

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING DECEMBER 31, 2012  
DATED APRIL 10, 2013

## SCOPE OF MD&A AND NOTICE TO INVESTORS

This Management's Discussion & Analysis ("MD&A") of Searchgold Resources Inc. ("SearchGold" or the "Company") discusses the operating results, financial situation and cash flows for the year ended December 31, 2012. These consolidated financial statements are in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's shares are listed for trading on the TSX Venture Exchange under the trading symbol RSG. Additional information on SearchGold can be found on SEDAR ([www.sedar.com](http://www.sedar.com)) and on SearchGold's web site ([www.searchgold.com](http://www.searchgold.com)).

## FORWARD LOOKING STATEMENTS

Except for historical information, this document contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital, the estimated cost and availability of funding for the acquisition of properties and the continued exploration and development thereof. Such statements reflect current views of SearchGold with respect to future events and are subject to certain risks, uncertainties and assumptions. Estimates provided for fiscal 2012 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company.

## OVERVIEW

SearchGold Resources Inc. continued to develop its portfolio of properties in West and Central Africa. The continued financial uncertainties relating to sovereign debts crisis particularly throughout Europe coupled with a volatile climate in the United States and growth slowdown in China remained a concern throughout the year 2012. The World economic situation has maintained the price of gold at about the \$US 1,600 per ounce mark, thereby validating SearchGold's strategy to develop promising gold projects in resource-rich Africa.

Through a series of successive innovative transactions, SearchGold was able to retain an interest in all the important assets it has acquired and developed during its existence as a public company. As a result, SearchGold is now focusing on the Mandiana project in Guinea while retaining investments in three mining companies and one near-term production gold project:

- **Bakoudou Zone A, Gabon / Managem** : 0.75% NSR
- **Concordia Resource Corp.** 1.74 million shares (see : [www.concordiaresourcecorp.com](http://www.concordiaresourcecorp.com))
- **Stellar Diamonds Limited**: 1.7 million shares (see : [www.stellar-diamonds.com](http://www.stellar-diamonds.com))
- **Golden Share Mining Corporation**: 2.1 million shares (see: [www.goldenshare.ca](http://www.goldenshare.ca))

### **Highlights**

In January 2012 Swala Resources Inc merged with Concordia Resource Corp. Pursuant to the merger agreement, the 0.91 million shares of Swala held by SearchGold were converted to 1.74 million shares in Concordia Resource Corp.

In March 2012, the Company closed a private placement of 10,000,000 shares at a price of \$0.05 per share for aggregate gross proceeds of \$500,000.

In November 2012 the Company closed a private placement of 4,300,000 shares at a price of \$0.05 per share for aggregate gross proceeds of \$215,000. In addition a total of 4,300,000 warrants having an exercise price of \$0.10 for a two year period were also issued.

Subsequent to the year ended December 31, 2012, SearchGold announced, on March 5, 2013, a business combination with Ubika Corp. and related private placement. The proposed transaction is intended to be completed by an amalgamation, arrangement, share exchange or other similar form of transaction. Ubika, a private entity, was incorporated in March 2004 and is a financial services, research and analytics company. Hence, in accordance with Exchange Policy, the Proposed Transaction will be considered a Change of Business for SearchGold. SearchGold's name will change to the name of the Resulting Issuer and that entity is expected to have approximately 68 million shares outstanding on completion of the transaction.

SearchGold shares will remain halted, in accordance with the Investment Industry Regulatory Organization of Canada, the market regulator of the exchange, pending receipt and review of acceptable documentation on the proposed change of business transaction.

## **SEARCHGOLD MINING PROPERTIES**

### **GUÉGUÉRÉ PROPERTY, BURKINA FASO**

#### **Agreements:**

In 2009, SearchGold optioned 500 km<sup>2</sup> Guéguéré Gold Property ("Guéguéré") in southwestern Burkina Faso from Somika SARL ("Somika") to acquire a 100% interest through certain payments of cash and shares and committing to exploration expenditures. Somika will retain a 2% Net Smelter Return (the "NSR"). SearchGold will retain the right to purchase 50% of the NSR for \$US1,000,000 and have right of first refusal on the remaining 50% of the NSR.

In 2011 SearchGold concluded a joint venture agreement with Swala Resources plc ("Swala") on Guéguéré and in January 2012 Swala merged with Concordia Resources Corp (TSX-V: CCN); ("Concordia"); Swala remains a wholly-owned subsidiary of Concordia.

Concordia currently holds a 25% interest in Guéguéré and can acquire up to 80% through certain exploration expenditures and completion of a bankable feasibility study. Thereafter SearchGold must contribute its pro-rata share or be diluted.

In the event of commercial production, both parties agree to be diluted by the 10% Burkina Faso state free carry participation pro-rata their respective interest in the project.

All payments, cash and shares, due by SearchGold pursuant to the Somika agreement have been duly executed.

### **The Guéguéré Project:**

The Guéguéré property is located 180 km west of Ouagadougou, Burkina Faso's capital, in the Boromo birimian greenstone belt between the past producing Poura mine and Orezone Resources' Bondi project. The Poura past producing mine is located approximately 35 km north-east of Guéguéré and produced over 800,000 ounces of gold before its closure in 1999. The Bondi project is located approximately 30 km south-west of the Guéguéré property and is presently being developed by Orezone Resources Inc. which has outlined measured and indicated resources of 4.1 million tonnes @ 2.12 g/t Au for 282,000 ounces of gold.

The north-north-east trending Boromo greenstone belt consists primarily in birimian metavolcanics and metaandesites. These metavolcanic rocks are intruded by mafic and ultramafic plutonic bodies and by granitoids. On Guéguéré, these various formations hosts quartz veins and are transected by numerous lineaments.

