SEARCHGOLD RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING

-and-

MANAGEMENT INFORMATION CIRCULAR

IN RESPECT OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF SEARCHGOLD RESOURCES INC. TO BE HELD ON JUNE 14, 2013

Dated as of May 21, 2013

Neither the TSX Venture Exchange Inc. nor the Canadian National Stock Exchange nor any securities regulatory authority has in any way passed upon the merits of this Management Information Circular.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that an annual and special meeting (the "**Meeting**") of the shareholders ("**SearchGold Shareholders**" or "**Shareholders**") of SearchGold Resources Inc. (the "**SearchGold**" or the "**Corporation"**) will be held at the offices of Heenan Blaikie LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2900, Toronto, Ontario M5H 2T4, on June 14, 2013 at 9:30 a.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of SearchGold for the financial year ended December 31, 2012, together with the auditor's report thereon;

2. to consider and, if deemed advisable, to pass, with or without variation, an Ordinary Resolution approving the acquisition by the Corporation of all the issued and outstanding shares of Ubika Corp. in consideration for the Corporation issuing from treasury 35,000,000 common shares (each a "**SearchGold Share**" and together, the "**SearchGold Shares**") which will result in a change of business (the "**Change of Business Resolution**") of the Corporation (the "**Resulting Issuer**") , the whole as more fully described in the accompanying Management Information Circular;

3. conditional upon approval of the Change of Business Resolution, to consider and, if deemed advisable, to pass, with or without variation, a Special Resolution authorizing the Corporation to change its name to "Gravitas Financial Inc.", or such other name as the board of directors of the Corporation may determine (the "**Name Change Resolution**"), the whole as more fully described in the accompanying Management Information Circular;

4. conditional upon approval of the Change of Business Resolution, to consider and, if deemed advisable, to pass, with or without variation, a resolution of a "Majority of the Minority of Resolution" of shareholders of the Corporation, to approve the voluntary de-listing of the SearchGold Shares from the TSX Venture Exchange (the "**TSXV**") and to list the shares of the Resulting Issuer on the Canadian National Stock Exchange (the "**CNSX**") (the "**De-Listing Resolution**"), the whole as more fully described in the accompanying Management Information Circular;

5. conditional upon approval of the Change of Business Resolution, to appoint Collins Barrow Toronto LLP, Chartered Accountants as new auditors of the Corporation and should the Change of Business Resolution not be approved, to reappoint Raymond Chabot Grant Thornton LLP, Chartered Accountants, the whole as more fully described in the accompanying Management Information Circular;

6. conditional upon approval of the Change of Business Resolution, to elect the Resulting Issuer Slate, as such term is defined and explained in the accompanying Management Information Circular, and in the event the Change of Business Resolution is not approved, to elect the Existing Directors Slate, as such term is defined and explained in the accompanying Management Information Circular;

7. to consider and, if deemed advisable, to pass, with or without variation, an Ordinary Resolution to re-approve the SearchGold Option Plan for the ensuing year (the "**Stock Option Plan Renewal Resolution**"), the whole as more fully described in the accompanying Management Information Circular; and

8. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

An “**Ordinary Resolution**” is a resolution which must be approved by at least 50% plus one vote (“**a majority**”) of all votes cast by the SearchGold Shareholders present at the Meeting in person or by proxy in order to become effective.

A “**Special Resolution**” is a resolution which must be approved by not less than two-thirds (⅔) of all votes cast by the SearchGold Shareholders present at the Meeting in person or by proxy in order to become effective.

A “**Majority of the Minority Resolution**” is a resolution which must be approved by the majority of all votes cast by the SearchGold Shareholders present at the Meeting in person or by proxy in order to become effective, other than promoters, directors, officers or other insiders of the Corporation and their associates and affiliates.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Management Information Circular of the Corporation dated May 21, 2013.

The record date for the determination of SearchGold Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is May 13, 2013 (the “**Record Date**”). SearchGold Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

A SearchGold Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof. To be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with Computershare Trust Company of Canada (Attention: Proxy Department), 100 University Ave., 9th Floor, Toronto, ON M5J 2Y1, Fax: 1 (888) 453-0330, not later than 5:00pm on June 12, 2013, subject to adjournments or postponements of the date or time set for the Meeting. The Chairman of the Meeting has the discretion to accept late proxies.

If you are a beneficial shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

DATED this 21st day of May, 2013.

BY ORDER OF THE BOARD OF DIRECTORS OF
SEARCHGOLD RESOURCES INC.

“*Stanley Robinson*”

Stanley Robinson
President and Chief Executive Officer

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GLOSSARY

"**Affiliate**" means a Company that is affiliated with another Company as described below. A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person. A Company is "controlled" by a Person if:

(i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company. A Person beneficially owns securities that are beneficially owned by:

(1) a Company controlled by that Person, or

(2) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

"**Agent**" or "**PSSI**" means Portfolio Strategies Securities Inc.

"**Agency Agreement**" means the agency agreement between Ubika and the Agent in respect of the Financing.

"**Arm's Length Transaction**" means a transaction which is not a Non-Arm's Length Transaction.

"**Associate**" when used to indicate a relationship with a person or company, for the purposes of TSXV policies means

(c) an issuer of which the person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(d) any partner of the person or Company,

(e) any trust or estate in which the person or Company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,

(f) in the case of a person, a relative of that person, including

(i) that person's spouse or child, or

(ii) any relative of the person or of his spouse who has the same residence as that person;

but

(g) where the TSXV determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm (as defined by the TSXV's policies), Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"**Available Funds**" means the estimated minimum working capital available to the Resulting Issuer, its subsidiaries and proposed subsidiaries as of the most recent month end, and the amounts and sources of other funds that will be available to the Resulting Issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of the Transaction.

"**Bakoudou Project**" means the Bakoudou-Magnima Gold Project located in Gabon, Central Africa.

"**Broker Warrants**" means the warrants of Ubika to be paid to the Agent in connection with the Share Offering, to be converted into Resulting Issuer Warrants after Completion of the Transaction.

"**CBCA**" means the *Canada Business Corporations Act*, including the regulations promulgated thereunder, as may be amended from time to time.

"**Change of Business**" shall have the meaning ascribed to such term in Section 5.2 of the TSX Venture Exchange Corporate Finance Manual.

"**Change of Business Resolution**" shall have the meaning ascribed thereto in the Notice of Meeting.

"**Closing**" means the completion of the Transaction.

"**Closing Notice**" means the delivery to the Subscription Receipt Agent of a notice signed and delivered by Ubika and acknowledged by the Agent: (i) confirming that the Escrow Release Conditions have been satisfied; and (ii) instructing the Subscription Receipt Agent to issue the Ubika Debentures issuable upon exchange of the Subscription Receipts.

"**CNSX**" or "**Exchange**" means the Canadian National Stock Exchange.

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Completion of the Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange.

"**Control Person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**De-Listing Resolution**" shall have the meaning ascribed thereto in the Notice of Meeting.

"**Escrow Agent**" means Computershare Trust Company of Canada, as may be substited or replaced from time to time.

"**Escrowed Funds**" means the gross proceeds of the Subscription Receipt Offering to be deposited in escrow with the Escrow Agent at the Subscription Receipt Offering Closing Time.

"**Escrow Release Conditions**" means, in respect of the Subscription Receipt Offering:

(i) the completion, satisfaction or waiver of all conditions precedent to the Subscription Receipt Financing to the satisfaction of the Agent;

(ii) the receipt of all required shareholder and regulatory approvals (including, without limitation, the conditional approval of the CNSX for the listing of the Resulting Issuer Debentures upon conversion of the Subscription Receipts);

(iii) the receipt of any third party consents necessary to consummate the Subscription Receipt Financing;

(iv) there shall have been no material adverse change in the financial condition, business or operations of SearchGold, Ubika or any of their Subsidiaries or affiliates, taken as a whole;

(v) neither the Ubika nor SearchGold is in breach or material default of any of its covenants or obligations under this Agreement or the Subscription Agreements that are to be entered into in connection with the Subscription Receipt Financing, except those breaches or defaults that have been waived by the Agent; and

(vi) the Ubika and the Agent, acting reasonably, have delivered the Escrow Release Notice to the Subscription Receipt Agent confirming that all conditions set out in (i) through (v) have been satisfied or waived on terms satisfactory to the Corporation and the Agent.

"**Escrow Release Date**" means, in respect of the Subscription Receipt Offering, the date on which the Escrow Agent is in receipt of a notice from Ubika directing the Escrow Agent to release the Escrowed Funds to Ubika.

"**Exchange Ratio**" means the Exchange of post-Share Split Ubika Shares for Resulting Issuer Shares, as applicable, at an Exchange basis of 14.0939616 Resulting Issuer Shares for every post-Share Split Ubika Share, as applicable.

"**Final Exchange Bulletin**" means the CNSX Bulletin which shall be issued following the closing of the Transaction and the submission of all required documentation, which evidences the final Exchange acceptance of the Transaction.

"**Financing**" means collectively, the Subscription Receipt Offering and the Share Offering.

"**Financing Closing**" means the time at which all Escrow Release Conditions have been met and the funds from the Subscription Receipt Offering have been released to Ubika.

"**GAAP**" means generally accepted accounting principles in Canada.

"Guéguéré Property" means the Guéguéré Gold Property located in southwestern Burkina Faso, West Africa.

"**IFRS**" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board.

"**Insider**" if used in relation to SearchGold, means:

(h) director or senior officer of SearchGold;

(i) a director or senior officer of the Company that is an Insider or subsidiary of SearchGold;

(j) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of SearchGold; or

(k) SearchGold itself if it holds any of its own securities.

"**Majority of the Minority Resolution**" has the meaning ascribed thereto in the Notice of Meeting.

"**Mandiana Property**" means the Mandiana Gold Property located in Guinea, West Africa.

"**Maximum Subscription Receipt Offering**" means the offering of Ubika Subscription Receipts pursuant to the Agency Agreement for maximum gross proceeds of up to $35,000,000.

"**Maximum Financing**" means the offering of Ubika Shares and Ubika Subscription Receipts pursuant to the Agency Agreement for maximum aggregate gross proceeds of up to $37,000,000.

“**Maximum Share Offering**” means the offering of Ubika Shares for maximum gross proceeds of $2,000,000.

“**Minimum Subscription Receipt Offering**” means the offering of Ubika Subscription Receipts pursuant to the Agency Agreement for minimum aggregate gross proceeds of $10,000,000.

“**Minimum Financing**” means the offering of Ubika Shares and of Ubika Subscription Receipts for minimum gross proceeds of $10,500,000.

“**Minimum Share Offering**” means the offering of Ubika Shares for minimum gross proceeds of $500,000.

“**Modyo**” means Modyo BV.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“**Non-Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“**Ordinary Resolution**” has the meaning ascribed thereto in the Notice of Meeting.

“**Person**” means a Company or individual.

“**Principal**” means:

(l) a Person who acted as a Promoter of the Resulting Issuer within two years before the Final Exchange Bulletin;

(m) a director or senior officer of the Resulting Issuer or any of its material operating subsidiaries at the time of the Final Exchange Bulletin;

(n) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the Resulting Issuer’s outstanding securities immediately after the Final Exchange Bulletin; and

(o) a 10% holder – a Person that:

(i) holds securities carrying more than 10% of the voting rights attached to the Resulting Issuer’s outstanding securities immediately after the Final Exchange Bulletin; and

(ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Resulting Issuer or any of its material operating subsidiaries.

“**Promoter**” has the meaning ascribed thereto in the *Securities Act* (Ontario).

“**Resulting Issuer**” means SearchGold following the issuance of the Final Exchange Bulletin.

“**Resulting Issuer Debentures**” means the debentures of the Resulting Issuer being issued, at the Completion of the Transaction, in exchange for the Ubika Debentures issued pursuant to the Subscription Receipt Offering.

“**Resulting Issuer Shares**” means the Class “A” common shares of the Resulting Issuer.

“**Resulting Issuer Broker Warrants**” means the broker warrants of the Resulting Issuer that are issued in exchange for the Broker Warrants.

“**Resulting Issuer Warrants**” means the common share purchase warrants of Resulting Issuer, exercisable to acquire Resulting Issuer Shares.

“**SearchGold**”, “**Corporation**” or “**Issuer**” means SearchGold Resources Inc., a corporation incorporated pursuant to the CBCA.

“**SearchGold Board**” means the current board of directors of SearchGold, as constituted from time to time.

“**SearchGold Guinée SARL**” means the wholly-owned subsidiary of SearchGold.

“**SearchGold Option Plan**” means the stock option plan as adopted by SearchGold.

“**SearchGold Options**” means stock options to acquire SearchGold Shares pursuant to the SearchGold Option Plan.

“**SearchGold Shareholders**” means the holders from time to time of SearchGold Shares.

“**SearchGold Shares**” means common shares in the capital of SearchGold, as constituted on the date hereof.

“**SearchGold Warrants**” means the common share purchase warrants of SearchGold exercisable to acquire SearchGold Shares, to become Resulting Issuer Warrants after the closing;

“**Securities Exchange Agreement**” means the securities exchange agreement to be entered into between SearchGold, Ubika and the Ubika Major Shareholders and any amendments made thereto.

“**Share Offering**” means the private placement of Ubika Shares at a price of $0.7047 per Ubika Share for minimum aggregate gross proceeds of $500,000 and maximum gross proceeds of $2,000,000.

“**Share Offering Closing Date**” means the date of the closing of the Share Offering to be determined between the Agent and Ubika, prior to the closing of the Transaction.

“**Share Split**” means the split of Ubika Shares on the basis of 1552.08 Ubika Shares for each currently issued Ubika Share to be completed before the Closing.

“**SmallCapPower**” means SmallCapPower, a subsidiary of Ubika.

“**Special Resolution**” has the meaning ascribed thereto in the Notice of Meeting.

“**Subscription Receipt Agent**” means Computershare Trust Company of Canada, as may be substituted or replaced from time to time.

“**Subscription Receipt Offering Closing Date**” means Friday May 10, 2013 and the date of the closing of a second tranche to occur at a later date to be determined among the parties.

“**Subscription Receipt Indenture**” means the indenture entered into between the Agent, the Subscription Receipt Agent and Ubika with respect to the Subscription Receipt Offering.

“**Subscription Receipt Offering**” means the private placement of Subscription Receipts by Ubika for minimum gross proceeds of $10,000,000 and maximum gross proceeds of $35,000,000. The Subscription Receipts will automatically convert into Ubika Debentures upon satisfaction of the Escrow Release Conditions.

“**Transaction**” means the proposed transaction pursuant to which SearchGold will acquire all of the issued and outstanding securities of Ubika and Ubika will become a wholly-owned subsidiary of SearchGold, on the terms and conditions set forth in the Securities Exchange Agreement.

“**Transaction Closing Date**” means the date of completion of the Transaction.

“**Ubika**” or “**Target Company**” means Ubika Corp. and SmallCapPower, collectively the company to be acquired by SearchGold.

“**Ubika Board**” means the duly constituted board of directors of Ubika.

“**Ubika Debentures**” means the debentures of Ubika underlying the Ubika Subscription Receipts.

“**Ubika Major Shareholders**” means each of Viswanathan Karamadam, Vikas Ranjan, 2368798 Ontario Inc. and 2368799 Ontario Inc.

“**Ubika Research**” means a division of Ubika through which Ubika carries on business.

“**Ubika Shareholders**” means the holders of the Ubika Shares.

“**Ubika Shares**” means the common shares of Ubika.

“**Ubika Subscription Receipts**” means the subscription receipts of Ubika issued pursuant to the Subscription Receipt Offering and in accordance with the Subscription Receipt Indenture.

“**TSXV**” means the TSX Venture Exchange.

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

FORWARD-LOOKING STATEMENTS

Certain statements in this Management Information Circular and the schedules attached hereto are forward-looking statements which may include, but are not limited to, statements with respect to the future financial or operating performance of SearchGold and its projects, the market conditions, business strategy, corporate plans, objectives and goals, the estimates of the timing, cost, nature and results of corporate plans, the strategy for the development of Ubika Research and SmallCapPower, the completion, timing and expected effects of the Transaction and the benefits anticipated to be received by SearchGold, Ubika and/or the Resulting Issuer from such transactions, and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of SearchGold or the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled "Risk Factors" in this Management Information Circular. Although SearchGold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Management Information Circular and, other than as required by law, SearchGold disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Currency

In this Circular, except where otherwise indicated, all dollar amounts are expressed in Canadian dollars, and all references to "$" and "dollars" are to Canadian dollars.

SUMMARY OF MANAGEMENT INFORMATION CIRCULAR

The following is a summary of information relating to SearchGold, Ubika and, assuming completion of the Transaction set out hereunder, the Resulting Issuer, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Management Information Circular. Capitalized terms used in this summary, and not defined in this summary, will have the meaning provided in the Glossary or elsewhere in this Management Information Circular. No person is authorized to give any information or to make any representation not contained in this Management Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Management Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. **Neither the delivery of this Management Information Circular nor any distribution of the securities referred to in this Management Information Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Management Information Circular.**

Any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, information circulars, annual information forms and business acquisition reports filed by SearchGold with the securities commissions or similar authorities in the provinces of British Columbia, Alberta, and Quebec subsequent to the date of this Management Information Circular and prior to Closing, shall be deemed to be incorporated by reference in this Management Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Management Information Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Management Information Circular.

Information Contained in this Management Information Circular

The information contained in this Management Information Circular is given as at May 21, 2013, except where otherwise noted. The information contained in this Management Information Circular concerning Ubika is based solely upon information provided to us by Ubika or upon publicly available information. With respect to this information, the SearchGold Board has relied exclusively upon Ubika, and no independent verification has been undertaken by the SearchGold Board. **As stated earlier in this Management Information Circular, the Corporation assumes no responsibility for the accuracy or completeness of such information, nor for the failure by Ubika to disclose facts or events which may have occurred or which may affect the completeness or accuracy of such information but which are unknown to the Corporation.**

No person is authorized to give any information or make any representation not contained in this Management Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by SearchGold. This Management Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. The delivery of this Management Information Circular will not, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Management Information Circular.

Date and Purpose of the Meeting

An annual general and special meeting (the "**Meeting**") of shareholders of SearchGold (the "**Shareholders**") will take place on **June 14, 2013**, at the offices of Heenan Blaikie LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2900, Toronto, Ontario M5H 2T4 at 9:30am (Toronto time), for the purposes outlined below. The Record Date of the Meeting is **May 13, 2013.**

The purpose of the Meeting is for SearchGold Shareholders to receive the audited consolidated financial statements of SearchGold for the financial year ended December 31, 2012, together with the auditor's report thereon and to consider and if thought appropriate, to pass, with or without variation (or to vote for or withhold from voting, as the case may be): (i) an Ordinary Resolution to approve the Change of Business Resolution (ii) a Special Resolution to approve the Name Change Resolution; (iii) a Majority of the Minority Resolution to approve the De-Listing Resolution; (iv) the appointment of the auditors; (v) the election of directors; and (vi) an Ordinary Resolution to approve the Stock Option Renewal Plan Resolution.

Summary of the Transaction

As announced in a press release dated March 5, 2013, SearchGold and Ubika entered into a letter of intent dated March 5, 2013 (the "**Letter of Intent**") to complete the Transaction.

SearchGold, Ubika and the Major Shareholders intend to enter into the Securities Exchange Agreement, the whole of which will be posted on SEDAR and the material terms of which are described herein. Pursuant to the Securities Exchange Agreement, which will supersede the Letter of Intent, SearchGold will acquire all of the issued and outstanding Ubika Shares in exchange for the issuance of Resulting Issuer Shares, as applicable, in accordance with the Exchange Ratio. Upon completion of the Transaction, Ubika will become a wholly-owned subsidiary of SearchGold and the Transaction will result in a Change of Business of SearchGold, as the Resulting Issuer will carry on the business theretofore carried on by Ubika.

The completion of the Transaction contemplated by the Securities Exchange Agreement is subject to certain conditions, including (i) obtaining shareholder approval; and all necessary corporate and regulatory approvals, including Exchange approval of the Transaction, including but not limited to the fulfillment of the Escrow Release Conditions; (ii) the closing of the Subscription Receipt Offering; (iii) obtaining the approval of the Exchange in connection with the listing of the Resulting Issuer Debentures; and (iv) other customary conditions.

On May 10, 2013, Ubika closed a $30,000,000 Subscription Receipt Financing.

See "*Part I – The Transaction*".

The Financing

The Subscription Receipt Offering

In connection with the Subscription Receipt Offering, on May 10, 2013, Ubika issued 30,000 Ubika Subscription Receipts for gross proceeds of $30,000,000 at an issuance price of $1,000 per Ubika Subscription Receipt. Each Ubika Subscription Receipt shall automatically convert, without payment of any additional consideration and without further action on the part of a subscriber to the Subscription Receipt Offering, into one Ubika Debenture upon the satisfaction of the Escrow Release Conditions and until such time, no Ubika Subscription Receipts may be exercised by the holders thereof. Each Ubika Debenture will be exchangeable, upon completion of the Transaction, into one Resulting Issuer Debenture. The Financing shall be completed on a "best efforts" agency basis pursuant to the terms and conditions of the Agency Agreement.

The Resulting Issuer Debentures shall pay interest at a rate as is equal to the greater of: (i) three percent (3.0%) percent per annum; or (ii) an amount as is equal to eighty percent (80%) of the earnings before interest expenses and tax (EBIT) of the Resulting Issuer on a consolidated basis (*pro rata* to the holders of the Resulting Issuer Debentures), subject to an aggregate maximum amount of eight percent (8%) per annum, as more particularly set out in the Resulting Issuer Trust Indenture. The base three percent (3.0%) percent interest payment shall be payable quarterly, in arrears on the last day of each of March, June, September and December, commencing June 30, 2013 (or September 30, 2013 if the Transaction is not completed by June 30, 2013), with the annual adjustment made based on the aforementioned net earnings calculation completed annually and paid out on April 30 of each year. The term of the Resulting Issuer Debentures shall be ten (10) years (the "**Term**"), renewable by the Resulting Issuer (provided that all payments owing under the Resulting Issuer Debentures are in good standing) for an additional ten (10) year period upon the payment of a renewal fee equal to one percent (1%) of the principal amount of the Resulting Issuer Debentures outstanding at the date of renewal. Upon any such renewal, the rate of interest on the Resulting Issuer Debentures shall be adjusted such that the minimum interest rate shall be equal to Government of Canada 10-year bond rate effective as of the expiration of the Term, with the maximum interest rate being equal to the foregoing Government of Canada 10-year bond rate, plus five percent (5%) (with such additional five percent (5%) being based upon the aforementioned allocation of eighty percent (80%) of the earnings before interest expense and tax (EBIT) of the Resulting Issuer *pro rata* to the holders of the Resulting Issuer Debentures). The Resulting Issuer Debentures shall be secured as a first charge on all of the present and future assets (movable and immovable) of the Corporation and the Resulting Issuer situated within Canada, provided that the Corporation shall be permitted to: (i) issue *parri passu* debt provided that such indebtedness is incurred solely for the purpose of the acquisition of real property; and (ii) mortgage, pledge, charge, hypothecate, grant a security interest in or otherwise encumber such real property assets to secure such additional indebtedness.

In connection with the Subscription Receipt Offering, upon the closing of the Transaction, the Agent shall receive a cash commission equal to 2% of the gross proceeds from the Subscription Receipt Offering. Additionally, in connection with the Subscription Receipt Offering, the Agent shall receive a cash fee of $10,000. Upon closing of the Transaction, it is intended that the Resulting Issuer Debentures will be listed on the CNSX upon satisfaction by

SearchGold of the CNSX listing requirements for the Resulting Issuer Debentures. The CNSX provided conditional approval for the Transaction on May 2, 2013.

See "*Part I – The Transaction – The Financing- Subscription Receipt Offering*".

The Share Offering

Prior to the closing of the Transaction, it is anticipated that Ubika shall complete a Share Offering of 709,523 Ubika Shares for minimum proceeds of $500,000 and up to 2,838,094 Ubika Shares for maximum proceeds of $2,000,000 at an issuance price of $0.7047 per Ubika Share. It should be noted that the closing of the Share Offering is not a condition of closing for the Transaction. The Share Offering shall be completed on a "best efforts" agency basis pursuant to the terms and conditions of the Agency Agreement.

In connection with the Share Offering, the Agent will receive on the closing of the Share Offering (i) a cash commission equal to 8% of the gross proceeds raised under the Share Offering and (ii) the aggregate number of Broker Warrants as is equal to 8% of the total number of Ubika Shares issued in connection with the Share Offering. Upon completion of the Transaction, each Broker Warrant shall entitle the Agent to acquire one Ubika Share at an exercise price of $0.7047 per Ubika Share for a period of 12 months following the completion of the Transaction.

See "*Part I – The Transaction – The Financing- Share Offering*".

Effect of the Transaction

Following completion of the Transaction and assuming the completion of the Financing and approval of the Change of Business Resolution, it is expected that:

(a) SearchGold will have acquired all of the issued and outstanding Ubika Shares pursuant to the terms of the Securities Exchange Agreement on the basis of the Exchange Ratio, being 14.0939616 Resulting Issuer Shares for every Ubika Share;

(b) one Resulting Issuer Debenture shall be issued in exchange for each Ubika Debenture issued pursuant to the Subscription Receipt Financing;

(c) Ubika will become a wholly-owned subsidiary of SearchGold;

(d) the Resulting Issuer will carry on the business theretofore carried on by Ubika;

(e) there will be an aggregate of 77,891,305 Resulting Issuer Shares issued and outstanding (assuming a Minimum Share Offering) and 107,891,305 Resulting Issuer Shares issued and outstanding (assuming a Maximum Share Offering);

(f) the following convertible securities will be issued and outstanding: (i) an aggregate of 800,000 Broker Warrants (assuming a Minimum Share Offering) and 3,200,000 Broker Warrants (assuming a Maximum Share Offering); (ii) 300,000 SearchGold Options, each exercisable to acquire one Resulting Issuer Share at a weighted average price of $0.24 per Resulting Issuer Share and (iii) 4,300,000 Resulting Issuer Warrants, each exercisable to acquire one Resulting Issuer Share at $0.10 per Resulting Issuer Share;

(g) Ubika Shareholders will hold an aggregate of 36,200,000 Resulting Issuer Shares (excluding any Resulting Issuer Shares issued pursuant to the Share Offering) representing approximately 46.4% of the outstanding Resulting Issuer Shares (on a non-diluted basis assuming a Minimum Share Offering) and 33.5% of the outstanding Resulting Issuer Shares (on a non-diluted basis assuming a Maximum Share Offering). Each Ubika Shareholder will receive Resulting Issuer Shares in accordance with the Exchange Ratio;

(h) existing SearchGold Shareholders (excluding Ubika Shareholders that hold SearchGold Shares and Ubika and 2271906 Ontario Inc., a company owned by Vishy Karamadam and Vikas Ranjan) will hold an aggregate of 31,691,305 Resulting Issuer Shares (excluding any Resulting Issuer Shares issued pursuant to the Share Offering) representing approximately 40.68% of the outstanding Resulting Issuer Shares (on a non-diluted basis and assuming a Minimum Share Offering) and 29.37% of the outstanding Resulting Issuer Shares (on a non-diluted basis and assuming the Maximum Share Offering); and

(i) the board of directors of the Resulting Issuer shall be comprised of: Ernie Eves, David Carbonaro, Viswanathan ("Vishy") Karamadam, Vikas Ranjan, and Robert Carbonaro. In addition, it is expected that Vikas Ranjan will serve as the interim Chief Executive Officer of the Resulting Issuer until another Chief Executive Officer is appointed. The Resulting Issuer is in the process of recruiting a senior management professional to assume the role of the Chief Executive Officer if the Resulting Issuer. The appointment is expected to take place after the closing Transaction. Isabelle Gauthier will serve as the Chief Financial Officer and David Carbonaro will serve as the Corporate Secretary of the Resulting Issuer.

See "*Part I – The Transaction – Effect of the Transaction*".

About SearchGold

SearchGold is a public company organized under the federal laws of Canada. The registered and corporate head office of SearchGold is located at 700-36 Lombard Street, Toronto, Ontario, M5C 2X3. The records office is Heenan Blaikie LLP, Suite 2900, Bay Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2T4. The Issuer is a reporting issuer in British Columbia, Alberta and Quebec.

At present, SearchGold has mineral interests in the Mandiana Property, the Guéguéré Property and the Bakoudou Project. SearchGold also has investments in Concordia Resource Corp., Stellar Diamonds Limited and Golden Share Mining Corporation. SearchGold has completed various financings in order to fund its work program on the projects in which its holds interests.

See "*Part II – Information Concerning SearchGold – General Development of the Business*".

About Ubika

Ubika is a private capital market services company that was incorporated on March 3, 2004 under the federal laws of Canada. It's registered and records office, as well as its head office, is located 700 – 36 Lombard Street, Toronto, Ontario, M5C 2X3.

Ubika provides capital markets services to private and public company clients, predominately in the mining sector. It also provides, through SmallCapPower, information to corporate and individual investors through its portal, www.smallcappower.com.

See "*Part III – Information Concerning Ubika – Corporate Structure*", and "*Part III – Information Concerning Ubika – General Development of the Business*".

Interests of Insiders, Promoters or Control Persons

The following is a summary of the interests of any Insider (including any person who has been a director or executive officer of SearchGold at any time since January 1, 2012), each proposed nominee for election as a director of SearchGold, Promoter or Control Person of SearchGold and their respective Associates and Affiliates (before and after giving effect to the Transaction and the Share Offering), including any consideration that such individual may receive if the Transaction proceeds or with respect to any matter to be acted upon at the Meeting (other than the election of directors or the appointment of auditors).

Insiders, Promoter, Control Person	Position	Number of SearchGold and/or Ubika Shares as at the Date of the Information Circular[(1)]	Resulting Issuer Shares upon Completion of the Transaction and the Minimum Share Offering[2]	Resulting Issuer Shares upon Completion of the Transaction and the Maximum Share Offering [(2)]
Stanley Robinson *Toronto, Ontario*	President, CEO and Director of SearchGold	400,000 SearchGold Shares (1.21%)	400,000 (0.51%)	400,000 (0.37%)
Ernie Eves *Toronto, Ontario*	Proposed Chairman and Director of Resulting Issuer	-	-	-
David Carbonaro *Toronto, Ontario*	Corporate Secretary and Director of SearchGold/ Proposed Corporate Secretary and Director of Resulting Issuer	440,000 SearchGold Shares (1.33%)	440,000 (0.56%)	440,000 (0.40%)
Isabelle Gauthier *Montreal, Quebec*	Chief Financial Officer of SearchGold/ Proposed CFO of Resulting Issuer	9,958 (0.03%)	9,958 (0.01%)	9,958 (0.009%)
Vishy Karamadam *Mississauga, Ontario*	Director of Ubika; proposed Director of Resulting Issuer	800 Ubika Shares[(5)]	18,100,000 (23.23%)[(3)]	18,100,000 (16.77%)
Vikas Ranjan *Mississauga, Ontario*	Director of Ubika, proposed Director of Resulting Issuer	800 Ubika Shares[(5)]	18,100,000 (23.23%)[(4)]	18,100,000 (16.77%)

Notes:

1. As of the date hereof, there are 32,891,305 SearchGold Shares outstanding.
2. Upon completion of the Transaction and the Share Offering, it is expected there will be 77,891,305 Resulting Issuer Shares issued and outstanding (assuming a Minimum Share Offering) and 107,891,305 Resulting Issuer Shares issued and outstanding (assuming a Maximum Share Offering). The numbers in the table above assume no participation in the Share Offering by any Insider, Promoter or Control Person of SearchGold, Ubika and the Resulting Issuer and their respective Associates and Affiliates.
3. A portion of the Resulting Issuer Shares owned by Vikas Ranjan will be held in 2368798 Ontario Inc., which is wholly-owned by Vikas Ranjan.
4. A portion of the Resulting Issuer Shares owned by Vishy Karamadam. will be held in 2368799 Ontario Inc., which is wholly-owned by Vishy Karamadam.
5. The figures reflect Ubika Shares held prior to completion of the Share Split.

Funds Available

Management of SearchGold anticipates that assuming the closing of the Financing, the Resulting Issuer will have Available Funds of $10,500,000 (assuming a Minimum Financing) and $37,000,000 (assuming a Maximum Financing). On May 10, 2013, Ubika closed $30,000,000 of the Subscription Receipt Offering.

Principal Purposes of Funds

The principal purposes of the Available Funds will be as follows:

Principal Use of Funds	Amount (assuming a Minimum Financing)	Amount (assuming a Maximum Financing)
Smallcappower.com	$1,000,000	$5,500,000
Ubika Research	$800,000	$2,400,000
Shareholder Services	$750,000	$2,250,000
Corporate Services	$1,000,000	$2,000,000
Advisory Services	$2,000,000	$6,000,000
Working Capital	$1,500,000	$6,000,000
Acquisitions	$2,000,000	$7,780,000
Interest Reserve	$1,000,000	$4,000,000
Agent fees	$250,000	$870,000
Other Closing costs	$200,000	$200,000
TOTAL	$10,500,000	$37,000,000

See "*Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro Forma Consolidated Financial Information

The following table summarizes selected pro forma financial information for the Resulting Issuer (as at December 31, 2012), after giving effect to the Transaction and the Minimum Financing, and should be read in conjunction with the pro forma financial statements of the Resulting Issuer attached hereto as Schedule "D".

Pro Forma Balance Sheet ($)	Issuer December 31, 2012	Target Company December 31, 2012	Resulting Issuer Pro Forma (Minimum Financing)	Resulting Issuer Pro Forma (Maximum Financing)
Current Assets	250,423	251,708	10,292,131	36,622,131
Total Assets	829,447	1,176,951	11,796,398	38,126,398
Current Liabilities	298,171	714,052	1,012,223	1,012,223
Total Liabilities	298,171	901,343	11,199,514	36,199,514
Total Shareholders' Equity	531,276	275,608	596,884	1,926,884

See "*Part IV – Information Concerning the Resulting Issuer – Pro Forma Consolidated Capital*".

Public Market

The SearchGold Shares are currently listed on the TSXV under the symbol "RSG" and have been listed since September 1997. Following completion of the Transaction, it is expected that the Resulting Issuer will be listed on the CNSX, subject to the approval of the Change of Business Resolution and the De-Listing Resolution.

Trading in the SearchGold Shares was halted on March 5, 2013 pending completion of the Transaction. The closing price of the SearchGold Shares on March 4, 2013, being the last day on which the SearchGold Shares traded prior to the announcement of the Transaction on March 5, 2013, was $0.05 per SearchGold Share.

The Ubika Shares are not traded publicly and there is no public market for the securities of Ubika.

Summary of Relationship or Other Arrangement between SearchGold and Ubika and the Agent

Other than the Transaction, there is no relationship or other arrangement between SearchGold and Ubika.

On November 22, 2011, SearchGold announced that it engaged Ubika as an investor relations consultant to prepare and distribute research reports relating to mining exploration; conduct presentations on properties held by SearchGold; and create a profile for SearchGold featured on www.smallcappower.com. Pursuant to a consulting agreement, SearchGold engaged Ubika for an initial 12 month term commencing November 16, 2011 for a monthly fee of $5,000 (the "**Ubika Consulting Agreement**"). Additionally, SearchGold issued 250,000 in stock options at an exercise price of $0.10 cents each for a period of five years. The Ubika Consulting Agreement will be terminated before Closing.

There is no other relationship or other arrangement between SearchGold or Ubika and any Agent, other than with respect to the Financing.

Details of Any Conflict of Interest

Other than as disclosed herein, neither the management of SearchGold or Ubika are aware of any other material conflicts of interest arising out of the Transaction.

The directors and officers of SearchGold are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and the laws requiring disclosure by directors and officers of conflicts of interest. SearchGold will rely upon such laws in respect of any such conflict of interest or in respect of any breach of duty by any of SearchGold's directors or officers. All such conflicts are required to be disclosed by such directors or officers in accordance with the CBCA and the directors of SearchGold are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Certain of SearchGold's directors are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time.

Interests of Experts

No person or company, whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Management Information Circular or as having prepared or certified a report or valuation described or included in this Management Information Circular, holds any beneficial interest, directly or indirectly, in any property of SearchGold, Ubika or the Resulting Issuer or of an Associate or Affiliate of SearchGold, Ubika or the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of SearchGold, Ubika or the Resulting Issuer or of an Associate or Affiliate of SearchGold, Ubika or the Resulting Issuer and no such person is a Promoter of SearchGold, Ubika or the Resulting Issuer or an Associate or Affiliate of SearchGold, Ubika or the Resulting Issuer.

Risk Factors

An investment in the securities of the Resulting Issuer is highly speculative and involves a high degree of risk. Material risk factors affecting the Resulting Issuer include the following: risks related to global financial and economic conditions; future capital requirements; financing risk; dilution; share price volatility; the dependence of revenue on the generation of fees; debt repayment obligations; competition in the investment research and capital market services sector; the dependence of the Resulting Issuer on key personnel; operations risk; intellectual property risk; the Resulting Issuer's inability to adjust to changes in technology; systems interruptions; the failure of the business plan; no anticipated dividends; reputational risk; governmental regulation and litigation risk. For a further description of material risk factors affecting the Resulting Issuer, see "*Risk Factors*".

Listing Approval

The proposed Transaction is subject to the acceptance of the Exchange and SearchGold fulfilling all of the requirements of the Exchange. The listing of the Resulting Issuer Shares on the Exchange is subject to the approval by the TSXV of the de-listing of the SearchGold Shares from the TSXV. The Exchange has conditionally accepted the Transaction subject to SearchGold fulfilling all of the requirements of the Exchange.

Accompanying Documents

This Management Information Circular is accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Management Information Circular. It is recommended that SearchGold Shareholders read this Management Information Circular and the attached Schedules in their entirety.

SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

Solicitation of Proxies

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting of the Shareholders to be held at 9:30 a.m. (Toronto time) on June 14, 2013 at the offices of Heenan Blaikie LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2900, Toronto, Ontario M5H 2T4, for the purposes set forth in the accompanying Notice of Meeting. References in the Management Information Circular to the Meeting include any adjournment(s) or postponement(s) thereof. It is expected that the solicitation of proxies will be primarily by mail, however, proxies may also be solicited by the officers, directors and employees of the Corporation and/or a proxy solitictian firm by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of soliciting proxies in connection with the Meeting will be borne directly by the Corporation.

The SearchGold Board has fixed the close of business on May 13, 2013 as the record date, being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting. All duly completed and executed proxies must be received by the Corporation's registrar and transfer agent, Computershare Trust Company of Canada (Attention: Proxy Department), 100 University Ave., 9th Floor, Toronto, ON M5J 2Y1, Fax: 1 (888) 453-0330, not later than 5:00pm on June 12, 2013, subject to adjournments or postponements of the date or time set for the Meeting. The Chairman of the Meeting has the discretion to accept late proxies.

Unless otherwise stated, the information contained in this Circular is as of May 21, 2013.

Appointment of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A SearchGold Shareholder desiring to appoint some other person, who need not be a SearchGold Shareholder, to represent him or her at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the offices of Computershare Trust Company, at the address provided herein, not later than 5:00pm on June 12, 2013, subject to adjournments or postponements of the date or time set for the Meeting.**

A SearchGold Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the SearchGold Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The SearchGold Shares represented by the form of proxy submitted by a SearchGold Shareholder will be voted in accordance with the directions, if any, given in the form of proxy.

To be valid, a form of proxy must be executed by a SearchGold Shareholder or a SearchGold Shareholder's attorney duly authorized in writing or, if the SearchGold Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.

Voting of Proxies

The SearchGold Shares represented by the accompanying form of proxy (if same is properly executed and is received at the offices of Computershare Trust Company at the address provided herein, not later than 5:00pm on June 12, 2013, subject to adjournments or postponements of the date or time set for the Meeting, will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the specification made on any ballot that may be called for. **In the absence of such specification, proxies in favour of management will be voted in favour of the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting of Shareholders and with respect to**

other matters which may properly come before the Meeting. At the time of printing of this Management Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Revocation of Proxies

A proxy given pursuant to this solicitation may be revoked at any time prior to its use. A SearchGold Shareholder who has given a proxy may revoke the proxy by:

(i) completing and signing a proxy bearing a later date and depositing it at the offices of Computershare Trust Company of Canada (Attention: Proxy Department), 100 University Ave., 9th Floor, Toronto, ON M5J 2Y1, Fax: 1 (888) 453-0330;

(ii) depositing an instrument in writing executed by the SearchGold Shareholder or by the SearchGold Shareholder's attorney duly authorized in writing or, if the SearchGold Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney either with Computershare Trust Company of Canada (Attention: Proxy Department), 100 University Ave., 8th Floor, Toronto, ON M5J 2Y1, Fax: 1 (888) 453-0330, at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or

(iii) in any other manner permitted by law.

Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

Voting by Non-Registered Shareholders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the SearchGold Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the SearchGold Shares. SearchGold Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary ("**Intermediary**") that the Non-Registered Shareholder deals with in respect of the SearchGold Shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**") of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Meeting of Shareholders, this Circular and the form of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

(i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-

Registered Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote his or her SearchGold Shares at the Meeting**; or

(ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Trust Company of Canada (Attention: Proxy Department), 100 University Ave., 9th Floor, Toronto, ON M5J 2Y1, Fax: 1 (888) 453-0330.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the SearchGold Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered**.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote, which is not received by the Intermediary at least seven (7) days prior to the Meeting.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, no director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year and associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Authorized and Issued Capital

The authorized capital of the Corporation consists of an unlimited number of SearchGold Shares. As at the Record Date, there are 32,891,305 SearchGold Shares issued and outstanding. Each SearchGold Share carries the right to one (1) vote per share. Each holder of record of SearchGold Shares at the close of business on the Record Date will be given notice of the Meeting and will be entitled to vote at the Meeting the number of SearchGold Shares of record held by him on the Record Date.

Principal Shareholders

To the knowledge of the directors and officers of the Corporation, as of the date hereof, no person beneficially owns directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, or any associate or affiliate of any informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Regulation 58-101 respecting Disclosure of Corporate Governance Practices and *Policy Statement 58-201 to Corporate Governance Guidelines* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

SearchGold Board

Half of the SearchGold Board is constituted of individuals who qualify as independent directors since, of the five current directors, two are unrelated to the Corporation. Mr. Philippe Giaro and Maurice Colson are deemed "independent" since in the SearchGold's Board's opinion, they are unrelated to management and free of all interests, business dealings or other relationships, which could or could conceivably be perceived as being able to significantly interfere with the ability of such directors to act in the best interests of the Corporation, other than the interest and relationship that arises from stock ownership.

Messrs. Stanley Robinson and David Carbonaro are deemed directors who are "not independent" since they are part of the senior management.

Directorships

Mr. Philippe Giaro is also CEO of Golden Share Mining Corporation. Mr. David Carbonaro is also an Officer and Director of Baymount Inc. Mr. Maurice Colson is also President, CEO and Director of Hornby Bay Mineral Exploration as well as Director for the following corporations: Sagres Energy Inc., Alexis Mineral Corporation, Desert Eagle Resources Ltd., Loncor Resources Inc., Delrand Resources Limited, Lithium One Inc., Sagittarius Capital Corporation, Apogee Silver Ltd., China Goldcorp Ltd., Stetson Oil & Gas Ltd. and Richco Investors Inc. Wes Robert is also a board member of C-Level III, Altitude Resources Ltd. and Sparton Resources Inc.. These companies are reporting issuers that trade either on the TSXV or the Toronto Stock Exchange.

Orientation and Continuing Education

The directors keep up to date and receive copies of all the necessary and latest information during meetings of the SearchGold Board or the Audit Committee. On account of the limited number of directors and the venture nature of the Corporation, no formal training system has been created.

Ethical Business Conduct

The SearchGold Board acknowledges that it shall take on the responsibility of overseeing the competent and ethical operation of the Corporation. In order to guarantee that the directors exercise their judgment in an independent fashion when examining operations and contracts in which a director or a member of senior management has a significant interest, such transactions shall be reviewed and approved only by directors assembled together in a committee of the SearchGold Board, where the director who has such an interest shall refrain from participating in the discussions and from voting on the matter. In addition, the Corporation shall take steps to ensure that directors do not undertake any transactions involving the Corporation's stock when important information is about to be communicated.

Nomination of Directors

The President of the Corporation will propose qualified candidates to fill vacant positions on the SearchGold Board.

Compensation

The Corporation's main activity is mining exploration and, at the present time, it is not generating any profits. In order to determine the compensation of the directors and the CEO, the SearchGold Board shall notably take into account the contribution made by each person to the Corporation. To date, the Corporation's directors have not received any compensation in cash for the services they have rendered in their capacity as directors.

Other Board Committee

Apart from the Audit Committee, the SearchGold Board has no other committee.

Assessments

Given the small size of the Corporation, it has limited human and financial resources. The SearchGold Board, as a whole, is not subject to a formal evaluation. The members of the SearchGold Board can always freely express their opinion and suggest changes if the contribution of a member is judged unsatisfactory.

AUDIT COMMITTEE

Charter and Composition of the Audit Committee

The text of the Audit Committee's charter is attached hereto as Schedule "E".

Composition of the Audit Committee

The following are the current members of the Audit Committee:

Name	Independence	Financial Literacy
David Carbonaro	Non-independent	Financially Literate
Maurice Colson	Independent	Financially Literate
Philippe Giaro	Independent	Financially Literate

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is set out below:

David Carbonaro is a senior partner at the law firm of Heenan Blaikie LLP and practices corporate finance and international law. He also advises public companies, securities dealers and investment banks on corporate finance matters in the resource sector. Mr. Carbonaro holds an LL.B. from Osgoode Hall Law School.

Maurice Colson has worked in the investment industry for more than 35 year and was for many years managing director of a major Canadian investment dealer in the U.K. He is actively involved in providing strategic counsel and assistance with financing to emerging private and public companies in Canada and to Canadian companies operating in China, Africa and South America. He sits on the board of directors of several TSX and TSX Venture listed companies and is the former President and CEO of Lithium One Resources. Mr. Colson holds a Masters of Business Administration degree from McGill University in Montreal.

Philippe Giaro has more than 25 years of experience in mineral exploration and engineering as a geologist, project manager and Vice President of Exploration for various companies in the Americas, North Africa, Europe and the Middle East, including COGEMA, Ariel Mining Group, Falconbridge Limited, Franc-Or Resources Corporation Inc., Dianor Resources Inc. and Basse Sambre ERI, a Belgium-based engineering firm. He joined SearchGold in 2005 as Vice President Exploration and in 2006 became President. Mr. Giaro is also President of Golden Share Mining Corporation. Mr Giaro graduated in 1984 from McGill University in Montreal, Canada, with a BSc (Honours) in geology.

Audit Committee Oversight

At no time since the commencement of the Corporation's financial year ended December 31, 2012 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the SearchGold Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended December 31, 2012 has the Corporation relied on the exemption provided under section 2.4 (*De minimis Non-audit Services*) of Regulation 52-110 respecting Audit Committees ("**Regulation 52-110**") or an exemption from Regulation 52-110, in whole or in part, granted under Part 8 of Regulation 52-110 (*Exemptions*). However, the Corporation is not required to comply with Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of Regulation 52-110 given that it is a venture issuer as defined in Regulation 52-110.

Pre-Approval Policies and Procedures

The Audit Committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee's charter attached hereto as Schedule "E".

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors during the financial years ended December 31, 2012, December 31, 2011 and 2010 were as follows:

Financial Year Ended December 31	Audit Fees	Audit Related Fees	Tax Fees (1)	All Other Fees (2)
2012	$28,355	-	$683	-
2011	$37,485	-	$4,750	-
2010	$28,470	$1,250	-	$6,867

(1) Income Tax Report.
(2) Fees related to the IFRS transition.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

Interpretation

"Named Executive Officer" ("**NEO**") means each of the following individuals:

(a) the Chief Executive Officer ("**CEO**");

(b) the Chief Financial Officer ("**CFO**");

(c) each of the three most highly compensated executive officers of SearchGold including its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and the Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, for that financial year; and

(d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The NEOs who are the subject of this Compensation Discussion and Analysis are Stanley Robinson, CEO, Philippe Giaro, ex-CEO and Isabelle Gauthier, CFO.

Compensation Discussion and Analysis

The executive compensation policy of the Corporation is designed to offer competitive compensation enabling the Corporation to attract and retain qualified, high-calibre staff. It will seek to motivate executive officers to exceed strategic objectives so as to maximize the long-term return on shareholders' investment.

These strategic objectives that guide management and directors can be summarized as follows:

- Discovery of new mineralized zones
- Definition of mineral resources
- Acquisition of new mining properties that meets objectives
- Signature of joint-venture agreements
- Completion of financings that secure the continuation of the mission.

Components of Aggregate Compensation

The aggregate compensation of the NEO currently consists of one or more of the following elements:

(a) a base monetary compensation which is competitive;
(b) option grants designed to attract experienced personnel and encourage them to promote the Corporation's interests and activities to the best of their knowledge; and

Risk

The SearchGold Board believes that these elements of compensation to do not promote inappropriate risk taking behaviours. Option grants typically vest over two years. Base salaries and personal benefits are sufficiently competitive and not subject to performance risk.

Base Compensation

The base cash compensation review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base compensation is not evaluated against a formal "peer group". The SearchGold Board relies on the general experience of its members in setting base compensation amounts.

Incentive compensation

Option grants are designed to attract and retain key personnel. Option grants to optionees are established by the SearchGold Board on a continuous basis, based on the progress of the Corporation.

Hedging

The Corporation has not established any policies related to the purchase by directors or Named Executive Officers of financial instruments (including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, director or indirectly, by any director or Named Executive Officer.

