are concluded in the normal course of operations of the Corporation and are measured at the exchange amount which is the amount of consideration established and agreed by the parties.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

Market Risk

i) Fair Value

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. Fair value of cash, cash reserved for exploration and accounts payable and accrued liabilities approximate carrying value due to their short-term.

ii) Fair Value Hierarchy

Cash and cash reserved for exploration are measured at fair value and they are categorized in Level 1. This valuation is based on data observed in the market.

iii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The financial assets and liabilities are not exposed to interest rate risk because they don't bear interest.

iv) Currency Risk

The Corporation is not exposed to currency fluctuations as all transactions occur in Canadian dollars.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. Financial instruments which potentially expose the Corporation to credit risk mainly consist of cash, taxes receivable and other receivables. The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Also, as the majority of its receivables are from the governments of Quebec and Canada in the form of sales taxes receivable, the credit risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. At the end of September 2012, management is optimistic to get sufficient funds to meet its financial liabilities and future financial liabilities from its commitments.

RISKS FACTORS

Exploration Risks

Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. Other risks related to exploration and mining activities include unusual or unforeseen formations, fire, power failures, labor disputes, flooding, explosions, cave-ins, landslides and shortages of adequate or appropriate manpower, machinery or equipment. The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment, and others, such as aboriginal claims, government regulations including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resources produced, the Corporation may decide not to undertake or continue commercial production. There can be no assurance that the expenses incurred by the Corporation to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

Environmental and Other Regulations

Current and future environmental laws, regulations and measures could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Corporation's activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Corporation and its ability to develop its properties economically. Before it commences mining a property, the Corporation must obtain environmental permits and the approval of the regulatory authorities. There is no assurance that these permits and approvals will be obtained, or that they will be obtained in a timely manner. The cost of

complying with government regulations may also impact the viability of an operation or altogether prevent the economic development of a property.

Financing and Development

Development of the Corporation's properties therefore depends on its ability to raise the additional funds required. There can be no assurance that the Corporation will succeed in obtaining the funding required. The Corporation also has limited experience in developing resource properties, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

Commodity Prices

The factors that influence the market value of gold and any other mineral discovered are outside the Corporation's control. Resource prices can fluctuate widely, and have done so in recent years. The impact of these factors cannot be accurately predicted.

Risks Not Covered by Insurance

The Corporation may become subject to claims arising from cave-ins, pollution or other risks against which it cannot insure itself or chooses not to insure itself due to the high cost of premiums or other reasons. Payment of such claims would decrease and could eliminate the funds available for exploration and mining activities.

Tax

No assurance can be given that Canada Revenue Agency or that the Quebec Ministry of Revenue will agree with the Corporation's characterization of expenditures as Canadian exploration expenses.

Dependence on Key Personnel

The development of the Corporation is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Corporation faces competition for personnel from other mining companies.

Conflict of Interest

Certain directors of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and mining of natural resources properties. Such associations may give rise to conflicts of interests from time to time. The directors of the Corporation are required by law to act honestly and in good faith of view of the best interests of the Corporation and to disclose any interest, which they may have on any project or opportunity of the Corporation. If a conflict arises at the meeting of the board of directors, any director in conflict will disclose his interest and abstain from voting on such matter.

The detail for the general and administrative expenses for the nine-month periods ended September 30:

	2012	2011
	\$	\$
Traveling expenses, representation and promotion:	1,211	21,180
Office supplies:	5,648	4,831
Office rent:	7,751	6,465
Telecommunications:	2,598	2,637
Permits and claims management	<u>8,869</u>	<u>9,099</u>
For a total of:	26,077	44,212

Long-Term Debt

The Corporation has no long-term debt.

INFORMATION ON OUTSTANDING SHARES

As at September 30, 2012, the capital stock of the Corporation is composed of 19,585,402 common shares, issued and outstanding and as the date of this MD&A, it is composed of 19,885,402 common shares issued and outstanding.