On the Guéguéré property, geochemical and geophysical surveys executed in 2003-2004 have outlined gold geochemical anomalies over a strike length of 1,700 m and over which follow-up RC drilling in 2004-2005 confirmed significant gold grades at less than 100 m vertical depth.

- DRC007 : 15.30 g/t Au over 2 m from 14 to 16 m
- DRC004 : 13.42 g/t Au over 3 m from 59 to 62 m
- DRC002 : 1.83 g/t Au over 9 m from 56 to 65 m
- DRC013 : 1.40 g/t Au over 20 m from 2 to 22 m

No cut-off grade was reported for the calculation of the above intersections and even though exploration drilling attempts to intersect the mineralized structures at a high angle to determine exact widths, the above intersections do not represent perfect true widths.

In 2009, a first surface work program was executed by SearchGold and consisted principally in targeted geological prospection on the Domoule sector. Quartz veins and artisan workings abound and 105 rock samples were collected; 21 km of grid lines were established and a geological surface map was also executed.

A total of 20 samples returned grades above 0.56 g/t Au while, 6 of those reported grades between 5 and 10 g/t Au.

These results validate the potential of this area which underwent drilling by Orezone. Moreover the strike length of the zone has been increased and a better understanding of the control of the mineralisation was achieved.

Prior to the merger with Concordia, Swala completed an airborne geophysical survey over the entire Guéguéré property. The magnetic component of the survey outlines a tonalite intrusive in the center of the property. Clear linear features also border this intrusive body to the west and east.

In addition a compilation of historical work highlights the following:

- The eastern part of the property is transected by a multikilometer linear NNW trending structure overlapping two important ancient artisan sites at Tampour and Dakoula. Historical stream geochemistry confirms the presence of anomalous gold zones on this trend.
- In the west and southern parts of the property, the geophysical linear features show a curved pattern possibly caused by the presence of several smaller satellite intrusions.
- Around the town of Lebiele, ancient artisan workings are reported with historical surface rock samples from quartz veins assaying up to 12.25 g/t Au.

- Also in the Lebiele area, and quite possibly associated with some satellite intrusions, historical rock samples of a syenitic, alkaline granite have assayed between 0.2 and 0.4 g/t Au, clearly showing signs of gold impregnation in the host rock, a positive early sign for bulk tonnage type targets.
- The Lebiele area is located approximately 5 km to NW of the historical 1.7 km gold geochemical soil anomaly which yielded grades of 15.30 g/t Au over 2 m and 1.40 g/t Au over 20 m at shallow depths in follow-up 2004-2005 RC drilling.
- In April 2011, Indigo Exploration Inc. (TSXV:IXI) reported an RC drilling intersection of 29.67 g/t Au over 7 m on their adjoining Moule Property, just across the southern border from Guéguéré where SearchGold's recent geological prospection on the Domoule sector outlined quartz veins and ancient artisan workings with surface rock samples yielding up to 10 g/t Au.

#### **Current development:**

An exploration program consisting of stream sediment sampling, mapping and trenching commenced in the second quarter of 2012; further details are presented in the press release dated June 5, 2012.

In 2012 the property was renewed. Pursuant to the Burkina Faso Mining Code 50% of the property had to be relinquished. Results of the 2012 exploration program are being evaluated.

#### **MANDIANA PROPERTY, GUINEA**

In 2006, SearchGold signed an option agreement, amended in 2012, with Bouré Gold Fields SARL to acquire a 100% interest in the 475 km<sup>2</sup> Mandiana Gold Property located in Guinea, West Africa.

Historical work on Mandiana yielded some significant preliminary drill results by previous operators with intercepts of 3.68 g/t Au over 10 m on the Karfakolo Prospect, and 1.89 g/t Au over 20 m and 0.94 g/t Au over 47 m on the Intercolonial Prospect.

Following a phase # 1 termite mound geochemical sampling SearchGold executed a 54-hole, 4,300 m drilling program to proceed with a first pass evaluation of four distinct targets in early 2007. This campaign yielded very encouraging results, the highlight being the N'Diambaye prospect which hosts a north-south trending mineralized structure containing high grade intersections, the N'Diambaye North-South zone. A preliminary interpretation suggests that this mineralized structure, recognized so far over 400 m, have been intersected on all seven drilling sections. Highlights of the drilling program include:

- Section 1189450 - hole NDI-02 : 12.23 g/t Au over 22 m from 50 to 72 m
- Section 1189200 - hole NDI-39 : 9.63 g/t Au over 6 m from 33 to 39 m

Additional encouraging results were obtained from the Stockwork target. The results of hole STO-03, drilled on this new structure, are particularly significant as two mineralized zones were intersected with the principal one returning an interval of 4.29 g/t Au over 9 m from 39 to 48 m.

In order to better characterize the geology of the N'Diambaye target following the important drill discovery, a thorough surface exploration program was executed over the summer of 2007 in parallel with the finalization of a property wide termite mound survey with detailed follow-up.

#### **Surface work on N'Diambaye**

A 1/2000 detailed geological map was executed to cover the N'Diambaye North-South zone and its northern extension. Two principal lithologies were mapped: A volcaniclastic unit consisting in a quartz-crystal tuff and feldspathic fine tuffs and a sedimentary unit comprising detrital terrigenous rocks such as arkoses, sandstones, siltstones and phyllites.

Trenching work resulted in the identification of the northern extension of the N'Diambaye North-South zone in the volcanoclastic package. A 15 m wide silicified shear zone returned an anomalous value of 100 ppb Au approximately 850 m north of hole NDI-02. This shear zone is interpreted as the northern extension of the N'Diambaye North-South zone.

Two sub-parallel shear zones 5 m in width yielded intercepts of 190 ppb Au over 2 m and 1914 ppb Au over 1 m in the first case and 260 ppb Au over 2 m and 1860 ppb Au over 1 m in the second. Gold mineralization appears to be hosted by north-south trending, west dipping shear zones located in fold hinge zones in an environment of volcanoclastic rocks in contact with the birimian turbiditic sedimentary sequences.