Summary Compensation Table

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Corporation for services in all capacities to the Corporation for the three most recently completed financial year:

					Non-equity incentive plan compensation ($)				
Name and principal position	**Year**	**Salary ($)**	**Share-based awards ($)**	**Option-based awards[2] ($)**	**Annual incentive plans**	**Long-term incentive plans**	**Pension value ($)**	**All other compensation ($)**	**Total compensation ($)**
Stanley Robinson President and CEO	2012	-	-	-	-	-	-	60,000	60,000
	2011	-	-	-	-	-	-	28,065 [5]	28,065
Philippe Giaro [1] former-CEO	2012	-	-	-	-	-	-	11,970 [3]	11,970
	2011	-	-	-	-	-	-	55,392	55,392
	2010	-	-	-	-	-	-	5,000	5,000
								-	
Isabelle Gauthier	2012	-	-	-	-	-	-	40,552 [4]	40,552
CFO	2011	-	-	-	-	-	-	43,551	43,551
	2010	-	-	-	-	-	-	45,000	45,000

Notes

(1) Mr. Giaro resigned as CEO on July 13, 2011 and was replaced by Mr. Robinson.

(2) Grant date fair values of stock option awards were determined using the Black-Scholes option pricing model. Assumptions utilized are disclosed in the notes to the Corporation’s consolidated financial statements.

(3) Management fees were paid to a company controlled by the officer.

(4) Financial consulting services fees were paid to Mrs. Gauthier.

(5) Management fees were paid to Mr. Robinson.

Incentive Plan Awards - *Outstanding share-based awards and option-based awards*

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the NEOs of the Corporation:

Name	Option-based Awards Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[(1)] ($)	Share-based Awards Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Stanley Robinson President and CEO	Nil	-	-	-	-	-	-
Philippe Giaro [(2)] Ex-CEO	Nil	-	-	-	-	-	-
Isabelle Gauthier CFO	Nil	-	-	-	-	-	-

(1) Based on the December 31, 2012 closing price of $0.04 for the Corporation's common shares.

(2) Mr. Giaro resigned as CEO on July 13, 2011 and was replaced by Mr. Robinson.

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year:

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Stanley Robinson President and CEO	-	-	-
Philippe Giaro Ex-CEO	-	-	-
Isabelle Gauthier CFO	-	-	-

Pension Plan Benefits

The Corporation does not have a defined benefits pension plan or a defined contribution pension plan.

Termination and Change of Control Benefits

During the most recently completed financial year there were no employment contracts, agreements, plans, or arrangements for payments to a NEO, at, following or in connection with any termination (whether voluntary, involuntary, or constructive), resignation, retirement, a change in control of the Corporation, or a change in a NEO's responsibilities.

Director Compensation

Director Compensation Table

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Corporation for the most recently completed financial year:

Name	Fees earned ($)	Share-based awards ($)	Option-based awards(1) ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
David Carbonaro	12,000	-	-	-	-	-	12,000
Maurice Colson	-	-	-	-	-	-	-

(1) Grant date fair values of stock option awards were determined utilizing the Black-Scholes option pricing model. Assumptions utilized are disclosed in the notes to the Corporation's consolidated financial statements.

Share-Based Awards, Options-Based Awards, and Non-Equity Incentive Plan Compensation

Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the directors of the Corporation:

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options(1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
David Carbonaro	-	-	-	-	-	-	-
Maurice Colson	-	-	-	-	-	-	-

(1) Based on the December 30, 2012 closing price of $0.04 for the Corporation's common shares.

Incentive Plan Awards–Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Corporation during the most recently completed financial year:

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
David Carbonaro	-	-	-
Maurice Colson	-	-	-

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2012, the end of the Corporation's financial year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Category of the Plan	Number of securities that has to be issued with the exercise of the options	Weighted average exercise price of the options	Securities remaining to be issued as part of the Stock option Plan
Stock option Plan approved by the shareholders	300,000	$0.24	2,989,131
Stock option Plan not approved by the shareholders	N/A	N/A	N/A
Total	300,000	$0,24	2,989,131

Stock Option Plan

Pursuant to the stock option plan of the Corporation (the "**Plan**"), the SearchGold Board may, from time to time and at its discretion, grant to directors, officers, employees or consultants of the Corporation (the "**Beneficiaries**") options to acquire common shares of the Corporation for a maximum of 10 % of the number of outstanding common shares of the Corporation at the time of the grant, subject to TSXV approval, and to the ratification by the shareholders of the Corporation, of the "rolling" Stock Option Plan proposed at this Meeting.

Options are not transferable and are valid for five years from the date of grant. The exercise price per common share is fixed by the SearchGold Board but cannot be less than the closing price of the shares on the TSX Venture Exchange the day before the grant. Options granted to a Beneficiary who is no longer eligible under the Plan will expire three months following the date such person ceases to be a Beneficiary for the purposes of the Plan.

The SearchGold Board may appoint a committee to administer the Stock Option Plan (the "**Committee**"), If such a Committee is not so appointed, the SearchGold Board shall be deemed to constitute the Committee. The exercise price per Common Share is fixed by the Committee but shall not be less than the Discounted Market Price (as defined under the policies of the TSXV) at the time of grant.

The number of Common Shares which may be issued pursuant to options granted pursuant to the Stock Option Plan to any one person may not exceed 5% of the aggregate issued and outstanding Common Shares (calculated as at the time of grant of such option) in any 12-month period unless disinterested shareholder approval is obtained. No consultant nor any employee conducting investor relations activities may be granted options to acquire more than 2% of the issued and outstanding Common Shares (calculated as at the time of grant of such option) in any 12-month period

The expiry date of each option shall be determined by the SearchGold Board or the Committee or, failing such determination and in any event, not later than that date which is five years after the grant of the option. The vesting of each option shall be determined by the Committee, failing which, the options shall vest as to 25% immediately upon the date of grant and as to a further 25% in each of (i) one year, (ii) 18 months and (iii) two years, after the date of grant.

Options are not transferable except by will or the laws of succession and distribution. If the optionholder (a) dies, or (b) ceases to be eligible under the Stock Option Plan (for any reason other than resignation termination for cause or resignation or failure to be re-elected as a Director), then generally, options that are entitled to be exercised may be exercised (subject to certain entitlements to exercise unvested options at the discretion of the SearchGold Board or the Committee) until the earlier of (i) one year or three months, respectively, of the applicable date, or (ii) the expiry date of the option. If the Corporation or its Shareholders receive and accept an offer to acquire all of the SearchGold Shares or substantially all of the assets of the Corporation (the "**Sale Transaction**"), the Committee may, in its sole discretion, deal with the options issued under the Stock Option Plan in the manner it deems fair and reasonable, including accelerating the expiry date of the options, providing for cash compensation or exchanging options for options to acquire shares in the capital of the acquiror or resulting corporation in connection with the Sale Transaction.

The Committee may at any time amend any provision of the Stock Option Plan subject to obtaining the necessary approval of the TSXV and any other applicable regulatory authorities, provided that any such amendment shall not adversely affect or impair any option previously granted to an optionee under the Stock Option Plan, without its consent.

Liability Insurance

The Corporation subscribes to an insurance on behalf of its Directors and officers to cover for potential liabilities incurred in connection with their services to the Corporation. The coverage is for $1,000,000 per insurance period, with a cost is $4,800 per year and a $15,000 deductible.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the fiscal year ended December 31, 2012, and as at the date of this Circular, none of the directors, executive officers, employees (or previous directors, executive officers or employees of the Corporation), each proposed nominee for election as a director of the Corporation (or any associate of a director, executive officer or proposed nominee) was or is indebted to the Corporation with respect to the purchase of securities of the Corporation and for any other reason pursuant to a loan.

INTEREST OF INFORMED PERSONS IN MATERIAL OPERATIONS

None of the insiders of the Corporation, the proposed nominees for election as Director, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any material transaction since the beginning of the Corporation's most recently completed financial year, or in any proposed material transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

There are no management functions of the Corporation or any of its subsidiaries which are to any substantial degree performed by a person or a company other than the Directors or Executive Officers of the Corporation or any of its subsidiaries.

PARTICULARS OF MATTERS TO BE ACTED ON

1. Financial Statements Presentation

The annual report, including the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2012 and the related auditor's report, will be presented at the Meeting.

2. Resolution Authorizing the Change of Business

At the Meeting, in accordance with the requirements of the CNSX and the TSXV, where applicable, SearchGold Shareholders will be asked to consider, and if thought advisable, to pass with or without variation, as an Ordinary Resolution, the Change of Business Resolution, authorizing, confirming and approving the Change of Business.

A detailed explanation of the Change of Business and the Transaction can be reviewed under the heading "Part I-The Transaction".

Reasons for the Change of Business

The SearchGold Board has determined that it would be in the best interests of SearchGold to complete the Change of Business as SearchGold currently has no prospects to move its business forward without the acquisition of Ubika. Following the Transaction, the Resulting Issuer will move away from the high risk, hard to finance business of African gold exploration into a more sustainable, capital market services platform that management of SearchGold believes will add value to and be in the best interests of SearchGold Shareholders.

Consequences if Change of Business Does Not Close

If the conditions to the Change of Business are not satisfied, SearchGold will not complete the Change of Business and the Transaction and SearchGold will continue to be a company listed on the TSXV with its current assets and liabilities as more particularly set out in this Management Information Circular under the heading "Part II – Information Concerning SearchGold".

Recommendation of the SearchGold Board

THE SEARCHGOLD BOARD RECOMMENDS THAT SEARCHGOLD SHAREHOLDERS VOTE TO APPROVE THE CHANGE OF BUSINESS.

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form <u>FOR</u> the Ordinary Resolution to approve the Change of Business.

Approval

The Change of Business Resolution must be approved by Ordinary Resolution in order to become effective. The complete text of the Ordinary Resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, ratifying, confirming and approving the Change of Business, is set out below:

NOW THEREFORE BE IT RESOLVED THAT:

1. SearchGold is hereby authorized and directed to proceed with a Change of Business as described in the Management Information Circular dated May 21, 2013.

2. Any one director or officer of the Corporation be and he is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal or otherwise, all such deeds, documents,

instruments and insurances as such one director or officer shall deem necessary to give full force and effect to these resolutions.

3. Special Resolution Authorizing the Name Change

In the event the Change of Business Resolution is approved by Ordinary Resolution, at the Meeting, SearchGold Shareholders will be asked to consider, and if thought advisable, to pass with or without variation, the Name Change Resolution, as a Special Resolution, authorizing, confirming and approving the name change of SearchGold to "Gravitas Financial Inc.".

Recommendation of the SearchGold Board

THE SEARCHGOLD BOARD RECOMMENDS THAT SEARCHGOLD SHAREHOLDERS VOTE TO APPROVE THE NAME CHANGE RESOLUTION.

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form FOR the Name Change Resolution.

Approval

The Name Change Resolution must be approved by a Special Resolution of SearchGold Shareholders present at the Meeting in person or by proxy in order to become effective. The complete text of the Name Change Resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, ratifying, confirming and approving the Name Change Resolution, is set out below:

NOW THEREFORE BE IT RESOLVED THAT:

1. SearchGold is hereby authorized and directed to proceed with a name change from SearchGold Resources Inc. to "Gravitas Financial Inc." or such other name as the SearchGold Board may, in their sole discretion, determine, and as may be approved by the regulatory authorities (including the CNSX), and that the constating documents of SearchGold be amended to change the name of SearchGold to "Gravitas Financial Inc." or such other name as the SearchGold Board may, in their sole discretion, determine.

2. Any one director or officer of SearchGold be and he is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal or otherwise, all such deeds, documents, instruments and insurances as such one director or officer shall deem necessary to give full force and effect to these resolutions.

4. Resolution Authorizing the De-Listing from TSXV

In the event the Change of Business Resolution is approved by Ordinary Resolution, at the Meeting, in accordance with the requirements of the TSXV, SearchGold Shareholders will be asked to consider, and if thought advisable, to pass with or without variation, as a Majority of the Minority Resolution, the De-Listing Resolution, authorizing, confirming and approving the de-Listing of the SearchGold Shares (the "**De-Listing**") concurrently with the listing of the Resulting Issuer Shares on the CNSX, pursuant to Policy 2.9 of the TSXV.

As mentioned above, a detailed explanation of the Change of Business and the Transaction can be reviewed under the heading "Part I- The Transaction".

Reasons for the De-Listing

Assuming the Change of Business Resolution is approved by the SearchGold Shareholders, the SearchGold Board has determined that it would be in the best interests of SearchGold to voluntary de-list from the TSXV and list the Resulting Issuer Shares on the CNSX upon completion of the Change of Business and the Transaction. The CNSX provides a satisfactory alternative market for the Resulting Issuer Shares. It is the intention of each member of the SearchGold Board to vote in favour of the De-Listing Resolution.

Consequences if the De-Listing Resolution does not pass

In the event the De-Listing Resolution is not approved, then the SearchGold Board will give further consideration to the proposed de-listing of the Resulting Issuer Shares and following completion of the Transaction, the SearchGold Shares or Resulting Issuer Shares, as the case may be, will continue to be listed on the TSXV, subject to TSXV approval.

Recommendation of the SearchGold Board

THE SEARCHGOLD BOARD RECOMMENDS THAT SEARCHGOLD SHAREHOLDERS VOTE TO APPROVE THE DE-LISTING RESOLUTION.

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form <u>FOR</u> the De-Listing Resolution.

Approval

The De-Listing Resolution must be approved by a Majority of the Minority Resolution of SearchGold Shareholders present at the Meeting in person or by proxy in order to become effective. The complete text of the De-Listing Resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, ratifying, confirming and approving the De-Listing Resolution, is set out below:

NOW THEREFORE BE IT RESOLVED THAT:

1. SearchGold is hereby authorized and directed to proceed with a de-listing of the from the TSXV concurrently with the listing of the Resulting Issuer Shares on the CNSX.

2. Any one director or officer of SearchGold be and he is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal or otherwise, all such deeds, documents, instruments and insurances as such one director or officer shall deem necessary to give full force and effect to these resolutions.

3. Notwithstanding the approval of the De-Listing Resolution by SearchGold Shareholders, the SearchGold Board retains the authority, should it be of the view that it is in the best interest of the SearchGold, to not proceed with the De-Listing, without any further approval of the SearchGold Shareholders and accordingly, to revoke this resolution.

5. Auditors Resolution

In the event the Change of Business Resolution is approved, SearchGold Shareholders will be asked to appoint Collins Barrow Toronto LLP as new auditors of SearchGold and ultimately, the Resulting Issuer. Upon approval of the Change of Business Resolution and the Auditors Resolution, SearchGold will file all appropriate documentation pursuant to Part IV of National Instrument 51-102 – *Ongoing Requirements for Issuers and Insiders* on SEDAR. In the event the Change of Business Resolution is not approved, SearchGold Shareholders will be asked to to re-appoint Raymond Chabot Grant Thornton LLP, Chartered Accountants, as auditors of SearchGold to hold office until the next annual general meeting of shareholders at remuneration to be fixed by the SearchGold Board.

Recommendation of the SearchGold Board

THE SEARCHBGOLD BOARD RECOMMENDS THAT SEARCHGOLD SHAREHOLDERS VOTE TO APPROVE THE APPOINTMENT OF AUDITORS AS SET FORTH ABOVE.

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form <u>FOR</u> the appointment of auditors as set forth above.

Approval

The approval of the auditors must be approved by a majority of the votes cast by the SearchGold Shareholders present at the meeting in person or by proxy in order to become effective.

6. Election of Directors

The Articles of SearchGold provide that SearchGold shall have a minimum of one and a maximum of ten directors. Directors of SearchGold are elected at each annual general meeting and hold office until the next annual general meeting or until a person sooner ceases to be a director. At the Meeting, **conditional upon the approval of the Change of Business Resolution**, SearchGold Shareholders will be asked to elect five directors for the ensuing year, the slate of directors as more particularly described below (the "**Resulting Issuer Slate**").

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer and indicates if they are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
Ernie Eves	Canada Lithium Corp.	TSX	Director	February 2013	Current
	Medifocus Inc.	TSXV/ OTC Pink Sheet	Director	March 11	Current
	Bassett Media Group Corp.	TSXV	Director	February 2007	March 2009
David Carbonaro	Highvista Gold Inc. (formerly Triumph Ventures Corp.)	TSXV	Secretary	March 2011	March 2012
	La Quinta Resources	TSXV	Secretary	March 2010	March 2012
	Spot Coffee (Canada) Ltd.	TSXV	Director	February 2008	November 2009
	Canadian Oil Recovery and Remediation Enterprises Inc.	TSXV	Director/Secretary	June 2008	October 2009
	Prime City One Capital Corp.	TSXV	Director/Secretary	March 2008	November 2009
Vishy Karamadam	Mint Technology Corp.	TSXV	Director	April 2012	-
Vikas Ranjan	-	-	-	-	-
Robert Carbonaro	Prime City One Capital Corp.	TSXV	Vice President	April 2008	September 2009

A description of each of the management's nominees on the Resulting Issuer Slate can be found in Part IV – Information Concerning the Resulting Issuer – Directors, Officers and Promoters.

If the Change of Business Resolution is not approved by Ordinary Resolution, the SearchGold Shareholders will be asked to re-elect the current 5 directors for the ensuing year, the slate of directors as more particularly described below (the "**Existing Director Slate**")

Name	Office held	Director since	Number of SearchGold Shares beneficially owned or over which control is exercised as of May 13, 2013	Present occupation
Stanley Robinson *Downsview, Ontario*	President, CEO and Director	July 13, 2011	400,000 (1.21%)	CEO of SearchGold Resources Inc.
Philippe Giaro [(1)] *Louvain-La-Neuve, Belgium*	Chairman of the board	March 28, 2006	40,000 (0.14%)	CEO of Golden Share Mining Corporation
David Carbonaro [(1)] *Etobicoke, Ontario*	Corporate Secretary and Director	July 13, 2011	440,000 (1.33%)	Senior Partner – Heenan Blaikie
Maurice Colson [(1)] *Toronto, Ontario*	Director	July 13, 2011	500,000 (1.52%)	CEO of Hornby Bay Mineral Exploration Inc.
Wes Roberts *Toronto, Ontario*	Director	October 29, 2012	400,000 (1.21%)	Vice President, Mining, Heenan Blaikie Advisors LLP

Notes

(1) Members of the Audit Committee.

A description of each of the management's nominees of the Existing Director Slate is set forth below.

Stanley Robinson

Mr. Robinson has more than 30 years of experience in Africa and Canada, including six with International Gold and Ashanti Goldfields in Burkina Faso and Ghana. In Burkina Faso, Mr. Robinson delineated a resource of 1.3 million ounces of gold on the Youga project (Youga is now in commercial production). Mr. Robinson served as a director and President of Lakota Resources Inc. and managed that company's exploration projects and joint ventures in Tanzania. In 2010, he delineated an NI43-101 compliant 2.03-million ounce inferred gold resource at Adumbi in the DRC for Kilo Goldmines Ltd. His predominant technical expertise lies in recognizing gold and base metal properties of merit and in managing exploration from grassroots to the pre-feasibility stage. Mr. Robinson is a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists, Manitoba. He is a Fellow of the Geological Association of Canada and a member of the Canadian Institute of Mining, Metallurgy and Petroleum; the Prospectors and Developers Association of Canada; and the Society of Economic Geologists.

David Carbonaro

Mr. Carbonaro is a senior partner at the law firm of Heenan Blaikie LLP and practices corporate finance and international law. He also advises public companies, securities dealers and investment banks on corporate finance matters in the resource sector. Mr. Carbonaro holds an LL.B. from Osgoode Hall Law School.

Maurice Colson

Mr. Colson has worked in the investment industry for more than 35 year and was for many years managing director of a major Canadian investment dealer in the U.K. He is actively involved in providing strategic counsel and assistance with financing to emerging private and public companies in Canada and to Canadian companies operating in China, Africa and South America. He sits on the board of directors of several TSX and TSX Venture listed companies and is the former President and CEO of Lithium One Resources. Mr. Colson holds a Masters of Business Administration degree from McGill University in Montreal.

Wes Roberts

Vice-President of the Heenan Blaikie LLP's Mining Group, Wes Roberts is a professional engineer specializing in the economic evaluation and development of mineral deposits. He brings to the firm more than 25 years of experience in mineral exploration, mining operations, project engineering and management, as well as diverse mining engineering experience that includes precious and base metals and industrial minerals. Previously, Mr. Roberts held numerous positions in mining operations as well as in mining engineering consulting services with Derry, Michener, Booth & Wahl, Davy International (Aker Kvaerner mining & metals) and BLM Bharti Engineering. Following completion of business school, he worked as Project Evaluation Consultant to Inco Limited and also engaged in assignments for the EuroZinc Mining Corporation, SRK Consulting and Griffiths McBurney & Partners. Most recently, Mr. Roberts was Vice-President of Corporate Development at Breakwater Resources Ltd. Mr. Roberts has been a licensed Professional Engineer of Ontario since 1984.

Cease Trade Orders or Bankruptcies

As at the date of this Management Information Circular, none of the nominees on the Existing Director Slate is, or has been, within 10 years before the date of this Management Information Circular:

(a) a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

  (i) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**"); or

  (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

As at the date of this Management Information Circular, no nominees on the Existing Director Slate has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

As at the date of this Management Information Circular, none of the nominees on the Existing Director Slate has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Recommendation of the SearchGold Board

THE SEARCHGOLD BOARD RECOMMENDS THAT SEARCHGOLD SHAREHOLDERS VOTE CONDITIONAL UPON THE APPROVAL OF THE CHANGE OF BUSINESS RESOLUTION, TO ELECT THE RESULTING ISSUER SLATE OR IN THE EVENT THE CHANGE OF BUSINESS RESOLUTION IS NOT APPROVED, TO ELECT THE EXISTING DIRECTOR SLATE.

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form <u>FOR</u> the Resulting Issuer Slate or the Existing Slate, as the case may be, as set forth above.

Approval

The Directors Resolution must be approved by Ordinary Resolution, being a majority of all votes cast by the SearchGold Shareholders present at the Meeting in person or by proxy in order to become effective.

7. Approval of Stock Option Plan Resolution

TSXV policies with respect to incentive stock options provide that listed companies may only issue incentive stock options pursuant to the terms of a stock option plan that has been approved by the shareholders of SearchGold and the TSXV and that a rolling stock option plan be approved each year by the shareholders SearchGold uses stock options as a share related mechanism to enable SearchGold to attract, retain and motivate qualified directors, officers, consultants and employees, to reward directors, officers, consultants and employees for their future contribution to the long-term goals of the corporations and to enable and encourage such individuals to acquire shares of SearchGold as long-term investments. Accordingly, the SearchGold Shareholders will be asked to consider, and the SearchGold Board, believing it to be in the best interests of SearchGold, to recommend that the SearchGold Shareholders approve the stock option plan and the allotment and reservation of sufficient common shares from treasury to provide the shares necessary for issuance upon the exercise from time to time of options granted pursuant to the plan. A description of the SearchGold Plan is set forth in this Management Information Circular in “Part II – Information Concerning SearchGold”.

Recommendation of the SearchGold Board

THE SEARCHGOLD BOARD RECOMMENDS THAT SEARCHGOLD SHAREHOLDERS VOTE TO APPROVE THE STOCK OPTION PLAN RESOLUTION.

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form <u>FOR</u> the Stock Option Plan Resolution.

Approval

The Stock Option Plan Resolution must be approved by Ordinary Resolution in order to become effective.

The complete text of the Stock Option Plan Resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is set out below:

NOW THEREFORE BE IT RESOLVED THAT:

1. SearchGold is hereby authorized and directed to re-approve the SearchGold Option Plan for the ensuing year; and

2. Any one director or officer of SearchGold be and he is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal or otherwise, all such deeds, documents, instruments and insurances as such one director or officer shall deem necessary to give full force and effect to these resolutions.

RISK FACTORS

AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of SearchGold and Ubika consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of SearchGold, Ubika or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

Risk Factors Relating to SearchGold

The Transaction may not be Completed

The completion of the Transaction contemplated by the Securities Exchange Agreement is subject to certain conditions, including (a) obtaining all necessary corporate and regulatory approvals, including Exchange approval of the Transaction, the Financing, and any other transactions comprising part of the proposed Transaction, (b) completion of the Financing, and (c) other customary conditions. There can be no assurance that all of the necessary regulatory and corporate approvals will be obtained. If the Transaction contemplated by the Securities Exchange Agreement is not completed for these reasons or for any other reasons, SearchGold will have incurred significant costs associated with the failed implementation of the Transaction.

New Business Model

The capital market service business of the Resulting Issuer will be fundamentally different from the mineral exploration industry SearchGold has been operating within since its formation. While Ubika, which will be a subsidiary of the Resulting Issuer, has expertise and experience in the capital market service industry, no assurances can be made that SearchGold's change of business pursuant to the Transaction will be successful. Whether SearchGold's new business model, as carried out through the Resulting Issuer, will generate profit is dependent on a variety of factors, some of which are outside of SearchGold's control, including the ability of management of the Resulting Issuer to adequately market the services of the Resulting Issuer and spread awareness of its brand; the continued interest of investors in information relating to small and mid cap companies; willingness of the small and cap companies to pay a fee for third party research; and the ability of management of the Resulting Issuer to attract new clients.

Dilution

The Transaction may be financed in part by the issuance of additional securities of SearchGold and this will result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of SearchGold.

Management and Conflicts of Interest

The ability of SearchGold to successfully complete the Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of SearchGold and are, or will be, engaged in other projects or businesses. The current directors, officers and promoters of SearchGold also serve as directors and/or officers of other companies which may compete with SearchGold in its search for the businesses or assets targeted in order to complete the Transaction. Accordingly, situations may arise where the directors, officers and promoters of SearchGold are in a position of conflict with SearchGold.

Risk Factors Relating to the Resulting Issuer

The Target Company's current business will be the Resulting Issuer's business upon completion of the Transaction. The risk factors associated with the principal business of the Resulting Issuer are discussed below. Briefly, these relate to the cash intensive and competitive nature of the financial services industry. Due to the nature of Ubika's business, the Resulting Issuer may be subject to significant risks. Readers should carefully consider all such risks set out in the discussion below. The Target Company's actual results may be very different from those expected as at the date of this Management Information Circular.

Global Financial and Economic Conditions

Current global financial and economic conditions, while improving, remain extremely volatile. Several major international financial institutions and other large, international enterprises have either filed for bankruptcy or have had to be actively rescued by governmental intervention. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the recent global financial crisis and global recession. Such factors may impact the Resulting Issuer's ability to obtain financing in the future on favourable terms or obtain any financing at all. Additionally, global economic conditions may cause a long term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Resulting Issuer's operations and financial condition could be adversely impacted.

Significant Future Capital Requirements, Future Financing Risk and Dilution

No assurances can be provided that the Resulting Issuer's financial resources will be sufficient for its future needs. The Resulting Issuer may be required to undertake future financings which may be in the form of a sale of equity or debt secured by assets or forward purchase payments. No assurances can be made that the Resulting Issuer will be able to complete any of these financing arrangements or that the Resulting Issuer will be able to obtain the capital that it requires. In addition, the Resulting Issuer cannot provide any assurances that any future financings will be obtained on terms that are commercially favourable to the Resulting Issuer.

Any such sale of Resulting Issuer Shares or other securities will lead to further dilution of the equity ownership of existing shareholders. Additionally, options and warrants or other conversion rights issued or granted by the Resulting Issuer may adversely affect future equity offerings, and the exercise of those options and warrants may have an adverse effect on the value of the Resulting Issuer Shares. If any such options, warrants or conversion rights are exercised at a price below the then current market price, then (i) the market price of the Resulting Issuer Shares could decrease, and (ii) shareholders may experience dilution of his or her investment. The issuance of Resulting Issuer Shares in the future will result in a reduction of the book value and market price of the then outstanding Resulting Issuer Shares. If any such additional Resulting Issuer Shares are issued, such issuances will result in a reduction in the proportionate ownership and voting power of all current shareholders. Further, such issuance may result in a change of control of the Resulting Issuer.

A prolonged decline in the price of the Resulting Issuer Shares could result in a reduction in the liquidity of the Resulting Issuer Shares and a reduction in the Resulting Issuer's ability to raise capital. As a significant portion of the Resulting Issuer's operations will probably be financed through the sale of equity securities a decline in the price of the Resulting Issuer Shares could be especially detrimental to liquidity.

Share Price Volatility

The market price for the Resulting Issuer Shares cannot be assured. Securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

The trading price of the SearchGold Shares has been, and the trading price of the Resulting Issuer Shares may continue to be, subject to large fluctuations. For the same reason, the value of any of the Resulting Issuer's securities convertible into, or exchangeable for, Resulting Issuer Shares may also fluctuate significantly, which may result in losses to investors. The trading price of the Resulting Issuer Shares and, if applicable, any securities exercisable for, convertible into, or exchangeable for, Resulting Issuer Shares may increase or decrease in response to a number of events and factors, both known and unknown.

In addition, the market price of the Resulting Issuer Shares will be affected by many variables not directly related to the Resulting Issuer's success and will therefore not be within the Resulting Issuer's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the common shares, and the attractiveness of alternative investments.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Resulting Issuer's profitability and reputation.

The market price for the Resulting Issuer Shares may also be affected by the Resulting Issuer's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Resulting Issuer Shares.

Revenue Dependent on Fees

The Resulting Issuer will generate cash flow and revenue by charging clients for research and investment exposure solutions and other fee based professional services. The Resulting Issuer's main clients will be small and mid cap public companies that will pay a monthly or annual fee to access capital market and related services. The Resulting Issuer will have no other significant source of revenue; as such, if the Resulting Issuer's client base is reduced or does not expand, the revenue of the Resulting Issuer may be reduced or not increase. Since the Resulting Issuer provides services to mostly small cap companies, if the demand by such companies for research and investment solutions declines, the Resulting Issuer's revenue may decline. Additionally, unforeseen regulatory changes relating to the capital market services industry may affect the ability of the Resulting Issuer to charge fees.

Debt Repayment

The Target Company has a revolving line of credit with CIBC of $125,000 for its day-to-day operations. The Target Company has secured a bridge loan with CIBC of $100,000 with a term of four months. No assurances can be provided that repayments for withdrawals against the line of credit will ever be made, which could subject the Resulting Issuer to claims in relation to the breach of obligation. Pursuant to the Subscription Receipt Offering, the Resulting Issuer will have an obligation to satisfy repayment obligations relating to the Ubika Debentures that will be exchanged for Resulting Issuer Debentures. No assurances can be made that the Resulting Issuer will be in a position to satisfy such repayment obligations when and as they become due. The current cash follows of the Target Company are insufficient to pay the interest and costs associated with repayment obligations.

Competition in the Investment Research and Capital Market Services Sector

The investment research and capital market services industry is highly competitive. The Resulting Issuer will face competition from other banks, investment advisors, analysts and individuals that provide research coverage, information dissemination services and exposure solutions to small cap listed companies. Many companies have greater personnel and financial resources than the Resulting Issuer. Such companies are typically able to advertise their products and services on a national or regional basis, commit greater research to developing and implementing technological innovations, and may have a greater number and variety of distribution outlets for their products and services. Further, the Resulting Issuer's focus on providing information relating to publicly listed companies subjects the Resulting Issuer to direct competition from a number of specialty securities firms and smaller investment banking firms that specialize in providing services to the Resulting Issuer's core industry sectors.

Key Personnel

The Resulting Issuer's business will involve a certain degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. As such, the Resulting Issuer's success is dependent on the services of its senior management. The loss of one or more of the Resulting Issuer's key employees could have a material adverse effect on the Resulting Issuer's operations and business prospects. In addition, the Resulting Issuer's future success depends on its ability to attract and retain skilled technical, management, sales and marketing personnel. There can be no assurance that the Resulting Issuer will be successful in attracting and retaining such personnel and the failure to do so could have a material adverse effect on the Resulting Issuer's business, its operating results as well its overall financial condition.

Operational Risks

Ubika is licensing the rights to use the SmallCapPower online technology platform, www.smallcappower.com, from Modyo; it has no proprietary control over the platform. The licensing agreement that governs the use by Ubika of this platform will be automatically renewed after the expiry of the 12 month term, subject to the termination of the agreement by either of the parties. In the event that either Ubika or Modyo decide not to extend the term of the licensing agreement, Ubika will be required to make arrangements for the use of a different web platform which could lead to the expenditure of additional costs as well as cause disruption to activity carried out on the SmallCapPower platform.

Ubika is also reliant on third party technology vendors for the regular maintenance and upkeep of smallcappower.com. There are potential operational risks related to such arrangements if the vendors do not comply with the accepted service standards.

Intellectual Property

Ubika does not own the technology platform that is the technological foundation for SmallCapPower and thus does not have control over the future development of the platform, which could limit its ability provide a consistent standard of service to users. Ubika owns the domain name smallcappower.com and other related names such as smallcappower.ca and smallcappower.net. Ubika has not applied for a trademark or patent application to protect its ownership of smallcappower.com; as such, there is a risk that the trade name could be used by a third party.

Changes in Technology

New technologies are rapidly emerging in the capital market service segment, with the pace of technological innovation being especially notable in the fields of information systems, analytics, and digital media. The development of new and advanced technologies, the continuous, timely and cost-effective incorporation of such technologies into products and services, and the effective marketing of such products and services are indispensable to remaining competitive. The Resulting Issuer depends on the ability to access and disseminate information using various technological processes and tools, such as search engines, analytical technology, and internet platforms. Failure to adequately research and develop such processes and tools, or to continuously incorporate advanced technologies into products and services in a timely manner, may negatively affect the Resulting Issuer's business, financial condition and results of operations.

Systems Interruptions

The Resulting Issuer’s ability to provide reliable service largely depends on the efficient and uninterrupted operation of its computer information systems. Any significant interruptions could harm its business and reputation and result in a loss of consumers. The Resulting Issuer’s systems and operations could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, unauthorized entry and computer viruses or other causes, many of which may be beyond the Resulting Issuer’s control. Although the Resulting Issuer has taken steps to prevent a system failure, the measures taken may not be successful and the company may experience problems other than system failures. The Resulting Issuer may also experience software defects, development delays, installation difficulties and other systems problems, which would harm its business and reputation and expose it to potential liability which may not be fully covered by its business interruption insurance. The Resulting Issuer’s data applications may not be sufficient to address technological advances, changing market conditions or other developments.

Failure of the Business Plan

There is no assurance that the Resulting Issuer’s business plan will succeed in whole or in part. The success of the Resulting Issuer’s development strategy will depend on a number of factors. There is no assurance that the Resulting Issuer will be able to achieve planned growth, that modifications to its strategy will not be required or that the Resulting Issuer will be able to effectively market or manage expanded operations and enhance profitability.

In addition, growth could place a significant strain on the Resulting Issuer’s management, operational, financial and other resources. The Resulting Issuer’s ability to manage growth effectively will require the development of management information systems capabilities and improvement of operational and financial systems. Moreover, the Resulting Issuer will need to train, motivate, and manage its employees and attract senior managers and technical professionals. Any failure to expand these areas and implement and improve such systems, procedures, and controls in an efficient manner at a pace consistent with the Resulting Issuer’s business could have a material adverse effect on the Resulting Issuer’s business, financial condition, and results of operations.

No Anticipated Dividends

The Resulting Issuer does not expect to pay dividends on its issued and outstanding Resulting Issuer Shares upon completion of the Transaction or in the foreseeable future. If the Resulting Issuer generates any future earnings such cash resources will be retained to finance further growth and current operations. The board of directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based on the financial position of the Resulting Issuer and other factors relevant at the particular time. Until the Resulting Issuer pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the Resulting Issuer Shares unless such Resulting Issuer Shares are sold. In such an event, a shareholder may only be able to sell his, her or its Resulting Issuer Shares at a price less than the price such shareholder originally paid for them, which could result in a significant loss of such shareholder’s investment.

Reputational Risk

Reputational risk is the potential that adverse publicity, whether accurate or inaccurate, may cause a decline in the Resulting Issuer’s earnings, liquidity, share price or client base due to its impact on our corporate image. Because the Resulting Issuer will provide a market service geared toward generating a positive opinion in its customers, reputational risk is inherent in virtually all of the dealings of the Resulting Issuer. Additionally, because of the Target’s relationship with PostMedia Inc., pursuant to which PostMedia Inc. will provide SmallCapPower branding and promotion in its print newspapers and online assets, the Resulting Issuer will be subject to additional scrutiny by the public who engage with PostMedia Inc. products.

Litigation Risk

All industries, including the capital market service industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Resulting Issuer's business, prospects, financial condition and results of operations.

Employee Recruitment

Recruiting and retaining qualified personnel is critical to the success of the Resulting Issuer. The number of persons skilled in investment research and analytics of small and mid-cap companies is limited and competition for such persons is intense. As the Resulting Issuer's business activity grows, the Resulting Issuer will require additional key executive, financial, operational, technical and administrative personnel. There can be no assurance that the Resulting Issuer will be successful in attracting, training and retaining qualified personnel. If the Resulting Issuer is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse effect on the Resulting Issuer's results of operations and profitability.

PART I – THE TRANSACTION

Details of the Transaction and the Financing

SearchGold, Ubika and the Ubika Major Shareholders intend to enter into the Securities Exchange Agreement, which supersedes the Letter of Intent, and pursuant to which SearchGold will acquire all of the issued and outstanding Ubika Shares in exchange for the issuance of Resulting Issuer Shares, as applicable, in accordance with the Exchange Ratio. Upon completion of the Transaction, Ubika will become a wholly-owned subsidiary of SearchGold and the Transaction will result in a Change of Business of SearchGold, as the Resulting Issuer will carry on the business theretofore carried on by Ubika.

The completion of the Transaction contemplated by the Securities Exchange Agreement is subject to certain conditions, including obtaining shareholder approval, all necessary corporate and regulatory approvals, including Exchange approval of the Transaction, completion of the Subscription Receipt Financing, and any other transactions comprising part of the Transaction and other customary conditions. On May 10, 2013, Ubika closed a $30,000,000 Subscription Receipt Financing.

The Securities Exchange

The Issuer intends to enter into the Securities Exchange Agreement with Ubika and the Ubika Major Shareholders pursuant to which SearchGold will acquire all of the issued and outstanding Ubika Shares. Pursuant to the Securities Exchange Agreement, each Ubika Major Shareholder shall exchange, transfer and assign all of the Ubika Shares held by each such Ubika Major Shareholder to SearchGold in consideration for SearchGold's issuance from treasury of Resulting Issuer Shares in accordance with the Exchange Ratio. In addition, one Resulting Issuer Debenture will be issued for each Ubika Debenture offered pursuant to the Subscription Receipt Financing.

Although the Transaction will result in Ubika becoming a wholly-owned subsidiary of SearchGold, the Transaction will constitute a change of business for SearchGold inasmuch as the former Ubika Shareholders will own a majority of the Resulting Issuer Shares. Upon completion of the Transaction, the current business of the business of the Resulting Issuer will be the business of Ubika. See "*Part III – Information Concerning Ubika – Narrative Description of Business*".

Upon completion of the Transaction (without giving effect to the Financing) the former Ubika Shareholders will hold approximately 53% of the Resulting Issuer Shares and the SearchGold Shareholders will hold approximately 47% of the Resulting Issuer Shares.

The completion of the Transaction contemplated by the Securities Exchange Agreement is subject to certain conditions, including (i) obtaining all necessary corporate and regulatory approvals, including Exchange approval of the Transaction, including but not limited to the fulfillment of the Escrow Release Conditions; (ii) the closing of the Subscription Receipt Offering; (iii) obtaining the approval of the Exchange in connection with the listing of the Resulting Issuer Debentures; and (iv) other customary conditions.

An aggregate of 35,000,000 Resulting Issuer Shares to be issued to two of the Principals of the Resulting Issuer pursuant to the Transaction will be placed in escrow and will be released on terms to be set by the Exchange and agreed to between the Resulting Issuer, the Escrow Agent and such securityholders. For information pertaining to the terms of the escrow, see "*Part IV – Information Concerning the Resulting Issuer – Escrowed Securities*".

The Financing

The Subscription Receipt Offering

In connection with the Subscription Receipt Offering, on May 10, 2013, Ubika issued 30,000 Ubika Subscription Receipts for gross proceeds of $30,000,000 at an issuance price of $1,000 per Ubika Subscription Receipt. Each Ubika Subscription Receipt shall automatically convert, without payment of any additional consideration and without further action on the part of a subscriber to the Subscription Receipt Offering, into one Ubika Debenture upon the satisfaction of the Escrow Release Conditions and until such time, no Ubika Subscription Receipts may be exercised by the holders thereof. Each Ubika Debenture will be exchangeable, upon completion of the Transaction, into one Resulting Issuer Debenture. The Financing shall be completed on a “best efforts” agency basis pursuant to the terms and conditions of the Agency Agreement.

The Resulting Issuer Debentures shall pay interest at a rate as is equal to the greater of: (i) three percent (3.0%) per annum; or (ii) an amount as is equal to eighty percent (80%) of the earnings before interest expenses and tax (EBIT) of the Resulting Issuer on a consolidated basis (pro rata to the holders of the Resulting Issuer Debentures), subject to an aggregate maximum amount of eight percent (8%) per annum, as more particularly set out in the Resulting Issuer Trust Indenture to be entered into. The base three percent (3.0%) interest payment shall be payable quarterly, in arrears on the last day of each of March, June, September and December, commencing June 30, 2013 (or September 30, 2013 if the Transaction is not completed by June 30, 2013), with the annual adjustment made based on the aforementioned net earnings calculation completed annually and paid out on April 30 of each year. The term of the Resulting Issuer Debentures shall be ten (10) years (the "Term"), renewable by the Resulting Issuer (provided that all payments owing under the Resulting Issuer Debentures are in good standing) for an additional ten (10) year period upon the payment of a renewal fee equal to one percent (1%) of the principal amount of the Resulting Issuer Debentures outstanding at the date of renewal. Upon any such renewal, the rate of interest on the Resulting Issuer Debentures shall be adjusted such that the minimum interest rate shall be equal to Government of Canada 10-year bond rate effective as of the expiration of the Term, with the maximum interest rate being equal to the foregoing Government of Canada 10-year bond rate, plus five percent (5%) (with such additional five percent (5%) being based upon the aforementioned allocation of eighty percent (80%) of the earnings before interest expense and tax (EBIT) of the Resulting Issuer pro rata to the holders of the Resulting Issuer Debentures). The Resulting Issuer Debentures shall be secured as a first charge on all of the present and future assets (movable and immovable) of the Corporation and the Resulting Issuer situated within Canada, provided that the Corporation shall be permitted to: (i) issue parri passu debt provided that such indebtedness is incurred solely for the purpose of the acquisition of real property; and (ii) mortgage, pledge, charge, hypothecate, grant a security interest in or otherwise encumber such real property assets to secure such additional indebtedness.

The gross proceeds of the Subscription Receipt Offering, or the “Escrowed Funds”, will, upon the Subscription Receipt Offering Closing Date, be deposited into an interest bearing account of the Escrow Agent and invested by the Escrow Agent in short-term obligations of, or guaranteed by, the Government of Canada or a major Schedule 1 Canadian chartered bank, or any interest bearing trust account of the Escrow Agent. The Escrowed Funds will only be released to Ubika upon receipt by the Escrow Agent, on or before September 30, 2013 (“**Escrow Deadline**”) the escrow deadline of (i) the Closing Notice from Ubika and the Agent directing the Escrow Agent to release the Escrowed Funds (net of (A) the cash commission payable to the Agent, and (B) the Agent’s work fee) to the Corporation and (ii) confirmation from Ubika of the satisfaction or waiver of each of the Escrow Release Conditions.

In the event that (i) Ubika and/or SearchGold terminates the Letter of Intent or the Share Exchange Agreement and such party provides written notice to the Agent confirming that the Transaction will not be completed or (ii) the Escrow Release Conditions have not been satisfied prior to the Escrow Deadline, the Escrowed Funds (together with any accrued interest earned thereon (less applicable withholding taxes)), net of the Agent’s work fee, will be returned to the holders of the Ubika Subscription Receipts on a *pro rata* basis and the Ubika Subscription Receipts will be deemed to have been cancelled. To the extent that there are insufficient funds to reimburse the holders of Ubika Subscription Receipts in full, Ubika will contribute to the Escrowed Funds such amount as may be necessary to satisfy any shortfall.

By execution and delivery of the subscription agreement to be entered into by each subscriber to the Subscription Receipt Offering, each such subscriber for Ubika Subscription Receipts shall be deemed to have agreed to tender the Ubika Debentures acquired on conversion of the Ubika Subscription Receipts in Exchange for Resulting Issuer Debentures in accordance with the terms and conditions of the Securities Exchange Agreement on the Closing of the Transaction.

In connection with the Subscription Receipt Offering, upon the closing of the Transaction, the Agent shall receive a cash commission equal to 2% of the gross proceeds from the Subscription Receipt Offering. Additionally, in connection with the Subscription Receipt Offering, the Agent shall receive a cash fee of $10,000. Upon closing of the Transaction, it is intended that the Resulting Issuer Debentures will be listed on the CNSX upon satisfaction by SearchGold of the CNSX listing requirements for the Resulting Issuer Debentures. The CNSX provided conditional approval or the Transaction on May 2, 2013.

The Share Offering

In addition, it is anticipated that Ubika will complete a Share Offering of 709 Ubika Shares for minimum proceeds of $500,000 and up to 2,838 Ubika Shares for maximum proceeds of $2,000,000 at an issuance price of $0.7047 per Ubika Share. There is no guarantee that the Share Offering will be completed prior to the closing of the Transaction.

In connection with the Share Offering, the Agent will receive (i) a cash commission equal to 8% of the gross proceeds raised and (ii) the aggregate number of Broker Warrants as is equal to 8% of the total shares issued in connection with the Share Offering. Upon completion of the Transaction, each Resulting Issuer Broker Warrant shall entitle the Agent to acquire one Ubika Share at an exercise price of $0.7047 per Ubika Share for a period of 12 months following the Closing.

Effect of the Transaction

Following completion of the Transaction and assuming the completion of the Financing, it is expected that:

(a) SearchGold will have acquired all of the issued and outstanding Ubika Shares pursuant to the terms of the Securities Exchange Agreement on the basis of the Exchange Ratio, being 14.0939616 Resulting Issuer Shares for every Ubika Share;

(b) one Resulting Issuer Debenture shall be issued in exchange for each Ubika Debenture issued pursuant to the Subscription Receipt Financing;

(c) Ubika will become a wholly-owned subsidiary of SearchGold;

(d) the Resulting Issuer will carry on the business theretofor carried on by Ubika;

(e) there will be an aggregate of 77,891,305 Resulting Issuer Shares issued and outstanding (assuming a Minimum Share Offering) and 107,891,305 Resulting Issuer Shares issued and outstanding (assuming a Maximum Share Offering);

(f) the following convertible securities will be issued and outstanding: (i) an aggregate of 800,000 Broker Warrants (assuming a Minimum Share Offering) and 3,200,000 Broker Warrants (assuming a Maximum Share Offering); (ii) 300,000 SearchGold Options, each exercisable to acquire one Resulting Issuer Share at $0.24 per Resulting Issuer Share and (iii) 4,300,000 SearchGold Warrants, each exercisable to acquire one Resulting Issuer share at $0.10 per Resulting Issuer Share ;

(g) Ubika Shareholders will hold an aggregate of 36,200,000 Resulting Issuer Shares (excluding any Resulting Issuer Shares issued pursuant to the Share Offering) representing approximately 46.4% of the outstanding Resulting Issuer Shares (on a non-diluted basis assuming a Minimum Share Offering) and 33.5% of the outstanding Resulting Issuer Shares (on a non-diluted basis assuming a Maximum Share Offering). Each Ubika Shareholder will receive Resulting Issuer Shares in accordance with the Exchange Ratio;

(h) existing SearchGold Shareholders (excluding Ubika Shareholders that hold SearchGold Shares and excluding Ubika Shareholders that hold SearchGold Shares and Ubika and 2271906 Ontario

Inc., a company owned by Vishy Karamadam and Vikas Ranjan) will hold an aggregate of 31,691,305 Resulting Issuer Shares (excluding any Resulting Issuer Shares issued pursuant to the Share Offering) representing approximately 40.68% of the outstanding Resulting Issuer Shares (on a non-diluted basis and assuming a Minimum Share Offering) and 29.37% of the outstanding Resulting Issuer Shares (on a non-diluted basis and assuming a Share Offering); and

(i) the board of directors of the Resulting Issuer shall be comprised of: Ernie Eves, David Carbonaro, Viswanathan ("Vishy") Karamadam, Vikas Ranjan, and Robert Carbonaro. In addition, it is expected that Vikas Ranjan will serve as interim Chief Executive Officer, Isabelle Gauthier will serve as Chief Financial Officer and David Carbonaro will serve as Corporate Secretary of the Resulting Issuer.

Background of the Transaction

Ubika and SearchGold began discussing a possible transaction in January 2013. Both parties sought the respective approvals of their board of directors and obtained necessary internal consents. The Letter of Intent was signed by both Ubika and SearchGold on March 5, 2013 and a press release was issued by SearchGold on that date to announce the Transaction. Trading of the SearchGold Shares was halted on March 5, 2013.

Reasons for the Transaction

SearchGold is in the high risk, hard to finance business of African gold exploration. Ubika is a privately-held research and capital market service company focused on providing research, exposure and information based solutions to small and midcap publicly listed companies. The Transaction allows the Resulting Issuer to transition into the financial services platform which will add value to both SearchGold and Ubika shareholders.

The terms of the Transaction were established through arm's length negotiations between the management of SearchGold and the management of Ubika.

Securities Exchange Agreement

The Securities Exchange Agreement provides for the acquisition by SearchGold of all of the issued and outstanding Ubika Shares. The following is a summary only of the Securities Exchange Agreement and is qualified in its entirety by the full text of the Securities Exchange Agreement to be entered into SearchGold, Ubika and the Ubika Major Shareholders and posted on SEDAR.

Pursuant to the Securities Exchange Agreement, each Ubika Major Shareholder shall exchange, transfer and assign all of the Ubika Shares held by each such Ubika Major Shareholder to SearchGold in consideration for SearchGold's issuance to such Ubika Major Shareholder of SeachGold Shares in accordance with the Exchange Ratio, to be converted into Resulting Issuer Shares. In addition, one Resulting Issuer Debenture will be issued for each Ubika Debenture offered pursuant to the Financing.