Share Purchase Options

The Corporation has a stock option plan intended for its officers, consultants and directors. As at November 18, 2012, the stock options are as follows:

<u>Number</u>	<u>Exercise price</u>	<u>Expiration</u>
1,400,000	\$0.10	09-17-2015

Warrants

As at November 18, 2012, the Corporation's outstanding warrants are as follows:

<u>Number</u>	<u>Exercise price</u>	<u>Expiration</u>
1,000,000	\$0.26	10-07-2015
1,490,000	\$0.26	10-13-2015
527,778	\$0.26	12-03-2015
488,750	\$0.26	01-12-2013
869,565	\$0.29	02-23-2013
166,667	\$0.25	09-30-2013
166,667	\$0.25	12-31-2013
275,000	\$0.26	04-13-2014
<u>300,000</u>	\$0.16	10-31-2014
5,284,427		

Options issued to Brokers

As at the date of this MD&A, the Corporation has no outstanding options issued to brokers.

STRATEGY AND PERSPECTIVE

Z-Gold Exploration Inc. is a new junior mining exploration company which is listed on the TSX Venture (ZGG) since March 16, 2010. Z-Gold has acquired the Abitibi Gold Property located approximately 86 kilometers east north-east of the city of Timmins, Province of Ontario. The Abitibi Gold Property consists of five mining leases containing 85 claims (91 units) covering approximately 1459 ha. The Corporation has recently increased this property by acquiring 30 additional claims. The property covers now 2,087.9 hectares.

The Property sits within the Abitibi Greenstone Belt and more specifically near the south boundary of the Kidd-Munro Assemblage just north of the Porcupine Assemblage, the contact of which is marked by the Pipestone Deformation Zone, a regional thrust fault that can be traced from approximately Garrison Township in the east to west of Timmins. The Property is underlain by mafic and ultramafic volcanic rocks that vary from peridotitic komatiite to High Fe tholeiite which have been intruded by felsic and mafic dykes and sills.

Mineralization on the Property appears to be of two types, either associated with strike-slip shear structures that are related to the Munro Fault or cross fault dilatant structures. The higher gold values do not appear to be associated preferentially with either structural style but the presence of higher concentrations of arsenopyrite and to a lesser extent sulphides usually bodes well for higher gold values. There are ten identified gold zones within the area of the Property (zones A to J) with the most spectacular zone, the zone C, where grab samples have returned assays as high as 2,500 g/t Au. Gold mineralization appears to sit within shallow dipping quartz-carbonate vein systems that are hosted in quartz-carbonate-sericite-sulphide zones that may be near vertical.

Many gold showings have been investigated by geophysical surveys and by a diamond drill program. An airborne survey covered the property and successfully outlined many structural features. The geophysical surveys have been completed and a 10,000 meters diamond drill program started on the property in May 2011. Fifteen holes have been drilled so far totalizing 3,000 meters. The disappointing results of this first phase of drilling convinced the Corporation to put on hold the drill program and to redo the geochemical survey, since gold has been linked to arsenic on the property in the past. When the new surveys have been completed, the Corporation will drill the priority geochemical targets.

Z-Gold also acquired the Casa Berardi Property for its exploration potential. The property is located in North-western Quebec in the prolific Abitibi Greenstone Belt from where a large amount of Canada's gold has been extracted. The property is contiguous to the Casa Berardi Mine controlled by Aurizon. The property is characterized by splay faults of the Casa Berardi Fault and the same type of alteration. Many geological input anomalies are present and represent the splay faults and need to be investigated by diamond drilling. A compilation of historical work was carried out and has identified possible zones of mineralization. Magnetic and EM surveys should help to better determine drill targets.

The difficult financial situation of the last months has somewhat postponed the Corporation plans since the Corporation has not been able to close private placements. However, management is pursuing its efforts to finance the Corporation to be able to pursue its exploration projects. Conditional to a financing, the exploration work will mainly focus in the coming months on the Abitibi Gold Property.

Management is well aware that it will have to multiply its efforts in order to make the Corporation better known from the financial community. Z-Gold is also evaluating the acquisition of potential gold and base metals properties to enhance shareholder value.

ADDITIONAL INFORMATION AND ONGOING DISCLOSURE

This MD&A was prepared as at November 18, 2012. The Corporation regularly discloses additional information by means of press releases and interim financial statements and MD&A on SEDAR's website (www.sedar.com) and on the Corporation's website at www.zgoldexploration.com.

CERTIFICATE

This MD&A was approved by the board of directors.

(s) Rodrigue Tremblay
Rodrigue Tremblay
November 18, 2012