### ***Property-wide termite mound surveys***

The regional geochemical termite mound sampling of the entire Mandiana property was completed and resulted in the identification of 10 new targets. Their detail follow-up lead to the discovery of the Fadaninda gold anomaly; a strong geochemical anomaly located in the southern part of the property. It shows an orientation of 330°, an approximate length of 500 m and a width of up to 75 m. This anomaly is defined at the +50 ppb Au level, shows an average grade of 190 ppb with a peak at 1960 ppb. It follows the direction of numerous ancient artisan gold pits. It is hosted in a geological context similar to N'Diambaye with the observed lithology being quartz crystal tuffs. Results of the check sampling of the area confirmed this anomaly as well as its extension northward.

### ***Ground geophysics***

In order to follow-up on this surface work and in preparation for the next phase, SearchGold contracted Terratec Geophysical Services to conduct a compilation of geophysical airborne data over the Mandiana area and, more specifically, to execute ground geophysics on N'Diambaye and Fadaninda. On these two targets Gradient Array was carried out while HIRIP profiles have also been executed in addition on N'Diambaye. A total of 45 km of profiles were executed and the results clearly define the depth extensions of the N'Diambaye and Fadaninda targets.

In spite of a turbulent political situation which culminated in the death of President Lansana Conté in December 2008, SearchGold has advanced the development of the Mandiana property, albeit at a slower pace than originally expected.

The Mandiana permits have been renewed a first time, in November 2008, since the signature of the original agreement with Bouré Gold Fields SARL. These permits were renewed in the name of SearchGold's local wholly-owned subsidiary, SearchGold Guinée SARL.

Subsequently, in 2009, SearchGold conducted a short follow-up surface campaign. The company has been approached by potentially interested third parties and preliminary negotiations have been held for an association to develop the project.

A ground follow-up campaign was executed in Q3 2010 to verify a few sites on the property.

The Ministerial Decree confirming the renewal of the Mandiana permits for a second two year period was obtained on November 5<sup>th</sup> 2010. The permits are now valid until November 5<sup>th</sup> 2012.

SearchGold filed an application with the Ministry of Mines to extend the permits for an additional year pursuant to the Mining Code. The Department of Mines decision is pending.

Several technical and strategic field visits were carried out in June 2011 to further develop the project.

**Current development:**

During the Q1 and Q2 of 2012 a compilation of all known exploration on the property was completed. In addition efforts to find a suitable joint venture partner were being made simultaneously with planning an exploration program in the event a partner was not identified. An exploration program of trenching and artisanal pit sampling was carried out during Q3.

SearchGold's exploration programs are executed under the supervision of Mr. Moussa Keita, Ph.D., P. Geo. and Vice-president Exploration of SearchGold. Moussa Keita is a « Qualified Person » as defined in National Instrument 43-101. Stanley Robinson, P. Geo., President and CEO of SearchGold Resources Inc. also act as Qualified Person for SearchGold.

**SEARCHGOLD INVESTMENT ASSETS****BAKOUDOU-MAGNIMA PROJECT, GABON**

In 2011, SearchGold announced the signature of a Purchase and Sale Agreement (the "Agreement") with Managem International A.G., Managem and Ressources Golden Gram Gabon for the sale of its remaining 27% interest in the Bakoudou-Magnima Gold Project.

Under the terms of the Agreement, SearchGold received a cash consideration of US\$800,000 and retains a 0.75% Net Smelter Return ("NSR") in Bakoudou-Magnima. The NSR will provide SearchGold with some cash directly from the first gold pour while also allowing the Company to benefit from any future expansion and discoveries. Managem has supported all the costs towards project development and given the initial mining project size, the CAPEX involved and the current share price for the Company, the financing of SearchGold's share of the project would have been too dilutive.

Managem, the operator of the Bakaoudou Mine, reported that during 2012 a total of 1, 235,715 tonnes of waste rock and 324,251 tonnes of gold bearing rock were mined.

By year end 2012, a total of 218,951 tonnes of rock grading 3.70 g/t gold had been processed by gravity concentration; 666 kg of gold was produced and 647 kg gold was exported during 2012. Gold recovery was 82.18%.

The Company received a total amount of US\$242,284 in NSR covering the months of April to December 2012.

**CONCORDIA RESOURCES CORP:**

In January 13, 2012 Swala Resources plc ("Swala") merged with Concordia Resources Corp., on the basis of each Swala share being exchanged for 1.9 Concordia shares. The merger creates a diversified mineral exploration company in Africa and the Americas.

"Concordia is a well-financed junior explorer seeking to identify large-scale mineral resources in Africa and South America. Concordia's 2012 focus is on generating a NI 43-101 standard resources on its Kerboulé gold project in Burkina Faso and its Providencia silver mine in northwestern Argentina". ([www.concordiaresourcecorp.com](http://www.concordiaresourcecorp.com) May 29, 2012)

Concordia also holds property in Zimbabwe, Gabon and the Democratic Republic of the Congo for PGM, Nickel and base metals.

## **Kerboulé Project**

The Kerboulé Project covers 400 square kilometres and includes the Araé and Gassel Manéré Licences. The Inata mine is situated 20 kilometres south of Kerboulé.

### **Arae-Gassel structure**

The Kerboulé Project, directly adjoins the southern boundary of Avocet Mining's Belahouro property, host of the 3.36 million ounce Inata gold deposit (Mineral Resources of 71,435,000 tonnes @ 1.46 g/t Au at 0.5 g/t Au cut off). Mineralization at Inata is hosted in a northeast trending shear zone which extends onto the Arae-Gassel property.

In late June 2009, Avocet acquired the Inata gold mine ("Inata") in northern Burkina Faso through acquisition of Wega Mining ASA ('Wega') on a share for share basis. Gold production commenced at Inata in December 2009 and reached its target rate of over 10,000 ounces per month ahead of forecast in May 2010.