Representations, Warranties and Covenants

The Securities Exchange Agreement contains certain customary representations and warranties of each of SearchGold and Ubika relating to, among other things, their respective organization, capitalization, qualification, operations, compliance with laws and regulations and other matters, including their authority to enter into the Securities Exchange Agreement and to consummate the Transaction. Pursuant to the Securities Exchange Agreement, the parties will agree to advise each other of material changes. Further, the parties will agree to use their commercially reasonable efforts to obtain all regulatory and other consents, waivers and approvals required for the consummation of the Transaction.

In addition, pursuant to the Securities Exchange Agreement, each of the parties will covenant, among other things, until the completion of the Transaction, to maintain their respective businesses and not take certain actions outside the ordinary course.

Conditions of the Transaction

The Securities Exchange Agreement contains a number of conditions precedent to the obligations of SearchGold and Ubika thereunder. Unless all such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Transaction will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all. The conditions to the Transaction becoming effective are set out in the Securities Exchange Agreement and are summarized below.

Conditions to Obligations of SearchGold

The obligations of SearchGold to complete the Transaction are subject to Ubika's fulfillment of the following conditions at or prior to the Transaction Closing Date:

- SearchGold shall have received from Ubika: (i) a copy, certified by one duly authorized officer of Ubika to be true and complete as of the Transaction Closing Date, of the Articles of Ubika; and (ii) a certificate or the equivalent, dated not more than three days prior to the Transaction Closing Date, as to Ubika's corporate good standing;

- Ubika shall have obtained the approval of the Ubika Board and any other necessary approvals for the Securities Exchange Agreement and the Transaction;

- SearchGold shall have received from Ubika a copy, certified by a duly authorized officer thereof to be true and complete as of the Transaction Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of the Securities Exchange Agreement;

- SearchGold shall have received from Ubika an incumbency certificate, dated the Transaction Closing Date, signed by a duly authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of respectively, Ubika and each Ubika Major Shareholder who is not an individual, the Securities Exchange Agreement and any other ancillary documents;

- SearchGold shall have received from the counsel of Ubika a favourable opinion covering such matters with respect to the transactions contemplated by the Securities Exchange Agreement as SearchGold and its counsel may reasonably request;

- the representations and warranties of Ubika contained in the Securities Exchange Agreement shall be true and correct in all material respects, on and as of the Transaction Closing Date with the same force and effect as if such representations and warranties were made at such date, and SearchGold shall have received on the Transaction Closing Date certificates to this effect, signed by one authorized officer of Ubika, and if applicable, Ubika shall include with such certificates a description of each material contract entered into by Ubika between the date of the Securities Exchange Agreement and the Transaction Closing Date and a representation in respect of each such material contract, provided that each such material contract entered into between the date of the Securities Exchange Agreement and the Transaction Closing Date shall not breach, be in conflict with or the Securities Exchange Agreement;

- all of the terms, covenants and conditions of the Securities Exchange Agreement to be complied with or performed by Ubika at or before the Transaction Closing Date shall have been complied with or performed and SearchGold shall have received on the Transaction Closing Date certificates to this effect signed by authorized officers of Ubika;

- there shall have been obtained from all appropriate federal, provincial, municipal or other governmental or administrative bodies such licenses, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained by each Ubika Major Shareholder to permit the transfer of the Ubika Shares in each case and the Exchange of the Ubika Shares for SearchGold Shares. Additionally, all required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by the Securities Exchange Agreement shall have been obtained from the Exchange, including the acceptance, by the Exchange, of the transactions contemplated in the Securities Exchange Agreement and the Transaction;

- no bona fide legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the Exchange by the Ubika Major Shareholders of the Ubika Shares for Shares or the right of Ubika or SearchGold from and after the Transaction Closing Date to conduct, expand and develop the business of Ubika;

- holders of 100% of the outstanding Ubika Shares as at the date of the Securities Exchange Agreement shall have executed the Securities Exchange Agreement;

- SearchGold, and its agents or representatives, shall have conducted and completed to its satisfaction, acting reasonably, a legal and financial due diligence investigation of Ubika;

- no change shall have occurred in the business, affairs, financial condition or operations of Ubika between the date hereof and the Transaction Closing Date which would have a material adverse effect on Ubika;

- the Exchange shall have approved the terms of the Financing;

- the Exchange shall have approved the Transaction and agreed to list the Resulting Issuer Shares issued in connection with the Securities Exchange Agreement;

- the Exchange shall have approved and agreed to list the Resulting Issuer Shares issued in connection with the Share Offering;

- the Exchange shall have agreed to list the Resulting Issuer Debentures in connection with the Subscription Receipt Offering; and

- all instruments and corporate proceedings in connection with the transactions contemplated by the Securities Exchange Agreement shall be satisfactory in form and substance to SearchGold and its counsel, acting reasonably, and SearchGold shall have received copies of all documents, including, without limitation, all documentation required to be delivered to SearchGold at or before the Transaction Closing Date in accordance with the Securities Exchange Agreement, records of corporate or other proceedings, opinions of counsel and consents which SearchGold may have reasonably requested in connection therewith.

Conditions to Obligations of Ubika

The obligations of Ubika to complete the Transaction are subject to SearchGold's fulfillment of the following conditions at or prior to the Transaction Closing Date:

- Ubika shall have received from SearchGold: (i) a copy, certified by a duly authorized officer of SearchGold, to be true and complete as of the Transaction Closing Date, of the Articles of SearchGold; (ii) a copy, certified by a duly authorized officer of SearchGold, to be true and complete as of the Transaction Closing Date, of the by-laws thereof; and (iii) a certificate dated not more than three days prior to the Transaction Closing Date, of the government of Canada as to SearchGold's corporate good standing;

- following the Closing of the Transaction (concurrently with the Financing), SearchGold satisfying the minimum listing requirements of the Exchange, as evidenced before Closing by a conditional listing letter issued by the Exchange;

- SearchGold shall have obtained the approval of the SearchGold Board and of the SearchGold Shareholders and any other necessary approvals for the Securities Exchange Agreement and the Transaction;

- Ubika, and its agents or representatives, shall have conducted and completed to its satisfaction, acting reasonably, a legal and financial due diligence investigation of SearchGold;

- Ubika shall have received from SearchGold copies, certified by a duly authorized officer thereof to be true and complete as of the Transaction Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of the Securities Exchange Agreement;

- Ubika shall have received from SearchGold an incumbency certificate, dated the Transaction Closing Date, signed by a duly authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of SearchGold, the Securities Exchange Agreement and any other ancillary documents;

- the representations and warranties of SearchGold contained herein shall be true and correct in all material respects on and as of the Transaction Closing Date with the same force and effect, as if such representations and warranties were made at such time, and Ubika shall have received on the Transaction Closing Date certificates to this effect signed by one authorized officer of SearchGold;

- all of the terms, covenants and conditions of the Securities Exchange Agreement to be complied with or performed by SearchGold at or before the Transaction Closing Date shall have been complied with or performed and Ubika shall have received on the Transaction Closing Date certificates to this effect signed by an authorized officer of SearchGold;

- all required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by the Securities Exchange Agreement shall have been obtained from the Exchange, including the acceptance by the Exchange of the transactions contemplated in the Securities Exchange Agreement and the Transaction;

- no *bona fide* legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the Exchange by the Ubika Major Shareholders of the Ubika Shares for Resulting Issuer Shares;

- the Exchange shall have approved the Securities Exchange Agreement and the Transaction, and agreed to list the SearchGold Shares issued in connection with the Transaction;

- Ubika shall have received: (i) certificates addressed to Ubika and the Ubika Major Shareholders, dated the Transaction Closing Date, signed by two executive officers of SearchGold in their personal capacities, certifying that such individuals are not aware of any facts or matters that are inconsistent with the representations and warranties being given by SearchGold pursuant to the Securities Exchange Agreement; and (ii) a list of SearchGold assets and liabilities, certified by an executive officer of SearchGold, in form and substance satisfactory to Ubika in its sole discretion, acting reasonably; and

- all instruments and corporate proceedings in connection with the transactions contemplated by the Securities Exchange Agreement shall be satisfactory in form and substance to Ubika and its counsel, acting reasonably, and Ubika shall have received copies of all documents as provided for in the Securities Exchange Agreement, including, without limitation, records of corporate or other proceedings and consents which Ubika may have reasonably requested in connection therewith.

Termination of Agreement

The Securities Exchange Agreement may be terminated at any time prior to the Transaction Closing Date:

- by mutual written consent;

- by either Ubika or SearchGold, if there has been a misrepresentation, breach or non-performance by the breaching party of any representation, warranty, covenant or obligation contained in the Securities Exchange Agreement, which could reasonably be expected to have a material adverse effect on the terminating party, provided the breaching party has been given notice, of and thirty (30) days to cure, any such misrepresentation, breach or non-performance;

- by either Ubika or SearchGold, if a condition for the terminating party's benefit has not been satisfied or waived prior to the Transaction Closing Date or such other date as specified in the Securities Exchange Agreement;

- by either Ubika or SearchGold upon delivery of a default certificate pursuant to the terms of the Subscription Receipt Indenture; or

- by either Ubika or SearchGold, if the Closing has not occurred on or before July 30, 2013, or such later date as may be agreed to by Ubika and SearchGold (provided that the right to terminate the Securities Exchange Agreement under the subparagraph immediately above shall not be available to any party whose failure to fulfill any of its obligations under the Securities Exchange Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated by the Securities Exchange Agreement by such date).

Procedure for the Transaction to Become Effective

SearchGold Shareholder Approval

As a condition of the Transaction, a majority of the SearchGold shareholders shall be required to approve, at the SearchGold Meeting or by the written consent of SearchGold shareholders, resolutions authorizing the change of business of SearchGold in connection with the entering into of the Securities Exchange Agreement. A Majority of the Minority will be required to approve the voluntary de-listing of SearchGold from the TSXV and the listing of the Resulting Issuer Shares on the Exchange " See Part I – Matters to be Acted Upon."

Ubika Shareholder Approval

Ubika obtained shareholder approval for the Transaction.

Exchange Approval

The Transaction is subject to the approval of the Exchange. Listing of the Resulting Issuer Shares and Resulting Issuer Debentures in connection with the Transaction is subject to the Resulting Issuer fulfilling all requirements of the Exchange on completion of the Transaction.

The Resulting Issuer will be considered to have completed the Transaction on the date that the Exchange issues the Final Exchange Bulletin, which is expected to be on or about the fifth business day after the closing of the Transaction, provided that all required documentation is filed with the Exchange.

PART II - INFORMATION CONCERNING SEARCHGOLD

Corporate Structure

Name and Incorporation

The Issuer was incorporated under the CBCA under the name "3316831 Canada Inc." on November 22, 1996 and by a Certificate of Amendment dated October 26, 2011, amended its Articles of Incorporation, pursuant to which SearchGold's name was changed to SearchGold Resources Inc. The registered and corporate head office of SearchGold is located at 700-36 Lombard Street, Toronto, Ontario, M5C 2X3. The records office is Heenan Blaikie LLP, Suite 2900, Bay Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2T4. The Issuer is a reporting issuer in Ontario, British Columbia, Alberta and Quebec.

The principal business of SearchGold has been to acquire and explore mineral resource properties in Africa. Additionally, as a result of various transactions, SearchGold holds interest in the form of investments in exploration companies as well as a net smelter return in a project located in Gabon.

The directors and officers of SearchGold are: Stanley Robinson (CEO, President and Director); Phillippe Giaro (Chairman and Director); David Carbonaro (Corporate Secretary and Director); Wes Roberts (Director); Maurice Colson (Director); Moussa Keita (Vice President, Exploration); and Isabelle Gauthier (Chief Financial Officer).

Inter-Corporate Relationships

SearchGold has one subsidiary, SearchGold Guinée SARL, in Conakry, Guinea.

General Development of the Business

History

In July 2005, SearchGold signed a $4,200,000 joint venture agreement relating to the Bakoudou Project with Managem International ("**Managem**"). Subsequently, in August 2008, the Issuer announced the results of a Feasibility Study.

In January 2006, the Issuer signed an earn-in agreement dated January 25, 2006 with Bouré Gold Fields SARL and Pierre Lalande to acquire a 100% interest in the Mandiana Project ("**Mandiana Earn-In Agreement**") . The Mandiana Project is host to four known gold bearing prospects: Intercolonia, Karfakolo, N'Diambaye and Fadaninda.

In 2007, SearchGold reorganized its diamond assets along with Mano River Resources Inc. to create Stellar Diamonds of which SearchGold holds 1,700,992 shares.

In November, 2007, the directors of SearchGold approved the distribution by SearchGold to its shareholders of common shares of Golden Share. Subsequently, in December 2007, Golden Share completed its initial public offering for proceeds of $2,666,025. Its shares began trading on the the TSXV in January 2008. After Golden Share was listed, SearchGold continued to hold 2,134,984 common shares of Golden Share while the remaining 6,345,009 common shares were distributed as a dividend to SearchGold shareholders. Golden Share focusses on the exploration of primarily gold in Canada.

On March 30, 2009, SearchGold optioned 500km2 of the Guéguéré Property from Somika SARL ("Somika") to acquire a 100% interest though certain payments of cash and shares, and committing to exploration expenditures.

In February 2011, the Issuer announced the entering into of a joint venture agreement dated January 28, 2011with Swala Resources Inc. relating to the Guéguéré Property. In January 2012, Swala Resources Inc. ("Swala") subsequently merged with Concordia Resources Corp. ("Concordia"), with Swala remaining a subsidiary of Concordia. Pursuant to the merger agreement, the 0.91 million shares of Swala held by SearchGold were converted to 1.74 million shares in Concordia. Concordia currently holds a 25% interest in the Guéguéré Property and can acquire 80% through certain exploration expenditures and completion of a bankable feasibility study.

In May 2011, SearchGold announced the entering into of a purchase and sale agreement with Managem pursuant to which it sold its interest in the Bakoudou Project. Under the terms of the agreement, SearchGold received cash consideration of US$800,000 and retains a %0.75 NSR in the Bakoudou Project.

In September 2011, the Company entered into a consulting agreement with Daniel Barette dated September 15, 2011 (the "**Barette Consulting Agreement**") pursuant to which Daniel Barette provides geological consulting services to SearchGold for $5,000 per month;

In October 2011, the Company's capital was restructured on the basis of 1 post-consolidation common share for every 8 pre-consolidation common shares which were issued and outstanding. In addition, the Company moved its corporate office from Montreal, Quebec to Toronto, Ontario.

During April and May 2012, Concordia performed an exploration program on the Guéguéré Property composed of stream sediment, soil and grab sampling and trenching.

Between April and July 2012, a trench sampling program was implemented on two targets on the Mandiana Project: Fadaninda and Kodierani-Stockwek. The results of the program are pending.

The Bakoudou Project began initial operations in the first quarter of 2012. In September 2012, the Company issued its first invoice in the amount of US$79,000 relating to its NSR in the Bakoudou mine after receiving notification from the operator that precious metals sales had been completed.

In February 2013, SearchGold began discussions with Ubika about the possibility of a transaction that would see SearchGold and Ubika combine. On March 6, 2013, SearchGold and Ubika signed the Letter of Intent to proceed with the Transaction. The negotiations were conducted at arm's length.

SearchGold, Ubika and the Ubika Major Shareholders intend to enter into the Securities Exchange Agreement which will supersede the Letter of Intent and which will be published on SEDAR. Pursuant to the Securities Exchange Agreement and subject to receipt of all requisite approvals, SearchGold will acquire all of the issued and outstanding Ubika Shares in Exchange for the issuance of Resulting Issuer Shares in accordance with the Exchange Ratio. See "*Part I – The Transaction – Securities Exchange Agreement*".

Ubika is at arm's length to SearchGold and the Securities Exchange Agreement was negotiated at arm's length between Ubika and SearchGold.

Selected Financial Information

Since incorporation, SearchGold has incurred costs in evaluating and acquiring interests in mineral properties and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the Exchange.

The following table sets forth selected historical financial information for SearchGold for the years ended December 31, 2012, 2011 and 2010. Such information is derived from SearchGold's financial statements and should be read in conjunction with such financial statements included elsewhere in this Management Information Circular including those financial statements attached hereto as Schedule "A".

	Year Ended December 31, 2012[(1)(3)] (audited) ($)	**Year Ended December 31, 2011[(1)] (audited) ($)**	**Year Ended December 31, 2010[(1) (2)] (audited) ($)**
Revenue	236,593	Nil	Nil
Total Expenses	823,144	728,295	380,931
Net earnings (loss)	(535,584)	(570,659)	1,182,284

	Year Ended December 31, 2012(1)(3) (audited) ($)	Year Ended December 31, 2011(1) (audited) ($)	Year Ended December 31, 2010(1) (2) (audited) ($)
Cash	94,377	146,693	29,877
Liabilities	298,171	396,828	341,282

Notes**:**

1. This information has been derived from the audited consolidated financial statements of SearchGold for the years ended December 31, 2012, 2011 and 2010.
2. SearchGold adopted International Financial Reporting Standards (IFRS) on Januray 1, 2011. The audited consolidated financial statements of SearchGold for the years ended December 31, 2012 and 2011 were prepared in accordance with International Financial Reporting Standards (IFRS). Both sets of financial statements include notes regarding the transition to IFRS. Additionally, the auditors report for the audited consolidated financial statements for the year ended December 31, 2011 provided that the audited consolidated financial statements for the year ended December 31, 2010 were presented in accordance with IFRS. The earnings of 2010 and the loss for 2011 were restated under IFRS reporting.
3. During 2012, SearchGold retrospectively changed its accounting policy regarding exploration and evaluation expenditure in order to recognize these expenditures directly to net loss instead of capitalizing them as exploration and evaluation assets. The figures presented in the above table for the years ended December 31, 2012 and 2011 have been adjusted to reflect this change in accounting policy. The figures for the year ended December 31, 2010 have not been adjusted to reflect this change in accounting policy.

Management's Discussion and Analysis

The Issuer's management's discussion and analysis ("**MD&A**") for the fiscal years ended December 31, 2012, 2011 and 2010 are attached hereto as Schedule "B".

The MD&A of SearchGold should be read in conjunction with SearchGold's audited consolidated financial statements and the related notes for the fiscal year ended December 31, 2010 (prepared in accordance with Canadian GAAP), the audited consolidated financial statements and the related notes for the fiscal year ended December 31, 2011 (prepared in accordance with IFRS), and the audited consolidated financial statements and the related notes for the fiscal year ended December 31, 2012, where necessary.

Certain information included in SearchGold's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Forward-Looking Statements*" for further details.

Description of the Securities

The authorized capital of SearchGold includes an unlimited number of SearchGold Shares without nominal or par value of which, as at the date hereof, 32,891,305 SearchGold Shares are issued and outstanding as fully paid and non-assessable. As of the date hereof, there are 56,250 SearchGold Shares in escrow.

In addition, 300,000 SearchGold Shares are reserved for issuance under the SearchGold Options at a weighted average exercise price of $0.24 per SearchGold Share. SearchGold Options that are issued pursuant to a consulting agreement are cancelled thirty days after a consulting agreement is terminated. There are 4,300,000 SearchGold Warrants outstanding at an exercise price of $0.10, which expire on November 5, 2014.

The holders of SearchGold Shares are entitled to dividends, if, as and when declared by the SearchGold Board, to receive notice of and one vote per SearchGold Share at meetings of the shareholders of SearchGold and, upon liquidation, to share equally in such assets of SearchGold as are distributable to the holders of SearchGold Shares.

SearchGold Option Plan

Pursuant to the stock option plan of the SearchGold Option Plan, the SearchGold Board may, from time to time and at its discretion, grant to directors, officers, employees or consultants of the SearchGold (the "Beneficiaries") options to acquire common shares of the SearchGold for a maximum of 10% of the number of outstanding common shares of the SearchGold at the time of the grant. Options are not transferable and are valid for five years from the date of grant.

The exercise price per common share is fixed by the SearchGold Board but cannot be less than the closing price of the shares on the TSXV the day before the grant. Options granted to a Beneficiary who is no longer eligible under the Plan will expire three months following the date such person ceases to be a Beneficiary for the purposes of the Plan. The SearchGold Board may appoint a committee to administer the Stock Option Plan (the "Committee"). If such a Committee is not so appointed, the SearchGold Board shall be deemed to constitute the Committee. The exercise price per Common Share is fixed by the Committee but shall not be less than the Discounted Market Price (as defined under the policies of the TSXV) at the time of grant.

The number of Common Shares which may be issued pursuant to options granted pursuant to the Stock Option Plan to any one person may not exceed 5% of the aggregate issued and outstanding Common Shares (calculated as at the time of grant of such option) in any 12-month period unless disinterested shareholder approval is obtained. No consultant nor any employee conducting investor relations activities may be granted options to acquire more than 2% of the issued and outstanding Common Shares (calculated as at the time of grant of such option) in any 12-month period. The expiry date of each option shall be determined by the SearchGold Board or the Committee or, failing such determination and in any event, not later than that date which is five years after the grant of the option. The vesting of each option shall be determined by the Committee, failing which, the options shall vest as to 25% immediately upon the date of grant and as to a further 25% in each of (i) one year, (ii) 18 months and (iii) two years, after the date of grant. Options are not transferrable except by will or the laws of succession and distribution. If the optionholder (a) dies, or (b) ceases to be eligible under the Stock Option Plan (for any reason other than resignation termination for cause or resignation or failure to be re-elected as a Director), then generally, options that are entitled to be exercised may be exercised (subject to certain entitlements to exercise unvested options at the discretion of the SearchGold Board or the Committee) until the earlier of (i) one year or three months, respectively, of the applicable date, or (ii) the expiry date of the option. If the SearchGold or its shareholders receive and accept an offer to acquire all of the shares or substantially all of the assets of the SearchGold (the "Sale Transaction"), the Committee may, in its sole discretion, deal with the options issued under the Stock Option Plan in the manner it deems fair and reasonable, including accelerating the expiry date of the options, providing for cash compensation or exchanging options for options to acquire shares in the capital of the acquiror or resulting corporation in connection with the Sale Transaction. The Committee may at any time amend any provision of the Stock Option Plan subject to obtaining the necessary approval of the TSXV and any other applicable regulatory authorities, provided that any such amendment shall not adversely affect or impair any option previously granted to an optionee under the Stock Option Plan, without its consent.

See "Part IV: Information Concerning the Resulting Issuer – Escrowed Securities".

There are no SearchGold Options issued to officers and directors of SearchGold.

The following table sets out all SearchGold Options granted by SearchGold:

Name	SearchGold Shares under Reserved Under SearchGold Options (1)	Exercise price per SearchGold Share (1)	Expiry Date
Moussa Keita	50,000	$0.96	June 24, 2013
Ubika Corp.	250,000(2)	$0.10	November 16, 2016
Total:	**300,000**		

Notes**:**

1. The exercise price of such SearchGold Options was determined by the SearchGold Board, in accordance with the policies of Exchange.

2. After the Ubika Consulting Agreement is cancelled, the SearchGold Options held by Ubika will be cancelled 30 days after the date of termination.

There can be no assurances that the SearchGold Options described above will be exercised in whole or in part.

Prior Sales

SearchGold Shares for 2012 have been issued as follows:

Date	Number of SearchGold Shares	Issue Price Per SearchGold Share ($)	Aggregate Issue Price ($)	Consideration Received
March 2, 2012	10,000,000[(1)]	$0.05	$500,000	Cash
November 5, 2012	4,300,000[(2)]	$0.05	$215,000	Cash
TOTAL	**14,300,000**	-	**$715,000**	-

Notes:

1. The SearchGold Shares were issued to arm's length parties pursuant to a non-brokered private placement of SearchGold Shares.

2. The November 5, 2012 sale was a sale of 4,300,000 units, each unit including one common share of SearchGold at a price of $0.05 per share and one warrant of SearchGold. The 4,300,000 SearchGold Shares, which formed part of the SearchGold unit, issued on November 5, 2012 were issued to arm's length parties pursuant to a non-brokered private placement of units; each unit was comprised of one SearchGold Share and one SearchGold Warrant.

Stock Exchange Price

The SearchGold Shares are currently listed on the TSXV under the symbol "RSG". Trading in the SearchGold Shares was halted on March 5, 2013 pending completion of the Transaction.

The closing price of the SearchGold Shares on March 4, 2013, being the last day on which the SearchGold Shares traded prior to the announcement of the Transaction on March 5, 2013, was $0.05 per SearchGold Share. The following table sets forth the high and low daily closing prices and the volumes of trading of the SearchGold Shares for the periods indicated.

	Price Range		
Period	**High ($)**	**Low ($)**	**Volume**
June 1, 2010 – September 30, 2010	0.178889	0.160556	25,345
October 1, 2010 – December 31, 2010	0.30	0.30	5,580
January 1, 2011 – March 31, 2011	0.15	0.15	12,000
April 1, 2011 – June 30, 2011	0.20	0.20	11,500
July 1, 2011 – September 30, 2011	0.229565	0.225217	14,160
October 1, 2011 – December 31, 2011	0.095862	0.088103	30,618
January 1, 2012 – March 30, 2012	0.21	0.21	3,000
April 1, 2012 - June 30, 2012	0.060714	0.059107	9,731
June 1, 2012 - June 30, 2012	0.042353	0.041765	4,749
July 1, 2012 - July 31, 2012	0.040526	0.04	2305.905
August 1, 2012 - August 30, 2012	0.04	0.04	1,681
September 1, 2012 - September 30, 2012	0.041053	0.038947	84,319
October 1, 2012 - October 31, 2012	0.059091	0.058636	33,120
November 1, 2012 - November 30, 2012	0.058095	0.055238	11,284

Period	Price Range High ($)	Low ($)	Volume
December 1, 2012 - December 31, 2012	0.045263	0.044211	14,309
December 31, 2012 – March 11, 2013	N/A	N/A	N/A

Executive Compensation

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards[2] ($)	Non-equity incentive plan compensation ($) Annual incentive plans	Long-term incentive plans	Pension value ($)	All other compensation ($)	Total compensation ($)
Stanley Robinson	2012	-	-	-	-	-	-	60,000	60,000
President and CEO	2011							28,065 [5]	28,065
Philippe Giaro [1]	2012	-	-	-	-	-	-	11,970 [3]	11,970
former-CEO	2011	-	-	-	-	-	-	55,392	55,392
	2010	-	-	-	-	-	-	5,000	5,000
								-	
Isabelle Gauthier	2012	-	-	-	-	-	-	40,552 [4]	40,552
CFO	2011	-	-	-	-	-	-	43,551	43,551
	2010	-	-	-	-	-	-	45,000	45,000

Notes:

(1) Mr. Giaro resigned as CEO on July 13, 2011 and was replaced by Mr. Robinson.

(2) Grant date fair values of stock option awards were determined using the Black-Scholes option pricing model. Assumptions utilized are disclosed in the notes to the Corporation's consolidated financial statements.

(3) Management fees were paid to a company controlled by the officer.

(4) Financial consulting services fees were paid to Mrs. Gauthier.

(5) Management fees were paid to Mr. Robinson.

Arm's-Length Transaction

The proposed Transaction is not a Non-Arm's Length transaction.

Legal Proceedings

There are no material pending legal proceedings to which SearchGold is a party or of which any of its property is the subject matter nor are any such proceedings known to SearchGold to be contemplated.

Auditor, Transfer Agents and Registrars

The auditors of SearchGold are Raymond Chabot Grant Thornton LLP whose principal office is located at 2000 - 600 De La Gauchetiere Street West, Montreal, Quebec, H3B 4L8. The transfer agent and registrar for the SearchGold Shares is Computershare Investor Services Inc. at its Toronto office located at 9 – 100 University Avenue, Toronto, Ontario, M5J 2Y1.

Material Contracts

Since incorporation, the only material contracts entered into by SearchGold, other than contracts entered into in the ordinary course of business, are as follows:

- The Ubika Consulting Agreement;
- the Barette Consulting Agreement;
- the Mandiana Earn-In Agreement;
- the Memorandum of Understanding (MOU) dated June 30, 2012 between Pierre Lalande and SearchGold Resources Inc. in connection with the payments due;
- the Joint venture agreement dated July 22, 2005 between SearchGold and Managem International relating to the Bakoudou Project;
- the purchase and sale agreement date May 12, 2011 with Managem International A.G., Managem and Resources Golden Gram Gabon ("REG") for the sale of its remaining 27% interest in the Bakoudou-Magnima Gold Project;
- the Earn-in agreement dated March 30, 2009 with Société Minière KINDO Adama (SOMIKA) SARL for a 100% interest in the Gueguere Gold Project and Addendums #1, 2, 3 and 4, dated respectively April 2, 2010 – December 29, 2010 – December 23, 2011 and January 16, 2013;
- the Joint-Venture agreement dated January 28, 2011 between SearchGold and Swala Resources PLC on the Gueguere Gold Project; and
- Agency Agreement dated May 10, 2013, between SearchGold and PSSI.

Copies of these agreements will be available for inspection at the office of the Company, 700-36 Lombard Street, Toronto, Ontario, M5C 2X3, during ordinary business hours until the Transaction Closing Date and for a period of thirty days thereafter.

PART III - INFORMATION CONCERNING UBIKA

Corporate Structure

Name and Incorporation

Ubika, which operates under the trade name Ubika Research, is a joint stock corporation existing under the laws of Canada. Ubika was incorporated in 2004 and its registered and head office is located at 700 – 36 Lombard Street, Toronto, Ontario, M5C 2X3.

Intercorporate Relationships

The principal shareholders of Ubika (prior to giving effect to the Financing and Share-Split) are as follows:

- Vishy Karamadam – 800 Ubika Shares (representing 40% of the issued and outstanding Ubika Shares on a pre-Financing basis);

- Vikas Ranjan – 800 Ubika Shares (representing 40% of the issued and outstanding Ubika Shares on a pre-Financing basis);

- Business Pitstop Corporation (1) – 100 Ubika Shares (representing 5% of the issued and outstanding Ubika Shares on a pre-Financing basis); and

- Ubequity Capital Partners Inc (2) – 300 Ubika Shares (representing 15% of the issued and outstanding Ubika Shares on a pre-Financing basis).

Notes:

1. Pursuant to a share purchase agreement dated September 17, 2012 the Ubika Shares issued to Business Pitstop Corporation will be transferred to Ubika for cancellation prior to the Completion of the Transaction.
2. Pursuant to an option agreement dated January 21, 2013 which gives Ubika the option of buying back the Ubika shares held by Ubequity Capital Partners Inc., the Ubika Shares issued to Ubequity Capital Partners Inc. will be transferred to Ubika for cancellation prior to the Completion of the Transaction.

Ubika has one wholly-owned subsidiary: SmallCapPower.

General Development of the Business

History

Ubika was formed in 2004 as a federally incorporated corporation. Its investment research and analytics business became fully operational in the later part of January 2007. Ubika achieved profitability in 2011.

On May 15 2012, Ubika entered into a license agreement with Modyo, a Dutch corporation, pursuant to which Ubika licenses the Modyo technology platform to support the Small Cap Power financial portal, www.smallcappower.com. The Modyo technology provides Ubika with an online platform for SmallCapPower that leverages Modyo's core platform and services. Modyo is a software development and services company that provides online platforms and services for building web and mobile solutions.

On July 5 2012, Ubika entered into a strategic relationship with PostMedia Inc. to promote the SmallCapPower digital brand. PostMedia Inc. and Ubika entered into an advertising agreement effective as at September 1, 2012 ("**Advertising Agreement**") pursuant to which PostMedia Inc. agreed to provide branding and promote SmallCapPower in its newspapers, including the National Post and Financial Post, and its online assets. In consideration for PostMedia Inc.'s services, Ubika agreed to place at least $250,000 worth of advertising in the National Post newspaper and certain websites or 50% of the earnings of SmallCapPower, whichever amount is greater. The management of Ubika does not expect the earnings of SmallCapPower to exceed $250,000 during the first year of the Advertising Agreement.

As part of its future development, Ubika intends on expanding upon the solutions offered through SmallCapPower. The growth plan involves developing the web portal which will be built on the Modyo web 3.0 technology platform. The web portal will allow Ubika to ascertain comprehensive intelligence on visitors and analyze visitor behavior, as well as to offer clients diverse services such as email campaign and video campaign solutions. Such solutions will allow Ubika clients to tailor their pitch to target audiences.

The Ubika growth plan also involves expanding the fulfillment capacity of the portal to include content coverage of U.S. companies. Ubika has hired a technology company to develop the new portal.

According to Ubika's growth plan, the digital platform will generate revenue by offering fee-based customized research and information solutions, such as the campaign solutions and newsletters.

Significant Acquisitions and Dispositions

Except as set forth herein, Ubika has not completed any significant acquisitions or dispositions.

Narrative Description of the Business

Ubika is a privately-held capital market services company which provides research, analytics and information dissemination to a range of clients in the financial services industry. Ubika operates through two divisions: (i) Ubika Research, and (ii) SmallCapPower. The office from which it conducts operations is located in Toronto, Ontario.

Ubika Research provides investment research and analytics solutions related to small cap public companies to investors, stock brokers, investment advisors and fund manager. Additionally, small cap companies utilize Ubika Research for content creation, analytics and information dissemination. Ubika Research was formed to address the information deficit relating to small cap companies operating in Canadian capital markets. It generates revenue by charging small cap company clients a monthly or annual fee for the provision of analytics or dissemination services. Ubika Research has generated revenue since 2006.

SmallCapPower is an online portal platform through which small cap companies can disseminate corporate information. Additionally, investors utilize SmallCapPower to access information relating to investment insights, stock quotes, and company activity. SmallCapPower client's pay a monthly fee to access the portal. SmallCapPower has an retail subscriber base of approximately 24,000 individuals and a base of over 1,100 institutional subscribers.

Clients that utilize services provided by both Ubika Research and SmallCapPower operate in a diverse range of industries such as oil and gas, technology, clean tech and exploration.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Annual Information

The following table sets forth selected combined historical financial information and selected balance sheet data as at December 31, 2012, December 31, 2011 and December 31, 2010 (presented in accordance with IFRS). Such information is derived from Ubika's financial statements and should be read in conjunction with such financial statements included elsewhere in this Management Information Circular including those financial statements attached hereto as Schedule "C".

Income Statement Data	12 Months Ended December 31, 2012 (Audited)	12 Months Ended December 31, 2011 (Audited)	12 Months Ended December 31, 2010 (Audited)
Total Revenues	**1,204,468**	1,405,384	501,953
Income from Continuing Operations	295,856	539,086	(195,357)
Net Income (Loss)	232,869	384,147	(149,239)
Net Income (Loss) per Share	116.43	192.07	(74.62)

Balance Sheet Data	12 Months Ended December 31, 2012 (Audited)	12 Months Ended December 31, 2011 (Audited)	12 Months Ended December 31, 2010 (Audited)
Current Assets	251,708	204,615	113,124
Total Assets	1,176,951	838,612	499,463
Total Liabilities	901,343	797,518	628,306
Shareholders' Equity	275,608	41,094	(128,843)

Description of the Securities

The authorized share capital of Ubika is as follows:

- Unlimited number of Class "A" Common shares;
- Unlimited number of Class "B" Common shares;
- Unlimited number of Class "C" Common shares;
- Unlimited number of Class "D" Preference shares;
- Unlimited number of Class "E" Preference shares;
- Unlimited number of Class "F" Preference shares; and
- Unlimited number of Class "G" Preference shares.

As at the date hereof, 2,000 Ubika Shares are issued and outstanding as fully paid and non-assessable.

Holders of Ubika Shares are entitled to receive notice of and to attend all meetings of the Ubika Shareholders and shall have one vote for each Ubika Share held at all meetings of the Ubika Shareholders. Ubika Shareholders are entitled to (a) receive any dividends as and when declared by the Ubika Board out of the assets of Ubika properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) received the remaining property of Ubika (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of Ubika. Holders of Ubika Shares have no pre-emptive, redemption or conversion rights.

Consolidated Capitalization

The following table sets forth the capitalization of Ubika as at the dates indicated.

Designation of Security	Amount authorized or to be authorized	Amount outstanding as of December 31, 2012	Amount outstanding as at May 2013 prior to giving effect to the Transaction
Common Shares	Unlimited	2,000(1)	2,483,333(2)(3)

Notes:

1. Total does not include any Ubika Shares issuable pursuant to the Financing.
2. Pursuant to a share purchase agreement dated September 17, 2012 and an option agreement dated January 21, 2013, the 400 Ubika Shares issued to Business Pitstop Corporation and Ubequity Capital Partners Inc. will be transferred to Ubika for cancellation and the Share Split will be performed prior to the Completion of the Transaction.
3. The figure reflects the amount of Ubika Shares outstanding after the Share Split.

Prior Sales

There has not been an issuance of Ubika Shares in the last 12 months.

Stock Exchange Price

There is no public market for Ubika's securities. The Ubika Shares are not, or have not been, posted for trading on any stock Exchange.

Executive Compensation

Compensation Discussion and Analysis

General

The Ubika Board is comprised of the following two directors: Vishy Karamadam and Vikas Ranjan. Vishy Karamadam and Vikas Ranjan also fulfill all management functions of Ubika and can be considered to be Named Executive Officers (as defined herein) for the purposes of this section. As at the date of this Management Information Circular, Vishy Karamadam and Vikas Ranjan are the only Named Executive Officers of Ubika. Ubika does not have, and has not had since incorporation, any other executive officers.

In this section, "Named Executive Officer" or "NEO" means each of the following individuals: (i) the Chief Executive Officer ("**CEO**"); (ii) the Chief Financial Officer ("**CFO**"); (iii) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year; and (iv) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of Ubika, nor acting in a similar capacity, at December 31, 2012.

The Ubika Board as a whole determines the level of compensation payable to NEOs. As Ubika is in the early stages of development, no formal compensation program (including cash compensation, long term-equity or bonus program) has been implemented to date and neither NEO has received any compensation to date (including, for greater certainty, any long-term incentives). NEOs are encouraged to personally purchase a meaningful position in the Ubika Shares, which both NEOs have done.

Ubika provides NEOs with standard medical and dental insurance. There are no pension plan benefits in place and neither NEO is indebted to Ubika. In addition, there are no plans in place with respect to the NEOs for termination of employment or change in responsibilities.

Summary Compensation Table

Executive compensation is required to be disclosed for each NEO. The following table sets forth the compensation paid each NEO of Ubika during the three most recently completed financial years ended December 31, 2012, 2011 and 2010.

					Non-equity incentive plan compensation			
Name and principal position	**Period ended**	**Salary**	**Share-based awards**	**Option-based awards**	**Annual incentive plans**	**Long-term incentive plans**	**All other compensation**	**Total compensation**
Vishy Karamadam *Director*	Dec. 31, 2012	104,500	nil	nil	nil	nil	nil	104,500
	Dec. 31, 2011	123,486	nil	nil	nil	nil	nil	123,486
	Dec. 31, 2010	121,787	nil	nil	nil	nil	nil	121,787
Vikas Ranjan *Director*	Dec. 31, 2012	104,500	nil	nil	nil	nil	nil	104,500
	Dec. 31, 2011	123,486	nil	nil	nil	nil	nil	123,486
	Dec. 31, 2010	121,787	nil	nil	nil	nil	nil	121,787

Pension Plan Benefits

Ubika has no pension plans that provide for payments or benefits to any NEO at, following or in connection with retirement.

Ubika also does not have any deferred compensation plans relating to any NEO.

Termination and Change of Control Benefits

Ubika has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as an NEO of Ubika, in connection with or related to the retirement, termination or resignation of such person, and Ubika has provided no compensation to any such person as a result of a change of control of Ubika. Ubika is not party to any compensation plan or arrangement with an NEO resulting from the resignation, retirement or termination of employment of any such person.

Ubika does not have any plan or arrangement with respect to compensation to its NEOs, which would result from the resignation, retirement or any other termination of employment of the NEO's employment with Ubika and its subsidiaries or which would result from a change of control of Ubika or a change in the NEO's responsibilities following a change in control.

Director Compensation

Ubika has no pension plan or other arrangement for non-cash compensation for its directors who are not NEOs.

Director Share-Based Awards, Option Based Awards, and Non-Equity Incentive Plan Compensation

Directors of Ubika do not receive any compensation in the form of directors' fees. No other compensation during the most recently completed financial year was paid to directors pursuant to any other arrangement or in lieu of any standard arrangement. All reasonable expenses incurred by directors in respect of their duties are reimbursed by Ubika.

No director of Ubika has received, during the most recently completed financial year, compensation pursuant to: (i) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments; (ii) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or (iii) any arrangement for the compensation of directors for services as consultants or experts.

Stock Option Plan

Ubika has no stock option plan in place.

Management Contracts

Ubika has not entered into management contracts with any director, officer, employee or consultant. No management function of Ubika or its subsidiaries is performed by a person other than Vishy Karamadam and Vikas Ranjan.

Non-Arm's Length Party Transactions

Other than as described elsewhere in this Management Information Circular, within five years prior to the date hereof, Ubika has not acquired any assets or been provided any services from any director, officer, Insider or Promoter of Ubika, except in their capacities as directors, officers or employees of Ubika. See "*Part III - Information Concerning Ubika – Development of the Business – Significant Acquisitions and Dispositions"* and "*See Part III - Information Concerning Ubika – Development of the Business – Recent Developments"*.

Material Contracts

The only material contracts entered into by Ubika in the last two years (other than contracts entered into in the ordinary course of business), are as follows:

(a) the Agency Agreement;

(b) the Subscription Receipt Agreement in respect of the Subscription Receipt Offering;

(c) the Subscription Agreement in respect of the Subscription Receipt Offering;

(d) the Advertising Agreement (see "Part III – Information Concerning Ubika – General Development of the Business – History"); and

(e) the Modyo licensing agreement (see "Part III – Information Concerning Ubika – General Development of the Business – History").

Copies of this agreement will be available for inspection at the offices of Heenan Blaikie LLP located at Suite 2900, 333 Bay Street, Bay Adelaide Centre, Toronto, Ontario M5H 2T4 until the Transaction Closing Date and for a period of 30 days thereafter.

PART IV - INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

Name and Incorporation

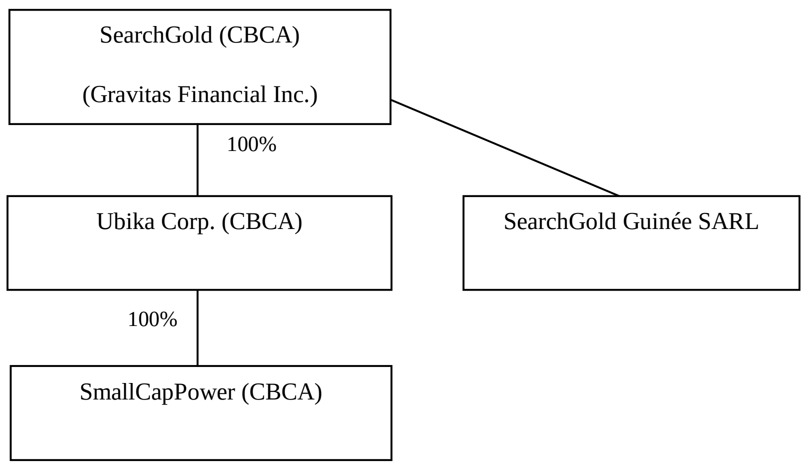
Following the completion of the Transaction, the Resulting Issuer intends to seek shareholder approval to change its name and operate under the name "Gravitas Financial Inc." and will be governed by the provisions of the CBCA.

The registered office and head office of the Resulting Issuer will be located at Suite 2900, 333 Bay Street, Bay Adelaide Centre, Toronto, Ontario M5H 2T4.

Intercorporate Relationships

Following the completion of the Transaction, the Resulting Issuer will own, directly or indirectly, all of the issued and outstanding common shares of Ubika. As a result of the Transaction, the previous shareholders of Ubika will become shareholders of the Resulting Issuer.

The following organizational chart demonstrates the intended corporate structure of the Resulting Issuer:



Narrative Description of the Business

The Resulting Issuer will have the same stated objective and milestones as Ubika and intends on expanding the current platform of Ubika to offer new fee based professional and advisory services. The Resulting Issuer intends to dispose of the SearchGold exploration assets and licenses post-Closing. For the narrative description of the business of the Resulting Issuer, including exploration and development milestones, see "*Part III – Information Concerning Ubika – General Development of the Business*". See "*Part III – Information Concerning Ubika – Narrative Description of the Business*" for further information on Ubika's services and proposed activities.

Description of the Securities

Upon completion of the Transaction, the SearchGold Shares will be the Resulting Issuer Shares. For a description of the attributes of the SearchGold Shares, please refer to "*Part II – Information Concerning SearchGold – Description of Securities*" of this Management Information Circular.

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma share and loan capital of the Resulting Issuer as at March 31, 2013 on a consolidated basis, based on the pro forma consolidated financial statements contained in this Management Information Circular after giving effect to the Transaction and the Financing. This table should be read in conjunction with the pro forma consolidated financial statements and notes thereto appended as Schedule "D" to this Management Information Circular.

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Transaction (without giving effect to the Financing)	Amount outstanding after giving effect to the Transaction and the Financing (assuming a Minimum Financing)	Amount outstanding after giving effect to the Transaction and the Financing (assuming a Maximum Financing)
Resulting Issuer Shares	Unlimited	67,891,305	77,891,305 (1)	107,891,305 (1)

Notes:

1. In addition to the number of issued and outstanding Resulting Issuer Shares, there will be SearchGold Options exercisable to acquire 300,000 Resulting Issuer Shares and Resulting Issuer Warrants to acquire 4,300,000 Resulting Issuer Shares. Pursuant to the Share Offering, there will be Broker Warrants exercisable to acquire 800,000 Resulting Issuer Shares in the case of a Minimum Share Offering and 3,200,000 Resulting Issuer Shares in the case of a Maximum Share Offering. See "*Part IV – Information Concerning the Resulting Issuer – Fully Diluted Share Capital*."

Fully Diluted Share Capital

The following tables outline the expected number and percentage of securities of the Resulting Issuer to be outstanding on a non-diluted and fully-diluted basis after giving effect to the Transaction and the Financing:

			After Giving Effect to the Transaction			
Designation of Security	**Number, Minimum Financing**	**Number, Maximum Financing**	**Percentage, Minimum Financing (undiluted)**	**Percentage, Maximum Financing (undiluted)**	**Percentage, Minimum Financing (fully-diluted)**	**Percentage, Maximum Financing (fully-diluted)**
Resulting Issuer Shares						
Shares Issued						
SearchGold Shares	67,891,305	67,891,305	87.16%	62.92%	81.51%	58.69%
Ubika Shares (1)	-	-	-	-	-	-
Financing	10,000,000	40,000,000	12.84%	37.08%	12.01%	34.58%
Subtotals						
Reserved for issuance under the:						
Resulting Issuer Options (2)	300,000	300,000	n/a	n/a	0.36%	0.26%
Resulting Issuer Broker Warrants	800,000	3,200,000	n/a	n/a	0.96%	2.76%
Resulting Issuer Warrants	4,300,000	4,300,000	n/a	n/a	5.16%	3.71%
Total (fully-diluted)	**83,291,305**	**115,691,305**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Notes:

1. All outstanding securities of Ubika will be Exchanged for Resulting Issuer Shares in accordance with the Exchange Ratio.
2. After the Ubika Consulting Agreement is cancelled, the SearchGold Options held by Ubika will be cancelled 30 days after the date of termination.

Available Funds and Principal Purposes

Available Funds

Concurrently with the completion of the Transaction, the Share Offering will be completed for minimum gross proceeds of $500,000 and maximum gross proceeds of $2,000,000 or such other amount as may be agreed to by SearchGold and Ubika.

The Subscription Receipt Offering will be completed for minimum gross proceeds of $10,000,000 and maximum gross proceeds of $35,000,000 or such other amount as may be agreed to by SearchGold and Ubika.

Management of SearchGold anticipates that based on estimated working capital as at September 30, 2012 and assuming the closing of the Financing, the Resulting Issuer will have Available Funds of $10,500,000 (assuming a Minimum Financing) and $ 37,000,000(assuming a Maximum Financing).

Principal Purposes of Funds

The principal purposes of the Available Funds will be as follows:

Use of Funds	**Minimum**	**Maximum**
Smallcappower.com	$1,000,000	$5,500,000
Ubika Research	$800,000	$2,400,000
Shareholder Services	$750,000	$2,250,000
Corporate Services	$1,000,000	$2,000,000
Advisory Services	$2,000,000	$6,000,000
Working Capital	$1,500,000	$6,000,000
Acquisitions	$2,000,000	$7,780,000
Interest Reserve	$1,000,000	$4,000,000
Agent fees @2%	$250,000	$870,000
Other Closing costs	$200,000	$200,000
TOTAL	$10,500,000	$37,000,000

Applicable Tax Rates

The income tax rate applicable to the Resulting Issuer will be the federal and provincial income tax rate applicable in the year. The federal income tax rate effective January 1, 2013 is 15%.

The applicable provincial income tax rate depends upon the jurisdiction in which an issuer maintains a permanent establishment and the allocation of taxable income amongst the provinces in which an issuer maintains such permanent establishment.

The Resulting Issuer's registered office will be located in the Province of Ontario. The general income tax rate in the Province of Ontario for 2013 is 11.5%.

Dividends

The proposed directors of the Resulting Issuer anticipate that the Resulting Issuer will retain all future earnings and other cash resources for the future operation and development of its business, and accordingly, do not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of the directors of the Resulting Issuer after taking into account many factors including the Resulting Issuer's operating results, financial condition and current and anticipated cash assets.

Principal Securityholders

To the knowledge of SearchGold or Ubika, upon completion of the Transaction and the Financing, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Resulting Issuer Shares except as follows:

Name and Municipality of Residence	Number of Resulting Issuer Shares Owned	Percentage of Resulting Issuer Shares After Giving Effect to the Minimum Financing	Percentage of Resulting Issuer Shares After Giving Effect to the Maximum Financing	Type of Ownership
Vishy Karamadam[(1)] *Mississauga, Ontario*	18,100,000[(1) (3)]	23.23% (non-diluted) / 23.13% (fully-diluted)	16.77% (non-diluted) / 16.70% (fully-diluted)	Direct
Vikas Ranjan[(2)] *Mississauga, Ontario*	18,100,000[(2) (3)]	23.23% (non-diluted) / 23.13% (fully-diluted)	16.77% (non-diluted) / 16.70% (fully-diluted)	Direct

Notes:

1. A portion of the Resulting Issuer Shares owned by Vikas Ranjan will be held in 2368798 Ontario Inc., which is wholly owned by Vikas Ranjan.
2. A portion of the Resulting Issuer Shares owned by Vishy Karamadam. will be held in 2368799 Ontario Inc., which is wholly owned by Vishy Karamadam.
3. Ubika currently holds 400,000 SearchGold Shares and 2271906 Ontario Inc., a company owned by Vishy Karamadam and Vikas Ranjan, currently holds 800,000 SearchGold Shares. 600,000 of the SearchGold Shares held by Ubika and 2271906 Ontario Inc. will be distributed to Vishy Karamadam before Completion of the Transaction and 600,000 of the SearchGold Shares held by Ubika and 2271906 Ontario Inc. will be distributed to Vikas Ranjan before Completion of the Transaction.

Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

The following are the names and municipalities of residence of each proposed director and officer of the Resulting Issuer, the positions and offices to be held with the Resulting Issuer, their respective principal occupations within the five preceding years and the number and percentage of common shares of the Resulting Issuer which will be held by each of them on completion of the Financing. Each director will hold office until the next annual meeting of the Resulting Issuer unless his office is earlier vacated in accordance with the CBCA.

Insiders, Promoter, Control Person	Position	Number of SearchGold and/or Ubika Shares as at the Date of the Information Circular[(1)]	Resulting Issuer Shares upon Completion of the Transaction and the Minimum Share Offering[2]	Resulting Issuer Shares upon Completion of the Transaction and the Maximum Share Offering [(2)]
David Carbonaro *Toronto, Ontario*	Corporate Secretary and Director of SearchGold/ Proposed Corporate Secretary and Director of	440,000 SearchGold Shares (1.33%)	440,000 (0.56%)	440,000 (0.40%)

Insiders, Promoter, Control Person	Position	Number of SearchGold and/or Ubika Shares as at the Date of the Information Circular(1)	Resulting Issuer Shares upon Completion of the Transaction and the Minimum Share Offering2	Resulting Issuer Shares upon Completion of the Transaction and the Maximum Share Offering (2)
	Resulting Issuer			
Ernie Eves *Toronto, Ontario*	Proposed Chairman and Director of Resulting Issuer	-	-	-
Robert Carbonaro *Toronto, Ontario*	Proposed Director of Resulting Issuer	-	-	-
Isabelle Gauthier *Montreal, Quebec*	Chief Financial Officer of SearchGold/ Proposed CFO of Resulting Issuer	9,958 (0.03%)	9,958 (0.01%)	9,958 (0.009%)
Vishy Karamadam *Misisssauga, Ontario*	Director of Ubika; proposed Director of Resulting Issuer	800 Ubika Shares(5)	18,100,000 (23.23%)(3)	18,100,000 (16.77%)
Vikas Ranjan *Mississauga, Ontario*	Director of Ubika, proposed Director of Resulting Issuer	800 Ubika Shares(5)	18,100,000 (23.23%)(4)	18,100,000 (16.77%)

Notes

1. On a non-diluted basis.
2. On a non-diluted basis.
3. A portion of the Resulting Issuer Shares owned by Vishy Karamadam will be held in 2368798 Ontario Inc., which is wholly- owned by Vikas Ranjan.
4. A portion of the Resulting Issuer Shares owned by Vikas Ranjan will be held in 2368799 Ontario Inc., which is wholly- owned by Vishy Karamadam.

Directors will be appointed to the Audit Committee, following completion of the Transaction in accordance with regulatory guidelines.

The Audit Committee will be comprised of minimum of three directors as follows: Ernie Eves, Robert Carbonaro, and David Carbonaro. Each Audit Committee member is “financially literate”, within the meaning of National Instrument 52-110 and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

The term of office of the directors expires annually at the time of the Resulting Issuer’s annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer’s executive officers expires at the discretion of the Resulting Issuer’s directors. Three of the directors of the Resulting Issuer will not be independent of the Resulting Issuer within the meaning of National Instrument 58-101. The remaining proposed directors of the Resulting Issuer are considered to be independent within the meaning of National Instrument 58-101.

Shareholdings of Directors and Executive Officers

No SearchGold Options have been granted to officers and directors of SearchGold.

Management

The following is a brief description of each of the proposed members of management for the Resulting Issuer (including details with regard to their principal occupations for the last five years).

Ernie Eves, Chairman, Age 66

Mr. Eves is the Former Premier of the Province of Ontario. Prior to serving as Premier, he was Deputy Premier and Minister of Finance. Mr. Eves has had a distinguished career in both the public and private sectors. Currently, he serves as an advisor and board member for several firms in Canada and the United States . Mr. Eves is a graduate of Osgoode Hall Law School. He was called to the bar in 1972, and in 1983 was made a Queen's Counsel.

It is anticipated that Mr. Eves will devote such time and expertise as is reasonably required by the Resulting Issuer.

David Carbonaro, Director and Corporate Secretary, Age 53

Mr. Carbonaro is a partner at Heenan Blaikie LLP and practises corporate finance and international law. He also advises public companies, securities dealers and investment banks on corporate finance matters in what has become a rapidly changing and demanding regulatory landscape. As a member of a growing team of international lawyers at Heenan Blaikie LLP, Mr. Carbonaro plays a senior role in developing the International practice group.

It is anticipated that Mr. Carbonaro will devote such time and expertise as is reasonably required by the Resulting Issuer.

Vikas Ranjan, Director and Interim Chief Executive Officer, Age 42

Mr. Ranjan is a management and investment professional with over 18 years of experience in diverse areas of investment management, finance and investment research. Vikas is a co-founder of Ubika Research, and smallcappower.com His previous experience includes various management positions in companies such as Bank of Montreal . He holds a BA in Economics (Hons.), Masters in Management Studies from University of Mumbai, India and MBA in Finance from McGill University.

It is anticipated that Mr. Ranjan will serve the Resulting Issuer on a full time basis.

Isabelle Gauthier, Director, Age 44

Mrs Gauthier, completed a B.A. in Administration from Université du Québec à Montréal (UQAM) and is member of the Ordre des Comptables Agréés du Québec since 1998. She worked for Raymond, Chabot, Grant, Thornton a chartered accountant firm as an auditor from 1996 to 2006. Through her involvement in various assignments, she acquired a solid experience in management and financial reporting. In 2004 and 2005, she acted as the principal director in SearchGold audits, which allowed her to acquire a specific experience in the mining industry.

Vishy Karamadam, Director, Age 41

Mr. Karamadam has over 18 years of management experience in areas ranging from Investment Research, Corporate Finance, Management Consulting and Retail Banking Strategy. Vishy is a co-founder of Ubika Research, and smallcappower.com. His previous experience includes work for blue chip organizations in Toronto and Mumbai, India and has strong exposure to the financial services industry. He holds a Bachelor in Technology Degree in Electronics & Communication Engineering, Masters in Management Studies (Finance) from University of Mumbai, India and an MBA from McGill University.

It is anticipated that Mr. Karamadam will serve the Resulting Issuer on a full time basis.

Robert Carbonaro, Director, Age 40

Robert Carbonaro is a partner and the Head of Investment Banking at Portfolio Strategies Securities Inc., a national investment dealer. Mr. Carbonaro's practice has focused on advising and financing emerging growth companies in various sectors.

It is anticipated that Mr. Carbonaro will devote such time and expertise as is reasonably required by the Resulting Issuer.

Cease Trade Orders or Bankruptcies

As at the date of this Management Information Circular, no proposed nominee for election as a director of the Resulting Issuer is, or has been, within 10 years before the date of this Management Information Circular:

(a) a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

  (i) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order) or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**"); or

  (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

As at the date of this Management Information Circular, no proposed nominee for election as a director of the Resulting Issuer has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

As at the date of this Management Information Circular, no proposed nominee for election as a director of the Resulting Issuer has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Conflicts of Interest

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies engaged in mineral exploration, development and mining and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the CBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	Exchange or Market	Position	From	To
Ernie Eves	Canada Lithium Corp.	TSX	Director	February 2013	Current
	Medifocus Inc.	TSXV/ OTC Pink Sheet	Director	March 11	Current
	Bassett Media Group Corp.	TSXV	Director	February 2007	March 2012
David Carbonaro	Highvista Gold Inc. (formerly Triumph Ventures Corp.)	TSXV	Secretary	March 2011	March 2012
	La Quinta Resources	TSXV	Secretary	March 2010	March, 2012
	Spot Coffee (Canada) Ltd.	TSXV	Director	February 2008	November 2009
	Canadian Oil Recovery and Remediation Enterprises Inc.	TSXV	Director/Secretary	June 2008	October 2009
	Prime City One Capital Corp.	TSXV	Director/Secretary	March 2008	November 2009
Vishy Karamadam	Mint Technology Corp.	TSXV	Director	April 2013	Current
Vikas Ranjan	-	-	-	-	-
Isabelle Gauthier	-	-	-	-	-
Robert Carbonaro	Prime City One Capital Corp.	TSXV	Vice President	April 2008	September 2009

Executive Compensation

The anticipated compensation, if known, for each of the Resulting Issuer's Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers for the 12 month period after giving effect to the Transaction prepared in accordance with the requirements of Form 51-102F6 is required to be included in this Management Information Circular. Form 51-102F6 prescribes the disclosure requirements in respect of the compensation of certain executive officers and directors of reporting issuers. The following addresses the items identified in Form 51-102F6 which are applicable to the Resulting Issuer.

Compensation Discussion and Analysis

Following completion of the Transaction, it is expected that the Resulting Issuer will adopt an executive compensation structure and philosophy in respect of executive compensation which will be consistent with that of other capital market services and professional services small and mid cap companies listed on the Exchange. It is anticipated that such executive compensation structure and philosophy will comply in all material respects with the applicable policies and guidelines of the Exchange and of the Canadian Securities Administrators, including National Policy 58-201 – *Corporate Governance Guidelines* (the "**Governance Guidelines**"). The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices.

It is anticipated that a formal Compensation Committee will be appointed by the Resulting Issuer following the completion of the Transaction.

Summary Compensation Table – Proposed Compensation

Upon completion of the Transaction, it is expected the Resulting Issuer will have at least two executive officers, including a Chief Executive Officer and a Chief Financial Officer and Corporate Secretary. The compensation of such executives will be determined by the board of directors of the Resulting Issuer following the completion of the Transaction based on the recommendation of the Compensation Committee.

Incentive Plans Awards

Share-based awards

During the 12 month period following completion of the Transaction, the Resulting Issuer may grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Option-based awards

The Resulting Issuer intends to grant option-based awards, being awards under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features by granting stock options to its directors, officers and employees, however, the timing, amounts, exercise price and the recipients of such issuances have not yet been determined. Such stock options are expected to be granted under the SearchGold Option Plan which will be assumed by the Resulting Issuer. For an overview of the SearchGold Option Plan, please see the discussion under the heading "*Part II – Information Concerning SearchGold – Stock Option Plan*".

Pension Plan Benefits

During the 12 month period following completion of the Transactions, the Resulting Issuer may provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans.

Compensation of Directors

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services; however, the amounts of such fees will be determined in the discretion of the board of directors of the Resulting Issuer following completion of the Transactions. The Resulting Issuer may also grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer.

Indebtedness of Directors and Officers

Other than as disclosed herein, no individual who is, or at any time since the beginning of the most recently completed financial year of Ubika or SearchGold, was, a director or officer of Ubika or SearchGold, no proposed director or officer of the Resulting Issuer, and no Associate of any such director, officer or proposed nominee, is indebted to Ubika or any of its subsidiaries or SearchGold or SearchGold Guinée SARL (other than for "routine indebtedness" as defined by applicable securities legislation) or has any indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Ubika, any of its subsidiaries, SearchGold or SearchGold Guinée SARL.

Investor Relations Arrangements

There is no written or oral agreement or understanding that has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer.

Options to Purchase Securities

Other than as set out in the table below, as at the date of this Management Information Circular, there are no stock options to purchase securities of the Resulting Issuer that will be held upon completion of the Transaction and the Financing by:

- proposed officers of the Resulting Issuer as a group and proposed directors of the Resulting Issuer who are not also officers as a group;
- officers of all subsidiaries of the Resulting Issuer as a group and directors of those subsidiaries who are not also officers of the subsidiary as a group;
- other employees of the Resulting Issuer as a group;
- consultants of the Resulting Issuer as a group; and
- any other person or company, including any agent or underwriter.

The following table sets out information, as of the date of this Management Information Circular, on options to purchase Resulting Issuer Shares that will be held upon completion of the Transaction to the extent presently known and subject to applicable regulatory approvals:

Class of Optionee	Name of Optionee	Type of Security	Number of Resulting Issuer Shares Under Option	Exercise Price ($)	Expiry Date
SearchGold Employees	Moussa Keita	SearchGold Options	50,000	$0.96	June 24, 2013
SearchGold Consultants	Ubika Research	SearchGold Options	250,000	$0.10	November 16, 2016

Stock Option Plan

Upon completion of the Transaction, the Resulting Issuer will retain the SearchGold Option Plan adopted by SearchGold. See "*Part II – Information Concerning the Resulting Issuer –Stock Option Plan*".

Escrowed Securities

Escrowed Shares

SearchGold Escrowed Shares

An aggregate of 56,250 SearchGold Shares (the "**SearchGold Escrowed Shares**") issued to the directors and officers of SearchGold and their respective Associates and Affiliates, are currently held in escrow pursuant to the Escrow Agreement (collectively, the "**SearchGold Escrow Agreement**").

Resulting Issuer Escrowed Shares

The following table sets out, as of the date of this Management Information Circular and to the knowledge of SearchGold and Ubika, the name and municipality of residence of the Resulting Issuer Shareholders whose Resulting Issuer Shares (the "**Resulting Issuer Escrowed Shares**") will be subject to an Escrow Agreement (on an non-diluted basis):

Name and Municipality of Residence of Shareholder	**Escrowed Securities[(1)]**	**Number and Percentage of Securities After Giving Effect to the Minimum Financing and the Transaction[(4)]**	**Number and Percentage of Securities After Giving Effect to the Maximum Financing and the Transaction[(4)]**
Vishy Karamadam *Mississauga, Ontario*	Resulting Issuer Shares	18,100,000[(2)] (23.23%)	18,100,000[(2)] (16.77%)
Vikas Ranjan *Mississauga, Ontario*	Resulting Issuer Shares	18,100,000[(3)] (23.23%)	18,100,000[(3)] (16.77%)
David Carbonaro *Toronto, Ontario*	Resulting Issuer Shares	440,000 (0.56%)	440,000 (0.41%)
Total	Resulting Issuer Shares	36,640,000 (4703%)	36,640,000 (33.96%)

Notes:

1. The escrow agent of these Resulting Issuer Shares will be Computershare Trust Company of Canada (or such other escrow agent as Resulting Issuer may appoint).
2. A portion of the Resulting Issuer Shares owned by Vikas Ranjan will be held in 2368798 Ontario Inc., which is wholly -owned by Vikas Ranjan
3. A portion of the Resulting Issuer Shares owned by Vishy Karamadam will be held in 2368799 Ontario Inc., which is wholly- owned by Vishy Karamadam.
4. Assuming no Resulting Issuer Shares are purchased pursuant to the Financing.

Release Terms of the Escrow for the Escrowed Shares

The Resulting Issuer Escrowed Securities listed above are expected to be subject to a value security escrow agreement ("**Resulting Issuer Escrow Agreement**"). The Resulting Issuer Escrow Agreement will provide for a three year escrow release mechanism with 10% of the Resulting Issuer Escrowed Shares being releasable at the time of the Final Exchange Bulletin, and 15% of the Resulting Issuer Escrowed Shares being released every 6 months thereafter until the date which is 36 months after the Final Exchange Bulletin.

Where the Resulting Issuer Escrowed Shares are held by a non-individual (a "**holding company**"), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

The Resulting Issuer Escrowed Shares may not be transferred within escrow without the approval of the Exchange for release or transfer other than in specified circumstances set out in the applicable escrow agreement.

Auditors, Transfer Agent and Registrar

Collins Barrow Toronto LLP will be appointed the independent auditors of the Resulting Issuer.

Computershare Trust Company of Canada at its Toronto office located at 100 University Ave., 8th Floor, Toronto, ON M5J 2Y1 will be appointed as the registrar and transfer agent of the Resulting Issuer Shares following completion of the Transaction and the Financing.

PART V – GENERAL MATTERS

Relationships

The Agent has been engaged by Ubika to conduct the Subscription Receipt Offering and the Share Offering on a commercially reasonable "best efforts" basis pursuant to the terms of the Agency Agreement. In connection with the Share Offering, the Agent will receive (i) a cash commission of 8% of the gross proceeds raised pursuant to the Share Offering, and (ii) Broker Warrants to acquire such number of Resulting Issuer Shares which is equal to 8% of the aggregate number of Ubika Shares sold pursuant to the Share Offering. In connection with the Subscription Receipt Offering, the Agent shall receive a cash commission equal to 2% of the gross proceeds from the Subscription Receipt Offering. Additionally, in connection with the Financing, the Agent shall receive a cash fee of $10,000.

Experts

Reports and Opinions

The following professional persons have prepared reports or provided opinions that are either included in or referred to in this Management Information Circular:

- Raymond Chabot Grant Thorton LLP, Chartered Accountants have provided an auditors' report on the financial statements of SearchGold for the financial periods December 31, 2012, 2011 and 2010, a copy of which is attached hereto as part of Schedule "A".

- Collins Barrow Toronto LLP, Chartered Accountants have provided an auditors' report on the financial statements of Ubika for the financial periods ended December 31, 2010, 2011 and 2012, copies of which is attached hereto as part of Schedule "C".

Interest of Experts

Except as disclosed herein, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Management Information Circular or as having prepared or certified a report or valuation described or included in this Management Information Circular holds more than 1% beneficial interest, direct or indirect, in any property of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an Associate or Affiliate of SearchGold or the Resulting Issuer.

Other Material Facts

There are no material facts about SearchGold, the Resulting Issuer or the Transaction and the Financings that are not disclosed under the preceding items and are necessary in order for the Management Information Circular to contain full, true and plain disclosure of all material facts relating to SearchGold and the Resulting Issuer, assuming completion of the Transaction and the Financing.

Board Approval

The board of directors of SearchGold has approved this Management Information Circular.

Financial Statement Requirements

Financial statements for each of SearchGold, Ubika and the Resulting Issuer (and related MD&A, where applicable) may be found attached hereto at Schedules "A" through "D", respectively.

AUDITORS' CONSENT

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
11 King Street West
Suite 700, P.O. Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
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May 21, 2013

The Board of Directors of SearchGold Resources Inc.

Dear Sirs/Mesdames:

Re: Ubika Corp.

We refer to the Management Information Circular of SearchGold Resources Inc. (the "Corporation") dated May 21, 2013 in respect of the transaction involving the acquisition by the Corporation of all of the issued and outstanding common shares of Ubika Corp.

We consent to being named and to the inclusion in the above-mentioned Management Information Circular, of our report dated May 14, 2013 to the directors of the Corporation on the following financial statements:

Balance sheets as at December 31, 2012, 2011 and 2010; and

Statements of operations and comprehensive income, changes in equity and cash flows for the years ended December 31, 2012, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

We report that we have read the Management Information Circular and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the prospectus as these terms are described in the CICA Handbook – Assurance.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Ontario

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an independent member of
BAKER TILLY
INTERNATIONAL

Raymond Chabot
Grant Thornton

Auditor's Consent

Raymond Chabot Grant Thornton LLP
Suite 2000
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Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

British Columbia Securities Commission
Alberta Securities Commission
Autorité des marchés financiers (Québec)

We refer to the Management Information Circular of Searchgold Resources Inc. (hereinafter the "Company"), dated May 21, 2013, relating to the purchase by the Company of all of the issued and outstanding shares of Ubika Corporation.

We consent to being named and to the use, in the above-mentioned Management Information Circular, of our report dated April 10, 2013 to the shareholders of the Company on the following financial statements:

– Consolidated statements of financial position as at December 31, 2012 and 2011 and January 1, 2011;

– Consolidated statements of comprehensive loss, consolidated statements of changes in shareholder's equity and consolidated statements of cash flows for the years ended December 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

We also consent to the use, in the above-mentioned Management Information Circular, of our report dated April 23, 2012 to the shareholders of the Company on the following financial statements:

– Consolidated statements of financial position as at December 31, 2011 and 2010 and January 1, 2010;

– Consolidated statements of comprehensive income, consolidated statements of changes in shareholder's equity and consolidated statements of cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Finally, we consent to the use, in the above-mentioned Management Information Circular, of our report dated April 29, 2011 to the shareholders of the Company on the following financial statements:

– Consolidated balance sheets as at December 31, 2010 and 2009;

– Consolidated statements of deferred exploration expenses, earnings, comprehensive income, deficit, contributed surplus and cash flows for the years ended December 31, 2010 and 2009, and a summary of significant accounting policies and other explanatory information.

We report that we have read the Management Information Circular and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the prospectus as these terms are described in the *CICA Handbook – Assurance*.

/S/ Raymond Chabot Grant Thornton LLP [1]

Montreal, Quebec
May 16, 2013

[1] CPA auditor, CA public accountancy permit no. A115879

CERTIFICATE OF SEARCHGOLD RESOURCES INC.

Dated: May 21, 2013.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of SearchGold Resources Inc. assuming completion of the Transaction.

/S/ Stanley Robinson	*/S/ David Carbonaro*
Title: President & Chief Executive Officer	Title: Corporate Secretary

On behalf of the board of directors of SearchGold Resources Inc.

/S/ Maurice Colson	*/S/ Wes Roberts*
Title: Director	Title: Director

CERTIFICATE OF UBIKA CORP.

Dated: May 21, 2013.

The foregoing, as it relates to Ubika Corp., constitutes full, true and plain disclosure of all material facts relating to the securities of Ubika Corp.

/S/ Viswanathan Karamadam	*/S/ Vikas Ranjan*
Title: Managing Director	Title: Managing Director

PERSONAL INFORMATION

SearchGold Resources Inc. hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by SearchGold Resources Inc.; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in the Exchange's Form 3 – Personal Information Form or as otherwise identified by the Exchange, from time to time.

DATED this 21st day of May, 2013.

/S/ Stanley Robinson	*/S/ David Carbonaro*
Title: President Chief Executive Officer	Title: Corporate Secretary

SCHEDULE "A"

FINANCIAL STATEMENTS OF SEARCHGOLD

SearchGold Resources Inc.

(A Mining Exploration Company)

Consolidated Financial Statements
December 31, 2012 and 2011

Management's report

The consolidated financial statements of SearchGold Resources Inc. and the other financial information included in this annual report are Management's responsibility.

These consolidated financial statements and the other financial information have been prepared by Management in accordance with International Financial Reporting Standards.

The Audit Committee, which is composed of internal directors, meets with the external auditors to discuss matters relating to audit, internal control and financial information. The Committee also reviews the annual financial statements.

These consolidated financial statements have been audited by Raymond Chabot Grant Thornton LLP, chartered professional accountants, whose report indicating the scope of their audit and their opinion on the consolidated financial statements is presented hereafter.

The Board of Directors has approved the Company's consolidated financial statements, on the recommendation of the Audit Committee.

/S/ Stanley Robinson
President and CEO

/S/ Isabelle Gauthier
CFO

April 10, 2013

Raymond Chabot Grant Thornton

Independent Auditor's Report

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National Bank Tower
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To the Shareholders of
SearchGold Resources Inc.

We have audited the accompanying consolidated financial statements of SearchGold Resources Inc. (an exploration stage company), which comprise the consolidated statement of financial position as at December 31, 2012 and 2011 and January 1, 2011 and the consolidated statements of comprehensive loss, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the years ended December 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SearchGold Resources Inc. as at December 31, 2012 and 2011 and January 1, 2011 and its financial performance and its cash flows for the years ended December 31, 2012 and 2011 in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates that the Company has a negative working capital of $47,748 and a deficit of $20,579,496 as at December 31, 2012. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP [1]

Montréal, Quebec
April 10, 2013

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[1] CPA auditor, CA public accountancy permit no. A115879

SearchGold Resources Inc.

Consolidated Statements of Financial Position

(in canadian dollars)

	Notes	2012-12-31	2011-12-31	2011-01-01
		$	$	$
ASSETS				
Current				
Cash		94,377	146,693	29,877
Guaranteed investment certificate, prime rate less 2.05%, maturing in April 2013		20,000		
Other receivables	8	125,355	28,189	7,013
Prepaid expenses		10,691	10,405	9,577
		250,423	185,287	46,467
Non-current				
Property and equipment		4,564	4,375	5,440
Investment accounted for using the equity method	7			222,776
Other long-term financial assets	9	574,460	996,417	1,750,316
Total assets		829,447	1,186,079	2,024,999
EQUITY AND LIABILITIES				
LIABILITIES				
Current				
Trade and other payables	10	298,171	396,828	321,574
Due to an associate company, without interest				19,708
Total liabilities		298,171	396,828	341,282
EQUITY				
Share Capital	11	18,520,726	17,896,122	17,887,122
Contributed surplus		3,685,749	3,578,782	3,578,782
Deficit		(20,579,496)	(20,011,907)	(19,441,248)
Accumulated other comprehensive loss		(1,095,703)	(673,746)	(340,939)
Total equity		531,276	789,251	1,683,717
Total liabilities and equity		829,447	1,186,079	2,024,999

The accompanying notes are an integral part of the consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors April 10, 2013.

/S/ Stanley Robinson
Director

/S/ David Carbonaro
Director

SearchGold Resources Inc.

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2012 and 2011
(in canadian dollars)

	Notes	2012	2011
		$	$
Revenues			
Royalties		236,593	–
Expenses			
Exploration and evaluation expenditures	12	238,984	178,578
Administrative expenses	13	580,476	592,696
Losses from exchange differences		3,684	5,957
Gain on disposal of mining rights			(48,936)
		823,144	728,295
Operating loss		586,551	728,295
Share of loss from an equity-accounted investment			14,153
Gain on dilution from an equity-accounted investment	7		(91,640)
Gain from disposal of shares in a private company	6		(780,399)
Gain on an equity-accounted investment reclassified as other long-term financial assets	7		(41,334)
Impairment of other long-term financial assets			661,685
Loss on available-for-sale assets recycled in net loss			49,404
Financial costs (recovered)		(50,967)	30,495
Net loss		(535,584)	(570,659)
Other comprehensive loss			
Available-for-sale-financial assets			
Net change in fair value		(421,957)	(382,211)
Reclassification to net loss			49,404
Total of other comprehensive loss		(421,957)	(332,807)
Total comprehensive loss		(957,541)	(903,466)
Net loss per share			
Basic and diluted net loss per share	16	(0.02)	(0.03)
Weighted average number of common share outstanding basic and diluted	16	27,594,310	18,585,894

The accompanying notes are an integral part of the consolidated financial statements.

SearchGold Resources Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2012 and 2011
(in canadian dollars)

	Notes	Share Capital (Note 11.1) Number	Share Capital (Note 11.1) $	Accumulated Other Comprehensive Loss $	Contributed surplus $	Deficit $	Total Equity $
Balance at January 1, 2011							
Balance, as previously reported		18,566,305	17,887,122	(340,939)	3,578,782	(17,126,783)	3,998,182
Changes in accounting policies (Note 3)						(2,314,465)	(2,314,465)
Balance as restated		18,566,305	17,887,122	(340,939)	3,578,782	(19,441,248)	1,683,717
Shares issued for the acquisition of mining rights	12	25,000	9,000				9,000
Transactions with owners		25,000	9,000	–	–	–	9,000
Net loss						(570,659)	(570,659)
Other comprehensive loss							
Available-for-sale financial assets							
Net change in fair value				(382,211)			(382,211)
Reclassification to net loss				49,404			49,404
Total comprehensive loss		–	–	(332,807)	–	(570,659)	(903,466)
Balance at December 31, 2011		18,591,305	17,896,122	(673,746)	3,578,782	(20,011,907)	789,251
Balance at January 1, 2012		18,591,305	17,896,122	(673,746)	3,578,782	(20,011,907)	789,251
Shares issued under a private investment	11	14,300,000	715,000				715,000
Warrants issued			(90,396)		90,396		
Equity instrument issue expense						(32,005)	(32,005)
Share-based payments					16,571		16,571
Transactions with owners		14,300,000	624,604	–	106,967	(32,005)	699,566
Net loss						(535,584)	(535,584)
Other comprehensive loss							
Available-for-sale financial assets							
Net change in fair value				(421,957)			(421,957)
Total comprehensive loss		–	–	(421,957)	–	(535,584)	(957,541)
Balance at December 31, 2012		32,891,305	18,520,726	(1,095,703)	3,685,749	(20,579,496)	531,276

The accompanying notes are an integral part of the consolidated financial statements.

SearchGold Resources Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2012 and 2011
(in canadian dollars)

	Notes	2012	2011
		$	$
OPERATING ACTIVITIES			
Net loss		(535,584)	(570,659)
Adjustments			
Shares issued for the acquisition of mining rights			9,000
Share of loss from an equity-accounted investment			14,153
Gain on dilution from an equity-accounted investment			(91,640)
Loss from disposal of shares in a private company			(780,399)
Gain on an equity-accounted investment reclassified as other long-term financial assets			(41,334)
Impairment of other long-term financial assets			661,685
Loss on disposal of other long-term financial assets			49,404
Gain on disposal of mining rights			(48,936)
Share-based payments		16,571	
Financial costs			30,495
Depreciation of property and equipment		1,259	1,327
Changes in working capital items	19	(196,109)	53,250
Cash flows from operating activities		(713,863)	(713,654)
INVESTING ACTIVITIES			
Guaranteed investment certificate		(20,000)	
Proceed from disposal of mining rights			48,936
Proceed from disposal of shares in a private company			780,400
Property and equipment acquisition		(1,448)	(262)
Other long-term financial assets			51,599
Cash flows from investing activities		(21,448)	880,673
FINANCING ACTIVITIES			
Shares issued under a private investment		715,000	
Equity instrument issue expense		(32,005)	
Due to an associate			(19,708)
Financial costs paid			(30,495)
Cash flows from financing activities		682,995	(50,203)
Net change in cash		(52,316)	116,816
Cash, beginning of year		146,693	29,877
Cash, end of year		94,377	146,693

The accompanying notes are an integral part of the consolidated financial statements.

1. *NATURE OF OPERATIONS AND STATEMENT OF COMPLIANCE WITH IFRS*

SearchGold Resources Inc. and its subsidiary, (hereinafter the "Company") specializes in the acquisition and exploration of gold mining sites in Africa.

SearchGold Resources Inc. is the Company ultimate parent company and its shares are listed on the TSX Venture Exchange.

SearchGold Resources Inc. is incorporated under the Canada Business Corporations Act. The address of SearchGold Resources Inc. registered office and its principal place of business is 36 Lombard St., Suite 700, Toronto, Ontario, M5C 2X3.

These consolidated financial statements have been established in accordance with the International Financial Reporting Standards (the "IFRS").

2. *GOING CONCERN ASSUMPTION*

The consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated cash flows from its operations. As at December 31, 2012, the Company has a deficit of $20,579,496 ($20,011,907 as at December 31, 2011) and a negative working capital of $47,748 ($211,541 as at December 31, 2011) which will not be sufficient to support the Company's needs for cash during the coming year. The Company will require additional funding to be able to advance and retain mining rights interest and to meet ongoing requirements for general operations. These material uncertainties cast significant doubt regarding the Corporation’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

Management assesses its financing needs and strategic alternatives including potential changes relating to its mining property agreements, exploration programs and discretionary expenses.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. CHANGE IN ACCOUNTING POLICY

Exploration and evaluation assets

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 $670,357, 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 $0.04 for the year ended December 31, 2011.

3. CHANGE IN ACCOUNTING POLICY (Continued)

Financial statement presentation

In May 2012, the International Accounting Standards Board (IASB) issued amendments to IAS 1 “Presentation of Financial Statements” from the Annual Improvements 2009-2011. These amendments require incremental disclosures regarding comparative information, retrospective restatement or reclassification or change in accounting policy. These amendments are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has elected to apply these amendments as of January 1, 2012. Accordingly, the disclosures required by these amendments have been incorporated into the Company’s Financial Statements.

Furthermore, expenses presentation was retroactively changed to a presentation by function. Management previously presented expenses by nature. Management believes that this new presentation provides a clearer picture of the expenses incurred by the Company.

4. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

4.1 Basis of consolidation

The consolidated financial statements include those of the parent company and its wholly-owned subsidiary Ressources SearchGold Guinée SARL. The subsidiary is an entity over which the Company has the power to control the financial and operating policies. The annual reporting date of the subsidiary is December 31.

Net earnings (loss) and other comprehensive income (loss) of a subsidiary acquired or disposed of during the reporting period are recognized from the effective date of the acquisition, or up to the effective date of disposal, as applicable.

All transactions between the parent company and its subsidiary, balances, income and expenses are eliminated upon consolidation.

4.2 Functional and presentation currency and basis of evaluation

The consolidated financial statements are presented in canadian dollars, which is also the functional currency of the entities of the Company.

The monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year. Gains and losses are include in the net earnings (loss) for the year.

These financial statements are presented using the historical cost method, except for available-for-sale financial assets that are recognized at fair value through comprenhensive loss.

4.3 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through net earnings (loss), which are measured initially at fair value.

Financial assets and financial liabilities of the Company are measured subsequently as described below.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, guaranteed investment certificate, royalties receivable and advances to consultants fall into this category of financial instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include other long-term financial assets.

The equity interest in private companies is measured at cost less any impairment loss, when the fair value cannot be reasonably determined.

Available-for-sale financial assets are measured at fair value. The net change in fair value is recognized in other comprehensive income (loss) and reported within the available-for-sale reserve within equity. When the asset is derecognized, the cumulative gain or loss accounted in other comprehensive income (loss) is reclassified to net earnings (loss) in Gain or loss on available-for-sale assets recycled in net loss if applicable and presented as a reclassification adjustment within other comprehensive income (loss). If applicable, interest calculated using the effective interest method and dividends are recognized in net earnings (loss) within Finance income.

Impairment charges are recognized in net earnings (loss) as impairment of other long term financial assets, if applicable.

Reversals of impairment losses are recognized in other comprehensive income (loss).

Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counter party will default. When applicable, impairment are presented in net earnings (loss) within Administrative expenses.

Financial liabilities

The Company's financial liabilities include trade and other payables, except taxes payable included within this account.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in net earnings (loss) within Financial costs.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

4.4 Investments in associates

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

All subsequent changes to the Company's share of interest in the equity of the associate are recognized in the carrying amount of the investment. Changes resulting from the net earnings (loss) generated by the associate are reported within Share of income (loss) from equity accounted investments in the consolidated statement of comprehensive income (loss).

Changes resulting from other comprehensive income (loss) of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income (loss) or equity of the Company, as applicable. However, when the Company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. In that case additional losses are provided for, and a liability is recognized. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Unrealized gains and losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment losses from a Company perspective.

Amounts reported in the financial statements of associates have been adjusted when necessary to ensure consistency with the accounting policies of the Company.

4.5 Basic and diluted net loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by adjusting the loss attributable to ordinary equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

For the periods presented, the diluted loss per share is equal to the basic loss per share of the anti-dilutive effect of the outstanding warrants and share options, as described in Notes 11 and 14 respectively.

4.6 Revenue recognition

Revenue arising from royalties are recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and when the amount can be measured reliably. Royalties are recognized at the time the right to receive payment is established.

4.7 Exploration and evaluation expenditures

All of the Company's projects are currently in the exploration and evaluation phase.

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral deposits before the technical feasibility and commercial viability of the extraction have been demonstrated.

The costs directly related to the acquisition of the mineral property rights and the exploration expenditures incurred during the exploration and evaluation phase are expensed.

The Company will capitalize its exploration expenditures under property and equipment once technical feasibility and commercial viability of extracting a mineral resource are demonstrated.

To date, neither the technical feasibility nor the commercial viability of a mineral resource has been demonstrated.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with the option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the amounts received directly from the acquirer are recognized as a gain on disposal of mining rights in net earning (loss).

4.8 Property and equipment

Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses and are depreciated on a straight-line basis as follow:

	Useful life
Property and equipment	
Computer equipment	3 years
Office furniture	5 years
Exploration equipment	
Machinery and equipment and Base camp	5 years

4.9 Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. At December 31, 2012 and 2011, there is no provision in the consolidated statement of financial position.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realized.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.10 Income taxes

Generally, tax expense recognized in net earnings (loss) comprises the sum of deferred tax and current tax not recognized in other comprehensive loss or directly in equity.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in net earnings (loss) is comprised only of deferred tax when applicable.

When the Company will have current income tax assets or liabilities, these will comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from net earnings (loss) in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilized against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in net earnings (loss), except where they relate to items that are recognized in other comprehensive income (loss) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income (loss) or equity, respectively.

4.11 Equity

Share capital represents the amount received upon the share issuance. If shares are issued when options and warrants are exercized, the share capital account also comprises the compensation cost previously recognized in contributed surplus. In addition, if the shares are issued as part of an option agreement, they were measured at their fair value according to the quoted price on the day of signature of the agreement.

Unit placements

Proceeds from unit placements, which include common shares and warrants, are allocated proportionately between common shares and warrants according to their respective fair values.

Other elements of equity

Contributed surplus includes charges related to share options and warrants until such equity instruments are exercised.

Deficit includes all current and prior period retained net earnings (loss) and the share issue expenses net of any tax benefits from these issuance costs.

Accumulated other comprehensive loss includes the net change in fair value recognition on available-for-sale financial asset.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

4.12 Equity-settled share-based payments

The Company operates equity-settled share-based remuneration plans for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issue warrants to the brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or service received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employee and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments under Equity-settled share-based payments plans (except warrants to brokers) are ultimately recognized as an expense in the net earnings (loss) with a corresponding credit to Contributed surplus, in equity. Warrants issued to brokers are recognized as issuance cost of equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

4.13 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and Chief Executive Officer and the Board of Directors. Management currently identifies only one operating segment, that is exploration and evaluation in Africa.

4.14 Existing standards that are not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) but are not yet effective, and have not been adopted early by the Company

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IAS 1, Presentation of financial statements

The Amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012 and require entities to group items presented in other comprehensive income (loss) (OCI) into those that, in accordance with other IFRSs, will not be reclassified subsequently to net earnings (loss) and those that will be reclassified subsequently to net earnings (loss) when specific conditions are met. The existing option to present items of OCI either before tax or net of tax remains unchanged; however, if the items are presented before tax, then the amendments to IAS 1 require the tax related to each of the two groups of OCI to be shown separately. The Company's management expects this will change the current presentation of items in other comprehensive loss, however, it will not offset the measurement or recognition of such items.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

IFRS 9 Financial Instruments (effective from 1 January 2015)

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters will be effective for annual periods beginning on or after January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2012, the IASB published an exposure draft in order to made limited modifications to IFRS 9's financial asset classification model to address application issues. The Company's management have yet to assess the impact of this new standard on the Company's consolidated financial statements. However, Management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

A package of new consolidation standards is effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. Management has not yet completed its assessment of the impact of these new and revised standards on the Company's consolidated financial statements.

IFRS 10, Consolidated Financial Statements (effective beginning January 1st, 2013)

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation - Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Company's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary remain the same. Management's provisional analysis is that IFRS 10 will not change the classification (as subsidiaries or otherwise) of any of the Company's existing investees at 31 December 2012.

IFRS 12, Disclosure of Interests in Other Entities (effective beginning January 1st, 2013)

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Transition guidance for IFRS 10 and IFRS 12

Subsequent to issuing the new standards the IASB made some changes to the transitional provisions in IFRS 10 and IFRS 12. The guidance confirms that the entity is not required to apply IFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also makes changes to IFRS 12 which provide similar relief from the presentation or adjustment of comparative information the immediately preceding period. Further, it provides additional relief by removing the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. The new guidance is also effective for annual periods on or after 1 January 2013.

IFRS 13, Fair Value Measurement (effective beginning January 1st, 2013)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to complete its assessment of their impact on the Company's consolidated financial statements.

(in canadian dollars)

5. *ESTIMATES, JUDGMENTS AND ASSUMPTIONS*

When preparing the consolidated financial statements, management undertakes a number of judgements, 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. 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.

5.1 Judgments

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires managements to assess whether it is probable that sufficient taxable income will exit in the future to utilize these losses within the carry-formward period. By its nature, this assessment requires significant judgment. To date, Management has not recognized any deferred tax assets.

5.2 Estimations

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 estimates 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.

6. *DISPOSAL OF SHARES IN A PRIVATE COMPANY*

In May 2011, the Company signed a Sale Agreement (the "Agreement") with Managem 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.

The assets disposed of are as follows:

	$
Assets	
Investment	1
Cash received	780,400
Gain from disposal of shares in a private company	780,399

7. *INVESTMENT IN AN ASSOCIATE*

The Company has an interest in Golden Share Mining Corporation. Although the Company owns less than 20% of the voting rights, in the opinion of management, it nevertheless exercised significant influence over Golden Share Mining Corporation because the majority of the members of the Board of Director were the same as the Company's prior to July 2011. Accordingly, the Company has recognized its interest using the equity method. The associate's year-end date is December 31.

On July 13, 2011, the Company announced a management change and accordingly, the Company ceased to exercise its significant influence and recognized its investment as an available-for-sale financial asset in other long-term financial assets (Note 9) and a gain on an equity-accounted investment reclassified as other long-term financial assets of $41,334 was recorded in net earnings (loss).

(in canadian dollars)

7. *INVESTMENT IN AN ASSOCIATE (Continued)*

Dilution of an interest

From January 1, 2011 to July 13, 2011, Golden Share Mining Corporation issued shares pursuant to a private financing, to the contractual agreements pertaining to its mining properties and through the exercise of its share options and warrants. This resulted in reducing the Company's interest from 3.2% to 2.0%. A $91,640 gain on dilution was recognized in net earnings (loss).

8. *OTHER RECEIVABLES*

	2012-12-31	2011-12-31
	$	$
Royalties receivable	103,513	
Goods and services tax receivable	21,255	20,986
Advances to consultants, without interest	587	5,116
Deposits, without interest		2,087
	125,355	28,189

9. *OTHER LONG-TERM FINANCIAL ASSETS*

	2012-12-31	2011-12-31
	$	$
Common shares in a private company, at cost		
Swala Resources Inc. (a)		
Shares representing a -% interest (7% as at December 31, 2011)		755,885
Common shares in a quoted companies, at fair value		
Stellar Diamonds Limited		
Shares representing a 0.6% interest (0.8% as at December 31, 2011)	72,021	80,408
Golden Share Mining Corporation		
Shares representing a 1.95% interest (2.0% as at December 31, 2011) (Note 7)	85,399	160,124
Concordia Resource Corp. (a)		
Shares representing a 2% interest	417,040	
	574,460	996,417

(a) During the year ended December 31, 2011, the Company recognized on its investment in Swala Resources Inc. 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. Under that transaction, the Company received 1,737,666 common shares of Concordia Resource Corp.

10. *TRADE AND OTHER PAYABLES*

	2012-12-31	2011-12-31
	$	$
Trade accounts	71,822	21,829
Others	226,349	374,999
	298,171	396,828

(in canadian dollars)

11. *SHARE CAPITAL*

11.1 Share Capital

The share capital of the company consists only of fully paid common shares and an unlimited number of common shares voting and participating, without par value

In March 2012, the Company completed a non-brokered private placement for $500,000. The Company issued 10,000,000 common shares of the Company at a price of $0.05 per share.

In November 2012, the Company completed a non-brokered private placement for $215,000. The Company issued 4,300,000 units each unit including one common share of the Company at a price of $0.05 per share and one warrant of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.10 par share, valid for 24 months following the issue. The warrants were valued at $90,396 using the Black-Scholes option pricing model combined with a proportionate fair value method. The following assumptions were used in the valuation: share price of $0,06, risk free interest rate of 1.08%, expected life of 2 years, expected dividends of zero, and expected annual volatility of 174%.

Consolidation of the common shares

On October 13, 2011, the shareholders of the Company approved a eight-for-one consolidation of the common shares of the Company. The common shares began trading on a consolidated basis on the TSX on November 1st, 2011. All references to shares, warrants, options and per share amounts in these consolidated financial statements are references to post-consolidation shares. As a result, comparative figures have been adjusted as if the consolidation had occured since inception.

11.2 Warrants

Outstanding warrants entitle their holder to subscribe to an equal number of common shares as follows:

	2012-12-31	
	Number of warrants	Weighted average exercise price
		$
Balance, beginning of year	–	–
Issued	4,300,000	0.10
Balance, end of year	4,300,000	0.10

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	2012-12-31	
	Number	Exercise price
		$
November 5, 2014	4,300,000	0.10

(in canadian dollars)

12. *EXPLORATION AND EVALUATION EXPENDITURES*

Exploration and evaluation expenditures by property are detailed as follows:

	2012-12-31	2011-12-31
	$	$
Guinea		
Mandiana	238,984	120,158
Burkina Faso		
Guéguéré	–	58,420
	238,984	178,578

Mandiana

On January 25, 2006, the Company signed an agreement under which it acquired a 100% interest in a property located in Guinea, West Africa covering an area of 487 km^2.

Under that agreement, the Company has to pay 5% of project expenditures to the vendor per quarter with a minimum US$10,000 and a maximum of US$50,000 per quarter. These payments are considered as an advance royalty and will be deductible from the net smelter royalty should the property advance to a production phase.

On June 30, 2012, the Company signed an addendum under which the payments have been modified as an amount of $US5,000 per quarter and an additional amount of US$5,000 per quarter only if production commence on the property. Also, the vendor has agreed to waive the interest that has accrued on payments due. As a result, the Company has reversed an amount of $43,530 in financial cost in net earnings (loss).

The property is subject to a 2% net smelter return.

Under legislation governing exploration permits, the Company was required to incur US$964,000 in exploration expenses by November 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.

Guéguéré

In 2009, the Company entered into an option agreement with SOMIKA SARL under which it can acquire 100% interest in the 500 km^2 area Guéguéré gold-bearing property located in the south-west part of Burkina Faso once all of the following conditions have been met:

- By paying a total of US$50,002, as US$2 upon signature, US$20,000 two years after the date of signature and US$30,000 three years after the date of signature;

- By issuing a total of 62,500 common shares of the Company, as 25,000 common shares upon signature, 12,500 common shares on the first anniversary date, 12,500 common shares on the second anniversary date and 12,500 common shares on the third anniversary date;

- By incurring a total of US$800,000 in exploration and evaluation expenditures, as US$400,000 on the second anniversary date and US$400,000 on the third anniversary date.

The property is subject to a 2% net smelter return which the Company have the right to purchase for $1,000,000 per 0.5% net smelter return bracket.

(in canadian dollars)

12. *EXPLORATION AND EVALUATION EXPENDITURES (Continued)*

On December 23, 2011, the Company signed an addendum with Somika to postponed the exploration and evaluation expenditures requirements to January 16, 2013.

In total, the Company has paid an amount of $49,420 (US$50,002) and issued 62,500 common shares of the Company (25,000 in 2011; 12,500 in 2010; 12,500 in 2009) for a total value of $20,500 ($9,000 in 2011; $5,500 in 2010; $6,000 in 2009).

On January 28, 2011, the Company signed a joint venture agreement with Swala for the development of its Gueguere mining property under which Swala can acquire an interest of up to 80% at the following conditions:

- Acquisition of an initial interest of 25% upon paying the Company the sum of $49,730 (US$50,000) and agreeing to take over the exploration expenditure commitments for the two Gueguere exploration licences.

- Acquisition of an additional interest of 26% for a total of 51%, upon the completion of a Phase 1 program entailing exploration expenditures of $390,840 (US$400,000) on each of the exploration licences, for total of $795,680 (US$800,000) over the entire property, prior to January 16 2013;

- Acquisition of an additional interest of 9% for a total of 60%, upon the completion of a Phase 2 program entailing the execution of a NI 43-101 compliant report demonstrating the existence of indicated and inferred resources. Phase 2 will be executed within such time frame and with the necessary associated expenditures to insure full compliance with the Burkina Faso Mining Code;

- Acquisition of an additional interest of 20% for a total of 80%, upon the completion of a Phase 3 program entailing the execution of a preliminary NI 43-101 compliant feasibility study followed by a bankable NI 43-101 compliant feasibility study regarding all promising sites identified on the property.

The Company will then participate in the development costs or will be diluted in proportion to its interest. Swala will be the project operator and a technical committee will be created to supervise the development work carried out on the property. Should there be a commercial start of output, both parties agree to be diluted in proportion to their respective interest through the Burkina Faso state's non-contributing 10% interest.

In 2011, the Company received the cash payment of $48,936 (US$50,000) which was recognized in net earnings (loss) as a gain on disposal of mining rights.

13. *ADMINISTRATIVE EXPENSES BY NATURE*

	2012-12-31	2011-12-31
	$	$
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)
	580,476	592,696

(in canadian dollars)

14. *SHARE-BASED PAYMENTS*

The Company has adopted a stock-based compensation plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the share option plan must not exceed 10% of the total number of common shares outstanding from time to time.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the common shares on the eve of the award and the term of the options cannot be more than five years. The options are exercisable immediately.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The Company's share options are as follows for the reporting periods presented:

	2012-12-31		2011-12-31	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	187,500	1.14	506,250	1.20
Issued	250,000	0.10		
Expired	(137,500)	1.20	(218,750)	1.18
Cancelled			(100,000)	1.29
Balance, end of year	300,000	0.24	187,500	1.14
Number of options exercisable	300,000	0.24	187,500	1.14

During the year, the Company granted 250,000 stock options to a consultant. The weighted average fair value of $0.07 was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2012-12-31
Weighted average price at the grant date	0.07
Rate of return of dividends	- %
Expected average volatility	178%
Risk-free average interest rate	1.46%
Expected average life (years)	5 years
Weighted average exercise price	0.10

The expected volatility was determined using the historical data of public companies from the same sector according to each grant period.