"The deposit at Inata presently comprises a Mineral Resource of 3.46 million ounces and a Mineral Reserve of 1.85 million ounces. Inata poured its first gold in December 2009 and produced approximately 167,000 ounces of gold in 2011". ([www.avocet.co.uk](http://www.avocet.co.uk) May 29, 2012)

The gold mineralisation at Inata can be traced over a continuous 4 km strike length and occurs within silicified volcanoclastic rocks, porphyries and vein quartz that occur within a large shearzone. The 1,081,500 ounces of proven and probable reserves will be mined from three principal pit areas: Inata North, Central and South. Three smaller pits will be developed during the life of the project.

The 5 km Kerboulé-Yaléma Auriferous Structure ("KYAS") recognized on Arae-Gassel is characteristic of important subsidiary shears structures. It is here part of a typical larger scale auriferous system hosted in a classic volcano-sedimentary package. The compilation work and preliminary sampling has highlighted the high grade nature of veins hosted in the KYAS with surface rock samples which yielded grades of up to 95.33 g/t and previous RC drilling intersections of 24.48 g/t Au over 4 m from 42 m to 46 m in historical hole RCK99-86.

An initial surface mapping program executed in March 2009 targeted a 5 km by 2 km area of the KYAS and 32% of all samples collected, yielded significant values above 0.40 g/t Au and up to 37.79 g/t Au. These mineralized systems host quartz veins with apparent widths comprised between 0.25 m and 1.50 m as well as quartz veinlets bearing stockworks forming mineralized zones with apparent widths varying between 15.00 and 30.00 m.

The fall 2009 work program was aimed at developing the most promising early-stage targets in preparation for an AC / RC drilling campaign. Regolith mapping was executed and ground follow-up of high potential targets resulted in the collection of a total of 333 rock samples and 4 294 termite mound samples. Geophysical surveys of high-resolution ground magnetics over the top eighteen prioritized target areas for a total of 378 km were executed.

Following this preparatory work, a 4,400 m drilling program was initiated on December 19<sup>th</sup> 2009 and consisted in a joint RC / AC program with the underlying fundamental objective to investigate some of the most promising early-stage targets as well as to increase the level of definition in the Kerboulé South area.

On the Kerboulé South target, a total of 48 RC holes with individual depths of 50 m and totalling 2,400 m were drilled. Kerboulé South is situated on the northern extension of the Inata-Kerboulé shear zone which contains the main gold mineralization of Inata gold deposit. This area is directly adjoining Avocet Mining plc's licence hosting the Inata deposit. Significant intervals above 40 m in length include:

- G09003: 1.45 g/t Au over 50 m from 0 m to 50 m,
- G09004: 1.69 g/t Au over 50 m from 0 m to 50 m,
- G09011: 1.07 g/t Au over 46 m from 0 m to 46 m,
- G09016: 1.01 g/t Au over 50 m from 0 m to 50 m,
- G09037: 1.73 g/t Au over 46 m from 1 m to 47 m,
- G09038: 1.29 g/t Au over 44 m from 6 m to 50 m,
- G09039: 1.17 g/t Au over 50 m from 0 m to 50 m,
- G09040: 1.19 g/t Au over 47 m from 3 m to 50 m.

Drilling was performed at high angle to the mineralized structures but exact true widths are unknown and eight of the aforementioned drill holes ended in mineralization. The drilling program covered the Kerboulé South anomaly over a surface area of approximately 140 m by 140 m and holes were drilled on 20 m centres. This is the first drill program to be carried out since historical drilling work was executed by previous operators about 10 years ago; it was aimed at validating previous data as well as provide tighter information for proper geological modelling.

On the rest of the property, 7 targets (Kerboulé S NE, Yaléma, Yaléma E, MK, Gassel-Haïssa N, Galo-Diomour and Ariel) were investigated by 66 AC drill holes with individual depths of mostly 30 m and totalling 2,000 m. The drilling strategy was to execute sections of 2 to 6 overlapping holes to cover the targeted areas. The detailed results of the program are presented below.

Kerboulé S NE target / 6 holes totalling 180 m. Significant intervals include :

- G09041 : 3.92 g/t Au over 3 m from 4 to 7 m (including 11.51 g/t Au over 1 m)
- G09045 : 2.34 g/t Au over 1 m from 2 to 3 m

Yaléma / 16 holes totalling 500 m. Significant intervals include :

- A09012: 1.53 g/t Au over 6 m from 35 to 41 m
- A09014: 1.18 g/t Au over 1 m from 4 to 5 m
- A09021: 1.08 g/t Au over 2 m from 17 to 19 m
- A09022: 1.23 g/t Au over 1 m from 2 to 3 m

Yaléma E / 11 holes totalling 330 m. Significant intervals include :

- G09050 : 1.12 g/t Au over 1 m from 27 to 28 m
- G09051 : 1.00 g/t Au over 5 m from 20 to 25 m (including 2.97 g/t Au over 1 m)

Ariel / 11 holes totalling 330 m. Significant intervals include :

- G09028 : 0.93 g/t Au over 8 m from 19 to 27 m
- G09029 : 0.92 g/t Au over 3 m from 5 to 8 m and 1.37 g/t Au over 3 m from 19 to 22 m (including 3.57 g/t Au over 1 m)
- G09031 : 0.54 g/t Au over 25 m from 5 to 30 m (including 1.16 g/t Au over 4 m and 1.77 g/t Au over 1 m)

Galo-Diomour / 3 holes totalling 90 m. Significant intervals include:

- G09054 : 1.23 g/t Au over 1 m from 0 to 1 m, 1.07 g/t Au over 2 m from 28 to 30 m

Gassel-Haïssa N / 17 holes totalling 510 m. Significant intervals include:

- A09042 : 0.65 g/t Au over 13 m from 12 to 25 m (including 2.71 g/t Au over 1 m), 1.11 g/t Au over 1 m from 20 to 21 m and 1.99 g/t Au over 1 m from 24 to 25 m
- A09047 : 2.46 g/t Au over 3 m from 26 to 29 m (including 6.45 g/t Au over 1 m)



In January and February 2011, Xcalibur carried out a high-resolution airborne geophysical survey over the property. A provisional data set has been made available and numerous structures can be observed that will aid the identification of mineralised zones.