An amount of $16,571 was recognized in net earnings (loss) under Administrative expenses.

(in canadian dollars)

14. *SHARE-BASED PAYMENTS (Continued)*

The table below summarizes the information related to share options:

		2012-12-31			2011-12-31
Number of options outstanding	Weighted average exercise price	Remaining contractual average life	Number of options outstanding	Weighted average exercise price	Remaining contractual average life
	$	(years)		$	(years)
250,000	0.10	3.88			
50,000	0.96	0.48	50,000	0.96	1.48
			137,500	1.20	0.68
300,000	0.24	3.31	187,500	1.14	0.89

15. *INCOME TAXES*

Relationship between expected tax expense and accounting net earnings (loss)

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive income can be reconciled as follows:

	2012-12-31	2011-12-31
	$	$
Expected taxes revovery calculated using the combined federal and provincial income tax rate in Canada of 26.90% (28.40% as at December 31, 2011)	(144,071)	(162,067)
Adjustments for the following items:		
Impact of change in tax rates	(17,165)	2,646
Prior period adjustments		(14,935)
Recognition of tax attributes not previously benefited	150,863	193,897
Stock-based payments	4,458	
Non-deductible expenses and other	5,915	(19,541)
Income tax expense	–	–

The statutory tax rate in 2012 is lower than the statutory tax rate in 2011 because of a change in the federal tax rate as of January 1, 2012.

(in canadian dollars)

15. *INCOME TAXES*

Deferred tax assets and liabilities

The Company has the following timing differences:

	2012-12-31		2011-12-31	
	Federal	Provincial	Federal	Provincial
	$	$	$	$
Exploration and evaluation assets	1,963,309	1,963,309	1,724,324	1,724,324
Property and equipment	63,592	57,027	63,592	57,027
Other long-term financial assets	4,737,353	4,737,353	4,315,395	4,315,395
Issuance costs of equity instruments	35,921	35,921	29,497	29,497
Capital losses	2,440,548	2,440,548	2,440,548	2,440,548
Non-capital losses carried forwards	4,676,150	4,408,383	4,389,166	4,129,476
	13,916,873	13,642,541	12,962,522	12,696,267

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax assets have been recognized, these deferred tax assets not recognized equal an amount of $2,807,093 as at December 31, 2012 ($2,590,867 as at December 31, 2011).

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recorded in the consolidated statement of financial position, that can be carried over the following years:

	Federal	Provincial
	$	$
2013	157,429	70,776
2014	610,615	550,745
2025	1,040,877	1,021,128
2026	557,157	509,318
2028	958,736	937,235
2029	226,914	210,648
2030	183,490	183,491
2031	653,947	646,135
2032	286,985	279,362
	4,676,150	4,408,838

Nature of evidence supporting recognition of deferred tax assets

In assessing the recoverability of deferred tax assets, the Company's management determines, at each balance sheet date, whether it is probable that the amount recognized will be realized. This determination is based on the Company management's quantitative and qualitative assessments and the weighting of all available evidence, both positive and negative. Such evidence included, notably, the scheduled reversal of deferred tax liabilities, projected future taxable income, and the implementation of tax planning strategies. Generally, since the Company is still in the exploration and evaluation stage of development, no deferred tax assets have been recognized.

(in canadian dollars)

16. *NET LOSS PER SHARE*

The calculation of basic net loss per share is based on the net loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted net loss per share, potential dilutive common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 11 and 14.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2012 and 2011.

17. *FINANCIAL ASSETS AND LIABILITIES*

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the consolidated statement of financial position are as follows:

	Notes	2012-12-31 Carrying amount	2012-12-31 Fair value	2011-12-31 Carrying amount	2011-12-31 Fair value
		$	$	$	$
Financial assets					
Loans and receivables					
Cash		94,377	94,377	146,693	146,693
Guaranteed investment certificate		20,000	20,000		
Royalties receivable		103,513	103,513		
Advances to consultants	8	587	587	5,116	5,116
Available-for-sale financial assets					
Common shares in private companies					
Swala Resources Inc.	9			755,885	(a)
Common shares in quoted Companies					
Stellar Diamond Limited	9	72,021	72,021	80,408	80,408
Golden Share Mining Corporation	9	85,399	85,399	160,124	160,124
Concordia Resource Corp.	9	417,040	417,040		
Financial liabilities					
Financial liabilities measured at amortized cost					
Trade and other payables	10	161,705	161,705	260,435	260,435

(a) This equity interest is measured at cost less any impairment loss, because at this time the fair value cannot be reasonably determined.

The carrying value of cash, guaranteed investment certificate, royalties receivable, advances to consultants and trade and other payables are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 4.3 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

(in canadian dollars)

17. *FINANCIAL ASSETS AND LIABILITIES (Continued)*

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Common shares in quoted companies are classified under level 1, that is valuation based on active market price in determining fair value.

The fair value of the common shares in quoted mining exploration companies was determined by reference to the quoted bid prices at the reporting date.

There have been no transfers between Levels 1 and 2 in the reporting periods.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

18. *ENTITY-WIDE REPORTING*

The Company has reviewed its activities and determined that it operates in a single reportable operating segment (see Note 4.13).

The following information provides the required entity-wide disclosures :

	2012-12-31	2011-12-31
	$	$
Non-current assets by geographic area		
Canada	574,460	996,417
Africa	4,564	4,375
	579,024	1,000,792

19. *ADDITIONAL INFORMATIONS – CASH FLOWS*

The changes in working capital items are detailed as follows:

	2012-12-31	2011-12-31
	$	$
Other receivables	(97,166)	(21,176)
Prepaid expenses	(286)	(828)
Trade and other payables	(98,657)	75,254
	(196,109)	53,250

(in canadian dollars)

20. *RELATED PARTY TRANSACTIONS*

The Company's related parties include its joint key management personnel.

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.

20.1 Transactions with key management personnel and directors

Remuneration of the key management personnel, that is, the President, the Vice-President Finance, the Vice-President Exploration and the directors, includes the following expenses

	2012-12-31	2011-12-31
	$	$
Management fees	71,970	83,457
Professional services (a)	111,030	191,551
	183,000	275,008

(a) In professional services, there is an amount of $42,047 ($117,130 in 2011) that was recovered in relation to services rendered for the Araé-Gassel project.

During the reporting periods, key management personnel did not exercise any share options.

21. *CAPITAL MANAGEMENT POLICIES AND PROCEDURES*

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to Shareholders

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is summarized in the consolidated statement of changes in equity.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets to reduce debt. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

(in canadian dollars)

22. *FINANCIAL INSTRUMENT RISKS*

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 17. The main types of risks the Company is exposed are credit risk, liquidity risk and market risk. The Company does not use financial assets for speculative purposes.

No change were made in the objectives, policies and processes related to financial instrument risk management during the reported periods.

The most significant financial risks to which the Company is exposed are described below.

22.1 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2012-12-31	2011-12-31
	$	$
Cash	94,377	146,693
Guaranteed investment certificate	20,000	
Royalties receivable	103,513	
Advances to consultants	587	5,116
	218,477	151,809

The Company has no trade accounts. The receivables are mainly advances to consultants and royalties receivable. The exposure to credit risk for the Company’s receivables is considered immaterial. The Company continuously monitors defaults of counterparties. No impairment loss has been accounted for the periods presented.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk regarding cash is considered to be negligible because the counterparties are reputable banks with an investment grade external credit rating.

22.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past period, the Company has financed its exploration and evaluation expense commitments, its working capital requirements and acquisitions through private financings.

(in canadian dollars)

22. *FINANCIAL INSTRUMENT RISKS (Continued)*

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	Within three months	
	2012-12-31	2011-12-31
	$	$
Trade and other payables	298,171	396,828

22.3 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. The Company is exposed to the following three type of market risks: currency risk, interest risk and other price risk.

Currency risk

Currency risk is the risk that the faire value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk as a result of its transactions denominated in foreing currency.

As at December 31, 2012, there were no trade and others payables denominated in foreign currency (no trade and others payables denominated in foreign currency as at December 31, 2011).

As at December 31, 2012, there were royalties receivable denominated in foreign currency for an amount of US$104,005.

The Company does not enter into arrangements to hedge its foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is not exposed to a significant interest rate risk since the Company has no credit facility and its guaranteed investment certificate is not significant.

Based on the balances outstanding as at December 31, 2012 and 2011 a 1% increase (decrease) in the interest rate index would have no significant impact on earnings.

Other price risk

The Company is exposed to fluctuation in the market prices of its investments in quoted companies. The fair value of the investments in quoted companies represents the maximum exposure to price risk.

As of December 31, 2012, a 10% decrease (increase) in the closing price on the stock market would have had an impact of $57,000 ($24,000 as at December 31, 2011) on total Comprehensive loss.

23. *SUBSEQUENTS EVENTS*

On January 16, 2013, the Company signed an addendum on its Guéguéré property under which Somika has agreed to waive the exploration and evaluation expenditures of US$800,000.

On March 5, 2013, the Company has entered into a letter of intent with Ubika Corp. to acquire from the shareholders of Ubika 100 per cent of the issued and outstanding shares in the capital of Ubika. It is expected that the combined entity, after completion of the proposed transaction, will qualify as a Tier 2 industrial issuer pursuant to the requirements of the TSX Venture Exchange.

The proposed transaction will be an arm's-length transaction, as the directors and officers of SearchGold presently have no interest in Ubika. It is intended that the proposed transaction shall take place by way of an amalgamation, arrangement, share exchange or other similar form of transaction. The proposed transaction will be considered a change of business for the Company, as such term is defined in Exchange Policy 5.2.

Pursuant to the proposed transaction, the Company will be issuing 35 million common shares from treasury to the holders of the Ubika shares in exchange for all of the issued and outstanding Ubika shares. As a result of the transaction, the Ubika shares underlying Ubika's outstanding securities exercisable or exchangeable for, or convertible into, or other rights to acquire Ubika shares will be exercisable into RSG shares on the same terms and conditions as such original outstanding securities.

SearchGold Resources Inc.

(A Mining Exploration Company)

Consolidated Financial Statements
December 31, 2011 and 2010

Management's report

The consolidated financial statements of SearchGold Resources Inc. and the other financial information included in this annual report are Management's responsibility.

These consolidated financial statements and the other financial information have been prepared by Management in accordance with International Financial Reporting Standards.

The Audit Committee, which is composed of internal directors, meets with the external auditors to discuss matters relating to audit, internal control and financial information. The Committee also reviews the annual financial statements.

These consolidated financial statements have been audited by Raymond Chabot Grant Thornton LLP, chartered accountants, whose report indicating the scope of their audit and their opinion on the consolidated financial statements is presented hereafter.

The Board of Directors has approved the Company's consolidated financial statements, on the recommendation of the Audit Committee.

/S/ Stanley Robinson
President and CEO

/S/ Isabelle Gauthier
CFO

April 23, 2012

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
SearchGold Resources Inc.

We have audited the accompanying consolidated financial statements of SearchGold Resources Inc. (an exploration stage company), which comprise the consolidated statement of financial position as at December 31, 2011 and 2010 and January 1, 2010 and the consolidated statements of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement,whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SearchGold Resources Inc. as at December 31, 2011 and 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Corporation has a negative working capital of $ 211,541 and a deficit of $ 18,608,332 as at December, 2011. These conditions, along with other matters as set forth in Note 2 indicate the existence of a material uncertainty that may cast doubt about the Corporation's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP[1]

Montreal, Quebec
April 23, 2012

[1] Chartered accountant auditor permit no. 18510

SearchGold Resources Inc.

Consolidated Statement of Financial Position

(in canadian dollars)

	Notes	2011-12-31	2010-12-31	2010-01-01
		$	$	$
ASSETS				
Current				
Cash		146,693	29,877	71,343
Other receivables	10	28,189	7,013	34,120
Advance to an associate, without interest, payable on demand				64,525
Prepaid expenses		10,405	9,577	8,142
		185,287	46,467	178,130
Non-current				
Exploration and evaluation assets	11	1,403,575	2,314,465	2,354,541
Property and equipment	12	4,375	5,440	8,421
Investment accounted for using the equity method	8		222,776	220,812
Other long-term financial assets	13	996,417	1,750,316	904,312
Total assets		2,589,654	4,339,464	3,666,216
EQUITY AND LIABILITIES				
LIABILITIES				
Current				
Trade and other payables	14	396,828	341,282	352,295
Total liabilities		396,828	341,282	352,295
EQUITY				
Share Capital	15.1	17,896,122	17,887,122	17,881,622
Contributed surplus		3,578,782	3,578,782	3,578,782
Deficit		(18,608,332)	(17,126,783)	(18,146,483)
Accumulated other comprehensive loss		(673,746)	(340,939)	
Total equity		2,192,826	3,998,182	3,313,921
Total liabilities and equity		2,589,654	4,339,464	3,666,216

The accompanying notes are an integral part of the consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors April 23, 2012.

/S/ Stanley Robinson
Director

/S/ David Carbonaro
Director

SearchGold Resources Inc.

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2011 and 2010
(in canadian dollars)

	Notes	2011	2010
		$	$
Management fees		83,457	27,500
Professional services		460,712	222,794
Investors related fees		21,969	11,033
Regulatory fees		79,512	37,532
Other expenses		64,176	58,042
Property and equipment depreciation			1,138
Losses (gains) from exchange differences		5,957	(9,686)
Gain on disposal of exploration and evaluation assets			(92,457)
Write-off of exploration and evaluation assets			63,809
Expenses recovered		(117,130)	(105,420)
Operating loss		598,653	214,285
Share of loss from an equity-accounted investment		14,153	26,248
Gain on dilution from an equity-accounted investment		(91,640)	(28,212)
Loss from disposal of shares in a private company	7	260,133	
Gain on disposal of a subsidiary's shares	6		(1,417,497)
Gain on an equity-accounted investment reclassified as other long-term financial assets		(41,334)	
Impairment of other long-term financial assets	13	661,685	
Loss on available-for-sale assets recycled in net earnings (loss)	13	49,404	162,584
Financial costs		30,495	22,892
Net earnings (loss)		(1,481,549)	1,019,700
Other comprehensive loss			
Available-for-sale-financial assets			
Net change in fair value	13	(382,211)	(503,523)
Reclassification to net earning (loss)	13	49,404	162,584
Total of other comprehensive loss		(332,807)	(340,939)
Total comprehensive income (loss)		(1,814,356)	678,761
Net earnings (loss) per share			
Basic and diluted net earnings (loss) per share	18	(0.08)	0.05
Weighted average number of common share outstanding basic and diluted	18	18,585,894	18,562,778

The accompanying notes are an integral part of the consolidated financial statements.

SearchGold Resources Inc.

Consolidated Statement of Changes in Equity

For the years ended December 31, 2011 and 2010
(in canadian dollars)

	Notes	Share Capital (Note 15.1)		Available-for-sale Financial Assets	Contributed surplus	Deficit	Total Equity
		Number	$	$	$	$	$
Balance at January 1, 2010		18,553,771	17,881,622	–	3,578,782	(18,146,483)	3,313,921
Shares issued for the acquisition of mining rights	11	12,500	5,500				5,500
Transactions with owers		12,500	5,500	–	–	–	5,500
Net earnings						1,019,700	1,019,700
Other comprehensive loss							
Available-for-sale financial assets							
Net change in fair value				(503,523)			(503,523)
Reclassification to net earnings				162,584			162,584
Total comprehensive income		–	–	(340,939)	–	1,019,700	678,761
Balance at December 31, 2010		18,566,271	17,887,122	(340,939)	3,578,782	(17,126,783)	3,998,182
Balance at January 1, 2011		18,566,271	17,887,122	(340,939)	3,578,782	(17,126,783)	3,998,182
Shares issued for the acquisition of mining rights	11	25,000	9,000				9,000
Transactions with owners		25,000	9,000	–			9,000
Net loss						(1,481,549)	(1,481,549)
Other comprehensive loss							
Available-for-sale financial assets							
Net change in fair value				(382,211)			(382,211)
Reclassification to loss				49,404			49,404
Total comprehensive loss		–	–	(332,807)	–	(1,481,549)	(1,814,356)
Balance at December 31, 2011		18,591,271	17,896,122	(673,746)	3,578,782	(18,608,332)	2,192,826

The accompanying notes are an integral part of the consolidated financial statements.

SearchGold Resources Inc.

Consolidated Statement of Cash Flows

For the years ended December 31, 2011 and 2010
(in canadian dollars)

	Notes	2011	2010
		$	$
OPERATING ACTIVITIES			
Net earnings (loss)		(1,481,549)	1,019,700
Adjustments			
Property and equipment depreciation			1,138
Share of loss from an equity-accounted investment		14,153	26,248
Gain on dilution from an equity-accounted investment	8	(91,640)	(28,212)
Gain of disposal of exploration and evaluation assets			(92,457)
Loss from disposal of shares in a private company	7	260,133	
Gain on disposal of a subsidiary's shares	6		(1,417,497)
Gain on an equity-accounted investment reclassified as other long-term financial assets	8	(41,334)	
Impairment of other long-term financial assets	13	661,685	
Loss on disposal of other long-term financial assets	13	49,404	162,584
Write-off of exploration and evaluation assets			63,809
Financial costs		30,495	22,892
Changes in working capital items	20	53,250	45,746
Cash flows from operating activities		(545,403)	(196,049)
INVESTING ACTIVITIES			
Proceed from disposal of exploration and evaluation assets		48,936	155,461
Proceed from disposal of shares in a private company	7	780,400	
Property and equipment		(262)	
Disposal of subsidiary's shares			(71)
Additions to exploration and evaluation assets		(168,251)	(110,483)
Other long-term financial assets		51,599	68,043
Advances to an associate			64,525
Cash flows from investing activities		712,422	177,475
FINANCING ACTIVITIES			
Due to an associate		(19,708)	
Financial costs paid		(30,495)	(22,892)
Cash flows from financing activities		(50,203)	(22,892)
Net change in cash		116,816	(41,466)
Cash, beginning of year		29,877	71,343
Cash, end of year		146,693	29,877

The accompanying notes are an integral part of the consolidated financial statements.

1. *NATURE OF OPERATIONS AND STATEMENT OF COMPLIANCE WITH IFRS*

SearchGold Resources Inc. and its subsidiary, (hereinafter the "Company") specializes in the acquisition and exploration of gold mining sites in Africa.

SearchGold Resources Inc. is the Company ultimate parent company and its shares are listed on the TSX Venture Exchange.

SearchGold Resources Inc. is incorporated under the Canada Business Corporations Act. The address of SearchGold Resources Inc. registered office and its principal place of business is 36 Lombard St., Suite 700, Toronto, Ontario, M5C 2X3.

These consolidated financial statements have been established in accordance with the International Financial Reporting Standards (the "IFRS"). These are the Company's first financial statement prepared in accordance with IFRS.

2. *GOING CONCERN ASSUMPTION*

The consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at December 31, 2011, the Company has a negative working capital of $211,541 ($294,815 as at December 31, 2010 and $174,165 as at January 1st, 2010) and a deficit of $18,608,332 ($17,126,783 as a December 31, 2010; $18,146,483 as at January 1, 2010). These material uncertainties cast significant doubt regarding the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

In March 2012, the Company has completed a private placement for a total amount of $500,000 as described in Note 25.

Management assesses its financing needs and strategic alternatives including potential changes relating to its mining property agreements, exploration programs and discretionary expenses.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. GENERAL INFORMATION

Before the transition to IFRS, the Company's consolidated financial statements were prepared using Canadian Generally Accepted Accounting Principles effective before the transition to IFRS hereinafter ("pre-change accounting standards" or "Canadian GAAP").

Note 24 reconciles equity, and comprehensive loss in accordance with Canadian GAAP and in accordance with IFRS and describes the effect of the transition from Canadian GAAP to IFRS on those items.

These financial statements are prepared using the historical cost method, except for available-for-sale financial instruments that are recognized at fair value.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Overall considerations and first-time adoption of IFRS

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

These accounting policies have been used throughout all periods presented, except where the Company has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Company and the effects of transition to IFRS are presented in Note 24.

4.2 Basis of consolidation

As at December 31, 2011, the consolidated financial statements include those of the parent company and its wholly-owned subsidiary Ressources SearchGold Guinée SARL. The subsidiary is an entity over which the Company has the power to control the financial and operating policies. The annual reporting date of the subsidiary is December 31.

As at December 31, 2010, the consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SearchGold Guinée SARL and its wholly-owned subsidiary, SearchGold Burkina Faso (SMK) SARL until the date of disposal that is July 2, 2010 (Note 6).

Profit and loss and other comprehensive income of a subsidiary acquired or disposed of during the reporting period are recognized from the effective date of the acquisition, or up to the effective date of disposal, as applicable.

All transactions between the parent company and its subsidiary, balances, income and expenses are eliminated upon consolidation.

4.3 Foreign currency translation

The consolidated financial statements are presented in canadian dollars, which is also the functional currency of the entities of the Company.

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in net earnings (loss).

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through net earnings (loss), which are measured initially at fair value.

Financial assets and financial liabilities of the Company are measured subsequently as described below.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, receivables from a private company, advances to an officer, advances to consultants and advances to an associate company fall into this category of financial instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include other long-term financial assets.

The equity interest in private companies is measured at cost less any impairment loss, when the fair value cannot be reasonably determined.

Available-for-sale financial assets are measured at fair value. The net change in fair value is 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 accounted in other comprehensive income is reclassified to net earnings (loss) in Gain or loss on available-for-sale assets recycled in net earnings (loss) if applicable and presented as a reclassification adjustment within other comprehensive loss. If applicable, interest calculated using the effective interest method and dividends are recognized in net earnings (loss) within Finance income.

Impairment charges are recognized in net earnings as impairment of other long term financial assets, if applicable.

Reversals of impairment losses are recognized in other comprehensive income (loss).

Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counter party will default. When applicable, impairment are presented in net earnings within Other expenses.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

Financial liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in net earnings within Financial fees.

4.5 Investments in associates

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

All subsequent changes to the Company’s share of interest in the equity of the associate are recognized in the carrying amount of the investment. Changes resulting from the net earnings (loss) generated by the associate are reported within Share of loss from equity accounted investments in the consolidated statement of comprehensive income.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Company, as applicable. However, when the Company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. In that case additional losses are provided for, and a liability is recognized. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Unrealized gains and losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment losses from a Company perspective.

Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

4.6 Basic and diluted net earnings (loss) per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to ordinary equity holders of the parent company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares which include options and warrants. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, at the date of issue of the potential ordinary shares.

For the purpose of calculating diluted net earnings (loss) per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period. For 2011, the diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and stock options, as described in Note 16.

For 2010, stock options to purchase 506,250 common shares were outstanding but were not included in the computation of diluted earnings per share because the options’ exercise price was greater than the average market price of the common shares and their effect is anti-dilutive.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

4.7 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in net earnings (loss) when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in net earnings (loss).

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in net earnings (loss) before reclassification.

To date, neither the technical feasibility nor the commercial viability of a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, however these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with the option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the amounts received directly from the acquirer are credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in net earnings (loss).

4.8 Property and equipment

Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part of it. Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs of day-to-day servicing of property and equipment are recognized in net earnings (loss) when incurred. Costs of day-to-day servicing are primarily the costs of labour and consumables, and may include the cost of small parts.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

Upon the transfer of exploration and evaluation assets to property and equipement, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mining assets under construction. When development stage is completed, all assets included in the mining assets under construction category are then transferred to Mining assets.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The periods generally applicable are as follows:

	Useful life
Property and equipment	
Computer equipment	3 years
Office furniture	5 years
Exploration equipment	
Machinery and equipment and Base camp	5 years

The amortization expense for each period is recognized in net earnings (loss) except for certain items of property and equipment related to exploration and evaluation activities where the amortization expense is included in the carrying amount of an exploration and evaluation asset when it relates to a specific exploration and evaluation project. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated

The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in net earnings (loss) when the item is derecognized.

4.9 Impairment of property and equipment and exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level. Impairment reviews for exploration and evaluation assets are carried out on a property-by-property basis, with each property representing a potential single cash-generating unit.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluations assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in net earnings (loss) for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash- generating unit is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

The impairment loss reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realized.

4.11 Income taxes

If applicable, tax expense recognized in net earnings (loss) comprises the sum of deferred tax and current tax not recognized in other comprehensive loss or directly in equity.

Current income tax assets or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from net earnings (loss) in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in net earnings (loss) is comprised only of deferred tax when applicable.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in net earnings (loss), except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.12 Equity

Share capital represents the amount received upon the share issuance. If shares are issued when options and warrants are exercized, the share capital account also comprises the compensation cost previously recognized in contributed surplus.

In addition, if the shares are issued as part of an option agreement, the shares represent the number of shares issued for the acquisition of mining rights multiply by the shares fair value according to the quoted price, the fair value of the mining rights acquired cannot be estimated.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Other elements of equity

Contributed surplus includes charges related to share options and warrants until such equity instruments are exercised.

Deficit includes all current and prior period retained net earnings (loss) and the share issue expenses net of any tax benefits from these issuance costs.

Accumulated other comprehensive income include the reserve " Available-for-sale Financial Assets". The net change in fair value on available-for-sale financial assets are recognized in the reserve.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

4.13 Equity-settled share-based payments

The Company operates equity-settled share-based remuneration plans (stock options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issue warrants to the brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or service received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employee and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments under Equity-settled share-based payments plans (except warrants to brokers) are ultimately recognized as an expense in the net earnings (loss) or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Warrants issued to brokers are recognized as issuance cost of equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs as well as the related compensation cost previously recorded as contributed surplus are credited to share capital.

4.14 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and Chief Executive Officer and the Board of Directors. Management currently identifies only one operating segment, that is exploration and evaluation in Africa.

4.15 Existing standards that are not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated interim financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated interim financial statements.

4. SUMMARY OF ACCOUNTING POLICIES (Continued)

IFRS 9 Financial Instruments (effective from 1 January 2015)

The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters will be effective for annual periods beginning on or after January 1, 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

IFRS 10, Consolidated Financial Statements (effective beginning January 1st, 2013)

This new standard replaces IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation - Special Purpose Entities. It revised the principle-based definition of control, applicable to all investees to determine the scope of consolidation. The standard provides the framework for consolidated financial statements and their preparation based on the principle of control.

IFRS 12, Disclosure of Interests in Other Entities (effective beginning January 1st, 2013)

This new standard provides minimum disclosure requirements when a reporting entity holds an interest in other entities. This standard combines disclosures required for interests in subsidiairies, joint arrangements, associates and unconsolidated structured entities, which were previously located in each applicable individual standard.

IFRS 13, Fair Value Measurement (effective beginning January 1st, 2013)

This new standard is meant to clarify the definition of fair value, provide guidance on measuring fair value and improve disclosure requirements related to fair value measurement.

Management has yet to assess the impact that these new standards are likely to have on the Company's consolidated financial statements.

5. *ESTIMATES, JUDGMENTS AND ASSUMPTIONS*

When preparing the consolidated financial statements, management undertakes a number of judgements, 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. 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.

Impairment of property and equipment and evaluation assets

Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(in canadian dollars)

5. *ESTIMATES, JUDGMENTS AND ASSUMPTIONS (Continued)*

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. Identifying the cash generating units requires management judgment. In testing an individual asset or cash generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

There is no impairment losses for the year ended December 31, 2011 and 2010 and at January 1, 2010.

6. *DISPOSAL OF A SUBSIDIARY'S SHARES*

On July 2, 2010, the Company signed an agreement with SWALA Resources plc ("Swala"), under which Swala acquired all of the shares of SearchGold Burkina Faso (SMK) SARL for a $1,417,570 share investment in Swala, representing 10% of issued shares. The fair value was determined using Swala's price per share for similar transactions. The Company recognized a $1,417,497 gain on disposal of a subsidiary's shares.

The mining properties disposed of are Araé and Gassel.

The assets disposed of are as follows:

	$
Assets	
Cash	71
Mining properties	2
	73
Investment in a private company (Note 13)	1,417,570
Gain on disposal of a subsidiary shares	1,417,497

The results of this subsidiary were consolidated until July 2, 2010.

(in canadian dollars)

7. *DISPOSAL OF SHARES IN A PRIVATE COMPANY*

In May 2011, the Company signed a Sale Agreement (the "Agreement") with Managem 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.

The assets disposed of are as follows:

	$
Assets	
Exploration and evaluation assets	1,040,532
Investment (Note 13)	1
	1,040,533
Cash received	780,400
Loss from disposal of shares in a private company	(260,133)

8. *INVESTMENT IN AN ASSOCIATE*

The Company has a 2.0% interest in Golden Share Mining Corporation (3.2% in 2010). Although the Company owns less than 20% of the voting rights, in the opinion of management, it nevertheless exercises significant influence over Golden Share Mining Corporation because the majority of the members of the Board of Director are the same as the Company's. Accordingly, the Company has recognized its interest using the equity method. The associate's year-end date is December 31.

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

Dilution of an interest

From beginning of year until July 13, 2011, Golden Share Mining Corporation issued shares pursuant to a private financing, to the contractual agreements pertaining to its mining properties and through the exercise of its stock options and warrants. This resulted in reducing the Company's interest from 3.2% to 2.0%. A $91,640 gain on dilution was recognized in net earnings (loss).

During the year 2010, Golden Share Mining Corporation completed two private financings which resulted in reducing the Company's interest from 5.4% to 3.2%. A $28,212 gain on dilution was recognized in net earnings (loss).

(in canadian dollars)

9. *ENTITY-WIDE REPORTING*

The Company has reviewed its activities and determined that it operates in a single reportable operating segment (see Note 4.14).

The following information provides the required entity-wide disclosures :

	Canada	Africa	Total
	$	$	$
Non-current assets by geographic area			
2010	1,973,092	2,319,905	4,292,997
2011	996,417	1,407,950	2,404,367

10. *OTHER RECEIVABLES*

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Goods and services tax receivable	20,986	5,333	10,388
Receivables from a private company			11,500
Advances to an officer, without interest, due on demand		1,680	6,000
Advances to consultants, without interest	5,116		588
Deposits, without interest	2,087		5,644
	28,189	7,013	34,120

11. *EXPLORATION AND EVALUATION ASSETS*

The carrying amount can be analyzed as follows:

	Balance as at January 1, 2011	Additions	Option payment	Write-off and/or Impairment	Disposal (Note 6 and 7)	Balance as at December 31, 2011
	$	$	$	$	$	$
Guinea						
Mandiana						
Exploration and evaluation	1,241,910	120,158				1,362,068
	1,241,910	120,158	–	–	–	1,362,068
Burkina Faso						
Guéguéré						
Mining rights	11,500	58,420	(48,936)			20,984
Exploration and evaluation	20,523					20,523
	32,023	58,420	(48,936)	–	–	41,507

(in canadian dollars)

11. *EXPLORATION AND EVALUATION ASSETS (Continued)*

	Balance as at January 1, 2011	Additions	Option payment	Write-off and/or Impairment	Disposal (Note 6 and 7)	Balance as at December 31, 2011
	$	$	$	$	$	$
Gabon						
Advances to a private company (a)	1,040,532				(1,040,532)	–
	1,040,532	–	–	–	(1,040,532)	–
Summary						
Mining rights	11,500	58,420	(48,936)			20,984
Exploration and evaluation	2,302,965	120,158	–		(1,040,532)	1,382,591
	2,314,465	178,578	(48,936)		(1,040,532)	1,403,575

	Balance as at January 1, 2010	Additions	Option payment	Write-off and/or Impairment	Disposal (Note 6 and 7)	Balance as at December 31, 2010
	$	$	$	$	$	$
Guinea						
Mandiana						
Exploration and evaluation	1,172,639	69,271				1,241,910
	1,172,639	69,271	–	–	–	1,241,910
Burkina Faso						
Dou						
Mining rights	2,490			(2,490)		–
Exploration and evaluation	19,044			(19,044)		–
	21,534	–	–	(21,534)	–	–
Taouremba						
Mining rights	2,490			(2,490)		–
Exploration and evaluation	17,288	1,635		(18,923)		–
	19,778	1,635	–	(21,413)	–	–
Zitenga II						
Mining rights	2,414			(2,414)		–
Exploration and evaluation	17,058	1,390		(18,448)		–
	19,472	1,390	–	(20,862)	–	–
Araé						
Mining rights	31,503		(31,502)		(1)	–
	31,503	–	(31,502)	–	(1)	–
Gassel						
Mining rights	31,503		(31,502)		(1)	–
	31,503	–	(31,502)	–	(1)	–

(in canadian dollars)

11. *EXPLORATION AND EVALUATION ASSETS (Continued)*

	Balance as at January 1, 2010	Additions	Option payment	Write-off and/or Impairment	Disposal (Note 6 and 7)	Balance as at December 31, 2010
	$	$	$	$	$	$
Guéguéré						
Mining rights	6,000	5,500				11,500
Exploration and evaluation	11,580	8,943				20,523
	17,580	14,443	–	–	–	32,023
Gabon						
Advances to a private company	1,040,532					1,040,532
	1,040,532	–	–	–	–	1,040,532
Summary						
Mining rights	76,400	5,500	(63,004)	(7,394)	(2)	11,500
Exploration and evaluation	2,278,141	81,239		(56,415)		2,302,965
	2,354,541	86,739	(63,004)	(63,809)	(2)	2,314,465

All write-off are included within Write-off of exploration and evaluation assets in net earnings(loss) and all impairment charges (or reversals, if any) are included within Impairment of exploration and evaluation assets in net earnings (loss).

(a) During the year ended December 31, 2011, the Company sold its interest and its advances as described in Note 7.

Mandiana

On January 25, 2006, the Company signed an agreement under which it acquired a 100% interest in a property located in Guinea, West Africa covering an area of 487 km^2.

Under that agreement, the Company has to pay 5% of project expenditures to the vendor per quarter with a minimum US$10,000 and a maximum of US$50,000 per quarter. These payments are considered as an advance royalty and will be deductible from the net smelter royalty should the property advance to a production phase.

The vendor will retain a 2% net smelter return.

Under legislation governing exploration permits, the Company was required to incur US$964,000 in exploration expenses by November 2010. During the year ended December 31, 2010, the Company renewed its permits and benefited from an extension of the commitment to November 2012. As at December 31, 2011 the Company's commitments are US$964,000.

11. *EXPLORATION AND EVALUATION ASSETS (Continued)*

Dou

In 2008, the Company acquired a 100% interest in a permit for a period of three years renewable for two periods of three years for a cash consideration of $2,490. The permit is located in the Sanmatenga province and covers a surface area of 241 km^2.

During the year 2010, the Company has decided to not renew its permit and therefore wrote-off its mining rights and exploration and evaluation expenses for an amount of $2,490 and $19,044 respectively.

Taouremba

In 2008, the Company acquired a 100% interest in a permit for a period of three years renewable for two periods of three years for a cash consideration of $2,490. The permit is located in the Seno province and covers a surface area of 211 km^2.

During the year 2010, the Company has decided to not renew its permit and therefore wrote-off its mining rights and exploration and evaluation expenses for an amount of $2,490 and $18,923 respectively.

Zitenga II

In 2008, the Company acquired a 100% interest in a permit for a period of three years renewable for two periods of three years for a cash consideration of $2,414. The permit is located in the Oubritenga province and covers a surface area of 184 km^2.

During the year 2010, the Company has decided to not renew its permit and therefore wrote-off its mining rights and exploration and evaluation expenses for an amount of $2,414 and $18,448 respectively.

Araé and Gassel

In 2008, the Company entered into an option agreement with SOMIKA SARL, modified in October 2009, to acquire 100% interest in two permits, Araé and Gassel, covering a surface area of 400 km^2 and located in the Soum province at the following conditions:

- By paying a total of US$110,000, as US$50,000 upon signing, US$30,000 after six-month and US$30,000 on the first anniversary date;

- By issuing a total of 100,000 of the Company's common shares, as 25,000 common shares upon signing and 75,000 common shares on the first anniversary date;

- By incurring a total of US$750,000 in exploration expenses, as US$300,000 no later than November 29, 2009 and US$450,000 no later than January 15, 2010.

The vendor will retain a 3% net smelter return. The Company will have the right to purchase up to 1.5% of the net smelter return held by the vendors for US$500,000 per 0.5% net smelter return bracket for a total of US$1,500,000.

11. *EXPLORATION AND EVALUATION ASSETS (Continued)*

On April 22, 2009, the Company entered into an agreement with Swala Resources PLC ("Swala"), modified on December 6, 2009, for the development of its Arae-Gassel mining properties. Swala can acquire an interest up to 65%, over a five-year period, at the following conditions:

- By paying a total of US$300,000, as US$150,000 upon signature, US$50,000 on the first anniversary date, US$50,000 on the second anniversary date and US$50,000 on the third anniversary date;

- Swala will acquire its initial 40% interest in the project after executing a Phase 1 which comprise incurring exploration expenditures of up to US$750,000;

- By executing a Phase 2 development program which may comprise a small-scale mechanised mining and treatment operation and by concomitantly undertaking a Phase 2 exploration program with the objective to identify one or several gold deposits. If warranted by the results of Phase 2, Swala will execute a National Instrument 43-101 compliant pre-feasibility study ("PFS") within three years of the date of signature of the Agreement. Once the PFS is completed, Swala will have acquired an additional 11% interest for a total of 51%;

- Following the acquisition of a 51% interest, Swala may pursue the development of the project by executing a National Instrument 43-101 compliant bankable feasibility study ("BFS") within five years of the date of signature of the Agreement. Once the PFS completed, Swala will have acquired an additional 14% interest for a total of 65%.

As at December 31, 2009, the Company paid a total of US$110,000 and issued 800,000 common share of the Company for a total value of $31,000 respecting to two first conditions of the option agreement. In addition, the Company and Swala incurred US$795,460 in exploration and evaluation expenses, respecting the last condition of the option agreement.

Also, the Company has received the first payment of $179,356 (US$150,000) in connection with the agreement signed with Swala. The Company accounted this payment against mining properties and deferred exploration expenses for an amount of $97,114 and $82,242 respectively.

On February 18, 2010, Swala paid the last three instalments in advance, for a total of $155,461 (US$150,000) providing for a 40% interest in the mining properties. The Company applied this payment as a deduction of mining properties and an increase in consolidated earnings in the amount of $63,004 and $92,457 respectively.

On July 2, 2010, the Company signed an agreement with Swala, under which Swala acquired the residual 60% interest in the mining property by acquiring all of the shares of SearchGold Burkina Faso (SMK) SARL for a $1,417,570 share investment in Swala.

11. *EXPLORATION AND EVALUATION ASSETS (Continued)*

Guéguéré

In 2009, the Company entered into an option agreement with SOMIKA SARL enabling it to acquire 100% interest in the 500 km² area Guéguéré gold-bearing property located in the south-west part of Burkina Faso once all of the following conditions have been met:

- By paying a total of US$50,002, as US$2 upon signature, US$20,000 two years after the date of signature and US$30,000 three years after the date of signature;

- By issuing a total of 62,500 common shares of the Company, as 25,000 common shares upon signature, 12,500 common shares on the first anniversary date, 12,500 common shares on the second anniversary date and 12,500 common shares on the third anniversary date;

- By incurring a total of US$800,000 in exploration expenses, as US$400,000 on the second anniversary date and US$400,000 on the third anniversary date.

The vendor will retain a 2% net smelter return. The Company will have the right to purchase up to 1% of the net smelter return held by the vendors for US$1,000,000 per 0.5% net smelter return bracket for a total of US$2,000,000.

On December 23, 2011, the Company signed an addendum with Somika to postponed the exploration expenses requirements to January 16, 2013.

As at December 31, 2011, the Company paid an amount of $49,420 (US$50,002) and issued 62,500 common shares of the Company (25,000 in 2011; 12,500 in 2010; 12,500 in 2009) for a total value of $20,500 ($9,000 in 2011; $5,500 in 2010; $6,000 in 2009).

On January 28, 2011, the Company signed a joint venture agreement with Swala for the development of its Gueguere mining property under which Swala can acquire an interest of up to 80% at the following conditions:

- Acquisition of an initial interest of 25% upon paying the Company the sum of $49,730 (US$50,000) and agreeing to take over the exploration expenditure commitments for the two Gueguere exploration licences.

- Acquisition of an additional interest of 26% for a total of 51%, upon the completion of a Phase 1 program entailing exploration expenditures of $390,840 (US$400,000) on each of the exploration licences, for total of $795,680 (US$800,000) over the entire property, prior to March 29th 2012;

- Acquisition of an additional interest of 9% for a total of 60%, upon the completion of a Phase 2 program entailing the execution of a NI 43-101 compliant report demonstrating the existence of indicated and inferred resources. Phase 2 will be executed within such time frame and with the necessary associated expenditures to insure full compliance with the Burkina Faso Mining Code;

- Acquisition of an additional interest of 20% for a total of 80%, upon the completion of a Phase 3 program entailing the execution of a preliminary NI 43-101 compliant feasibility study followed by a bankable NI 43-101 compliant feasibility study regarding all promising sites identified on the property.

The Company will then participate in the development costs or will be diluted in proportion to its interest. Swala will be the project operator and a technical committee will be created to supervise the development work carried out on the property. Should there be a commercial start of output, both parties agree to be diluted in proportion to their respective interest through the Burkina Faso state’s non-contributing 10% interest.

(in canadian dollars)

12. *PROPERTY AND EQUIPMENT*

	Property and equipment			Exploration equipment			
	Office furniture	Computer Equipment	Total	Machinery and equipment	Base camp	Total	Total
	$	$	$	$	$	$	$
Gross carrying amount							
Balance as at January 1, 2011	33,797	32,684	66,481	4,058	8,211	12,269	78,750
Additions	–	–	–	262	–	262	262
Balance as at December 31, 2011	33,797	32,684	66,481	4,320	8,211	12,531	79,012
Accumulated depreciation							
Balance as at January 1, 2011	33,797	32,684	66,481	2,701	4,128	6,829	73,310
Depreciation	–	–	–	455	872	1,327	1,327
Balance as at December 31, 2011	33,797	32,684	66,481	3,156	5,000	8,156	74,637
Carrying amount as at December 31, 2011	–	–	–	1,164	3,211	4,375	4,375

	Property and equipment			Exploration equipment			
	Office furniture	Computer Equipment	Total	Machinery and equipment	Base camp	Total	Total
	$	$	$	$	$	$	$
Gross carrying amount							
Balance as at January 1, 2010	33,797	32,684	66,481	4,058	8,211	12,269	78,750
Additions	–	–	–	–	–	–	–
Balance as at December 31, 2010	33,797	32,684	66,481	4,058	8,211	12,269	78,750
Accumulated depreciation							
Balance as at January 1, 2010	32,659	32,684	65,343	2,076	2,910	4,986	70,329
Depreciation	1,138	–	1,138	625	1,218	1,843	2,981
Balance as at December 31, 2010	33,797	32,684	66,481	2,701	4,128	6,829	73,310
Carrying amount as at December 31, 2010	–	–	–	1,357	4,083	5,440	5,440
Carrying amount as at January 1, 2010	1,138	–	1,138	1,982	5,301	7,283	8,421

All depreciation charges are included within Property and Equipment Depreciation in net earnings (loss) and all depreciation charges related to exploration and evaluation equipment used for specific projects are capitalized to exploration and evaluation assets. An amount of $1,327 ($1,843 in 2010) was capitalized as Exploration and evaluation assets during the year.

(in canadian dollars)

13. *OTHER LONG-TERM FINANCIAL ASSETS*

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Common shares in private companies, at cost			
Ressources Golden Gram Gabon SARL			
Shares representing a -% interest (27% as at December 31, 2010 and 27% as at January 1, 2010) (Note 7) (a)		1	1
Swala Resources Inc.			
Shares representing a 7% interest (10% in 2010) (Note 6) (b)	755,885	1,417,570	
Common shares in a quoted companies, at fair value			
Stellar Diamonds Limited			
Shares representing a 0.8% interest (1.4% as at December 31, 2010 and 5.4% as at January 1, 2010) (c)	80,408	332,745	904,311
Golden Share Mining Corporation			
Shares representing a 2.0% interest (Note 8) (d)	160,124		
	996,417	1,750,316	904,312

(a) In May 2011, the Company sold its 27% interest as described in Note 7.

(b) The Company recognized an investment impairment of $661,685 in net earnings (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.

(c) Stellar Diamonds Limited ("Stellar") is a diamond mining exploration company.

During the year ended December 31, 2011, the Company recognized a change in fair value of investments of $200,737 in other comprehensive income of which an amount of $49,404 was reallocate to profit and loss in relation with the 300,000 shares disposed.

During the year ended December 31, 2010, the Company recognized a change in fair value of investments of $503,523 in other comprehensive income of which an amount of $162,584 was reallocate to profit and loss in relation with the 685,000 shares disposed.

(d) Golden Share Mining Corporation ("Golden Share") is a gold mining exploration company.

During the year ended December 31, 2011, the Company recognized a change in fair value of investments of $181,474 in other comprehensive income.

(in canadian dollars)

14. *TRADE AND OTHER PAYABLES*

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Due to an associate company, without interest (a)		19,708	
Others payables	396,828	321,574	352,295
Trade and other payables	396,828	341,282	352,295

(a) Transactions with a related company are described in Note 21.

15. *SHARE CAPITAL*

15.1 Share Capital

The share capital of the company consists only of fully paid common shares.

Authorized Share Capital
Unlimited number of common shares voting and participating

Consolidation of the common shares

On October 13, 2011, the shareholders of the Company approved a eight-for-one consolidation of the common shares of the Company. The common shares began trading on a consolidated basis on the TSX on November 1st, 2011. All references to shares, warrants, options and per share amounts in these consolidated financial statements are references to post-consolidation shares. As a result, comparative figures have been adjusted as if the consolidation had occured since inception.

15.2 Warrants

Outstanding warrants entitle their holder to subscribe to an equal number of common shares as follows:

	2011-12-31		2010-12-31	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of year	–	–	1,741,000	0.56
Expired			(1,741,000)	0.56
Balance, end of year	–	–	–	–

(in canadian dollars)

16. *EMPLOYEE REMUNERATION*

16.1 Share-based payments

The Company has adopted a stock-based compensation plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 1,375,000.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the common shares on the eve of the award and the term of the options cannot be more than five years. The options are exercisable immediately.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The Company's stock options are as follows for the reporting periods presented:

	2011-12-31		2010-12-31	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	506,250	1.20	637,500	1.20
Forfeited	(218,750)	1.18	(43,750)	1.60
Cancelled	(100,000)	1.29	(87,500)	1.20
Balance, end of year	187,500	1.14	506,250	1.20
Number of options exercisable	187,500	1.14	506,250	1.20

The table below summarizes the information related to stock options:

2011-12-31			2010-12-31		
Number of options outstanding	Weighted average exercise price	Remaining contractual average life	Number of options outstanding	Weighted average exercise price	Remaining contractual average life
	$	(years)		$	(years)
			12,500	0.80	0.02
50,000	0.96	1.48	50,000	0.96	2.48
137,500	1.20	0.68	393,750	1.20	1.04
			18,750	1.28	0.80
			25,000	1.44	1.04
			6,250	1.68	1.42
187,500	1.14	0.89	506,250	1.20	1.17

(in canadian dollars)

17. *FINANCIAL ASSETS AND LIABILITIES*

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the consolidated statement of financial position are as follows:

	Notes	2011-12-31 Carrying amount $	2011-12-31 Fair value $	2010-12-31 Carrying amount $	2010-12-31 Fair value $	2010-01-01 Carrying amount $	2010-01-01 Fair value $
Financial assets							
Loans and receivables							
Cash		146,693	146,693	29,877	29,877	71,343	71,343
Receivables from a private company	10					11,500	11,500
Advances to an officer	10			1,680	1,680	6,000	6,000
Advances to consultants	10	5,116	5,116			588	588
Advances to an associate						64,525	64,525
Available-for-sale financial assets							
Common shares in private companies							
Ressource Golden Gram Gabon SARL	13			1	(a)	1	(a)
Swala Resources Inc.	13	755,885	(a)	1,417,570	(a)		
Common shares in a quoted Company							
Stellar Diamond Limited	13	80,408	80,408	332,745	332,745	904,311	904,311
Golden Share Mining Corporation	13	160,124	160,124				
Financial liabilities							
Financial liabilities measured at amortized cost							
Trade and other payables	14	396,828	396,828	341,282	341,282	352,295	352,295

(a) These equity interests are measured at cost less any impairment loss, because at this time the fair value cannot be reasonably determined.

The carrying value of cash, receivables from a private company, advances to an officer and to consultants, advance to an associate and trade and other payables are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 4.4 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 23.

17. *FINANCIAL ASSETS AND LIABILITIES (Continued)*

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Common shares in quoted companies are classified under level 1, that is valuation based on active market price in determining fair value.

The fair value of the common shares in quoted mining exploration companies was determined by reference to the quoted bid prices at the reporting date.

There have been no transfers between Levels 1 and 2 in the reporting periods.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

18. *NET EARNINGS (LOSS) PER SHARE*

The calculation of basic net earning (loss) per share is based on the net earnings (loss) for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted net earnings (loss) per share, potential dilutive ordinary shares such as share options and warrants have not been included as they would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 15 and 16.

Both the basic and diluted loss per share have been calculated using the net earnings (loss) as the numerator, i.e. no adjustment to the net earnings (loss) was necessary in 2011 and 2010.

(in canadian dollars)

19. *INCOME TAXES*

Relationship between expected tax expense and accounting net earnings (loss)

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive income can be reconciled as follows:

	2011-12-31	2010-12-31
	$	$
Expected taxes revovery calculated using the combined federal and provincial income tax rate in Canada of 28.40% (29.90% as at December 31, 2010)	(420,760)	304,890
Adjustments for the following items:		
Impact of change in tax rates	20,689	(14,090)
Prior period adjustments	(14,935)	
Portion of capital loss not deductible		(211,916)
Recognition of tax attributes not previously benefited	384,359	
Unrecognition of tax attributes not previously benefited		(135,711)
Non-deductible expenses and other	30,647	56,827
Income tax expense	–	–

Deferred tax assets and liabilities

The Company has the following timing differences:

	2011-12-31		2010-12-31		2010-01-01	
	Federal	Provincial	Federal	Provincial	Federal	Provincial
	$	$	$	$	$	$
Exploration and evaluation assets	320,748	320,748	320,748	320,748	193,933	193,933
Property and equipment	63,592	57,027	63,592	57,027	62,454	55,889
Other long-term financial assets	4,315,395	4,315,395	4,718,023	4,718,023	5,390,019	5,390,019
Issuance costs of equity instruments	29,497	29,497	73,928	73,928	162,984	162,984
Capital losses	2,440,548	2,440,548	98,152	98,152	338,518	338,518
Non-capital losses carried forwards	4,389,166	4,129,476	3,719,160	3,459,954	3,551,728	3,299,055
	11,558,946	11,292,691	8,993,603	8,727,832	9,699,636	9,440,398

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax assets have been recognized, these deferred tax assets not recognized equal an amount of $2,169,118 as at December 31, 2011 ($1,739,996 as at December 31, 2010 and $1,807,983 ast at January 1st, 2010).

(in canadian dollars)

19. *INCOME TAXES (Continued)*

The Company has non-capital losses of $4,389,166 which are available to reduce income taxes in future periods, for which no deferred tax asset has been recorded in the consolidated statement of financial position, that can be carried over the following years:

	Federal	Provincial
	$	$
2013	157,429	70,776
2014	610,615	550,745
2025	1,040,877	1,021,128
2026	557,157	509,318
2028	958,736	937,235
2029	226,914	210,648
2030	183,490	183,491
2031	653,948	646,135
	4,389,166	4,129,476

Nature of evidence supporting recognition of deferred tax assets

In assessing the recoverability of deferred tax assets, the Company's management determines, at each balance sheet date, whether it is probable that the amount recognized will be realized. This determination is based on the Company management's quantitative and qualitative assessments and the weighting of all available evidence, both positive and negative. Such evidence included, notably, the scheduled reversal of deferred tax liabilities, projected future taxable income, and the implementation of tax planning strategies. Generally, since the Company is still in the exploration and evaluation stage of development, no deferred tax assets have been recognized.

20. *ADDITIONAL INFORMATIONS – CASH FLOWS*

The changes in working capital items are detailed as follows:

	2011	2010
	$	$
Other receivables	(21,176)	27,107
Prepaid expenses	(828)	(1,435)
Trade and other payables	75,254	20,074
	53,250	45,746

Additional disclosures regarding cash flows that did not result in a cash outflow:

	2011	2010
Exploration and evaluation assets	$	$
Shares issued for the acquisition of mining rights	9,000	5,500
Exploration equipment depreciation	1,327	1,843

(in canadian dollars)

21. *RELATED PARTY TRANSACTIONS*

The Company's related parties include its joint key management and directors 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.

21.1. Transactions with key management personnel and directors

Remuneration of the key management personnel, that is, the President, the Vice-President Finance, the Vice-President Exploration and the directors, includes the following expenses

	2011-12-31	2010-12-31
	$	$
Management fees	83,457	23,750
Professional services (a)	191,551	150,420
	275,008	174,170

(a) In professional services, there is an amount of $117,130 ($105,420 in 2010) was recovered in relation to services rendered for the Araé-Gassel project.

During the reporting periods, key management personnel did not exercise any stock options.

22. *CAPITAL MANAGEMENT POLICIES AND PROCEDURES*

The Company’s capital management objectives are:

- to ensure the Company’s ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to Shareholders

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is summarized in the consolidated statement of changes in equity.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets to reduce liabilities.

No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

(in canadian dollars)

23. *FINANCIAL INSTRUMENT RISKS*

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 16. The main types of risks the Company is exposed are credit risk, liquidity risk and market risk. The Company does not use financial assets for speculative purposes.

No change were made in the objectives, policies and processes related to financial instrument risk management during the reported periods.

The most significant financial risks to which the Company is exposed are described below.

23.1 Credit risk analysis

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2011-12-31	2010-12-31
	$	$
Cash	146,693	29,877
Advances to an officer		1,680
Advances to consultants	5,116	
	151,809	31,557

The Company has no trade accounts. The receivables are mainly receivables from advances to an officer and to consultants. The exposure to credit risk for the Company's receivables is considered immaterial. The Company continuously monitors defaults of counterparties. No impairment loss has been accounted for the periods presented.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk regarding cash is considered to be negligible because the counterparties are reputable banks with an investment grade external credit rating.

23.2 Liquidity risk analysis

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company.

Over the past period, the Company has financed its exploration and evaluation expense commitments, its working capital requirements and acquisitions through private financings.

(in canadian dollars)

23. *FINANCIAL INSTRUMENT RISKS (Continued)*

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	Within three months	
	2011-12-31	2010-12-31
	$	$
Trade accounts	396,828	321,574
Due to an associate company, without interest		19,708
Total	396,828	341,282

23.3 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. The Company is exposed to the following three type of market risks: currency risk, interest risk and other price risk.

Currency risk

Currency risk is the risk that the faire value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk as a result of its transactions denominated in foreing currency.

As at December 31, 2011, there were no trade and others payables denominated in foreign currency (US$100,000 as $99,800 as at December 31, 2010 and US$45,200 as $47,433 as at January 1st, 2010).

The Company does not enter into arrangements to hedge its foreign exchange risk.

An increase or decrease of 10% in the exchange rate of the foreign currency in relation to the Canadian dollar would not have had an impact on net earnings (loss) for the year ended December 31, 2011 (impact of $10,000 on net earnings (loss) for the year ended December 31, 2010).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is not exposed to a significant interest rate risk since the Company has no credit facility.

Only the interest revenue arising from the balance of operating cash accounts is therefore subject to interest rate fluctuations.

Based on the balances outstanding as at December 31, 2011, and 2010 a 1% increase (decrease) in the interest rate index would have no significant impact on earnings.

23. *FINANCIAL INSTRUMENT RISKS (Continued)*

Other price risk

The Company is exposed to fluctuation in the market prices of its investments in quoted mining companies. The fair value of the investments in quoted companies represents the maximum exposure to price risk.

As of December 31, 2011, a 10% decrease (increase) in the closing price on the stock market would have had an impact of $24,000 ($33,000 as at December 31, 2010) on net earnings (loss).

24. *FIRST-TIME ADOPTION OF IFRS*

These are the Company's first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS for the Company is January 1, 2010.

The Company's accounting policies presented in Note 4 have been applied in preparing the consolidated financial statements for the reporting period ended December 31, 2011, the comparative information and the opening consolidated statement of financial position at the date of transition.

The Company has applied IFRS 1, First time adoption of International Financial reporting standards, in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive loss and reported cash flows already established are presented in this section and are further explained in the notes that accompany the tables.

24.1 First-time adoption – exemptions applied

Upon transition, IFRS 1 dictate certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable.

Financial assets and liabilities that had been de-recognized before January 1, 2010 under Canadian GAAP have not been recognized under IFRS. The Company early adopted the amendment to IFRS 1 in this respect for the application date of the exception, that is January 1, 2010.

Optional exemptions

The Company has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition to IFRS.

The Company has elected not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occured before the date of transition.

(in canadian dollars)

24. *FIRST-TIME ADOPTION OF IFRS (Continued)*

24.2 Reconciliation of equity

Equity at the date of transition and at December 31, 2010 can be reconciled to the amounts reported under pre-change accounting standards as follows:

	Note	2010-12-31	2010-01-01
		$	$
Equity under pre-change accounting standards	15.1	3,998,182	3,313,921
Increase (decreases) in equity reported in accordance with pre-change accounting standards, as a result of the differences between pre-change accounting standards and IFRS		–	–
Equity under IFRS		3,998,182	3,313,921

24.3 Reconciliation of comprehensive income

Total comprehensive income for the reporting period ended December 31, 2010 can be reconciled to the amounts reported under pre-change accounting standards as follows:

	2010-12-31
	$
Comprehensive income under pre-change accounting standards	678,761
Increases (decreases) in total comprehensive loss reported in accordance with pre-change accounting standards, as a result of the differences between pre-change accounting standards and IFRS	–
Total comprehensive income under IFRS	678,761

24.4 Presentation differences

Certain presentation differences between pre-change accounting standards and IFRS have no impact on reported loss or total equity.

As can be seen in the following tables, some line items are described differently (renamed) under IFRS compared to pre-change accounting standards, although the assets and liabilities included in these line items are unaffected.

SearchGold Resources Inc.
Notes to Consolidated Financial Statements
(in canadian dollars)

The following tables list the total effect on the financial position :

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	December 31, 2010 Previous GAAP	December 31, 2010 Effect of transition to IFRSs	December 31, 2010 IFRSs	January 1, 2010 Previous GAAP	January 1, 2010 Effect of transition to IFRSs	January 1, 2010 IFRSs	IFRS description
		$	$	$	$	$	$	
ASSETS								***ASSETS***
Current assets								**Current**
Cash		29,877		29,877	71,343		71,343	Cash
Amounts receivable		7,013		7,013	34,120		34,120	Other receivables
						64,525	64,525	Advance to an associate, without interest, payable on demand
Prepaid expenses		9,577		9,577	8,142		8,142	Prepaid expenses
		46,467	–	46,467	113,605	64,525	178,130	
								Non-current
Plant and equipment			5,440	5,440	1,138	7,283	8,421	Property and equipment
Exploration plant and equipment		5,440	(5,440)		7,283	(7,283)		
	24.5 b)		2,314,465	2,314,465		2,354,541	2,354,541	Exploration and evaluation assets
Mining properties	24.5 b)	11,500	(11,500)		76,400	(76,400)		
Deferred exploration expenses	24.5 b)	2,302,965	(2,302,965)		2,278,141	(2,278,141)		
	24.5 b)		222,776	222,776		220,812	220,812	Investment accounted for using the equity method
Investments in mining exploration companies	24.5 b)	1,973,092	(222,776)	1,750,316	1,189,649	(285,337)	904,312	Other long-term financial assets
		4,339,464	–	4,339,464	3,666,216	–	3,666,216	**Total assets**
LIABILITIES								***LIABILITIES***
Current liabilities								Current
Accounts payable and accrued liabilities	24.5 b)	321,574	19,708	341,282	352,295		352,295	Trade and other payables
Du to Golden Share Mining Corporation, without interest and repayment terms	24.5 b)	19,708	(19,708)					
		341,282	–	341,282	352,295	–	352,295	**Total liabilities**
SHAREHOLDERS' EQUITY								***EQUITY***
Capital stock	24.5 (a)	17,887,122		17,887,122	17,881,622		17,881,622	Share Capital
Contributed surplus	24.5 (a)	3,578,782		3,578,782	3,578,782		3,578,782	Contributed surplus
Deficit	24.5 (a)	(17,126,783)		(17,126,783)	(18,146,483)		(18,146,483)	Deficit
Accumulated of other comprehensive loss		(340,939)		(340,939)				Accumulated of other comprehensive loss
		3,998,182	–	3,998,182	3,313,921	–	3,313,921	**Total equity**
		4,339,464	–	4,339,464	3,666,216	–	3,666,216	**Total liabilities and equity**

(in canadian dollars)

The following table shows the total effect of the transition on the consolidated statement of comprehensive loss :

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	December 31, 2010 Previous GAAP	Effect of transition to IFRSs	IFRSs	IFRS description
		$	$	$	
Management fees		27,500		27,500	Management fees
Professional services		222,794		222,794	Professional services
Travel and entertainment		13,065	(13,065)		
Investors related fees		11,033		11,033	Investors related fees
Corporate development		4,320	(4,320)		
Registration and listing fees		37,532		37,532	Regulatory fees
Telecommunication	24.5 c)	5,784	(5,784)		
Rental expenses	24.5 c)	21,185	(21,185)		
Office supplies	24.5 c)	4,224	(4,224)		
Taxes, interests and bank charges	24.5 c)	23,987	(23,987)		
Insurance	24.5 c)	8,369	(8,369)		
Amortization of plant and equipment		1,138		1,138	Property and equipment depreciation
	24.5 c)		58,042	58,042	Other expenses
	24.5 c)		(9,686)	(9,686)	Losses (gains) from exchange differences
			(105,420)	(105,420)	Expenses recovered
	24.5 c)		(92,457)	(92,457)	Gain on disposal of exploration and evaluation assets
	24.5 c)		63,809	63,809	Write-off of exploration and evaluation assets
		380,931	(166,646)	214,285	**Operating loss**
Gain on disposal of an interest in a subsidiary shares		(1,417,497)		(1,417,497)	Gain on disposal of a subsidiary's shares
Loss on available for sale assets reclassified as other comprehensive income global		162,584		162,584	Loss on available for sale assets recycled in net earnings (loss)
Gain on dilution of an interest in a company subject to significant influence		(28,212)		(28,212)	Gain on dilution from equity-accounted investments
Interest in a company subject to significant influence		26,248		26,248	Share of loss from equity-accounted investments
Write-off of mining properties	24.5 c)	7,394	(7,394)		
Write-off of deferred exploration expenses	24.5 c)	56,415	(56,415)		
Options revenue	24.5 c)	(92,457)	92,457		
Exchange gain	24.5 c)	(9,686)	9,686		
Recovered fees	24.5 c)	(105,420)	105,420		
	24.5 c)		22,892	22,892	Financial fees
Net earnings		1,019,700	–	1,019,700	**Net earnings**

(in canadian dollars)

The following table shows the total effect of the transition on the consolidated statement of comprehensive loss :

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	December 31, 2010 Previous GAAP	Effect of transition to IFRSs	IFRSs	IFRS description
		$	$	$	
Other comprehensive loss					**Other comprehensive loss**
					Available-for-sale financial assets
Change in fair value of an investment in a mining			503,523	503,523	Current period gains (losses)
exploration company		340,939	(503,523)	(162,584)	Reclassification to loss
		340,939	–	340,939	
Comprehensive income		678,761	–	678,761	**Total comprehensive income**
		$	$	$	
Net earnings per share					**Net earnings per share**
Basic and diluted net loss per share		0.05	–	0.05	Basic and diluted net loss per share

24. *FIRST-TIME ADOPTION OF IFRS (Continued)*

24.5 Notes to reconciliation

(a) Share-based payments

Pursuant to IFRS 2, each portion of an award with graded vesting options must be considered as a separate award with its own vesting date and fair value and must be recognized on that basis. Additionally, under IFRS, entities are required to estimate awards that are expected to vest and to revise that estimate if subsequent information indicates that actual forfeitures are likely to differ from initial estimates.

Under Canadian GAAP, the entity can consider the entire award as a group, determine the fair value using the average term of the instruments and then recognize the compensation expense on a straight-line basis over the vesting period. Additionally, under Canadian GAAP, forfeitures must be recognized as they occur.

As at January 1, 2010 and as at December 31, 2010, no adjustment was required as all options had vested and all awards during the periods had vested at the award date.

(b) Consolidated statement of Financial position

Mining sites and deferred exploration expenses

Under the pre-changeover accounting standards, mining sites and deferred exploration expenses were presented separately in long-term assets. Under IFRS, they are presented in non-current assets under Exploration and evaluation assets.

Advance to an associate company

Under the pre-changeover accounting standards, the advance to an associate company was presented in long-term assets under Investments in mining exploration companies. Under IFRS, it is presented separately in current assets.

Investments in mining exploration companies

Under the pre-changeover accounting standards, the shares own in Golden Share Mining Corporation were presented in long term assets under Investments in mining exploration companies. Under IFRS, there are presented in non-current assets as an Investment accounted for using the equity method.

Due to an associate company

Under the pre-changeover accounting standards, the due to an associate company was presented separately in current liabilities. Under IFRS, it is presented in current liabilities under trade and other payables.

24. *FIRST-TIME ADOPTION OF IFRS (Continued)*

(c) Consolidated statement of Comprehensive Loss

Change of presentation

In order to simplify the information presented in the consolidated statement of comprehensive income, the Company decided to combine the following expenses under Other expenses in the IFRS financial statements.

- Entertainment and travel
- Corporate development
- Telecommunications
- Rental expenses
- Office supplies
- Taxes, interest and bank charges
- Insurance

Interest

Under the pre-changeover accounting standards, interest was presented in taxes, interest and bank charges under administrative expenses. Under IFRS, they are presented separately in net earnings (loss) under financial fees.

Exchange gains

Under the pre-changeover accounting standards, exchange gains were presented under other expenses. Under IFRS, they are presented in net earnings (loss) under Losses (gains) from exchange differences.

Write-off of mining sites and deferred exploration expenses

Under the pre-changeover accounting standards, the write-off of mining sites and deferred exploration expenses were presented separately under other expenses. Under IFRS, they are combined in net earnings (loss) under impairment of exploration and evaluation assets.

Option revenue

Under the pre-changeover accounting standards, option revenue was presented under other expenses. Under IFRS, it is presented in net earnings (loss) under gain on disposal of exploration and evaluation assets.

Expenses recovered

Under the pre-changeover accounting standards, expenses recovered were presented under Administrative expenses. Under IFRS, they are presented separately in net earnings (loss).

(in canadian dollars)

24. *FIRST-TIME ADOPTION OF IFRS (Continued)*

(c) Restatement of previous GAAP

For the year ended December 31, 2010, the Company realized a sale of available for sale financial assets on which a loss of $162,584 should have been reclassified to earnings. The previous GAAP consolidated statements of earnings and deficit have been amended and restated as follows :

	Year ended December 31 2010	Adjustment	Restated Year ended December 31 2010
	$	$	$
Loss on available for sale assets reclasified to net earnings		162,584	162,584
Net earnings	1,182,284	(162,584)	1,019,700
Deficit	(16,964,199)	(162,584)	(17,126,783)
Accumulated other comprehensive income	(503,523)	162,584	(340,939)
Net earnings per share			
Basic and diluted	0.06	(0.01)	0.05

24.6 Consolidated statement of cash flows

Under pre-change accounting standards, interest paid and received were presented through the notes. Under IFRS, interests are classified to investing and financing activities. There are no other material adjustments to the consolidated statement of cash flows. The components of cash under pre-change accounting standards are similar to those presented under IFRS.

25. *SUBSEQUENT EVENT*

In March 2012, the Company completed a private placement for $500,000. The Company issued 10,000,000 common shares of the Company at a price of $0.05 per share.

SearchGold Resources Inc.

(A Mining Exploration Company)

Consolidated Financial Statements
December 31, 2010 and 2009

Management's report

The consolidated financial statements of SearchGold Resources Inc. and the other financial information included in this annual report are Management's responsibility.

These consolidated financial statements and the other financial information have been prepared by Management in accordance with Canadian generally accepted accounting principles. This responsibility includes the selection of appropriate accounting policies and methods in the circumstances, and the use of careful judgment in establishing reasonable accounting estimates.

The Audit Committee, which is composed of internal directors, meets with the external auditors to discuss matters relating to audit, internal control and financial information. The Committee also reviews the annual financial statements.

These consolidated financial statements have been audited by Raymond Chabot Grant Thornton LLP, chartered accountants, whose report indicating the scope of their audit and their opinion on the consolidated financial statements is presented hereafter.

The Board of Directors has approved the Company's consolidated financial statements, on the recommendation of the Audit Committee.

/S/ Philippe Giaro
President and CEO

/S/ Isabelle Gauthier
CFO

April 29, 2011

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
SearchGold Resources Inc.

We have audited the accompanying consolidated financial statements of SearchGold Resources Inc., which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of deferred exploration expenses, earnings, comprehensive income, deficit, contributed surplus and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud of error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SearchGold Resources Inc. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Corporation has an accumulated deficit of $16,964,199 as of December, 2010. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast doubt about the Corporation's ability to continue as a going concern.

/S/ Raymond Chabot Grant Thornton LLP [1]

Montréal
April 29, 2011

[1] Chartered accountant auditor permit no. 18510

SearchGold Resources Inc.
Consolidated Balance Sheets
December 31, 2010 and 2009

	2010	2009
	$	$
ASSETS		
Current assets		
Cash	29,877	71,343
Amounts receivable (Note 5)	7,013	34,120
Prepaid expenses	9,577	8,142
	46,467	113,605
Plant and equipment (Note 6)		1,138
Exploration plant and equipment (Note 7)	5,440	7,283
Mining properties (Note 8)	11,500	76,400
Deferred exploration expenses (Note 9)	2,302,965	2,278,141
Investments in mining exploration companies (Note 10)	1,973,092	1,189,649
	4,339,464	3,666,216
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	321,574	352,295
Du to Golden Share Mining Corporation, without interest and repayment terms	19,708	
	341,282	352,295
SHAREHOLDERS' EQUITY		
Capital stock (Note 11)	17,887,122	17,881,622
Contributed surplus	3,578,782	3,578,782
Deficit	(16,964,199)	(18,146,483)
Accumulated other comprehensive income (Note 18)	(503,523)	
	3,998,182	3,313,921
	4,339,464	3,666,216

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/S/ Philippe Giaro
Director

/S/ Florent Baril
Director

SearchGold Resources Inc.
Consolidated Deferred Exploration Expenses
for the years ended December 31, 2010 and 2009

	2010	2009
	$	$
Balance, beginning of year	2,278,141	2,215,622
Additions		
Salaries and employee benefits	2,018	19,034
Consultants	5,150	22,823
Royalties	42,303	32,156
Fuel	810	2,203
Field equipment	407	571
Laboratory analysis	2,097	4,806
Travel expenses	2,345	2,378
Maintenance and repairs	63	293
Mission fees	1,882	4,648
Geology		1,301
Equipment rental	1,121	3,767
Telecommunications	211	1,111
Supplies		669
Rental expenses		1,279
Permits	20,944	44,410
Miscellaneous	45	1,193
Amortization of exploration plant and equipment	1,843	2,119
	81,239	144,761
Balance before deductions	2,359,380	2,360,383
Deductions		
Write-off of deferred exploration expenses	(56,415)	
Options Revenue (Note 9)		(82,242)
Balance, end of year	2,302,965	2,278,141

The accompanying notes are an integral part of the consolidated financial statements.

SearchGold Resources Inc.
Consolidated Earnings
for the years ended December 31, 2010 and 2009

	2010	2009
	$	$
Administrative expenses		
Salaries and employee benefits		43,413
Management fees	27,500	28,750
Professional services	222,794	150,757
Travel and entertainment	13,065	34,123
Investor's related fees	11,033	19,020
Corporate developement	4,320	
Registration and listing fees	37,532	35,604
Telecommunications	5,784	24,647
Rental expenses	21,185	20,450
Office supplies	4,224	10,044
Taxes, interest and bank charges	23,987	23,784
Insurance	8,369	8,310
Miscellaneous		1,716
Amortization of plant and equipment	1,138	6,585
	380,931	407,203
Other expenses (revenues)		
Impairment of an investment in a mining exploration company (Note 10)		2,164,175
Gain on disposal of an interest in a subsidiary shares (Note 3)	(1,417,497)	
Write-off of mining properties	7,394	
Write-off of deferred exploration expenses	56,415	
Loss (gain) on dilution of an interest in a company subject to significant influence (Note 4)	(28,212)	17,296
Interest in a company subject to significant influence	26,248	91,166
Options revenue	(92,457)	
Exchange loss (gain)	(9,686)	6,589
Recovered fees	(105,420)	(93,968)
Net investments income		(78)
	(1,563,215)	2,185,180
Net earnings (net loss)	**1,182,284**	**(2,592,383)**
Effect of warrants modification (Note 11)		(94,213)
Net earnings (net loss) applicable to shareholders	**1,182,284**	**(2,686,596)**
Basic and diluted net earnings (net loss) per share	0.01	(0.02)
Basic and diluted weighted average number of common shares outstanding	148,501,952	137,044,527

The accompanying notes are an integral part of the consolidated financial statements.

SearchGold Resources Inc.
Consolidated Comprehensive Income
Consolidated Deficit
Consolidated Contributed Surplus

for the years ended December 31, 2010 and 2009

	2010	2009
	$	$
CONSOLIDATED COMPREHENSIVE LOSS (INCOME)		
Net loss (net earnings)	(1,182,284)	2,592,383
Other comprehensive income		
Change in fair value of an investment in a mining exploration company (Note 18)	503,523	
Comprehensive loss (income)	(678,761)	2,592,383
CONSOLIDATED DEFICIT		
Balance, beginning of year	18,146,483	15,379,423
Net loss (net earnings)	(1,182,284)	2,592,383
Effect of warrants modification (Note 11)		94,213
Issuance cost of shareholders' equity instruments, reduced by a future income tax asset of $15,940 which have been devaluated		80,464
Balance, end of year	16,964,199	18,146,483
Accumulated other comprehensive income, reduced by a future income tax asset of $67,724 which have been devaluated (Note 18)	503,523	
Deficit and accumulated other comprehensive income	17,467,722	18,146,483
CONSOLIDATED CONTRIBUTED SURPLUS (NOTE 11)		
Balance, beginning of year	3,578,782	3,362,362
Warrants issued to the broker		28,878
Warrants issued at the time of issuance of shareholders' equity instruments		93,329
Effect of warrants modification		94,213
Balance, end of year	3,578,782	3,578,782

The accompanying notes are an integral part of the consolidated financial statements.

SearchGold Resources Inc.
Consolidated Cash Flows
for the years ended December 31, 2010 and 2009

	2010	2009
	$	$
OPERATING ACTIVITIES		
Net earnings (net loss)	1,182,284	(2,592,383)
Non-cash items		
Amortization of plant and equipment	1,138	6,585
Write-off of mining properties	7,394	
Write-off of deferred exploration expenses	56,415	
Options revenue recognized in the earnings	(92,457)	
Gain on disposal of an interest in a subsidiary shares (Note 3)	(1,417,497)	
Impairment of an investment in a mining exploration company		2,164,175
Loss (gain) on dilution of an interest in a company subject to significant influence	(28,212)	17,296
Interest in a company subject to significant influence	26,248	91,166
Changes in working capital items (Note 13)	21,130	28,335
Cash flows from operating activities	(243,557)	(284,826)
INVESTING ACTIVITIES		
Guaranteed investment certificates		(38,000)
Disposal of guaranteed investment certificates		68,000
Options revenue	155,461	179,356
Mining properties		(69,978)
Deferred exploration expenses	(110,483)	(120,444)
Disposal of a subsidiary shares (Note 3)	(71)	
Disposal of an investment in a mining exploration company	68,043	
Advances to consultants	588	(330)
Advances to officers	4,320	39,141
Advances to Golden Share Mining Corporation	64,525	(61,133)
Advances to a private company		2,225
Cash flows from investing activities	182,383	(1,163)
FINANCING ACTIVITIES		
Du to Golden Share Mining Corporation	19,708	
Issuance of shareholders' equity instruments		372,000
Issuance cost of shareholders' equity instruments		(51,586)
Cash flows from financing activities	19,708	320,414
Net increase (decrease) in cash	(41,466)	34,425
Cash, beginning of year	71,343	36,918
Cash, end of year	29,877	71,343

The accompanying notes are an integral part of the consolidated financial statements.

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

The Company, incorporated under the Canada Business Corporations Act, specializes in the acquisition and exploration of gold mining sites in West Africa and holds investments in mining exploration companies.

The recoverability of amounts shown for mining properties and related deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration, the development and to place these properties into production and the renewal of underlying titles to the mining properties and/or future proceeds from the disposition thereof. According to Management, the net book value of mining properties and deferred exploration expenses as at December 31, 2010 and 2009 represents Management's best estimate of their net recoverable value. However, this value could be reduced in the future.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis on the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mining properties contain mineral deposits that are economically recoverable, the Company did not generate income and cash flows from its operations until now. As at December 31, 2010, the Company has a deficit of $16,964,199 ($18,146,483 en 2009). These conditions raise significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

Management assesses its financing needs and strategic alternatives including potential changes relating to its mining property agreements, exploration programs and discretionary expenses.

At December 31, 2010, the Company had $29,877 in cash. The Company will require additional funding within the next 12 months to meet its expenditure commitments and its corporate administrative expenses.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the balance sheet classification have not been adjusted as would be required if the going concern assumption were not appropriate.

Although the Company has taken steps to verify title to the mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory acquirements.

2 - ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SearchGold Guinée SARL and its wholly-owned subsidiary, SearchGold Burkina Faso (SMK) SARL until the date of disposal of the latter (note 3).

Basis of presentation

The financial statements, presented in Canadian dollars, are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenue and expenses. The management has made a number of significant estimates and valuation assumptions, including estimates of the recoverability of mining properties cost and deferred exploration expenses, valuation of future income taxes and the fair value of financial assets and liabilities. These estimates and valuation assumptions are based on current information and management's planned course of actions, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value, except for financial assets and liabilities resulting from certain related party transactions such as the investment in Golden Share Mining Corporation.

Subsequently, financial assets and liabilities are measured and recognized as follows.

Cash is classified as a held-for-trading financial asset.

Amounts receivable, advances to consultants and officers and advances to Golden Share Mining Corporation are classified as loans and receivables. They are measured at amortized cost, which is generally the amount on initial recognition less any allowance for doubtful accounts, if so.

The shares investments in quoted mining exploration companies, except the investment in Golden Share Mining Corporation (Note 4), are classified as available-for-sale financials assets and are measured are measured at fair value. Unrealized losses or gains are recognized in consolidated earnings and comprehensive loss until those losses or gains are realized or when the investment sustains a loss in value that is other than a temporary decline.

2 - ACCOUNTING POLICIES (continued)

The shares investments in private mining exploration companies are classified as available-for-sale financials assets and are measured at cost. When the Company disposes of an investment or when an investment sustains a loss in value that is other than a temporary decline, the loss is recognized in consolidated earnings.

The accounts payable and accrued liabilities and the due to Golden Share Mining Corporation are classified as other financial liabilities. They are measured at amortized cost. Transaction costs, if so, are applied against the carrying amount of any related financial liabilities.

Plant and equipment and exploration plant and equipment

Plant and equipment and exploration plant and equipment are recorded at cost. Amortization of exploration plant and equipment is capitalized to deferred exploration expenses if it relates to specific projects. Amortization is calculated over their estimated useful lives according to the straight-line method over the following periods:

	Periods
Machinery and equipment, office furniture and base camp	5 years
Computer equipment and software	3 years

Mining properties and deferred exploration expenses

Mining properties are composed of claims and options to acquire interest in properties and will be accounted for at their acquisition cost.

Expenses related to exploration and development of mining properties are capitalized by property until the beginning of commercial production. If any, the accessory revenues earned over the period of exploration and development will be applied against capitalized costs.

They also include advances to a private company, formerly a subsidiary of the Company.

The mining properties and deferred exploration expenses are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that the Company has insufficient information to estimate future cash flows to test the recoverability of the amounts capitalized, management measures the recoverability of amounts indicated as mining deposits and deferred exploration expenses by comparing their fair value to their carrying amount, without performing a recoverability test. It will also determine whether the results of exploration work justify additional investments, whether the Company's interest in the underlying mineral claims in confirmed, whether the Company is able to obtain necessary financing to complete the development, and whether future profitable production or proceeds from the disposal of mining deposits could be for an amount greater than their carrying amount.

2 - ACCOUNTING POLICIES (continued)

If it is determined that mining properties and exploration expenses capitalized are not recoverable over the estimated useful life of the properties, or if the project is abandoned, the capitalized amounts will be written down to their net realizable value.

If commercially profitable ore reserves are developed, and a production decision is made, mining properties and deferred exploration expenses of the related mining property will be reclassified as mining assets and amortized using the unit of production method.

The recoverability of amounts recorded for mining properties and deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mining titles, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The amounts shown for mining properties and deferred exploration expenses do not necessarily represent actual or future values.

Capital stock

Revenue from the unit issue is allocated proportionately between common shares and warrants according to their respective fair values.

Issuance cost of shareholders' equity instruments

Issuance cost of shareholders' equity instruments are recorded in the deficit.

Stock-based compensation plan

The Company grants stock options to the eligible directors, officers, employees and consultants of the Company pursuant to its stock option plan. The stock-based compensation plan is recognized using the fair value method. The compensation cost is measured according to the fair value of the options the using the stock price and other measurement assumptions and is recognized as follows:

The compensation cost of options granted to directors, officers and employees is measured on the grant date and recognized over the related service period.

The compensation cost of options issued to consultants is recognized over the related service period and measured according to the fair value of the options on each balance sheet date until the earlier of the consultant’s option vesting date or the date on which the other party has completed performance of its obligations by providing the services. Options which vest immediately are measured at the fair value on the grant date.

The compensation cost is expensed in the statement of earnings or capitalized according to the nature of services received and credited to contributed surplus. The consideration paid on the exercise of the options and the fair value of the options exercised credited to contributed surplus are added to capital stock.

2 - ACCOUNTING POLICIES (continued)

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The Company recognizes future income tax liabilities only when it is more likely than not that some or all of the future income tax assets will be realized.

Foreign currency translation

The financial statements of integrated foreign operations and transactions in foreign currency are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year, with the exception of the amortization of property, plant and equipment, which is translated at the historical rate. Gains and losses are included in the earnings for the year.

Earnings per share

Earnings per share are calculated by dividing net earnings (net loss) available for common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share calculated taking into account the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date. The treasury stock method is used to determine the dilutive effect of the stock options and warrants. This method assumes that the proceeds of the stock options and warrants during the year are used to redeem common shares at their average price during the period. The diluted net loss per share is calculated using the treasury stock method and method and is equal to the basic net loss per share as a result of the anti-dilutive effect of the outstanding stock options and warrants (Note 11).

As at December 31, 2010, diluted net earnings per share is equivalent to basic net earnings per share because the exercise price of the stock options was greater than the average market price of the common shares.

2 - ACCOUNTING POLICIES (continued)

Laws and regulations

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. To management's best knowledge, the Company's operations are in compliance with current laws and regulations. Any payment resulting from mining property restorations if so will be charged to the cost of the mining properties when it is possible to reasonably estimate the amount.

3 - DISPOSAL OF A SUBSIDIARY'S SHARES

On July 2, 2010, the Company signed an agreement with SWALA Resources plc ("Swala"), under which Swala acquired all of the shares of SearchGold Burkina Faso (SMK) SARL for a $1,417,570 share investment in Swala, representing 10% of issued shares. The fair value was determined using Swala's price per share for similar transactions. The Company recognized a $1,417,497 gain on disposal of a subsidiary's shares presented in consolidated earnings.

The mining properties disposed of are Araé and Gassel.

The assets disposed of are as follows:

	$
Assets	
Cash	71
Mining properties	2
	73
Investment in a private company (Note 10)	1,417,570
Gain on disposal of a subsidiary shares	1,417,497

The results of this subsidiary were consolidated until July 2, 2010.

4 - DILUTION OF AN INTEREST IN A COMPANY SUBJECT TO SIGNIFICANT INFLUENCE

The Company has a 3.2% interest in Golden Share Mining Corporation (5.4% in 2009). Given that the majority of the members of the Company's Board of Directors are the same as the members of Golden Share Mining Corporation, the Company recognized its interest as an investment in the shares of a company subject to significant influence at consolidated value.

During the year 2010, Golden Share Mining Corporation completed two private financings which resulted in reducing the Company's share to 3.2% and its investment to $222,776. A loss on dilution of $28,212 was recognized in the statement of consolidated earnings.

During the year 2009, Golden Share Mining Corporation completed two private financings which resulted in reducing the Company's share to 5.4% and its investment to $220,812. A loss on dilution of $17,296 was recognized in the statement of consolidated earnings.

5 – AMOUNTS RECEIVABLE

	2010	2009
	$	$
Amounts receivable		11,500
Sales taxes	5,333	10,388
Advances to consultants, without interest		588
Advances to officers, without interest	1,680	6,000
Supplier's deposits, without interest		5,644
	7,013	34,120

6 - PLANT AND EQUIPMENT

	2010		
	Cost	Accumulated amortization	Net
	$	$	$
Office furniture	33,797	33,797	
Computer equipment	8,282	8,282	
Software	24,402	24,402	
	66,481	66,481	

	2009		
	Cost	Accumulated amortization	Net
	$	$	$
Office furniture	33,797	32,659	1,138
Computer equipment	8,282	8,282	
Software	24,402	24,402	
	66,481	65,343	1,138

7 - EXPLORATION PLANT AND EQUIPMENT

	2010		
	Cost	Accumulated amortization	Net
	$	$	$
Machinery and equipment	4,058	2,701	1,357
Base camp	8,211	4,128	4,083
	12,269	6,829	5,440

	2009		
	Cost	Accumulated amortization	Net
	$	$	$
Machinery and equipment	4,058	2,076	1,982
Base camp	8,211	2,910	5,301
	12,269	4,986	7,283

Exploration plant and equipment are assigned to the Mandiana mining property.

8 - MINING PROPERTIES

	Balance as at December 31 2009	Additions	Radiation	Disposal of subsidiary Shares (Note 3)	Options Revenue	Balance as at December 31 2010
	$	$	$	$	$	$
Burkina Faso						
Dou	2,490		(2,490)			
Taouremba	2,490		(2,490)			
Zitenga II	2,414		(2,414)			
Araé	31,503			(1)	(31,502)	
Gassel	31,503			(1)	(31,502)	
Guéguéré	6,000	5,500				11,500
	76,400	5,500	(7,394)	(2)	(63,004)	11,500

	Balance as at December 31 2008	Additions	Radiation	Disposal of subsidiary Shares (Note 3)	Options Revenue	Balance as at December 31 2009
	$	$	$	$	$	$
Burkina Faso						
Dou	2,490					2,490
Taouremba	2,490					2,490
Zitenga II	2,414					2,414
Araé	33,071	46,989			(48,557)	31,503
Gassel	33,071	46,989			(48,557)	31,503
Guéguéré		6,000				6,000
	73,536	99,978			(97,114)	76,400

Mandiana

On January 25, 2006, the Company signed an agreement entitling it to acquire a 100% interest in the 487 km^2 property located in Guinea, West Africa following these conditions:

- By carrying out a semi-detailed survey for an amount of $US148,000 and a reconnaissance survey for an amount of $US122,000. As per the agreement, the Company committed to invest these amounts in the 18 months following the signature of the agreement;

8 - MINING PROPERTIES (continued)

- By paying 5% of project expenditures to the other parties per quarter with a minimum of $US5,000 and a maximum of $US25,000 for the first year. From the first anniversary of the signing of the agreement, the Company will pay a combined 5% of project expenditures with a minimum of $US10,000 and a maximum of $US50,000 per quarter. These payments are considered as an advance royalty and will be deductible from the net smelter royalty should the property advance to a production phase;

- By paying smelter royalties of 2% to the other parties when the property is brought into production.

The Company complied with these terms and has transfer the 100% interest in the mining site to its wholly-owned subsidiary, SearchGold Guinée SARL.

Under legislation governing exploration permits, the Company was required to incur US$964,000 in exploration expenses by November 2010. During the year ended December 31, 2010, the Company renewed its permits and benefited from an extension of the commitment to November 2012.

Dou

In 2008, the Company acquired a 100% interest in a permit for a period of three years renewable for two periods of three years for a cash consideration of $2,490. The permit is located in the Sanmatenga province and covers a surface area of 241 km^2.

During the year 2010, the Company has decided to not renew its permit and therefore wrote-off its mining property and deferred exploration expenses for an amount of $2,490 and $19,044 respectively.

Taouremba

In 2008, the Company acquired a 100% interest in a permit for a period of three years renewable for two periods of three years for a cash consideration of $2,490. The permit is located in the Seno province and covers a surface area of 211 km^2.

During the year 2010, the Company has decided to not renew its permit and therefore wrote-off its mining property and deferred exploration expenses for an amount of $2,490 and $18,923 respectively.

Zitenga II

In 2008, the Company acquired a 100% interest in a permit for a period of three years renewable for two periods of three years for a cash consideration of $2,414. The permit is located in the Oubritenga province and covers a surface area of 184 km^2.

8 - MINING PROPERTIES (continued)

During the year 2010, the Company has decided to not renew its permit and therefore wrote-off its mining property and deferred exploration expenses for an amount of $2,414 and $18,448 respectively.

Araé and Gassel

The Company entered into an option agreement with SOMIKA SARL, modified in October 2009, to acquire 100% interest in two permits, Araé and Gassel, covering a surface area of 400 km^2 and located in the Soum province at the following conditions:

- By paying a total of US$100,000, as US$50,000 upon signing, US$30,000 after six-month and US$30,000 on the first anniversary date;

- By issuing a total of 800,000 of the Company's common shares, as 200,000 common shares upon signing and 600,000 common shares on the first anniversary date;

- By incurring a total of US$750,000 in exploration expenses, as US$300,000 no later than November 29, 2009 and US$450,000 no later than January 15, 2010.

The vendor will retain a 3% net smelter return. The Company will have the right to purchase up to 1.5% of the net smelter return held by the vendors for US$500,000 per 0.5% net smelter return bracket for a total of US$1,500,000.

On April 22, 2009, the Company entered into an agreement with Swala Resources PLC ("Swala"), modified on December 6, 2009, for the development of its Arae-Gassel mining properties. Swala can acquire an interest up to 65%, over a five-year period, at the following conditions:

- By paying a total of US$300,000, as US$150,000 upon signature, US$50,000 on the first anniversary date, US$50,000 on the second anniversary date and US$50,000 on the third anniversary date;

- Swala will acquire its initial 40% interest in the project after executing a Phase 1 which comprise incurring exploration expenditures of up to US$750,000;

- By executing a Phase 2 development program which may comprise a small-scale mechanised mining and treatment operation and by concomitantly undertaking a Phase 2 exploration program with the objective to identify one or several gold deposits. If warranted by the results of Phase 2, Swala will execute a National Instrument 43-101 compliant pre-feasibility study (“PFS”) within three years of the date of signature of the Agreement. Once the PFS is completed, Swala will have acquired an additional 11% interest for a total of 51%;

8 - MINING PROPERTIES (continued)

- Following the acquisition of a 51% interest, Swala may pursue the development of the project by executing a National Instrument 43-101 compliant bankable feasibility study ("BFS") within five years of the date of signature of the Agreement. Once the PFS completed, Swala will have acquired an additional 14% interest for a total of 65%.

As at December 31, 2009, the Company paid a total of US$110,000 and issued 800,000 common share of the Company for a total value of $31,000 respecting to two first conditions of the option agreement. In addition, the Company and Swala incurred US$795,460 in deferred exploration expenses, respecting the last condition of the option agreement. Accordingly, the Company transferred into the name of its wholly-owned subsidiary, SearchGold Burkina Faso (SMK) SARL, the 100% interest in the mining properties.

Also, the Company has received the first payment of $179,356 (US$150,000) in connection with the agreement signed with Swala. The Company accounted this payment against mining properties and deferred exploration expenses for an amount of $97,114 and $82,242 respectively

On February 18, 2010, Swala paid the last three instalments in advance, for a total of $155,461 (US$150,000) providing for a 40% interest in the mining properties. The Company applied this payment as a deduction of mining properties and an increase in consolidated earnings in the amount of $63,004 and $92,457 respectively.

On July 2, 2010, the Company signed an agreement with Swala, under which Swala acquired the residual 60% interest in the mining property by acquiring all of the shares of SearchGold Burkina Faso (SMK) SARL for a $1,417,570 share investment in Swala, representing 10% of issued shares (Note 3 and 10).

Guéguéré

In 2009, the Company entered into an option agreement with SOMIKA SARL enabling it to acquire 100% interest in the 500 km² area Guéguéré gold-bearing property located in the south-west part of Burkina Faso once all of the following conditions have been met:

- By paying a total of $US50,002, as $US2 upon signature, $US20,000 two years after the date of signature and $US30,000 three years after the date of signature;

- By issuing a total of 500,000 common shares of the Company , as 200,000 common shares upon signature, 100,000 common shares on the first anniversary date, 100,000 common shares on the second anniversary date and 100,000 common shares on the third anniversary date;

- By incurring a total of US$800,000 in exploration expenses, as US$400,000 on the second anniversary date and US$400,000 on the third anniversary date.

8 - MINING PROPERTIES (continued)

The vendor will retain a 2% net smelter return. The Company will have the right to purchase up to 1% of the net smelter return held by the vendors for US$500,000 per 0.5% net smelter return bracket for a total of US$1,000,000.

The Company issued 300,000 common shares of the Company (100,000 in 2010; 200,000 in 2009) for a total value of $11,500 ($5,500 in 2010; $6,000 in 2009).

9 - DEFERRED EXPLORATION EXPENSES

	Balance as at December 31 2009	Additions	Write-off and/or impairment	Options Revenue	Balance as at December 31 2010
	$	$	$	$	$
Burkina Faso					
Dou	19,044		(19,044)		
Taouremba	17,288	1,635	(18,923)		
Zitenga II	17,058	1,390	(18,448)		
Guéguéré	11,580	8,943			20,523
Guinea					
Mandiana	1,172,639	69,271			1,241,910
	1,237,609	81,239	(56,415)		1,262,433
Gabon					
Advances to a private company (a)	1,040,532				1,040,532
	2,278,141	81,239	(56,415)		2,302,965

9 - DEFERRED EXPLORATION EXPENSES (continued)

	Balance as at December 31 2008	Additions	Write-off and/or impairment	Options Revenue	Balance as at December 31 2009
	$	$	$	$	$
Burkina Faso					
Dou	14,184	4,860			19,044
Taouremba	13,741	3,547			17,288
Zitenga II	13,340	3,718			17,058
Araé	20,520	20,361		(40,881)	
Gassel	21,717	19,644		(41,361)	
Guéguéré		11,580			11,580
Guinea					
Mandiana	1,091,588	81,051			1,172,639
	1,175,090	144,761		(82,242)	1,237,609
Gabon					
Advances to a private company (a)	1,040,532				1,040,532
	2,215,622	144,761		(82,242)	2,278,141

(a) On July 22, 2006, further to the disposal of the shares of a Ressources Golden Gram Gabon SARL (RGGG) subsidiary, the Company realized a $959,468 gain. This gain was applied against advances made to this company (formerly a subsidiary) in the amount of $2,000,000. The advances are interest-free and will be cashable and bear interest at an annual rate of 8% starting on the date operations begin on the mining site. A gain will be recognized, if any, in earnings as advances are received.

Other than this advance, the Company still holds an interest in RGGG (Note 10).

10 - INVESTMENTS IN MINING EXPLORATION COMPANIES

	2010	2009
	$	$
Common shares in a company subject to significant influence, at consolidated value (a)		
Golden Share Mining Corporation		
Shares representing a 3.2% interest (5,4% in 2009) (Note 4)	222,776	220,812
Common shares in private companies, at cost		
Ressources Golden Gram Gabon SARL		
Shares representing a 27% interest (27 % en 2009) (c)	1	1
Swala Resources plc		
Shares representing a 10% interest (Note 3)	1,417,570	
Common shares in a quoted Company, at fair value		
Stellar Diamonds Limited		
Shares representing a 1,4% interest (5,4 % en 2009) (b)	332,745	904,311
Advances to Golden Share Mining Corporation, without interest and repayment terms		64,525
	1,973,092	1,189,649

(a) The fair value of the interest as at December 31, 2010 is $341,597 ($181,474 in 2009).

(b) Stellar Diamonds Limited ("Stellar") is a diamond mining exploration company. During the year 2008, the Company recognized an investment impairment of $1,800,000.

During the year ended December 31, 2009, the Company recognized an investment impairment of $2,164,175 to reflect the investment fair value following Stellar’s listing on the London Stock Exchange in February 2010.

During the year ended December 31, 2010, the Company recognized a change in fair value of investments of $503,523 as other comprehensive income. Furthermore, the Company disposed of 685,000 shares in exchange for a $68,040 consideration.

(c) On May 14, 2009, as stipulated in the agreement with Managem, the Company disposed of 9% of its interest in RGGG without consideration following the release of a feasibility study. Given that the investment had entirely been written down by the gain realized on the first disposals, no impact was recognized in the consolidated earnings.

11 – CAPITAL STOCK

Authorized
Unlimited number of common shares voting and participating

Capital stock issued and fully paid

	2010		2009	
	Number of shares	Amount	Number of shares	Amount
		$		$
Balance, beginning of year	148,430,171	17,881,622	132,750,171	17,572,951
Private investments for a cash consideration			14,880,000	278,671
Acquisition of mining properties	100,000	5,500	800,000	30,000
Balance, end of year	148,530,171	17,887,122	148,430,171	17,881,622

In September 2009, the Company completed a private financing for a total amount of $372,000. The Company issued 372 units each unit including 40,000 common shares of the Company at a price of $0.025 per share and 20,000 warrants. Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.05 per share, valid for twelve months. An amount of $93,329 was applied against contributed surplus.

The Company also issued, in September 2009, 1,488,000 broker warrants. Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.05 per share, valid for twelve months.

Warrants

Outstanding warrants entitle their holder to subscribe to an equal number of common shares, as follows:

	2010		2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of year	13,928,000	0.07	5,886,000	0.15
Issued			8,928,000	0.05
Expired	(13,928,000)	0.07	(886,000)	0.13
Balance, end of year	-	-	13,928,000	0.07

11 – CAPITAL STOCK (continued)

In 2009, the Company granted 8,928,000 warrants including 1,488,000 broker warrants. The fair value of the broker warrants granted of $0.02 was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2009
Rate of return of dividends	- %
Expected average volatility	216%
Risk-free average interest rate	1.20%
Expected average life	12 months

In 2009, the Company recorded $28,878 as issuance cost of shareholders' equity instruments when the broker warrants were granted and this amount is recorded in contributed surplus.

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

	2010		2009	
Expiration date	Number	Exercise price	Number	Exercise price
		$		$
July 4, 2010 (a)			5,000,000	0.10
September 18, 2010			8,928,000	0.05
	–		13,928,000	

(a) On April 8, 2009, the Company obtained the approval to re-price and extend the 5,000,000 warrants issued in July 2008 at a price of $0.15 and expiring on July 4, 2009. These 5,000,000 warrants were exercisable at a price of $0.10 per warrant until July 4, 2010. An amount of $94,213 related to the warrants modification, considered has an inducement to the holder, was recorded in the deficit and contributed surplus.