A geochemical sampling programme was executed to complete the areas not previously covered by previous operator Orezone Gold Corporation (“Orezone”). The Orezone work proved very effective in identifying mineralized areas. The property has been subdivided according to the regolith conditions, overburden thickness and prioritised so that the most critical data is available prior to the drilling programme. The “pit loam” geochemical sampling programme has been completed over most of the 400 km<sup>2</sup> Arae-Gassel property surface area, notably covering significant ground previously unsampled by past operators. The “auger” geochemical sampling programme has been rescheduled to take place in September this year after the rainy season.

A specialist structural geologist has completed the fieldwork and numerous trenches were excavated to facilitate structural measurements and geological mapping. These data are now being integrated with the geophysical interpretation and the final report on this work is expected at the end of June.

A RAB drilling programme of 15,000 metres is testing four new anomalous areas where limited previous work and artisanal digging indicate gold mineralization of significance. These anomalies indicate new and potentially important mineralization up to 10 km west of the principal primary target (“Kerboulé-Yaléma”) that was identified by previous operators and on which most of the work has been done to date.

On April 11, 2012 Concordia released gold results from RC drilling including 1.0 m @ 188 g/t Au within a 29 m @ 7.4 g/t Au. Additional reported intersections returned gold values of 9 m @ 3.7 g/t Au, 11 m @ 2.7 g/t and 20 m @ 2.4 g/t Au.

On July 16, 2012 Concordia released gold results from the remainder of Phase I drilling that includes 23 m @ 1.4 g/t Au and 18 m @ 1.3 g/t Au at Kerboulé North.

On September 12, 2012 reported that all results from the 2<sup>nd</sup> phase of drilling on the Kerboulé-Yaléma Project in northern Burkina Faso had been received. Completed in phase I and Phase II drilling were 10,367 m of Reverse Circulation (“RC”) and 3, 388 of Diamond Drilling (“DD”). Highlights include:

- Kerboulé South: 20 m @ 2.39 g/t Au; 29 m @ 7.43 g/t Au; 23 m @ 1.27 g/t Au and 40 m @ 1.94 g/t Au.
- Kerboulé North: 38 m @ 3.95 g/t Au; 29 m @ 4.00 g/t Au
- Yaléma: 4 m @ 15.79 g/t Au

Drilling in six areas confirmed and extended the gold zones. Also, geophysical targets were drilled and a new gold mineralized area termed Kerboulé Village South East was identified.

#### **Cerro Amarillo Property in Argentina:**

On May 14 2012 Concordia reported that field work confirmed copper-molybdenum-gold porphyry potential at the Cerro Amarillo Property in Argentina.

#### **Providencia Project, Argentina:**

On August 30, 2012 Concordia reported an NI43-101 compliant inferred resource estimate of 5.4 Million ounces of silver at the Providencia project, Argentina.

## **Ebende Project, Democratic Republic of Congo**

On December 18, 2012 Concordia reported that an exploration program comprised of diamond drilling, down hole geophysics, airborne magnetic survey and ground gravity survey had commenced on the Ebende nickel-copper and platinum-group elements project. Exploration is being funded and carried out by High Power Exploration Inc, a private company that is earning an 80% interest in the 5,300 km<sup>2</sup> project in south-central DRC. Exploration is focusing on a 130 km long by 8 km wide linear feature identified by airborne magnetics and coincident nickel-cobalt-copper-platinum-group elements

SearchGold holds 1.74 million shares of Concordia Resource Corp. Please see: [www.concordiaresourcecorp.com](http://www.concordiaresourcecorp.com) for additional information.

## **STELLAR DIAMONDS PLC**

Stellar Diamonds plc ("Stellar" - AIM:STEL) is a diamond mining and exploration company focused on the renowned, yet under-developed, diamond region of West Africa.

Stellar has continued to make excellent progress and our teams on the ground have met every key milestone in the establishment of our maiden resource statements, which were announced in March and April of 2012. At that time we declared JORC compliant inferred resources of 660,000 carats at the Tongo project and 2,474,000 carats at the Droujba project. We decided to increase these resource bases through further drilling and by the end of 2012 had increased the resources to over 1 million carats at Tongo and 3 million carats at Droujba, for a combined total of 4 million carats in resource for the Company.

The focus has now shifted towards completing conceptual economic scoping studies at both Tongo and Droujba which will essentially define project economics to within a 35% accuracy. This essentially is the onset of Pre-Feasibility studies but will give Stellar a low cost, preliminary analysis of many aspects such as mine and plant design, capital budget, operating costs and financial modelling. Depending on these results we will then advance the projects to the Pre-Feasibility stage where more accurate figures will be attained as the resources are moved to the indicated status.

### DROUJBA

Location: Guinea

The Droujba project comprises the 3ha Droujba pipe and the adjacent 5,000m long Katcha kimberlite dyke, where a combined resource of 3 million carats is currently established.