The fair value of the broker warrants granted of $0.02 was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	2009
Rate of return of dividends	- %
Expected average volatility	210%
Risk-free average interest rate	1.33%
Expected average life	12 months

11 - CAPITAL STOCK (continued)

Stock-based compensation plan

The Company has adopted a stock-based compensation plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 11,000,000.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the common shares on the eve of the award and the term of the options cannot be more than five years. The options are exercisable immediately.

The Company's stock options are detailed as follows:

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance, beginning of year	5,100,000	0.15	6,600,000	0.16
Cancelled	(700,000)	0.15	(1,050,000)	0.18
Forfeited	(350,000)	0.18	(450,000)	0.20
Balance, end of year	4,050,000	0.15	5,100,000	0.15

The table below summarizes the information related to stock options:

2010			
Outstanding options and exercisable options			
Range of exercice price	Number of options	Weighted average exercise price	Remaining life (years)
0.10 à 0.12	500,000	0.12	1.99
0.13 à 0.16	3,300,000	0.15	1.03
0.17 à 0.21	250,000	0.19	1.12
	4,050,000	0.15	1.17

11 - CAPITAL STOCK (continued)

	2009		
	Outstanding options and exercisable options		
Range of exercise price	Number of options	Weighted average exercise price	Remaining life (years)
0.10 to 0.12	500,000	0.12	2.98
0.13 to 0.16	4,200,000	0.15	1.98
0.17 to 0.21	350,000	0.18	1.58
0.22 to 0.27	50,000	0.27	0.70
	5,100,000	0.15	2.29

12 - INCOME TAXES

The Company's effective income tax rate differs from the combined federal and provincial income tax rate in Canada. This difference arises from the following items:

	2010	2009
	$	$
Income taxes calculated using the combined federal and provincial income tax rate in Canada of 29.90% (30,90% as at December 31, 2009)	353,504	(801,046)
Increase in income taxes resulting from the following		
Tax rate variance	(14,090)	56,097
Non-taxable items	(211,916)	
Non-deductible portion of capital loss		334,365
Non-deductible items and other	8,213	136,385
Change in valuation allowance (a) and (b)	(135,711)	274,199
	–	–

(a) The change in valuation allowance of the future income tax assets of $67,724 related to the change in fair value of an investment in a mining exploration company was applied against the accumulated other comprehensive income.

(b) The change in valuation allowance of the future income tax assets of $15,940 in 2009 related to the issuance cost of shareholders' equity instruments was applied against the Deficit.

12 - INCOME TAXES (continued)

The future income tax asset and liability result from differences between the carrying amount and the tax basis of the following:

	2010	2009
	$	$
Future income tax assets		
Non-capital loss	969,609	925,347
Capital loss	13,201	45,531
Issuance cost of shareholders' equity instruments	19,886	43,843
Investments in mining exploration companies	522,074	612,455
Difference between carrying amount and tax basis of mining properties and deferred exploration expenses	198,659	164,546
Other	15,567	16,261
	1,739,996	1,807,983
Less: valuation allowance	1,739,996	1,807,983
	–	–

These losses, which are available to reduce income taxes in future years, can be carried over the following years:

	Federal	Provincial
	$	$
2013	157,429	70,776
2014	610,615	550,745
2025	1,040,877	1,021,128
2026	557,157	509,318
2028	958,736	937,235
2029	226,914	209,853
2030	167,432	160,900
	3,719,160	3,459,955

13 - INFORMATION INCLUDED IN CASH FLOWS

The changes in working capital items are detailed as follows:

	2010	2009
	$	$
Amounts receivable	22,199	6,733
Prepaid expenses	(1,435)	1,069
Accounts payable and accrued liabilities	366	20,533
	21,130	28,335

Additional disclosures regarding cash flows that did not result in a cash outflow:

	2010	2009
	$	$
Mining properties		
Issuance of shareholders' equity instruments	5,500	30,000
Deferred exploration expenses		
Accounts payable and accrued liabilities		31,087
Amortization of exploration plant and equipment	1,843	2,119
Issuance cost of shareholders' equity instruments		
Warrants issued to the broker		28,878
Capital stock		
Warrants issued at the time of issuance of shareholders' equity instruments		93,329

14 - RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in the financial statements, the Company carried out the following related party transactions:

	2010	2009
	$	$
Company controlled by the Vice-president		
Management fees	18,750	28,750
Company controlled by the President		
Management fees	5,000	-
Vice-president finances		
Professional services	45,000	56,200
Rental expenses	3,465	-
Vice-president exploration		
Professional services (a)	97,000	36,725
Golden Share Mining Corporation		
Recovered fees	-	(54,600)

These transactions were carried out in the normal course of business and are measured at the exchange amount, i.e. the amount established and agreed upon by the parties.

(a) Under the terms of an agreement with Swala, the Company re-bills the services of its Vice-President of Exploration. The re-billing is recognized in “recovered costs” in consolidated earnings.

15 - CAPITAL DISCLOSURES

The capital of the Company consists of the items included in shareholders’ equity of $3,998,182 as of December 31, 2010 ($3,313,921 as of December 31, 2009). The Company’s objectives when managing capital are to safeguard its ability to continue its operations as well as its acquisition and exploration programs. As needed, the Company raises funds through private placements. There is no dividend policy. The Company doesn’t have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject.

16 - FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk with respect to cash is considered to be negligible because this financial instrument is held by a reputable financial institution with a quality external credit rating.

As a general rule, the carrying amount in the balance sheet of the Company's financial assets exposed to credit risk, after deducting applicable allowances for loss represents the maximum amount of credit risk to which the Company is exposed.

Price risk

The Company is exposed to price risk with respect to gold price.

Other price risk is the risk that the fair value or future cash flows of the financial assets will fluctuate because of changes in market prices. The common shares in a quoted company held by the Company are exclusively shares from issuers on the London Stock Exchange Venture whose activities are in the mineral exploration. As at December 31, 2010, if the closing market prices had increased or decreased by 10%, the Company's pre-tax loss would have varied by $37,144.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalent and to ensure that the Company has financing sources such as private and public investments for a sufficient amount (note 1).

The accounts payable and accrued liabilities of $321,574 are payable 30 days following receipt of the invoices.

Exchange risk

The Company is exposed to currency risk as a result of accounts payable and accrued liabilities denominated in U.S. dollars. As at December 31, 2010, accounts payable and accrued liabilities denominated in dollars total US$100,000 (US$99,800) [US$50,035 in 2009 ($52,367 in 2009)]. Given that the Company's operations in foreign currency total $27,602, an increase or decrease in the exchange rate of the foreign currency in relation to the Canadian dollar would not have a significant impact on net loss.

16 - FINANCIAL INSTRUMENTS (continued)

The Company does not enter into arrangements to hedge its foreign exchange risk.

Interest rate risk

The Company is not exposed to a significant interest rate risk since the Company has no credit facility.

Only the interest revenue arising from the balance of operating cash accounts is therefore subject to interest rate fluctuations.

Based on the balances outstanding during the year ended December 31, 2010, a 1% increase (decrease) in the interest rate index would have no significant impact on earnings before income taxes.

Financial assets and liabilities by category

The carrying amounts and fair values of financial instruments are as follows:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held for trading				
Cash	29,877	29,877	71,343	71,343
Loans and receivables				
Amounts receivable			11,500	11,500
Advances to consultants			588	588
Advances to officers	1,680	1,680	6,000	6,000
Available-for-sale financial assets				
Common shares in private companies				
Ressources Golden Gram Gabon SARL	1	(a)	1	(a)
Swala Resources plc	1,417,570	(a)		
Common shares in a quote Company				
Stellar Diamond Limited	332,745	332,745	904,311	(a)
Advances to Golden Share Mining Corporation			64,525	64,525

16 - FINANCIAL INSTRUMENTS (continued)

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Accounts payable and accrued liabilities	321,574	321,574	352,295	352,295
Due to Golden Share Mining Corporation	19,708	19,708		

(a) The fair value of private companies' common shares could not be reliably measured because these investments do not have listed prices on the active markets.

Fair value

- The fair value of the advances to consultants and officers and accounts payable and accrued liabilities is comparable to their carrying amount given that they will mature shortly;

- The fair value of the available-for-sale financial assets is equivalent to their carrying amount.

Fair value Hierarchy

Financial instruments recorded at fair value on the Consolidated Balance Sheet must by classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy levels are as follows:

- Level 1 – quoted price (unadjusted) observed in active markets for identical assets or liabilities;

- Level 2 – valuation techniques based on inputs other than quoted prices included in level 1, that are either directly or indirectly observable;

- Level 3 – valuation techniques with significant unobservable market inputs.

Common shares in quoted company are classified under level 1, that is valuation based on active market price in determining fair value.

17 – COMMITMENTS

Pursuant to laws governing exploration permits, the Company will have to incur $958,794 (US$964,000) in exploration expenses, no later than November 2012 on its Mandiana property.

18 – ACCUMULATED OTHER COMPREHENSIVE INCOME

	2010	2009
	$	$
Balance, beginning		
Changes during the period		
Change in fair value of an investment in a mining exploration company	(503 523)	
Balance, end	(503 523)	

19 – SUBSEQUENT EVENT

On January 28, 2011, the Company signed a joint venture agreement with Swala for the development of its Gueguere mining property under which Swala can acquire an interest of up to 80% at the following conditions:

- Acquisition of an initial interest of 25% upon paying the Company the sum of $49,730 (US$50,000) and agreeing to take over the exploration expenditure commitments for the two Gueguere exploration licences.

- Acquisition of an additional interest of 26% for a total of 51%, upon the completion of a Phase 1 program entailing exploration expenditures of $390,840 (US$400,000) on each of the exploration licences, for total of $795,680 (US$800,000) over the entire property, prior to March 29th 2012;

- Acquisition of an additional interest of 9% for a total of 60%, upon the completion of a Phase 2 program entailing the execution of a NI 43-101 compliant report demonstrating the existence of indicated and inferred resources. Phase 2 will be executed within such time frame and with the necessary associated expenditures to insure full compliance with the Burkina Faso Mining Code;

- Acquisition of an additional interest of 20% for a total of 80%, upon the completion of a Phase 3 program entailing the execution of a preliminary NI 43-101 compliant feasibility study followed by a bankable NI 43-101 compliant feasibility study regarding all promising sites identified on the property.

The Company will then participate in the development costs or will be diluted in proportion to its interest. Swala will be the project operator and a technical committee will be created to supervise the development work carried out on the property. Should there be a commercial start of output, both parties agree to be diluted in proportion to their respective interest through the Burkina Faso state's non-contributing 10% interest.

SCHEDULE “B”

MD&A FOR SEARCHGOLD

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) and on SearchGold's web site (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)
- **Stellar Diamonds Limited:** 1.7 million shares (see : www.stellar-diamonds.com)
- **Golden Share Mining Corporation:** 2.1 million shares (see: 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 Issurer 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^2 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 ispresently 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 granitoïds. 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^2 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 terrigeneous 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 volcaniclastic 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 5th 2010. The permits are now valid until November 5th 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 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 May 29, 2012)

The gold mineralisation at Inata can be traced over a continuous 4 km strike length and occurs within silicified volcaniclastic 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 19th 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-Haissa 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^2 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 2nd 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 km² 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 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 9km2 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 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-Malatric, 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 km². 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 km² 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 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)
Total	**580,476**	**592,696**

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 Managem 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).

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.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2011
DATED APRIL 23, 2012

SearchGold Resources Inc. (« SearchGold » or the « Company ») continued to develop its portfolio of properties in West and Central Africa. Financial uncertainties relating to sovereign debts crisis have maintained a volatile climate in the United States and particularly throughout Europe. The World economic situation has maintained the price of gold at about the $US 1,800 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
- **Swala Resources Inc.**: 0.91 million shares (see: www.swalaresources.com)
- **Stellar Diamonds Limited**: 1.7 million shares (see : www.stellar-diamonds.com)
- **Golden Share Mining Corporation**: 2.1 million shares (see: www.goldenshare.ca)

Since the beginning of 2011, SearchGold's investments companies have all raised significant capital to pursue the development of their activities. Indeed, Swala completed a financing of $4.1 million, Stellar raised £6.2 million while Golden Share Mining Corporation closed a $3.4 million private placement towards the end of April. These financings allow the respective entities to advance their projects.

In July 2011, the Company announced a management change. The new board members liaised closely with the remaining Board to become familiar with SearchGold and its portfolio of properties and assets.

In October 2011, the Company's capital was restructured on the basis of one (1) post consolidation common share for every eight (8) pre-consolidation common shares which were issued and outstanding. Also, the Company moved its corporate office from Montreal, Quebec to Toronto, Ontario.

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.

The Company is focused on advancing the Mandiana Project in Guinea as well as identifying and acquiring properties of merit in Africa.

SEARCHGOLD MINING PROPERTIES

BAKOUDOU-MAGNIMA PROJECT, GABON

In July 2005, SearchGold signed a strategic $4,200,000 joint venture agreement on the 2,294 km² Bakoudou-Magnima Gold Project with Managem, a successful, established African-based mining company.

Zone A, represents the project's first advanced target and the strategy for Bakoudou-Magnima is to develop the potential of the property well beyond this initial objective. Managem and SearchGold's strategy has, from day one, consisted of undertaking regional exploration in parallel with definition drilling and the execution of a feasibility study on Zone A. Thus, implementing a business plan focussed on the development of a mid-size mining operation with on-going exploration work on surrounding targets to insure long term feed for the mine.

Exploration activities on Bakoudou-Magnima have initially focussed on an area within a 10 km radius around Zone A to identify additional targets within a short distance. Managem and SearchGold also control a 40 km strike length of the Magnima greenstone belt which represents a 5 km wide volcanic sequence where previous work executed by the BRGM in the 1980's identified three soil gold anomalies up to 2.2 km in strike length were surface grab samples yielding grades of up to 7.7 g/t gold.

Feasibility study

SearchGold announced in August 2008, the results of a Feasibility Study on Zone A of the Bakoudou Project which reported an open pit gold reserve of 150,000 ounces of gold included in a new resource estimate of 230,000 ounces of gold.

Bakoudou's Zone A mining project foresees the construction of an open pit gold mine with a projected mine life of 3.5 years. It will produce approximately 40,000 ounces of gold per year over the life of the project from a gravity concentrating plant processing near surface saprolite gold mineralization.

According to the feasibility study, Bakoudou's Zone A holds a Measured and Indicated Resource of 230,000 ounces of gold including a Proven and Probable Reserve of 150,000 ounces of gold. These reported figures represent total reserves and resources contained in Zone A owned by Ressources Golden Gram Gabon SARL ("REG").

The Mineral Reserve estimate was prepared by Reminex, an independent Moroccan Engineering Firm, and is based on a Mineral Resource estimate audited by Systèmes Geostat International Inc. ("Geostat") of Montreal, Quebec, Canada. The Mineral Resource and Mineral Reserve Statement for Bakoudou's Zone A is summarized in the following table:

Table 1. Mineral Resource and Mineral Reserve Statement for Bakoudou's Zone A, Gabon. Prepared by Reminex, April 30, 2008.*

Resource and Reserves Classification	Quantity (Mt)	Grades (g/t)	Contained Metal (oz Au)
Open pit (saprolite)			
Proven Reserves	583 000	2.54	47 600
Probable Reserves	1 117 000	2.98	107 100
Total	**1 700 000**	**2.83**	**154 700**
Saprolite and hard rock			
Measured Resources	530 000	2.84	48 400
Indicated Resources	1 870 000	3.06	184 000
Total	**2 400 000**	**3.01**	**232 400**
Inferred	157 000	1.67	8 400

*Notes: Reported figures represent total reserves and resources contained in Zone A owned by Ressources Golden Gram Gabon SARL ("REG"). Mineral resources include mineral reserves. Mineral reserves are reported at a cut-off of 0.55 g/t gold within a pit shell optimized using a gold price of US$700 per ounce and metallurgical recovery of 88 percent. Mineral resources are reported at a cut-off of 0.5 g/t gold. All figures have been rounded to reflect the relative accuracy of the estimates. Mineral resources are not reserves and do not have demonstrated economic viability.

Methodology

In June 2007, Reminex engaged Geostat to Audit the Mineral Resource estimate prepared by Reminex on Bakoudou's Zone A in the context of the bankable feasibility study.

The independent Mineral Resource and Reserves estimates are reported in accordance with Canadian Securities Administrator's National Instrument 43-101 and conforms to generally accepted Canadian Institute of Mining ("CIM") "Estimation of Mineral Resources and Mineral Reserves Best Practices" Guidelines.

The audited Mineral Resource statement is based on a total of 184 HQ-NQ diameter core holes (for a total of 11 659m) drilled over an area of 350x500m over the southern part of the Bakoudou soil anomaly in 2004-05 and 2006-08. The Mineral Resource model was constructed in Datamine Studio. A total of 4 main gold zones wireframes were constructed from interpretation of the drilling data and subdivided into two weathering profiles (saprolite and fresh rock). After geostatistical analysis and variography, gold grades were interpolated into a partial block model (parent block size of 5x5x2.5m) using ordinary krieging. An average tonnage factor of 2.28 and 2.63 was used to convert volumes into tonnages for the saprolite and hard rock, respectively. The gold mineralization is known to extend at depth beyond the drilling data.

The Mineral Reserve estimate was prepared by Reminex using Whittle Pit Optimization software to model conceptual pit shells using the following assumptions: pit wall average angles of 35° for the saprolite and 50° for the hard rock, 12% mining dilution, a gold price of US$700 per ounce, a gold recovery of 88.2%, mining costs of US$5.44 per tonne of ore and of US$2.06 per tonne of waste and processing costs of US$8.86 per tonne. Based on these parameters the economic cut-off was estimated at 0.55 g/t gold.

Project development

Following the finalization of the feasibility study, a mining exploitation permit covering a surface area of 160 km² and a new mining exploration permit covering a surface area of 640 km²

(Lebombi) were granted to REG. As a result, the total area now controlled by REG covers 2,934 km².

SearchGold announced significant developments on Bakoudou's Zone A at the end of November 2010. The NI 43-101 compliant Mineral Resource and Mineral Reserve estimate for Zone A of the Bakoudou-Magnima Gold Project was released on August 13th 2008. Following the death of Omar Bongo in June 2009, Gabon successfully accomplished a positive democratic transition.

In May 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 commenced plant commissioning during Q4 2011, production is expected in early 2012.

GUÉGUÉRÉ PROPERTY, BURKINA FASO

On March 30 2009, SearchGold entered into an option agreement with Somika SARL ("Somika") to acquire a 100% interest in the 500 km² Guéguéré Gold Property ("Guéguéré") located in southwestern Burkina Faso; at the following conditions:

- Paying Somika a total of $US50,002 as follows: $US2 upon signature; $US20,000 two years after the date of signature and $US30,000 three years after the date of signature;

- By issuing Somika a total of 62,500 SearchGold shares as follows: 25,000 shares upon signature; 12,500 shares on the first anniversary date; 12,500 shares on the second anniversary date and 12,500 shares on the third anniversary date;

- By incurring a total of $US800,000 in exploration expenditures as $US400,000 during the second year ; $US400 000 during the third year.

Following SearchGold's acquisition of a 100% interest, Somika will retain a 2% Net Smelter Return (the "NSR"). SearchGold will have the right to purchase up to half of the NSR held by Somika (or 1%) for $US500,000 $ US per 0.5% NSR bracket, or for a total of $US1,000,000 for 1% of the NSR held by Somika. Moreover, SearchGold holds a right of first refusal on the remaining 1% NSR corresponding to the second half of the 2% NSR.

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 granitoïds. 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.

During Q1 2011 SearchGold announced the signature of a joint venture agreement with Swala Resources plc (“Swala”) on Guéguéré.

Swala can acquire an interest of up to 80% in Guéguéré by meeting the following conditions :

- Swala can earn 25% upon paying SearchGold the sum of US$50,000 and agreeing to take over SearchGold’s exploration expenditure commitments for the two Guéguéré exploration licences.

- Swala can earn a further 26%, for a total of 51%, upon the completion of a Phase 1 program entailing exploration expenditures of US$400,000 on each of the exploration licences, for total of US$800,000 over the entire property, prior to March 29th 2012. The March 29th 2012 date was re-negotiated subsequent to the three month period ended December 31, 2011

- Providing positive results from the Phase 1 exploration program, Swala can earn a further 9%, for a total of 60%, upon the completion of a Phase 2 program entailing the execution of a NI 43-101 compliant report demonstrating the existence of indicated and inferred resources. Phase 2 will be executed within such time frame and with the necessary associated expenditures to insure full compliance with the Burkina Faso Mining Code.

- Providing positive results from the Phase 2 program, Swala can earn a further 20%, for a total of 80%, upon the completion of a Phase 3 program entailing the execution of a NI 43-101 compliant preliminary feasibility study, followed by a NI 43-101 compliant bankable feasibility study concerning any promising targets identified on the Property.

Thereafter SearchGold will participate in the development costs or will be diluted pro-rata its interest. Swala will be project operator and a technical committee will be established to overview the development work to be executed on the property. 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.

As of today, all cash and share payments due by SearchGold in compliance with the March 30th 2009 option agreement with Somika have been duly executed.

The anticipated low-altitude airborne geophysical survey has now been finalized and completely covers Gueguere. The magnetic component of the survey outlines an important tonalite intrusive in the center of the property. Clear linear features also border this intrusive body to the west and east.

The simultaneous historical work compilation 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 Gueguere 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.

Swala completed the geophysical survey and compilation of historical data. A follow-up surface program is planned for early 2012.

MANDIANA PROPERTY, GUINEA

SearchGold signed an option agreement in January 2006 with Bouré Gold Fields SARL to acquire a 100% interest in the 475 km² 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 terrigeneous 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 volcaniclastic 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 5th 2010. The permits are now valid until November 5th 2012.

Current development:

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

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

SWALA RESOURCES INC.

Swala Resources plc. ("Swala") is a private African explorer with a focus on Burkina Faso where Swala owns 100% of the Arae-Gassel project directly adjoining Avocet's 3.36 million ounce Inata gold deposit*. In Zimbabwe, Swala has a joint venture with other parties for the exploitation of high-grade alluvial deposits that have been identified as a consequence of Swala's proprietary GIS program to identify and rank high potential deposits using an extensive database for its source production. In addition, the Company owns a carried joint venture interest in an exploration project with AngloGold Ashanti that is located in Gabon. Swala also owns 7,500 km^2 of exploration licences in the Democratic Republic of the Congo for PGM, Nickel and base metals.

*NI 43-101 compliant total resources of 71,435,000 tonnes @ 1.46 g/t Au at 0.5 g/t Au cut off

A 3% Net Smelter Return (the "NSR") is payable to the SOMIKA, the initial vendor. SearchGold has the right to purchase up to half of the NSR held by Somika (or 1.5%) for $US500,000 per 0.5% NSR bracket, or for a total of $US1,500,000.

Arae-Gassel geological history

The Arae-Gassel property is directly adjoining on its southern boundary 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 completed the recommended, share for share, acquisition of Wega Mining ASA (‘Wega’). The main asset of Wega was the 90% owned Inata gold mine (‘Inata’) in northern Burkina Faso. Gold production commenced at Inata in December 2009. A successful ramp up to design capacity meant that gold production reached its target rate of over 10,000 ounces per month in May 2010; ahead of forecast.

For the three month period ended 31 December 2010, Inata produced 46,208 ounces of gold at a cash cost of US$511/oz. Over the 9 months of Inata’s commercial production in 2010, the cash costs were US$531/oz, which is at the lower end of the full year 2010 cost guidance of US$525-575/oz.

The gold mineralisation at Inata can be traced over a continuous 4 km strike length and occurs within silicified volcaniclastic rocks, porphyries and vein quartz that occur within a large shear zone. 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 19th 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-Haissa 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 km² 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.

Swala focus for 2011 / Arae-Gassel project and listing on TSX Venture Exchange

The Arae-Gassel Project is directly adjoining to the north Avocet’s 3.36 million ounce Inata gold deposit in a highly prospective rock sequence and Swala’s initial results have been extremely conclusive. Swala intends on developing the project very aggressively in 2012, both on the exploration and resource definition fronts. With 21% of West Africa’s total greenstone belt exposure, Burkina Faso provides a world-class geological environment for gold discoveries as demonstrated by the pace of recent discoveries which are being announced every six months. Swala, being part of this rapidly developing region, looks forward to a very promising future.

In early 2011 Swala raised $4,100,000 at a price of C$0.35 per share by way of private placement. In addition, Swala has advanced its listing process with the identification of a suitable TSX Venture listed shell.

In July 2011, Swala finalized a Scheme of Arrangement aimed at creating a Federal Canadian registered company called Swala Resources Inc. This new entity holds Swala Resources plc which in turn has become a private company whose name is now Swala (UK) Limited. All shareholders received securities in the new company with a nominal value five times greater than in the old Swala, although the number of securities is one for every five. The Board of Directors remains the same while the Company will now be based in Toronto. Mr. Bob Bondy, formerly a Partner in Blake, Cassels and Graydon LLP, is the Company secretary while the new Company CFO is Mr Rick Giel.

The Araé-Gassel NI 43-101 compliant technical report has now been delivered by SRK Consulting (Canada) Inc. and shows the property to be one of merit. The technical report will be updated with considerable data from the 22,000 m of drilling and the regional sampling program when all the assay results have been received. Some delays have been experienced at this level as laboratories throughout Africa, and beyond, are all swamped with the demand, and that is particularly the case in Burkina Faso, which is experiencing record exploration activity.

In January 2012, Concordia Resource Corp. announced, that effective January 13, 2012, following the approval of the shareholders (the “Swala Shareholders”) of Swala Resources Inc. (“Swala”) at a shareholders’ meeting held on December 23, 2011, it has completed its acquisition of all of the issued and outstanding securities of Swala pursuant to a court approved plan of arrangement. Pursuant to the terms of the Arrangement, each Swala Shareholder will receive 1.9 common shares of Concordia for each share of Swala held.

The merger creates a diversified mineral exploration company in Africa and the Americas. Concordia has a market capitalisation of $42.5 million (at $0.71), a cash balance of approximately

$30 million, a significant $17 million holding in Western Lithium Corporation (TSXV:WLC) and a number of exploration projects in the Americas. The merger will result in current Swala shareholders owning approximately 30% of the resulting entity on both a basic and fully diluted basis.

SearchGold holds 1.74 million shares of Concordia Resource Corp. Please see: www.concordiaresourcecorp.com for additional information.

STELLAR DIAMONDS PLC

Stellar Diamonds plc ("Stellar" - AIM:STEL) is a diamond mining and exploration company focussed on the renowned, yet under-developed, diamond region of West Africa. The Company has two alluvial projects in production in Guinea, Mandala and Bomboko, as well as 100% rights over four high-grade kimberlite projects in Sierra Leone and Guinea that are at various stages of development from drilling through bulk sampling to trial mining.

Following the reverse takeover transaction with West African Diamonds Limited ("WAD"), Stellar became a publicly listed company on February 22, 2010 by announcing its admission to the AIM market of the London Stock Exchange ("AIM"). In March 2011, Stellar announced the completion of a £6.2 million financing through a placing of 77,500,000 new Ordinary Shares at 8 pence per share. Post financing Stellar has 216,766,659 issued and outstanding shares.

At Mandala production has exceeded 106,000 carats (to end December 2010) and generated sales of $3.2 million since mining commenced in mid-2009. Trial mining is ongoing at the Bomboko project where over 5,100 carats have been produced as part of an evaluation programme.

The kimberlite portfolio is comprised of the Kono and Tongo projects in Sierra Leone and the Droujba and Bouro projects in Guinea.

At Kono underground trial mining has yielded over 4,200 carats of diamonds, however the project was placed on care and maintenance in mid-2009 during the economic crisis.

Bulk sampling is currently ongoing at Tongo where diamond grades of between 100cpht and 380cpht were yielded from previous sampling exercises. A 1,000 to 2,000 carat sample is currently being sampled to determine diamond grade and value of this kimberlite.

Stellar is currently drilling the Droujba kimberlite pipe. The programme is intended to model the pipe to depth as well as assay selected kimberlite core for microdiamond analysis and macrodiamond grade forecasting.

The Bouro project is located in proximity to the Mandala diamond mine. Previous testing yielded grades of up to 500cpht for the Bouro North kimberlite. Stellar is planning to collect and process a bulk sample from this kimberlite in 2011.

Strategic focus on kimberlite portfolio

In light of the strong rebound in diamond prices as evidenced by the record diamond prices achieved from the recent sale of a parcel of diamonds from the Company's Bomboko project, as well as those achieved by other diamond producers, the Board of Stellar has decided that substantial value may be created by focusing the Company's human and other resources on fast tracking the development of its hard rock kimberlite portfolio. These projects include the Droujba kimberlite pipe in Guinea and the Tongo kimberlite dyke in Sierra Leone. If proven economic, the Board considers that these projects have the potential to generate substantial revenues over long mine lives and in turn have the potential to transform Stellar into a significant diamond production company in Africa.

Recent highlights from the High Grade Diamond Bulk Sampling Results at Tongo Kimberlite in Sierra Leone include:

- 566 tonnes processed for an in-situ grade of 109 cpht,
- 90% of diamonds classified as gem quality,
- Historic diamond valuations show Tongo Dyke 1 ore at potential value of over $200/t,
- Sample taken from 70m section of 2,500m total length of Dyke 1,
- 3,000m resource definition drilling programme planned to commence in June,
- Bulk sampling programme continuing using on site processing plant.

In July 2011 Stellar reported the following update on the Tongo Kimberlite:

- 639 carats of diamonds exported and valued at an average price of $191 per carat
- 752 carats from 687 dry tonnes for undiluted grade of 109.5 carats per hundred tonnes ('cpht')
- Potential in-situ kimberlite value of $209 per tonne
- 6,000m drill programme scheduled to commence in August

Recent highlights from the Droujba Kimberlite Pipe work program in Guinea include :

- Phase-1 programme completed with 18 holes for a total of 3,031 metres drilled,
- Surface area of pipe delineated at 3 hectares,
- Deepest kimberlite intersection to date of 222 m from surface, remains open at depth,
- New blind discovery associated with geophysical anomaly intersected to southeast and west of main pipe,
- Encouraging microdiamond analysis results from third sample batch :
    - 462 diamonds recovered from 204.15kg of kimberlite drill core sample
    - Three commercial sized diamonds recovered with the largest being 3.3mm x 2.4mm x 1.8mm
    - High percentage of diamonds described as white, colourless and transparent
- Resource definition drill programme continuing.

On August 10th 2011 Stellar announced the appointment of CAE Mining ("CAE") of South Africa as independent technical consultant to prepare the first resource estimates at its Droujba and Tongo kimberlite projects in Guinea and Sierra Leone respectively.

- Dr. Matthew Field of CAE Mining appointed as independent consultant
- Resource statements and economic scoping studies expected Q1 2012
- Resource definition drilling underway at the Droujba pipe with over 6,000m completed to date
- Resource drilling at the Tongo dyke project expected to commence shortly

On August 16th 2011 Stellar announced the commencement of resource drilling at the high-grade Tongo kimberlite diamond project in eastern Sierra Leone.

- Commencement of 6,000m diamond core drilling programme
- Objective is to define a maiden inferred resource estimate to at least 200m below surface
- Bulk sampling yielded 926 carats for undiluted grade of 115 carats per hundred tonnes ('cpht')
- Potential in-situ kimberlite value of up to $220 per tonne

On September 13th 2011 Stellar provided an operational update on the Company's diamondiferous Droujba kimberlite pipe project located in eastern Guinea.

- 31 holes completed to date for 6,425 metres
- Independent geological modelling indicates potential for 15 million tonnes to 350m depth
- Main pipe and southern blind pipe coalesce giving increased size with depth
- Construction of bulk sampling plant and dewatering of historic workings underway
- Deeper drilling to extend Droujba pipe with at least 2 holes planned to 400m depth
- On track for bulk sampling to commence in December and JORC resource estimate in Q1 2012

Proceeds from Diamond Sale

A 10,048 carat parcel of diamonds from Stellar's operations was recently sold in Antwerp for $361,000. This parcel comprised 9,767 carats from Mandala and 281 carats from Bomboko. The Mandala goods were sold for an average price of $31 per carat (2010 average $32 per carat). The Bomboko goods, however, sold for a record average price for the project at $201 per carat (2010 average $116 per carat). The lower than average price at Mandala is a reflection of a weaker diamond parcel based on the lower than normal gem diamond content from the area mined. However, the excellent value achieved at Bomboko was driven by some high value gem stones in the 2 to 4 carat range.

Mandala alluvial diamond project, Guinea

For the period of October 2010 to January 2011 mining and production processed 86,534 tons of gravel which yielded 13,566 carats at an average grade of 15.7 cpht. Recent mining has been testing areas in an adjacent valley to the Mandala valley and this has yielded lower grades than projected. Although the production levels at Mandala have realised the expected increase in tonnage throughput since the end of the rainy season, the mining grade has not achieved past averages of 30 cpht. This has impacted negatively on forecast cash flow from the project and as a consequence the project has not realised an operational profit for this period. Once the current Bouro bulk sample is completed, Stellar intends to focus its efforts on an as yet un-mined area in the N'Keliyani River valley, once access has been established. This extensive area has modelled higher grades based on previous evaluation work. However, should this area not realise a significant increase in grade then the Mandala project will be placed on care and maintenance and the plant will be modified to process bulk samples from the high-grade Bouro North kimberlite, if warranted by results.

Bomboko alluvial diamond project, Guinea

Bulk sampling of the lower Bomboko valley resumed in December 2010 after a prolonged rainy season. An extensive area was identified for testing with the objective of establishing a potential future mineable resource. A number of sampling trenches were excavated and the underlying gravel hauled to the Bomboko processing plant. Some 360 carats were recovered at grades ranging between 1 cpht to over 6 cpht, with an average grade of 2 cpht. The diamond sale that realised $201 per carat was comprised of diamonds from this particular area. Further areas remain to be tested and a final report will be assembled within two months on the delineated resource, the results of which will determine whether or not the area is subjected to future commercial scale mining.

Stellar focus for 2011 / Hard rock assets at Droujba, Tongo and Bouro

Over the last three years Stellar has established an exciting portfolio of key kimberlite diamond projects in Guinea and Sierra Leone, in line with the Company's long term strategy. With the recovery in global diamond prices, the Board of Stellar considers that superior and potentially transformational value may be created for the Company's shareholders by focusing on the exploration and development of its hard rock assets, which include potentially some of the highest grade and highest value kimberlites globally.

Since the beginning of 2011, further encouraging results were reported from Droujba Kimberlite Pipe in Guinea while high grade diamond bulk sampling results were reported at Tongo Kimberlite, Sierra Leone.

SearchGold holds 1.7 million shares of Stellar Diamonds plc. Please see: www.stellar-diamonds.com for additional information.

GOLDEN SHARE MINING CORPORATION

Golden Share Mining Corporation (« Golden Share » - TSXV:GSH) 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-Malatric, 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.

Golden Share's development strategy involves advancing a well balanced portfolio of gold properties in a politically stable environment with a history of gold endowment through systematic exploration, resource definition and acquisitions. Highlights of the current portfolio include:

- NI 43-101 and historical resources on Shebandowan Gold Play (150,699 oz Au Inferred* and 251,271 oz historical**),
- Past producing high grade Au-Ag Berens River Mine to be redeveloped,
- NI 43-101 compliant resources on Forsan (35,000 oz Au Inferred Resources***),
- New discoveries in the Cadillac break environment.

* 2,857,200 MT @ 1.64 g/t Au at 1.00 g/t Au cut off

** These estimates were executed prior to the introduction of National Instrument 43-101; hence they should be treated as historical data and therefore not be relied upon.

*** 536,500 MT @ 2.03 g/t Au at 1.00 g/t Au cut off

Financial uncertainties relating to sovereign debts crisis and continued political turmoil in the Middle East have furthered confirmed the validity of a business plan focussed on developing gold projects in a politically stable mining jurisdiction. While the situation remains very volatile in Europe, the United States barely avoided a default in early August by finally coming to an agreement to raise their debt ceiling. These unfortunate events continued to support the price of gold which is now trading above the $US 1,800 per ounce mark, thereby validating Golden Share's strategy to develop a vibrant portfolio of resource and blue-sky projects in Northern Quebec and Ontario, two of the world's best mining jurisdictions.

Golden Share focus for 2011 / Shebandowan Gold Project

The Southern part of northwestern Ontario is increasingly being recognized as an emerging gold province. In the Fort Frances area, Rainy River has so far defined over 5 M oz Au in Indicated and Inferred Resources on their Rainy River Project. In the Atikokan area, Osisko Mining Corporation acquired Brett Resources Inc. following the discovery of the 6.7 M oz Au Hammond Reef deposit. The Shebandowan greenstone belt lies at the eastern end of this prolific province and is the object of intensifying exploration. Foundation Resources Inc. and Alto Ventures reported diamond drilling results of 8.39 g/t Au over 11.0 m and 4.88 g/t Au over 27.3 m on the East Coldstream Deposit located 15 km west of Golden Share's Shebandowan Project. In July 2010, Moss Lake Gold Mines Ltd. provided an upgraded NI 43-101 resource estimate for its + 1 M oz Au Moss Lake deposit.

The most significant event since the beginning of 2011 was the signature in June of a definitive purchase agreement (the "Acquisition") to acquire Lake Shore Gold Corp.'s ("Lake Shore Gold") 100% interest in the Band Ore Gold property ("Band Ore"), located in northwestern Ontario. Golden Share now controls 25 km of strike length along the northern part of the Shebandowan belt highlighted by two advanced gold targets: Pistol Lake JF's West zone (150,699 oz Au Inferred Resource) and the Band Ore deposit (251,271 oz Au in historical resources within two principal zones). The Conacher property, acquired in early March, ties in both the Pistol Lake and Band Ore properties in one cohesive land package. The resulting property will be referred to as the "Shebandowan Project".

At the end of April 2011, following the signature of a letter of intent with Lake Shore Gold, Golden Share closed a $3,400,000 private placement for the development of the Shebandowan project with notably Dundee Corporation and Libra Advisors, world recognized resource investors. At the annual general and special meeting held on June 28th, shareholders have approved the Acquisition as previously announced in Golden Share's news release dated March 28th 2011. Under the terms of the Acquisition, Golden Share owns 100% of the Band Ore property and Lake Shore Gold has become Golden Share's largest shareholder with an approximately 19.99% ownership interest in the Company.

The Golden Share team started its Shebandowan summer surface program in early June 2011 with a team of 8 geologists assisted by several prospectors. The team is first targeting the Pistol Lake - Band Ore trend to update the geological data base and uncover mineralized showings with an anticipated drilling start-up date in the late summer.

As of September 15th, 2011, 529 km of traverses had been completed and 2,209 surface rock samples collected as part of the surface mapping and prospecting program. The sampling of old trenches yielded grades of up to 31.70 g/t Au in a sub-parallel shear system in to the main felsic intrusive where 93.30 g/t Au were reported hosted in pyrite bearing shear and numerous new gold showings have been found along the belt. Sampling and detailed mapping on the eastern and western extensions of Pistol Lake yielded grades of up to 25.80 g/t Au and open up potential extensions of the mineralisation towards the east. The trenching program is completed and 798 channel samples were collected for assay. Several diamond drill holes have been spotted in preparation for the upcoming drilling campaign.

On September 19th, 2011 Golden Share reported that trench GSH-11-14, excavated in the immediate eastern extension of Pistol Lake's JF West zone intersected 0.68 g/t Au over its total length of 36 m wide. The gold is hosted in east-west striking, very intensely sheared, felsic intrusive with intense carbonatization and hematization and locally up to 15% quartz-carbonate veins that contain up to 20% pyrite and chalcopyrite.

SearchGold holds 2.1 million shares of Golden Share Mining Corporation. Please see: www.goldenshare.ca for additional information.

FINANCIAL INFORMATION

FIRST-TIME ADOPTION OF IFRS

The Company's accounting policies presented in Note 4 in accordance with IFRS, have been applied in preparing the consolidated financial statements for the year ended December 31, 2011, the comparative information and the opening consolidated statement of financial position at the date of transition.

The effects of the transition to IFRS on equity, total comprehensive loss and reported cash flows already established are presented in Note 24 and are further explained in the tables that accompany this note.

There has been no impact following the transition to IFRS.

RESULTS:

Net loss for the year ended December 31, 2011 amounts to $1,481,549 ($0.08 per share) compared to net earnings of $1,019,700 ($0.05 per share) for the year ended December 31, 2010.

The variation of $2,501,249 between the two periods is due to the following important variations:

Management fees

The variation of $55,957 is due a decrease of $22,500 related to the resignation of the Company's Vice-president in June 2010, to an increase of $50,392 (35,595 €) related to fees paid to the President for services incurred in connection with the sale of the remaining 27% interest in the Bakoudou-Magnima gold project located in Gabon, Africa and to an increase of $28,065 in fees paid to the new President.

Professional fees

The variation of $237,918 is due to an increase of $21,000 in legal fees incurred in connection with the sale of the remaining 27% interest in the Bakoudou-Magnima, to an increase of $150,000 in relation with the Company's consolidation shares and private placement finalized in March 2012, to an increase of $20,000 related to the hiring of an African consultant, to an increase of $22,000 in fees paid to its Vice-president exploration for special work done on the Mandiana project and to an increase of $18,000 related to fees paid to directors.

Regulatory fees

The increase of $41,980 is mainly due to the Company's consolidation shares and to the private placement finalized in March 2012.

Gain on disposal of exploration and evaluation assets

In 2010, the Company received a payment of $US 150,000 in relation to an agreement with Swala Resources PLC ("SWALA"), modified on December 6, 2009, for the development of its Arae-Gassel mining properties. The payment was recognized against the mining properties for an amount of $63,004 and $92,457 as a gain on disposal of exploration and evaluation assets in profit or loss.

Write-off of exploration and evaluation assets

In 2010, the Company decided to abandon its Dou, Taouremba and Zitenga II permits. Therefore, a write-off of $63,809 was recognized in profit or loss.

Expenses recovered

The Vice-president exploration's fees are charged to SWALA to ensure a proper transition on the Araé-Gassel properties. An amount of $117,130 was charged in 2011 compared to $105,420 for the same period in 2010.

Share of loss and loss on dilution from an equity-accounted investment

The Company has a 2.0% interest (3.2% in 2010) in Golden Share Mining Corporation. Although the Company owns less than 20% of the voting rights, in the opinion of management, it nevertheless exercises significant influence over Golden Share Mining Corporation because the majority of the members of the Board of Director are the same as the Company's. Accordingly, the Company has recognized its interest using the equity method. The associate's year-end date is December 31.

From beginning of year until July 13, 2011, Golden Share Mining Corporation issued shares pursuant to a private financing, to the contractual agreements pertaining to its mining properties and through the exercise of its stock options and warrants. This resulted in reducing the Company's interest from 3.2% to 2.0%. A $14,153 share of loss from an equity-accounted investment and a $91,640 gain on dilution were recognized in profit or loss.

During the year 2010, Golden Share Mining Corporation completed two private financings which resulted in reducing the Company's interest from 5.4% to 3.2%. A $26,248 share of loss from an equity-accounted investment and a $28,212 gain on dilution were recognized in profit or loss.

Loss from disposal of shares in a private company

In May 2011, the Company signed a Sale Agreement (the "Agreement") with Managem 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 loss from disposal of shares in a private company of $260,133 was recognized in profit or loss.

Gain on disposal of the subsidiary's shares

On July 2, 2010, the Company signed an agreement with SWALA under which it acquired the total shares of the Company's subsidiary, SearchGold Burkina Faso (SMK) SARL in exchange of an investment in the shares of SWALA for a consideration of $1,417,570 representing 10% of the total shares issued. The Company recognized a gain on disposal of the subsidiary's shares of $1,417,497 in profit or 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 profit or loss.

Impairment of other long-term financial assets

The Company recognized an investment impairment of $661,685 in profit and 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 Corporation 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, 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.

During the year ended December 31, 2010, the Company recognized a change in fair value of investments of $503,523 in other comprehensive income of which an amount of $162,584 was reallocate to profit and loss in relation with the 685,000 Stellar Diamond Limited’s shares disposed.

CASH FLOWS AND OUTLOOK:

As at December 31, 2011, the Company had total cash of $146,693 and a working capital deficiency of $211,541.

In October 2011, the shareholders of the Company have approved the share consolidation on a basis of one (1) post consolidation share for every eight (8) pre-consolidation common shares which are issued and outstanding. This consolidation allowed the Company to finalize a private placement of $500,000 in March 2012. These additional funds will cover its future administrative expenses and to diversify its property portfolio.

The Company will have to incur an amount of US$964,000 in deferred exploration expenses before November in 2012 in relation with its Mandiana mining property. The Company is presently looking for a partnership to secure these commitments.

OUTSTANDING SHARE DATA

As of December 31, 2011, the Company had 18,591,271 shares issued and outstanding with a paid in value of $17,896,122. A number of 187,500 stock options are outstanding.

The authorized share capital of the Company consists of an unlimited number of shares of which 28,591,305 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, 2011, the Company paid management fees of $56,240 to its previous President and $28,065 to its new President, professional services of $43,551 to its Vice-President Finance, $6,000 to its Corporate secretary, $124,000 to its Vice-president Exploration and $18,000 to its directors.

CHOSEN ANNUAL INFORMATION (IN THOUSAND OF $)

	Under IFRS		Under Canadian GAAP before the transition to IFRS
	December 31, 2011	December 31, 2010	December 31, 2009
Net earnings (net loss)	(1,482)	1,020	(2,592)
Basic net earnings (net loss) per share	(0.08)	0.05	(0.02)
Diluted net earnings (net loss) per share	(0.08)	0.05	(0.02)
Total assets	2,590	4,339	3,666
Long term debt	0	0	0
Dividend per share	N/A	N/A	N/A

As at December 31, 2011, the decrease in total assets of $1,749,810 is due to the disposal of its remaining 27% interest in the Bakoudou-Magnima and to an investement impairment of $661,685 taken of its Swala Resources Inc. shares.

QUARTERLY RESULTS TREND (IN THOUSANDS OF DOLLARS)

	Under IFRS				Under Canadian GAAP before the transition to IFRS				
	2011				2010				2009
	Dec	Sept	June	March	Dec	Sept	June	March	Dec
Revenue	$-	$-	$-	$-	$-	$-	$-	$-	$-
Net loss (net earnings)	$889	$134	$116	$343	$185	($1,290)	$73	$14	$2,310
Basic and diluted net loss (net earnings) per share	$0.04	$0.001	$0.001	$0.002	$0.01	($0.06)	$0.000	$0.000	$0.02

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 4 to the Consolidated Financial Statements for the year ended December 31, 2011.

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:

1) 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.

2) Impairment of property and equipment and evaluation assets:

Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. Identifying the cash generating units requires management judgment. In testing an individual asset or cash generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

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).

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.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2010
DATED APRIL 29, 2011

SearchGold Resources Inc. (« SearchGold » or the « Company ») continued to develop its portfolio of properties in West and Central Africa. Management recognizes the increased risks of conducting gold exploration and mining in today's world climate with two of the main challenges being access to capital and political uncertainty.

By relying on established partners to develop its properties, the Company minimizes the requirements to access capital and in turn dilution of the shareholder structure. Recent political turmoil in the Middle East has once again confirmed political uncertainty as an important variable. SearchGold has worked actively at reducing the political risk it faces by developing in three distinct countries to protect its shareholders by spreading its activities over several jurisdictions.

The following important milestones have highlighted the year 2010 :

- On February 22nd, the shares of Stellar Diamonds plc ("Stellar") have started trading on AIM under the symbol « STEL » while the Company concomitantly raised £5,000,000.

- On June 23rd, SearchGold did not obtain shareholder approval for the consolidation of the Company's common shares at a ratio of one new share for each tranche of ten outstanding common shares as proposed at its Special and annual Meeting.

- On July 2nd, SearchGold sealed an alliance with Swala Resources plc ("Swala") whereby Swala purchased the remaining 60% interest in the Arae-Gassel project, Burkina Faso, for 4,572,806 common shares of Swala, or 10% of its issued and outstanding capital at the time of the transaction.

- On November 23rd, SearchGold announced significant developments on Bakoudou's Zone A in Gabon with the completion of series of technical project milestones and the signature of US$20 million credit facility with Chaabi International Bank.

Since the beginning of 2011, SearchGold's investments companies have all raised significant capital to pursue the development of their activities. Indeed, Swala completed a financing of $4.1 million, Stellar raised £6.2 million while Golden Share Mining Corporation closed a $3.4 million private placement towards the end of April. These financings validate SearchGold's alternative strategy to give value to its assets.

Through a series of successive innovative transactions, SearchGold has been 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 now has investments in three mining companies. This alternative growth strategy is increasingly important in the light of SearchGold not obtaining shareholder approval for the consolidation of the Company's common shares, rendering very difficult eventual financings to develop the Company's ongoing business. SearchGold remains committed to developing its various assets and will therefore increasingly rely on its partnerships and the monetization of its investments and holdings to finance its development.

SEARCHGOLD MINING PROPERTIES

BAKOUDOU-MAGNIMA PROJECT, GABON

In July 2005, SearchGold signed a strategic $4,200,000 joint venture agreement on the 2,294 km² Bakoudou-Magnima Gold Project with Managem, a successful, established African-based mining company (www.managem-ona.com).

Zone A, represents the project's first advanced target and the strategy for Bakoudou-Magnima is to develop the potential of the property well beyond this initial objective. Managem and SearchGold's strategy has, from day one, consisted of undertaking regional exploration in parallel with definition drilling and the execution of a feasibility study on Zone A. Thus, implementing a business plan focussed on the development of a mid-size mining operation with on-going exploration work on surrounding targets to insure long term feed for the mine.