Resource drilling of the Droujba pipe was completed in the previous period where 8,867m were drilled. The deepest kimberlite intersection was 414m below surface and the pipe remains open at depth. Bulk sampling of the Droujba pipe continued with higher grades achieved (100cpht) than previously reported (71cpht), possibly due to better processing techniques. The bulk sampling has therefore yielded a total of 2,147 carats (+1mm) from 2,421 dry tonnes, for a grade of 89 cpht. However the resource grade has remained at 70 cpht due to the use of microdiamonds for grade determination at depth. The Company believes that since the surface grade is considerably higher there is potential for a higher grade to also be present at depth since there is continuity of geology. This will have to be tested by large diameter drilling should the project advance to the pre-feasibility stage and could result in a considerable increase in the contained resource should the higher surface grade be confirmed at depth.

The diamond product at Droujba is mainly of industrial quality. Two separate valuations were carried out on the phase-1 and phase-2 bulk sampling goods, with average modelled diamond prices of \$60/ct (March-12) and \$38/ct (October-12) respectively being achieved. This lower value is a function of both a weaker rough diamond market at the time of valuation and the paucity of larger gem stones in the overall parcel.

The on-going CESS will focus on the top 150m of the pipe that could potentially be mined as an open pit operation over a short time frame (5 years or so) in order to generate cash flow to the Company. These results should be available before the end of June 2013.

At Katcha the 5km long dyke was drilled over a short 470m section of the dyke closest to the Droujba kimberlite pipe, but only to a maximum depth of 150m. Bulk sampling generated a 477 carat parcel of diamonds for a +1mm grade of 161cpht. A resource of 446,000 carats was modeled at a grade of 140cpht for the section of drilled dyke, which only represents 10% of the whole potential resource. However, this would need to be confirmed through further drilling along the strike of the Katcha dyke. The Katcha dyke diamond value was modeled at an average of \$48/ct in the weak rough diamond market of October 2012.

## TONGO

Location: Sierra Leone

The Tongo project comprises a 9km<sup>2</sup> licence area that hosts four diamondiferous kimberlites, designated Dykes 1 to 4. Only Dyke-1 has been advanced to the resource stage at this point in time, though there is clearly potential to add to this from the nearby Dykes-2, 3, and 4. Dyke-2 has a modeled diamond grade of 140cpht, whereas Dyke-4 was bulk sampled in early 2012 and gave a grade of 110cpht and diamond value of \$100 per carat. Both these kimberlites require drilling to enable them to be included in a resource statement.

Drilling and bulk sampling at Dyke-1 over the past 12 to 18 months have delivered an inferred resource of 1,074,000 carats at a grade of 120 cpht and an average modelled diamond value of \$248 per carat. At this grade and value, the in-situ kimberlite rock value is calculated to be \$297 per tonne, which is considered to be a very high value for a kimberlite.

The Tongo resource has been established over a strike length of 1.9km of the dyke to a depth of 300m. Although the resource remains open at depth it was decided to conduct the CESS on the already established 1 million carat resource, with the scenario of mining this resource over ten years. Should the preliminary economics look encouraging then infill drilling will be undertaken to increase the geological confidence of the resource as part of the pre-feasibility study.

## KONO

Location: Sierra Leone

It was announced in late March 2012 that the Company had received a letter from the Ministry of Mineral Resources terminating the Kono licence. The Company strongly believes this to be an illegal revocation by the Ministry and has been in discussions at various levels of the Sierra Leone Government to have the licence properly reinstated.

These discussions are on-going. SearchGold holds 1.7 million shares of Stellar Diamonds plc. Please see: [www.stellar-diamonds.com](http://www.stellar-diamonds.com) for additional information.

## **GOLDEN SHARE MINING CORPORATION**

Golden Share Mining Corporation (TSXV:GSH) ("Golden Share") is a Canadian-based mining exploration company whose primary mission is to target, explore and develop gold deposits in Canada.

Golden Share was created through the reorganization of SearchGold's Canadian gold assets. The underlying objective behind the creation of Golden Share is to unlock the value of SearchGold's Canadian projects as well as to capitalize on management's experience and contacts in Canada by creating a new company focused on an area recognized for its mining potential. Golden Share is developing a promising portfolio of properties in the greenstone belts of eastern Canada, namely in the Val d'Or-Malartic, Red Lake and Shebandowan areas.

The Company is led by a technically focused management team relying on a strong network of high quality contacts and consultants, including SRK Consulting Canada in Toronto and InnovExplo in Val d'Or. Golden Share is further strengthened by an experienced board of directors and a proven advisory board including successful geologists Roy Corrans and Sethu Raman as well as seasoned financier Anthony Frizelle.

In 2012 Golden Share was active mostly in Ontario on three projects, Shebandowan, Berens River and Larose. Golden Share's 2012 Shebandowan summer program further extended new areas of potential mineralization with recently recognized multi-kilometer major alteration zones. Surface mapping, prospecting and channel sampling generated 157 surface rock samples with surface assays yielding results of up to 26.40 g/t Au. Test surveys for specific geochemical and geophysical work were also executed. In August 2012, Golden Share announced the staking of two distinct blocks thereby increasing the total surface area of the Shebandowan Project to 78.1 km<sup>2</sup>. In February 2013, the Company completed its last option payments and therefore now owns a 100 % interest in the Shebandowan Project. Further securing this important asset, Golden Share filed assessment work representing a total of \$2,350,000 in exploration expenditures with Ontario's Ministry of Northern Development and Mines in the fourth quarter of 2012.

In July 2012, Golden Share filed a NI 43-101 compliant technical report on the Berens River project, while in September 2012, a third meeting was held in Red Lake with the Sandy Lake First Nation during which Golden Share submitted a proposal for a Memorandum of Understanding. In March 2013, the Company received the Exploration Permits relating to Ontario's new Mining Act. Such permits have a period of validity of three years and notably allow the execution of standard core diamond drilling. Golden Share remains involved in ongoing discussions with the Sandy Lake First Nation to work in a collaborative way and continue to advise them of the Company's future exploration plans.

Golden Share's 2012 Larose summer program highlighted the presence of parallel structures to the main Larose shear zone and surface mapping and prospecting generated 407 surface rock samples with surface assays yielding results of up to 2.24 g/t Au. SRK Consulting (Canada) Inc. performed structural geology investigations of stripped outcrops and available drill core. During the course of the summer program, the Larose property was enlarged to 34.2 km<sup>2</sup> by the staking of two additional claims.

On the Quebec front, the Lac Fortune West property was sold to Vantex Resources Ltd for \$100,000 in cash and 1,000,000 common shares in Vantex's capital while Golden Share retained a 1% NSR in the property.

Throughout the year, Golden Share also maintained significant visibility in existing markets while developing new frontiers with road shows, one on ones and follow-ups in Vancouver, Toronto, Montreal, London, Brussels, Luxembourg, Paris and Geneva while new contacts have been developed in New York, Dubai and Doha. Notably, Golden Share announced in November 2012 that following an analyst visit in July 2012, VSA Capital Limited of London, UK, had initiated coverage for Golden Share.

SearchGold holds 2.1 million shares of Golden Share Mining Corporation. Please see: [www.goldenshare.ca](http://www.goldenshare.ca) for additional information.

## FINANCIAL INFORMATION

### CHANGE IN ACCOUNTING POLICY

During the year 2012, the Company retrospectively changed its accounting policy regarding exploration and evaluation expenditures in order to recognize these expenditures directly to net loss instead of capitalizing them as exploration and evaluation assets. Management believes that the new presentation provides a clearer picture of the expenses incurred by the Company as well as the nature of these expenses.

The retrospective application of this change decreased the value of exploration and evaluation assets by \$1,403,575 and \$2,314,465 at December 31, 2011 and January 1, 2011, respectively. Net loss for the year ended December 31, 2011 decreased by \$910,890, and deficit at January 1, 2011 increased by \$2,314,465 reflecting the cumulative impact on net loss of prior periods. Basic and diluted net loss per share decreased by \$0,05 for the year ended December 31, 2011.

### RESULTS:

Net loss for the year ended December 31, 2012 amounts to \$535,584 (\$0.02 per share) compared to \$570,659 (\$0.03 per share) for the year ended December 31, 2011.

The variation between the two periods is due to the following important variations:

#### Royalties

Following the disposal of its interest in the Bakoudou-Magnima gold project in 2011, the Company retained a 0.75% Net Smelter Return ("NSR"). Production started on the project in 2012 and the Company received a total amount of \$236,593 (US\$242,284) in royalties covering the months of April to December 2012.

#### Exploration and evaluation expenditures

For the year ended December 31, 2012, the Company incurred exploration expenditures totaling \$238,984 compared to \$178,578 for the same period in 2011. These expenditures were mainly made on the Mandiana project.

#### Administrative expenses

The table below details the amounts included in Administrative expenses:

	2012	2011
	\$	\$
Management fees	71,970	83,457
Professional services	321,844	460,712
Consultants	16,572	
Investors related fees	65,196	21,969
Regulatory fees	47,262	79,512
Other expenses	99,679	64,176
Expenses recovered	(42,047)	(117,130)
<b>Total</b>	<b>580,476</b>	<b>592,696</b>

### Professional services

The net decrease of \$138,868 is mainly due to fees incurred in 2011 for the disposal of the remaining 27% interest in the Bakoudou-Magnima gold project located in Gabon, Africa and for the consolidation of shares.

### Consultants

The increase of \$16,572 is related to the 250,000 options granted to consultants in 2012 compared to no grant for the same period in 2011.

### Investors related fees

The increase of \$43,227 is mainly due to the hiring of an investor relation firm in the third quarter of 2011.

### Regulatory fees

The decrease of \$32,250 is mainly due to the Company's consolidation shares finalized in 2011.

### Other expenses

The net increase of \$35,503 is mainly due to the rental of administrative offices in Toronto for \$24,000.

### Expenses recovered

Following the signature with SWALA Resources PLC (SWALA) of an agreement concerning the Arae-Gassel properties and given his experience and knowledge acquired since the initial properties acquisition, the fees of the Vice-president exploration were charged to SWALA to ensure a proper transition until the first quarter of 2012. Fees for \$42,047 were charged in 2012 compared to \$117,130 for the same period in 2011.

### Financial costs

During 2012, the Company has reversed an accrued interest of \$53,663 following the signature of an agreement for the settlement of a debt.

### Share of loss and gain on dilution from equity-accounted investments

SearchGold Resources Inc. had a 2.0% interest in the outstanding shares of Golden Share Mining Corporation. Given that the majority of the directors of both companies were the same, the Company recognized this interest as an investment in a company subject to significant influence. SearchGold Resources Inc. therefore presented the change in the earnings of Golden Share Mining Corporation according to its share and any dilution gain or loss on its interest when there were capital stock transactions.

On July 13, 2011, the Company announced a management change and accordingly, the Company ceased to exercise its significant influence in Golden Share Mining Corporation and recognized its investment as an available-for-sale financial asset in other long-term financial assets.

**Loss from disposal of shares in a private company**

In May 2011, the Company signed a Sale Agreement (the "Agreement") with Management International A.G. and Ressources Golden Gram Gabon SARL for the sale of its remaining 27% interest in the Bakoudou-Magnima gold project ("Bakoudou-Magnima") located in Gabon, Africa. Under the terms of the Agreement, the Company received a cash consideration of \$780,400 (US\$800,000) and retained a 0.75% Net Smelter Return ("NSR") in Bakoudou-Magnima. A gain on disposal of shares in a private company of \$780,399 was recognized in net earnings (loss).

**Gain on an equity-accounted investment reclassified as other long-term financial assets**

On July 13, 2011, the Company announced a management change and accordingly, the Company ceased to exercise its significant influence in Golden Share Mining Corporation and recognized its investment as an available-for-sale financial asset in other long-term financial assets. A gain on an equity-accounted investment reclassified as other long-term financial assets of \$41,334 was recognized in net earnings (loss).

**Impairment of other long-term financial assets**

In 2011, the Company recognized an investment impairment of \$661,685 in net loss as Impairment of other long-term financial assets; this impairment was necessary to take account of the fair value attributed to the shares of Concordia Resource Corp. following their acquisition of all Swala Resources Inc. shares on January 16, 2012.

**Loss on disposal of other long-term financial assets**

The Company has designated their investments in mining exploration companies as Available-for-sale financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity. When the asset is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss in Gain or loss on available-for-sale assets recycled in profit or loss if applicable and presented as a reclassification adjustment within other comprehensive income (loss).

During the year ended December 31, 2012, the Company recognized a change in fair value of investments of \$421,957 in other comprehensive income.

During the year ended December 31, 2011, the Company recognized a change in fair value of investments of \$382,211 in other comprehensive income of which an amount of \$49,404 was reallocate to profit or loss in relation with the 300,000 Stellar Diamond Limited's shares disposed.

**Gain on disposal of mining rights**

In 2011, the Company received a payment of \$48,936 (US\$50,000) in relation with the signature of a joint venture agreement with Swala Resources PLC ("SWALA") on its Guéguéré project.

## CASH FLOWS AND OUTLOOK:

As at December 31, 2012, the Company had a cash position of \$94,377, a guaranteed investment certificate of \$20,000 and a working capital deficiency of \$47,748.

Management is of the opinion that the current cash position will not be sufficient to support the Company's needs for cash during the coming year. The Corporation will have to obtain more cash through financings.

The Company retains a 0.75 % NSR in the near-term Bakoudou-Magnima Gold Project which may provide the Company with potential near term cash flow. The Company also retains equity investments in three quoted companies which can also provide cash flow. The fair value of these securities as at December 31, 2012 was \$574,460.

## OUTSTANDING SHARE DATA

As of December 31, 2012, the Company had 32,891,305 shares issued and outstanding with a paid in value of \$18,520,726. A number of 4,300,000 warrants and 300,000 stock options are outstanding.

The authorized share capital of the Company consists of an unlimited number of shares and of which 32,891,305 were outstanding as of the date hereof.

## RELATED PARTY TRANSACTIONS

The Company's related parties its joint key management and other related parties, as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

For the year ended December 31, 2012, the Company paid management fees of \$60,000 to its President and \$11,970 to a director and professional services of \$40,552 to its Vice-President Finance and \$12,000 to its Corporate secretary.

## CHOSEN ANNUAL INFORMATION (IN THOUSAND OF \$)

	December 31, 2012	December 31, 2011	December 31, 2010
Net earnings (net loss)	(536)	(571)	1,060
Basic net earnings (net loss) per share	(0.02)	(0.03)	0.05
Diluted net earnings (net loss) per share	(0.02)	(0.03)	0.05
Total assets	829	1,186	2,025
Long term debt	0	0	0
Dividend per share	N/A	N/A	N/A



## QUARTERLY RESULTS TREND (IN THOUSANDS OF DOLLARS)

	2012				2011			
	Dec	Sept	June	March	Dec	Sept	June	March
Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Net loss (net earnings)	\$148	\$209	\$177	\$160	\$863	\$150	(\$591)	\$149
Basic and diluted net loss (net earnings) per share	\$0.005	\$0.007	\$0.006	\$0.007	\$0.050	\$0.008	(\$0.030)	\$0.008

### ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

A detailed summary of the entire Company's significant accounting policies and the estimates derived there from is included in Note 5 to the Consolidated Financial Statements for the year ended December 31, 2012.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below:

Share-based payments:

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

### RISKS

All of the resource properties in which the Company has are at the exploration stage only and are without a known body of commercial ore or minerals. Substantial expenditures are required for our exploration programs and the development of reserves.

In the absence of cash flow from operations, the Company relies on capital markets to fund its exploration and evaluation activities. Capital market conditions and other unforeseeable events may impact the Company's ability to finance and develop its projects.

While discovery of reserves may result in substantial rewards, few exploration properties ultimately evolve into producing mines. Major expenditures are required to identify, confirm reserves and to construct mining and processing facilities. It is impossible to know whether the Company's current exploration programs will ultimately result in a profitable commercial mining operation.

A number of factors determine the economic viability of a property. They include the size of the deposit; the quantity, quality and average unit of the reserves; the proximity of the deposit to existing infrastructure; the estimated development and operating costs; the financing costs and the project cash flows; the prevailing prices and markets and the competitive nature of the industry. Also of key importance are governmental regulations, including those relating to taxes, royalties, land use, the environment, and interests and socio-economic impacts on affected communities.

In addition, although the Company has taken steps to verify that it holds good title to its mineral properties, there can be no guarantee that the Company's title may not be subject to unregistered prior agreements, encumbrances or adverse regulatory requirements. The consequences of these risks cannot be accurately predicted, but any combination of them may impair the development of a deposit or render it uneconomic.

The Company intends to continue the evaluation and exploration of its properties subject to the availability of financing on acceptable terms. The Company intends to finance these activities either through existing financial resources or through additional equity or quasi-equity financing. However, there can be no assurance that the Company will be able to raise such additional equity.

Additional information on the Company can be found on SEDAR ([www.sedar.com](http://www.sedar.com)).

#### **MANAGEMENT RESPONSIBILITY WITH REGARDS TO FINANCIAL INFORMATION**

Management is accountable for the Company's consolidated financial statements and any information included in this annual report.

The Consolidated Financial Statements were prepared compliant to the International Financial Reporting Standards ("IFRS"). These statements include certain amounts based on estimates and assumptions. Management established these amounts in a reasonable way to make sure that the financial statements reflect the situation accurately, with all important matters. The financial information presented anywhere else in the annual report complies with the financial statements.

*The management of SearchGold Resources Inc.*