Exploration activities on Bakoudou-Magnima have initially focussed on an area within a 10 km radius around Zone A to identify additional targets within a short distance. Managem and SearchGold also control a 40 km strike length of the Magnima greenstone belt which represents a 5 km wide volcanic sequence where previous work executed by the BRGM in the 1980's identified three soil gold anomalies up to 2.2 km in strike length were surface grab samples yielding grades of up to 7.7 g/t gold.

Feasibility study

SearchGold announced in August 2008, the results of a Feasibility Study on Zone A of the Bakoudou Project which reported an open pit gold reserve of 150,000 ounces of gold included in a new resource estimate of 230,000 ounces of gold.

Bakoudou's Zone A mining project foresees the construction of an open pit gold mine with a projected mine life of 3.5 years. It will produce approximately 40,000 ounces of gold per year over the life of the project from a gravity concentrating plant processing near surface saprolite gold mineralization.

According to the feasibility study, Bakoudou's Zone A holds a Measured and Indicated Resource of 230,000 ounces of gold including a Proven and Probable Reserve of 150,000 ounces of gold. These reported figures represent total reserves and resources contained in Zone A owned by Ressources Golden Gram Gabon SARL ("REG").

As of today, SearchGold owns 27% of REG as part of the Managem-SearchGold Joint Venture Agreement.

The Mineral Reserve estimate was prepared by Reminex, an independent Moroccan Engineering Firm, and is based on a Mineral Resource estimate audited by Systèmes Geostat International Inc. ("Geostat") of Montreal, Quebec, Canada. The Mineral Resource and Mineral Reserve Statement for Bakoudou's Zone A is summarized in the following table:

Table 1. Mineral Resource and Mineral Reserve Statement for Bakoudou's Zone A, Gabon. Prepared by Reminex, April 30, 2008.*

Resource and Reserves Classification	**Quantity (Mt)**	**Grades (g/t)**	**Contained Metal (oz Au)**
Open pit (saprolite)			
Proven Reserves	583 000	2.54	47 600
Probable Reserves	1 117 000	2.98	107 100
Total	**1 700 000**	**2.83**	**154 700**
Saprolite and hard rock			
Measured Resources	530 000	2.84	48 400
Indicated Resources	1 870 000	3.06	184 000
Total	**2 400 000**	**3.01**	**232 400**
Inferred	157 000	1.67	8 400

**Notes: Reported figures represent total reserves and resources contained in Zone A owned by Ressources Golden Gram Gabon SARL ("REG"). SearchGold owns 27% of REG. Mineral resources include mineral reserves. Mineral reserves are reported at a cut-off of 0.55 g/t gold within a pit shell optimized using a gold price of US$700 per ounce and metallurgical recovery of 88 percent. Mineral resources are reported at a cut-off of 0.5 g/t gold. All figures have been rounded to reflect the relative accuracy of the estimates. Mineral resources are not reserves and do not have demonstrated economic viability.*

Methodology

In June 2007, Reminex engaged Geostat to Audit the Mineral Resource estimate prepared by Reminex on Bakoudou's Zone A in the context of the bankable feasibility study.

The independent Mineral Resource and Reserves estimates are reported in accordance with Canadian Securities Administrator's National Instrument 43-101 and conforms to generally accepted Canadian Institute of Mining ("CIM") "Estimation of Mineral Resources and Mineral Reserves Best Practices" Guidelines.

The audited Mineral Resource statement is based on a total of 184 HQ-NQ diameter core holes (for a total of 11 659m) drilled over an area of 350x500m over the southern part of the Bakoudou soil anomaly in 2004-05 and 2006-08. The Mineral Resource model was constructed in Datamine Studio. A total of 4 main gold zones wireframes were constructed from interpretation of the drilling data and subdivided into two weathering profiles (saprolite and fresh rock). After geostatistical analysis and variography, gold grades were interpolated into a partial block model (parent block size of 5x5x2.5m) using ordinary krieging. An average tonnage factor of 2.28 and 2.63 was used to convert volumes into tonnages for the saprolite and hard rock, respectively. The gold mineralization is known to extend at depth beyond the drilling data.

The Mineral Reserve estimate was prepared by Reminex using Whittle Pit Optimization software to model conceptual pit shells using the following assumptions: pit wall average angles of 35° for the saprolite and 50° for the hard rock, 12% mining dilution, a gold price of US$700 per ounce, a gold recovery of 88.2%, mining costs of US$5.44 per tonne of ore and of US$2.06 per tonne of waste and processing costs of US$8.86 per tonne. Based on these parameters the economic cut-off was estimated at 0.55 g/t gold.

Project development

Following the finalization of the feasibility study, a mining exploitation permit covering a surface area of 160 km² and a new mining exploration permit covering a surface area of 640 km² (Lebombi) were granted to REG. As a result, the total area now controlled by REG covers 2,934 km².

SearchGold announced significant developments on Bakoudou's Zone A at the end of November 2010. The NI 43-101 compliant Mineral Resource and Mineral Reserve estimate for Zone A of the Bakoudou-Magnima Gold Project was released on August 13th 2008, one month before the fall of the Lehman Brothers bank in the midst of the worst financial crisis of the past 70 years (see news release dated August 13th 2008). The prevailing economic climate had hindered the financing of the project since then. Additionally, following the death of Omar Bongo in June 2009, Gabon successfully accomplished a positive democratic transition.

The year 2010 has proven to be much more beneficial for the project and SearchGold reported the following highlights :

- April 2010 : Order placed for ball mill,
- May 2010 : Final mining convention signed with the Gabonese state,
- July 2010 : Initiation of site deforestation,
- September 2010 : Commencement of civil engineering,
- November 2010 : Signature of US$20 million credit facility with Chaabi International Bank.

As of Q4 2010, approximately US$20 million has already been firmly committed towards project construction, 75% of that amount being for general infrastructures, mining equipment and process equipment for the treatment plant. Managem has so far supported the costs towards project development. Plant commissioning is expected for June 2011 while July 2011 should see the official Bakoudou Zone A mine start-up.

Latest Developments

The following developments were reported for the month of April 2011 by Managem, the operator of the project:

- Completion of construction for housing, social facilities and offices,
- Acceleration of the foundation works for the plant's main equipments,
- Delivery of the main mill to the site,
- Delivery of other equipment in accordance with the initial planning,
- Launching of the order for erection works,
- Visit by an important ministerial delegation for on-site update.

In late March, the capital expenditures expensed to date represented 70% of the total budget for the project and Managem maintained the provisional date for start of July 2011.

GUÉGUÉRÉ PROPERTY, BURKINA FASO

On March 30 2009, SearchGold entered into an option agreement with Somika SARL ("Somika") to acquire a 100% interest in the 500 km² Guéguéré Gold Property ("Guéguéré") located in southwestern Burkina Faso; at the following conditions :

- Paying Somika a total of $US50,002 as follows: $US2 upon signature; $US20,000 two years after the date of signature and $US30,000 three years after the date of signature;

- By issuing Somika a total of 500,000 SearchGold shares as follows: 200,000 shares upon signature; 100,000 shares on the first anniversary date; 100,000 shares on the second anniversary date and 100,000 shares on the third anniversary date;

- By incurring a total of $US800,000 in exploration expenditures as $US400,000 during the second year ; $US400 000 during the third year.

Following SearchGold's acquisition of a 100% interest, Somika will retain a 2% Net Smelter Return (the "NSR"). SearchGold will have the right to purchase up to half of the NSR held by Somika (or 1%) for $US500,000 $ US per 0.5% NSR bracket, or for a total of $US1,000,000 for 1% of the NSR held by Somika. Moreover, SearchGold holds a right of first refusal on the remaining 1% NSR corresponding to the second half of the 2% NSR.

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 granitoïds. 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.

Latest developments

SearchGold announced during Q1 2011 the signature of a joint venture agreement with Swala Resources plc ("Swala") on Guéguéré.

Swala can acquire an interest of up to 80% in Guéguéré by meeting the following conditions :

- Swala can earn 25% upon paying SearchGold the sum of US$50,000 and agreeing to take over SearchGold's exploration expenditure commitments for the two Guéguéré exploration licences.

- Swala can earn a further 26%, for a total of 51%, upon the completion of a Phase 1 program entailing exploration expenditures of US$400,000 on each of the exploration licences, for total of US$800,000 over the entire property, prior to March 29th 2012.

- Providing positive results from the Phase 1 exploration program, Swala can earn a further 9%, for a total of 60%, upon the completion of a Phase 2 program entailing the execution of a NI 43-101 compliant report demonstrating the existence of indicated and inferred resources. Phase 2 will be executed within such time frame and with the necessary associated expenditures to insure full compliance with the Burkina Faso Mining Code.

- Providing positive results from the Phase 2 program, Swala can earn a further 20%, for a total of 80%, upon the completion of a Phase 3 program entailing the execution of a NI 43-101 compliant preliminary feasibility study, followed by a NI 43-101 compliant bankable feasibility study concerning any promising targets identified on the Property.

Thereafter SearchGold will participate in the development costs or will be diluted pro-rata its interest. Swala will be project operator and a technical committee will be established to overview the development work to be executed on the property. 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.

Immediately after the signature of the joint venture agreement with Swala, an airborne geophysical survey with the same specifications as those used at Araé-Gassel was executed. Data processing is in progress and provisional results are expected shortly. Limited previous exploration work has been undertaken on the Guéguéré property. However, some regional geochemical sample results are available and a mapping programme is planned to complement the geophysical data. Further geochemical and stream sampling will be carried out in identified target areas.

As of today, all cash and share payments due by SearchGold in compliance with the March 30th 2009 option agreement with Somika have been duly executed.

DOU, TAOUREMBA AND ZITENGA II PROPERTIES, BURKINA FASO

In 2008, SearchGold announced the acquisition of three new exploration permits for gold in Burkina Faso in West Africa. These three permits have been obtained through direct application with the Ministry of Mines of Burkina Faso and SearchGold holds a 100% interest in these three properties.

The two first new permits, Dou and Taouremba, have respective surface areas of 241 km² and 211 km² for a total of 452 km². They are located in the Sanmatenga and Seno provinces, approximately 300 km north of Ouagadougou, Burkina Faso's capital, and are directly accessible by road. The third permit, Zitenga II, has a surface area of 184 km² and is located approximately 40 km northeast of Ouagadougou.

The Dou and Taouremba permits are located on the regional structure transecting the permits of the Inata project and show a similar geological context highlighted by structural features such as faults and major shear zones. Moreover, these two new permits are located on a volcano sedimentary sliver between the Essakan deposit (probable reserves of 4.5 Moz Au : 46.4 Mt @ 1.78 g/t Au), Taparko and Kalsaka (proven and probable reserves of 0.3 Moz Au : 5.1 Mt @ 2.00 g/t Au, measured resources of 0.3 Moz Au : 6.2 Mt @ 1.70 g/t Au, indicated resources of 0.3 Moz Au : 5.9 Mt @ 1.5 g/t Au).

Compilation work and reconnaissance visits were carried out on these properties during 2008. The properties were inactive in 2010.

Latest developments

There are no recent developments to report.

MANDIANA PROPERTY, GUINEA

SearchGold signed an option agreement in January 2006 with Bouré Gold Fields SARL to acquire a 100% interest in the 475 km² 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 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, has 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 terrigeneous 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 volcaniclastic rocks in contact with the birimian turbiditic sedimentary sequences.

Property-wide termite mound surveys

The regional geochemical termite mount 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 has 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 has been performed 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 once, 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.

Latest developments

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

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. Philippe Giaro, P. Geo., President and CEO of SearchGold Resources Inc. also acts as Qualified Person for SearchGold.

SEARCHGOLD INVESTMENT ASSETS

SWALA RESOURCES PLC

Swala Resources plc ("Swala") is a private African explorer with a focus on gold in Burkina Faso and Zimbabwe. In Burkina Faso, Swala owns 100% of the Arae-Gassel project ("Arae-Gassel") directly adjoining Avocet's 1.8 million ounce Inata gold deposit. In Zimbabwe, Swala has a 50% joint venture interest in 15 gold claims in Shurugwe and is currently carrying out test work on various deposits of varying consistency while keeping costs to a minimum in view of the current political situation. Also in Zimbabwe, Swala owns a controlling interest in a joint venture with other parties for the exploitation of high-grade alluvial deposits that have been identified as a consequence of Swala's proprietary GIS program to identify and rank high potential deposits using an extensive database for its source production. In addition, the Company owns a carried joint venture interest in an exploration project with AngloGold Ashanti that is located in Gabon. Swala also owns 7,500 km^2 of exploration licences in the Democratic Republic of the Congo for PGM, Nickel and base metals.

Arae-Gassel transaction history

In Q4 2008, SearchGold entered into an option agreement with Somika SARL ("Somika") to acquire 100% interest in the 400 km^2 Arae-Gassel Gold Property located in northern Burkina Faso, West Africa; at the following conditions :

- Paying Somika a total of $US110,000 as follows: $US50,000 upon signature; $US30,000 six months after the date of signature; and $US30,000 twelve months after the date of signing;

- By issuing Somika a total of 800,000 SearchGold shares as follows: 200,000 shares upon signature and 600,000 shares on the first anniversary date; and

- By incurring a total of $US750,000 in exploration expenditures over the first year.

Somika retained a 3% Net Smelter Return (the "NSR") and SearchGold has the right to purchase up to half of the NSR held by Somika (or 1.5%) for $US500,000 per 0.5% NSR bracket, or for a total of $US1,500,000 for 1.5% of the NSR held by Somika.

During Q1 2009, SearchGold entered into an initial agreement with Swala on Arae-Gassel whereby Swala could acquire an interest of up to 65% in the Arae-Gassel property over five years. On July 6, 2010 SearchGold announced a transaction with Swala whereby Swala purchased the remaining 60% interest in Arae-Gassel for 4,572,806 common shares of Swala, or 10% of its issued and outstanding capital at the time of the transaction. These shares have being issued at a deemed price of $0.31 each.

Arae-Gassel geological history

The Arae-Gassel property is directly adjoining on its southern boundary Avocet Mining's Belahouro property, host of the 1.8 million ounce Inata gold deposit (P+P Mineral Reserves of 16.3 million tonnes @ 2.06 g/t Au for 1,081,500 ounces of gold contained in M+I+I Mineral Resources of 34.2 million tonnes @ 1.67 g/t Au for 1,837,900 ounces of gold). Mineralization at Inata is hosted in a northeast trending shear zone which extends onto the Arae-Gassel property.

In late June 2009, Avocet completed the recommended, share for share, acquisition of Wega Mining ASA ('Wega'). The main asset of Wega was the 90% owned Inata gold mine ('Inata') in northern Burkina Faso. Gold production commenced at Inata in December 2009. A successful ramp up to design capacity meant that gold production reached its target rate of over 10,000 ounces per month in May 2010; ahead of forecast. By the end of the third quarter, the plant had demonstrated its ability to run for extended periods at mill throughput rates in excess of the design capacity of 287 tonnes per hour. Inata remains on track to produce over 120,000 ounces in 2010.

The gold mineralisation at Inata can be traced over a continuous 4 km strike length and occurs within silicified volcaniclastic rocks, porphyries and vein quartz that occur within a large shear zone. 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 with 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 19th 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-Haissa 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)

Q1 2011 Arae-Gassel Operational Update

Xcalibur carried out a high-resolution airborne geophysical survey over the property during January and February 2011. 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 is currently underway 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.

A RAB drilling programme of 15,000 metres is scheduled to commence at the end of April 2011 after a full analysis and interpretation of the airborne magnetic data and sampling is concluded. Four anomalous areas have been identified from previous mapping, sampling and drilling programmes. Additional data from the airborne geophysical survey and the current soil geochemical sampling programmes will also assist in defining mineralisation trends and new anomalous areas for drilling. The drilling will be a combination of angled holes drilled across the strike of the mineralisation and short vertical holes designed to sample the saprolite layer at shallow depths.

Swala focus for 2011 / Arae-Gassel project

The Arae-Gassel Project is directly adjoining to the north Avocet's 1.8 million ounce Inata gold deposit in a highly prospective rock sequence and Swala's initial results have been extremely conclusive. Swala intends on developing the project very aggressively this year, both on the exploration and resource definition fronts. With 21% of West Africa's total greenstone belt exposure, Burkina Faso provides a world-class geological environment for gold discoveries as demonstrated by the pace of recent discoveries which are being announced every six months. Swala, being part of this rapidly developing region, looks forward to a very promising future.

Swala's strategy for 2011 is to grow its resource base on Arae-Gassel and provide NI 43-101 reporting with the objective to list the Company on the TSX Venture Exchange in 2011 while concomitantly developing its Zimbabwe operations

In early 2011 Swala raised $4,100,000 at a price of C$0.35 per share by way of private placement. In addition, Swala has advanced its listing process with the identification of a suitable TSX Venture listed shell and Swala is hopeful to finalize a listing transaction in the summer of 2011.

SearchGold holds 4.5 million shares of Swala Resources plc. Please see: www.swalaresources.com for additional information.

STELLAR DIAMONDS PLC

Stellar Diamonds plc ("Stellar" - AIM:STEL) is a diamond mining and exploration company focussed on the renowned, yet under-developed, diamond region of West Africa. The Company has two alluvial projects in production in Guinea, Mandala and Bomboko, as well as 100% rights over four high-grade kimberlite projects in Sierra Leone and Guinea that are at various stages of development from drilling through bulk sampling to trial mining.

Following the reverse takeover transaction with West African Diamonds Limited ("WAD"), Stellar became a publicly listed company on February 22, 2010 by announcing its admission to the AIM market of the London Stock Exchange ("AIM"). In March 2011, Stellar announced the completion of a £6.2 million financing through a placing of 77,500,000 million new Ordinary Shares at 8 pence per share. Post financing Stellar has 216,766,659 issued and outstanding shares.

At Mandala production has exceeded 106,000 carats (to end December 2010) and generated sales of $3.2 million since mining commenced in mid-2009. Trial mining is ongoing at the Bomboko project where over 5,100 carats have been produced as part of an evaluation programme.

The kimberlite portfolio is comprised of the Kono and Tongo projects in Sierra Leone and the Droujba and Bouro projects in Guinea.

At Kono underground trial mining has yielded over 4,200 carats of diamonds, however the project was placed on care and maintenance in mid-2009 during the economic crisis.

Bulk sampling is currently ongoing at Tongo where diamond grades of between 100cpht and 380cpht were yielded from previous sampling exercises. A 1,000 to 2,000 carat sample is currently being sampled to determine diamond grade and value of this kimberlite.

Stellar is currently drilling the Droujba kimberlite pipe. The programme is intended to model the pipe to depth as well as assay selected kimberlite core for microdiamond analysis and macrodiamond grade forecasting.

The Bouro project is located in proximity to the Mandala diamond mine. Previous testing yielded grades of up to 500cpht for the Bouro North kimberlite. Stellar is planning to collect and process a bulk sample from this kimberlite in 2011.

Q1 2011 Strategic and Operational Update

- Stellar to focus on the development of its kimberlite diamond projects,
- Bomboko sale realises record average price of $201/ct,
- Mandala diamond production of 10,264 carats in Q4 2010, average grade of 16 cpht,
- 10,048 carats sold in February realising $361,500.

Strategic focus on kimberlite portfolio

In light of the strong rebound in diamond prices as evidenced by the record diamond prices achieved from the recent sale of a parcel of diamonds from the Company's Bomboko project, as well as those achieved by other diamond producers, the Board of Stellar has decided that substantial value may be created by focusing the Company's human and other resources on fast tracking the development of its hard rock kimberlite portfolio. These projects include the Droujba kimberlite pipe in Guinea and the Tongo kimberlite dyke in Sierra Leone. If proven economic, the Board considers that these projects have the potential to generate substantial revenues over long mine lives and in turn have the potential to transform Stellar into a significant diamond production company in Africa.

Recent highlights from the High Grade Diamond Bulk Sampling Results at Tongo Kimberlite in Sierra Leone include :

- 566 tonnes processed for an in-situ grade of 109 cpht,
- 90% of diamonds classified as gem quality,
- Historic diamond valuations show Tongo Dyke 1 ore at potential value of over $200/t,
- Sample taken from 70m section of 2,500m total length of Dyke 1,
- 3,000m resource definition drilling programme planned to commence in June,
- Bulk sampling programme continuing using on site processing plant.

Recent highlights form the Droujba Kimberlite Pipe work program in Guinea include :

- Phase-1 programme completed with 18 holes for a total of 3,031 metres drilled,
- Surface area of pipe delineated at 3 hectares,
- Deepest kimberlite intersection to date of 222 m from surface, remains open at depth,
- New blind discovery associated with geophysical anomaly intersected to southeast and west of main pipe,
- Encouraging microdiamond analysis results from third sample batch :
  - 462 diamonds recovered from 204.15kg of kimberlite drill core sample
  - Three commercial sized diamonds recovered with the largest being 3.3mm x 2.4mm x 1.8mm
  - High percentage of diamonds described as white, colourless and transparent
- Resource definition drill programme continuing.

Proceeds from Diamond Sale

A 10,048 carat parcel of diamonds from Stellar's operations was recently sold in Antwerp for $361,000. This parcel comprised 9,767 carats from Mandala and 281 carats from Bomboko. The Mandala goods were sold for an average price of $31 per carat (2010 average $32 per carat). The Bomboko goods, however, sold for a record average price for the project at $201 per carat (2010 average $116 per carat). The lower than average price at Mandala is a reflection of a weaker diamond parcel based on the lower than normal gem diamond content from the area mined. However, the excellent value achieved at Bomboko was driven by some high value gem stones in the 2 to 4 carat range.

Mandala alluvial diamond project, Guinea

For the period of October 2010 to January 2011 mining and production processed 86,534 tons of gravel which yielded 13,566 carats at an average grade of 15.7 cpht. Recent mining has been testing areas in an adjacent valley to the Mandala valley and this has yielded lower grades than projected. Although the production levels at Mandala have realised the expected increase in tonnage throughput since the end of the rainy season, the mining grade has not achieved past averages of 30 cpht. This has impacted negatively on forecast cash flow from the project and as a consequence the project has not realised an operational profit for this period. Once the current Bouro bulk sample is completed, Stellar intends to focus its efforts on an as yet un-mined area in the N'Keliyani River valley, once access has been established. This extensive area has modelled higher grades based on previous evaluation work. However, should this area not realise a significant increase in grade then the Mandala project will be placed on care and maintenance and the plant will be modified to process bulk samples from the high-grade Bouro North kimberlite, if warranted by results.

Bomboko alluvial diamond project, Guinea

Bulk sampling of the lower Bomboko valley resumed in December 2010 after a prolonged rainy season. An extensive area was identified for testing with the objective of establishing a potential future mineable resource. A number of sampling trenches were excavated and the underlying gravel hauled to the Bomboko processing plant. Some 360 carats were recovered at grades ranging between 1 cpht to over 6 cpht, with an average grade of 2 cpht. The diamond sale that realised $201 per carat was comprised of diamonds from this particular area. Further areas remain to be tested and a final report will be assembled within two months on the delineated resource, the results of which will determine whether or not the area is subjected to future commercial scale mining.

Stellar focus for 2011 / Hard rock assets at Droujba, Tongo and Bouro

Over the last three years Stellar has established an exciting portfolio of key kimberlite diamond projects in Guinea and Sierra Leone, in line with the Company's long term strategy. With the recovery in global diamond prices, the Board of Stellar considers that superior and potentially transformational value may be created for the Company's shareholders by focusing on the exploration and development of its hard rock assets, which include potentially some of the highest grade and highest value kimberlites globally.

SearchGold holds 1.7 million shares of Stellar Diamonds plc. Please see: www.stellar-diamonds.com for additional information.

GOLDEN SHARE MINING CORPORATION

Golden Share Mining Corporation (« Golden Share » - TSXV:GSH) is a Canadian-based mining exploration company whose primary mission is to target, explore and develop gold deposits in Canada. Golden Share is developing a promising portfolio of properties in the greenstone belts of eastern Canada, namely in the Val d'Or-Malatric, 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.

Golden Share's development strategy involves advancing a well balanced portfolio of gold properties in a politically stable environment with a history of gold endowment through systematic exploration, resource definition and acquisitions. Highlights of the current portfolio include :

- Past producing high grade Au-Ag Berens River Mine to be redeveloped,
- NI 43-101 compliant resources on Pistol Lake (150,699 oz Au Inferred Resources*),
- NI 43-101 compliant resources on Forsan (35,000 oz Au Inferred Resources**),
- New discoveries in the Cadillac break environment.

** 2,857,200 MT @ 1.64 g/t Au at 1.00 g/t Au cut off*
*** 536,500 MT @ 2.03 g/t Au at 1.00 g/t Au cut off*

As the price of gold keeps firming, the year 2010 has fully validated the Golden Share's strategy to develop a vibrant portfolio of resource and blue-sky projects in Northern Quebec and Ontario, two of the world's best mining jurisdictions. Recent political turmoil in the Middle East has once again confirmed the validity of a business plan focussed on developing mining projects in a politically stable mining jurisdiction.

The year 2010 was highlighted by the finalization of a resource calculation on the Pistol Lake Property. This is the second property on which Golden Share announces NI 43-101 standard resources. Significant achievements have accelerated towards the end of the year with first the acquisition of the Berens River Property in the Red Lake district of Northwestern Ontario, host to the past producing Berens River Mine which was operated by a subsidiary of Newmont Mining from 1939 to 1948 and produced notably 158,000 ounces of gold and 5.8 million ounces of silver. Moreover, the share price appreciation of the last quarter has also allowed Golden Share to close a $ 1.7 million financing. Drill target definition commenced immediately thereafter through first pass surface evaluation and historical information compilation on Berens River, detailed IP surveys on Elwood and Forsan and a structural study on Malartic Lakeshore. Golden Share's follow-up diamond drilling program on Malartic Lakeshore is due to start by the end of April 2011.

Q1 2011 Strategic and Operational Update

Highlights

- Appointment of Mr. Anthony Frizelle and Dr. K. Sethu Raman as Strategic Advisors to the Company,
- Signature of option agreement to acquire a 100% interest in the Conacher gold property located in the Shebandowan belt of northwestern Ontario,
- Signature of a letter of intent to acquire Lake Shore Gold Corp.'s 100% interest in the Band Ore gold property located in the Shebandowan belt of northwestern Ontario,
- Closing of a $3,400,000 financing with Dundee Corporation and Libra Advisors.

Appointment to Advisory board

The nomination of Mr. Frizelle and Mr. Raman to the Advisory Board of Golden Share is an extremely important development as their remarkable financial and technical track record with junior companies has earned them a much respected position in the mining industry. Their experience and contacts will prove extremely valuable for the strategic development of the Company and their acceptance of this mandate further underpins the quality of Golden Share's property portfolio and management.

Mr. Frizelle was the Founder and Managing Director of Merchant Banks, Resource Management & Finance Company Ltd. and RMF (UK) Ltd. Following a 20 year career spanning key management positions including the major international mining group Anglo American and Managing Director of Trade and Structured Finance at Philipp Brothers Inc./Salomon Inc., Mr. Frizelle founded, listed and promoted 11 junior mining companies including Mutual Resources, Golden Knight Resources, Jubilee Platinum plc, Nu Energy Corporation and Pan African Resources. In the process, these companies and their successors raised in excess of $750 million dollars of capital and lucrative exit strategies were implemented for early stage investors.

Dr. Raman is a professional geologist with over 40 years of international experience in all phases of exploration, mine development, acquisitions and operations including financial and legal areas. He spent 13 years with Campbell Chibougamau Mines, Campbell Resources and Royex Gold Group (now Barrick Gold) in various management positions including Vice President (1980-86) where he played a key role in the discovery and development of six operating gold mines. Dr. Raman was particularly instrumental in the resurgence of the West Timmins camp where he discovered the Timmins Gold Deposit for which he later negotiated a business combination with Lake Shore Gold Corporation. Dr. Raman is currently a director of Red Crescent Resources Limited, Moneta Porcupine Mines and Altai Resouces Inc.

Signature of option agreement on Conacher gold property

The Conacher property is situated approximately 70 km west of Thunder Bay, is accessible by road and located in the Shebandowan greenstone belt on northwestern Ontario. The property ties in both Golden Share's Pistol Lake and Lake Shore Gold Corp.'s Band Ore properties in one cohesive land package.

The most systematic work completed on the Conacher property was performed by Noranda Exploration in the early 1980's and a follow-up drilling program by North Coast Industries was executed towards the end of the decade. The property has been unexplored since that period.

A geological context similar to the Pistol Lake property has been recognized on the Conacher property where a mafic to intermediate Archean metavolcanic sequence has been intruded by felsic intrusives displaying shearing and alteration. The property also straddles the contact between the volcanic sequence and the synvolcanic Shebandowan Felsic Intrusive Complex which bears similarities to other prolific synvolcanic gold bearing complexes such as the Bourlamaque batholith and the Kirkland Lake stock of the Val d'Or and Kirkland Lake mining camps.

The presence of both lower grade and higher grade mineralization have been demonstrated on the Conacher property with historic diamond drilling returning 0.93 g/t Au over 12 m and 12.09 g/t Au over 4.03 m. These intercepts were obtained in close association with sheared and altered felsic intrusives.

Signature of letter of intent with Lake Shore Gold Corp.

Golden Share signed a letter of intent dated March 25th, 2011 (the "LOI") to acquire Lake Shore Gold Corp.'s 100% interest in the Band Ore gold property, located in the Shebandowan belt of northwestern Ontario. Under the terms of the LOI, and if the Band Ore transaction (the "Transaction") is successfully completed, Lake Shore Gold Corp. would in return obtain a 19.99% interest in Golden Share, which may be increased to as much as 30% under certain conditions, and thereby become the Company's single largest shareholder.

Lake Shore Gold Corp.'s Band Ore property is immediately adjacent to Golden Share's recently optioned Conacher property and hosts the Band Ore deposit. Following completion of the Transaction, Golden Share will control an 18 km of strike length along the northern part of the Shebandowan belt highlighted by two advanced gold targets :

- Pistol Lake JF's West zone : 150,699 oz Au Inferred Resource (2,857,200 MT @ 1.64 g/t Au at 1.00 g/t Au cut off / NI 43-101 compliant).

- Band Ore deposit : 251,271 oz Au in historical resources within two principal zones (706,000 tonnes at a grade of 6.86 g/t Au* in the Main zone and 616,000 tonnes at a grade of 4.83 g/t Au* in the #4 zone).

**These estimates were executed prior to the introduction of National Instrument 43-101; hence they should be treated as historical data and therefore not be relied upon*

Under the terms of the LOI, Lake Shore Gold Corp. has agreed to sell its 100% interest in the Band Ore property in exchange for a 19.99% ownership interest in Golden Share. The number of shares to be issued to Lake Shore Gold Corp. as a result of the Transaction will be established upon completion of a financing for no less than $2.5 million from third party investors to be executed by Golden Share following the signing of the LOI. Closing of the Transaction is conditional upon completion of the financing. In addition, Golden Share has agreed to grant Lake Shore Gold Corp. warrants to purchase 50% of the number of shares to be issued pursuant to the Transaction.

The LOI also specifies that Lake Shore Gold Corp. will retain certain rights so long as its interest in Golden Share remains above 9.9%. For a period of five years, Lake Shore Gold will also have the right to increase its shareholding in Golden Share to up to 30% by purchasing additional shares from Golden Share. Lake Shore Gold will also retain a 1% Net Smelter Return Royalty ("NSR") on all minerals produced from the Band Ore property.

This transaction is subject to the negotiation and execution of a definitive agreement as well as to the approval of relevant stock exchanges and other regulatory authorities as necessary.

Closing of a $3,400,000 private placement

Golden Share closed a $3,400,000 private placement on April 21st, 2011. Under this private placement, Golden Share has issued a total of 17,000,000 common shares at a price of $0.20 per share and 17,000,000 warrants, each warrant entitling its holder to purchase one share at a price of $0.32 per share at any time during the 24-month period from the closing date.

Having Dundee Corporation and Libra Advisors, world recognized resource investors, as key participants to this private placement represents an additional significant milestone for Golden Share. These two institutions provide firm underlying financial support to develop the key gold project in the underexplored Shebandowan greenstone belt of northwestern Ontario which includes the Band Ore property currently the object of an on-going transaction with Lake Shore Gold Corp.

Golden Share focus for 2011 / Shebandowan project

The Southern part of northwestern Ontario is increasingly being recognized as an emerging gold province. In the Fort Frances area, Rainy River has so far defined over 5 M oz Au in Indicated and Inferred Resources on their Rainy River Project. In the Atikokan area, Osisko

Mining Corporation acquired Brett Resources Inc. following the discovery of the 6.7 M oz Au Hammond Reef deposit. The Shebandowan greenstone belt lies at the eastern end of this prolific province and is the object of intensifying exploration. Foundation Resources Inc. and Alto Ventures reported diamond drilling results of 8.39 g/t Au over 11.0 m and 4.88 g/t Au over 27.3 m on the East Coldstream Deposit located 15 km west of Golden Share's Shebandowan Project. In July 2010, Moss Lake Gold Mines Ltd. provided an upgraded NI 43-101 resource estimate for its + 1 M oz Au Moss Lake deposit.

Given the emergence of this new gold province and the renewed importance of the Shebandowan project for the Golden Share, important exploration work will be undertaken in by the Company this region. At the end of April 2011, Golden Share closed a $3,400,000 private placement for the development of the Shebandowan project.

SearchGold holds 2.1 million shares of Golden Share Mining Corporation. Please see: www.goldenshare.ca for additional information.

FINANCIAL INFORMATION

RESULTS:

Net earnings for the year ended December 31, 2010 amounts to $1,187,184 ($0.01 per share) compared to a net loss of $2,592,383 ($0.02 per share) for the year ended December 31, 2009.

The variation of $3,774,667 between the two periods is due to the following important variations:

Salaries and employee benefits

Salaries and employee benefits represent the salaries paid, in 2009, to the Vice-President Exploration not attributable to exploration projects. No salaries were paid in 2010 because since July 1st, 2009, the Vice-President is no longer an employee of the Company. Since that date, his fees were accounted in professional fees as consultant.

Professional services:

The net decrease of $72,037 is due to an increase of $11,000 in legal fees related to the agreement signed with Swala Resources plc ("SWALA") and to an increase of $56,000 in consulting fees mainly due to fees paid to its Vice-president exploration since he is no longer an employee of the Company but a consultant starting July 1st, 2009.

Impairment of an investment in a mining exploration company

In 2009, the Company recognized an investment impairment of $2,164,175; this impairment was necessary to take account of the fair value attributed to the shares at the time of Stellar's listing on the London Stock Exchange on February 22, 2010. Since January 1, 2010, the change in fair value has been recognized in the other comprehensive income. See section «Other Comprehensive Income».

Gain on disposal of the subsidiary's shares

On July 2, 2010, the Company signed an agreement with SWALA under which it acquired the total shares of the Company's subsidiary, SearchGold Burkina Faso (SMK) SARL in exchange of an investment in the shares of SWALA for a consideration of $1,417,570 representing 10% of the total shares issued. The Company recognized a gain on disposal of the subsidiary's shares of $1,417,497 presented in the consolidated earnings.

Write-off of mining properties and deferred exploration expenses:

In 2010, the Company decided to abandon its Dou, Taouremba and Zitenga II permits. Consequently, a write-off of mining properties of $7,394 and a write-off of deferred exploration expenses of $56,415 was recognized.

Share in company subject to significant influence and dilution gain or loss:

SearchGold Resources Inc. has a 3.2% interest in the outstanding shares of Golden Share Mining Corporation ("Golden Share"). Given that the majority of the directors of both companies are the same, the Company must recognize this interest as an investment in a company subject to significant influence. SearchGold Resources Inc. must therefore present the change in the earnings of Golden Share according to its share and any dilution gain or loss on its interest when there are capital stock transactions.

In 2010, the Company recorded a share in the net loss of Golden Share of $26,248 compared to $91,166 for the same period in 2009. A gain on dilution of an interest in a company subject to significant influence of $28,212 was recorded in 2010 compared to a loss on dilution of an interest in a company subject to significant influence of $17,296 in 2009.

Options revenue

The Company entered into an agreement with SWALA, modified on December 6, 2009, for the development of its Arae-Gassel mining property. SWALA can acquire an interest up to 65%, over a five-year period, at certain conditions, of which the payment of an amount of $US 150,000. The payment was recognized against mining properties for an amount of $63,004 and in addition to net earnings for an amount of $92,457.

Recovered fees

The Company's Vice-president exploration, being the holder of a PhD in geology with a specialization in metallogeny and given his expertise in gold deposits, has temporarily been involved in data analysis and modelling for two Golden Share projects. Fees for $27,000 were charged in 2009 compare to no fees for the same period in 2010.

In addition, following the agreement with SWALA on its 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. Fees for $105,200 were charged in 2010 compare to $66,968 for the same period in 2009.

OTHER COMPREHENSIVE INCOME

Change in the fair value of an investment in a mining exploration company

In 2010, the Company recognized a change in the fair value of an investment in a mining exploration company of $503,523 to reflect the fair value attributed to Stellar Diamonds Limited shares listing on the London Stock Exchange.

CASH FLOWS AND OUTLOOK:

As at December 31, 2010, the Company had total cash of $29,877 and a working capital deficiency of $294,815.

The Company will have to incur an amount of US$964,000 in deferred exploration expenses before November in 2012 in relation with its Mandiana mining property. The Company is presently looking for a partnership to secure these commitments.

The Company is showing signs of weakness at the level of its working capital, notably to cover administrative costs. The Company is in the process of raising additional funds and is looking into difference alternatives to improve its cash flow. It has taken steps to reduce administrative costs.

OUTSTANDING SHARE DATA

As of December 31, 2010, the Company had 148,530,171 shares issued and outstanding with a paid in value of $17,887,622. A number of 4,050,000 options were outstanding.

The authorized share capital of the Company consists of an unlimited number of shares and of which 148,730,171 were outstanding as of the date hereof.

RELATED PARTY TRANSACTIONS

For the year ended December 31, 2010, the Company carried out the following related party transactions:

- Management fees for a total amount of $5,000 were billed by a Company controlled by the President;

- Management fees for a total amount of $18,750 were billed by a Company controlled by the Vice-president;

- Professional services for a total amount of $45,000 and rental expenses of $3,465 were paid to the CFO;

- Professional services for a total amount of $97,000 were billed by the Vice-president exploration. These fees are covered by the Agreement signed with SWALA on its Arae and Gassel property.

These transactions were carried out in the normal course of business and measured at the exchange amount, i.e. the amount established and agreed upon by the parties.

CHOSEN ANNUAL INFORMATION (IN THOUSAND OF $)

	December 31, 2010	December 31, 2009	December 31, 2008
Net earnings (net loss)	1,182	(2,592)	(3,319)
Basic net earnings (net loss) per share	0.01	(0.02)	(0.03)
Diluted net earnings (net loss) per share	0.01	(0.02)	(0.03)
Total assets	4,339	3,666	5,865
Long term debt	0	0	0
Dividend per share	N/A	N/A	N/A

As at December 31, 2009, the decrease in total assets of $2,199,238 is due to an investment impairment of $2,164,175 taken on Stellar Diamonds Limited interest.

QUARTERLY RESULTS TREND (IN THOUSANDS OF DOLLARS)

	2010				2009			
	Dec	Sept	June	March	Dec	Sept	June	March
Revenue	$-	$-	$-	$-	$-	$-	$-	$-
Net earnings (net loss)	($21)	$1,290	($73)	($14)	($2,310)	($85)	($130)	($67)
Basic and diluted net earnings (net loss) per share	($0.00)	$0.01	($0.00)	($0.00)	($0.02)	($0.00)	($0.00)	($0.00)

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In February 2008, the Accounting Standards Board of Canada announced that Canadian GAAP for publicly accountable entities will be replaced by IFRS, which will go into effect during the 2011 calendar year. IFRS use a conceptual framework similar to that of Canadian GAAP, but include major differences with respect to recognition, measurement, presentation and disclosure.

For the Company, conversion to IFRS will be required for financial statements for periods beginning on or after January 1, 2011. Comparative data will have to be restated so as to comply with IFRS. As a result, the Company has developed a plan to convert its financial statements to IFRS bearing on the main items that will be affected, including financial reporting, systems and processes, internal controls and communications and training. This plan is divided into four phases: Phase 1 – Preliminary Diagnosis, Planning and Definition of the Scope, Phase 2 – Detailed Evaluation, Phase 3 – Definition of the Solution and Phase 4 – Implementation.

Key elements of transition plan towards IFRS

Phase 1 Diagnostic		Phase 2 Evaluation		Phase 3 Solution		Phase 4 Implementation	
1.1	Plan and begin project	2.1	Mobilize necessary resources	3.1	Modify or draft corporate accounting policies	4.1	Prepare the opening balance sheet and the transition note – final version
1.2	Establish sources of information	2.2	Train internal resources who will perform detailed analyses	3.2	Prepare blank preliminary version of FS in accordance with IFRS	4.2	Create and use parallel databases or information sources
1.3	Determine relevant IFRS (scope)	2.3	Create a questionnaire on FS presentation in accordance with IFRS (checklist)	3.3	Prepare transition note required by IFRS 1 – preliminary version	4.3	Activate information gathering documents, worksheets and procedures based on new policies
1.4	Determine possible exemptions from IFRS 1, *First-time Adoption of IFRS,* at the date of transition	2.4	Conduct in-depth analysis of one IFRS (as a pilot)	3.4	Design, program, document and test changes to computer information systems	4.4	Train users
1.5	Establish, on a preliminary basis, possible major differences between IFRS and Canadian generally accepted accounting principles (GAAP)	2.5	Conduct in-depth analysis of other major IFRS, determine impacts of their application on entity and draft summary documents	3.5	Modify or prepare procedures, documents, worksheets and information gathering forms	4.5	Activate systems changes
1.6	Compare the entity's financial statement (FS) with GTI model FS and FS from European entities	2.6	Update analysis of impacts on business activities	3.6	Modify internal financial reporting controls	4.6	Prepare FS in accordance with IFRS for comparative year and for each comparative quarter
1.7	Establish important decisions to be made and potential impacts	2.7	Prepare (or update) list of important decisions to be made and potential recommendations	3.7	Initiate action to be taken regarding business consequences	4.7	Present and communicate impacts of transition in Management's Discussion & Analysis
		2.8	Determine impacts on systems	3.8	Plan conversion to IFRS and terms of transition	4.8	Prepare FS for first quarter published in accordance with IFRS
1.8	Assess skills available and training needs			3.9	Communicate new systems, policies and procedures	4.9	Prepare first annual FS published in accordance with IFRS
1.9	Prepare or adjust project plan	2.9	Adjust project plan	3.10	Adjust project plan		
1.10	Communicate results to date	2.10	Communicate results to date	3.11	Communicate results to date	4.10	Communicate impacts on business partners (analysts, financial institutions, etc)

Note: Zones with shadow are activities completed to date.

Responsibilities of the board of directors and/or audit committee

The board of directors, through the audit committee, has validate the proposed accounting policy choices, the proposed choices in respect of the IFRS 1 – First adoption of International Financial Reporting Standards and review and approve of the new financial statements and the MD&A.

Possible impact of implementation

Further to the preliminary conclusions, comparing IFRS with Canadian GAAP has helped identify a certain number of differences.

IFRS 1, "First-time Adoption of International Financial Reporting Standards", prescribes optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS. The Company analyzes the various possible choices of accounting methods and shall implement the ones it deems most appropriate. Most of the adjustments required for the transition to IFRS shall be done retrospectively to opening retained earnings at the date of the first balance sheet presented in accordance with IFRS.

We have listed below certain differences between the accounting methods that could materially affect the Company's financial statements, following required changes resulting from the conversion to IFRS. However, analysis of these changes is not complete and certain decisions need to be made with respect to the choice of accounting methods offered.

Differences between IFRS and GAAP identified to date, and proposed accounting choices

▲ Choices to be endorsed by management and the audit committee.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
Global orientation	
IAS 1 – Presentation of financial statements	
Several choices are available regarding the format of the reports.	
In the statement of financial position (new possible term for balance sheet), the entity has to present current and non current assets and current and non current liabilities separately. The standard does not specify any order or presentation format of the elements in the financial statements. In the balance sheet, it is not necessary to invert the order of the headings like is done in Europe.	Regarding the balance sheet, the Company wish to maintain the balance sheet in the current North American format, which is to present assets and liabilities in order, beginning with the short term assets. ▲
Regarding the income statement, an entity has to present expenses by nature of expense or by function in the entity, selecting the method which gives the more reliable and relevant information.	Regarding the income statement, the Company wish to maintain the current format, which is by nature of expense. ▲
Regarding statement of comprehensive income, it's possible to combine it with the income statement or to present it separately.	The Company wish to present a single statement like is done presently. At present there are no elements to present in the statement of other comprehensive income. ▲

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
Regarding the statement of changes in equity, all the variations have to be explained.	The Company will modify the format of the statement of changes in retained earnings in order to explain the variation of all equity elements.
Several notes in the financial statements will have to be added or expanded wit additional information. According the diagnostic study, several notes will be affected. The notes have to indicate : The compliance with IFRS (IAS 1.16); The address of its principal place of business (IAS 1.138(a)); The nature of the entity's operations and its principal activities (IAS 1.138(b)); The impact of the transition to IFRS (IFRS 1.23); Additional information on the nature of expenses, including depreciation and amortization and employee benefits expenses (IAS 1.104); The reconciliation of several accounts (IAS 38.118 et IAS 16.73); The allocation of elements presented in the financial statements (like equity (IAS 1.79); Key management personnel compensation (IAS 24.16).	The Company will add additional information to the notes to the financial statements.
IAS 1.125 An entity shall disclose, in the notes, information concerning key assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of: (a) their nature, and (b) their carrying amount as at the end of the reporting period.	The Company will expand the notes to the financial statements and disclose the required information regarding estimates. According to notes in the financial statements, the major sources of estimations are the following : - the recoverability of mineral properties and deferred exploration expenditures - valuation of stock-based compensation - valuation of future income taxes - the fair value of financial assets an liabilities
IAS 7 – Statement of cash flows	
IAS 7.10 The statement of cash flows shall report cash flows during the period classified by operating, investing and financing activities. IAS 7.18 An entity shall report cash flows from operating activities using either: (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or (b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.	The Company wishes to keep the current approach for the statement of cash flows, which is the indirect method. ▲

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
IFRS 6 – Exploration for and evaluation of mineral resources	
IFRS 6.9 An entity shall determine an accounting policy specifying which expenditures are recognised as exploration and evaluation assets and apply the policy consistently.	The accounting policy will be reviewed and modified, if necessary for exploration and evaluation assets. Further, an analysis will be performed to determine if any adjustments are needed to the current exploration and evaluation assets.
IFRS 6.9 In making this determination (of the accounting policy), an entity considers the degree to which the expenditure can be associated with finding specific mineral resources. The following are examples of expenditures that might be included in the initial measurement of exploration and evaluation assets (the list is not exhaustive): (a) acquisition of rights to explore; (b) topographical, geological, geochemical and geophysical studies; (c) exploratory drilling; (d) trenching; (e) sampling; and (f) activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.	The capitalisation policy for exploration and evaluation assets will be reviewed and modified, if necessary, to ensure that it clearly outlines what types of expenses can be capitalised as exploration and evaluation assets.
IFRS 6.15 An entity shall classify exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired and apply the classification consistently. IFRS 6.16 Some exploration and evaluation assets are treated as intangible (ex drilling rights), whereas others are tangible (ex vehicles and drilling rigs). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset.	Exploration and evaluation assets will be analysed and classified either as property, plant and equipment or intangible assets. For example, mining rights are intangible assets.
IFRS 6.12 After recognition, an entity shall apply either the cost model or the revaluation model to the exploration and evaluation assets. If the revaluation model is applied (either the model in IAS 16 Property, Plant and Equipment or the model in IAS 38) it shall be consistent with the classification of the assets	Regarding the evaluation after recognition, the cost model rather than the revaluation method will be used for exploration and evaluation assets. ▲
IFRS 6.18 Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss in accordance with IAS 36.	The impairment indicators in IFRS 6 for exploration and evaluation assets are essentially the same indicators as are being used by the Company under Canadian GAAP. However, the depreciation test is different in that cash flows need to be discounted under IFRS whereas they only need to be discounted under Canadian GAAP if, in a first step, the undiscounted cash flows are less than the carrying amount. The impairment policies and procedures will be reviewed, and modified if necessary, to ensure they comply with IFRS.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
IAS 16 – Property, plant and equipment	
According to IAS 16.16 and 16.17, The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. (b) costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Examples of directly attributable costs are: (a) costs of employee benefits (as defined in IAS 19 Employee Benefits) arising directly from the construction or acquisition of the item of property, plant and equipment; (b) costs of site preparation; (c) initial delivery and handling costs; (d) installation and assembly costs; (e) costs of testing whether the asset is functioning properly; and (f) professional fees. According to IAS 16.19, Examples of costs that are not costs of an item of property, plant and equipment are: (a) costs of opening a new facility; (b) costs of introducing a new product or service (including costs of advertising and promotional activities); (c) costs of conducting business in a new location or with a new class of customer (including costs of staff training); and (d) administrative and other general overhead costs. (e) costs incurred while an item capable of operating in the manner intended by management has yet to be brought into use or is operated at less than full capacity; (f) initial operating losses, such as those incurred while demand for the item's output builds up; and (g) costs of relocating or reorganising part or all of an entity's operations.	The capitalisation policy for PP&E will be reviewed and modified if necessary to ensure that future capital expenditures are compliant with IFRS. Further, an analysis will be performed to determine if any adjustments are needed to the current exploration and evaluation assets.
According to IAS 16.43, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. According to IAS 16.13, en entity recognises and derecognises properties, plant and equipment which may require replacement at regular intervals	On the basis of reflections to date, and since the PP&E assets are comprised primarily of furniture and equipment which is not easily broken down into significant components, it is unlikely that any new asset classes will be needed. Based on a high-level assessment, it appears unlikely that any adjustments related to componentisation of PP&E will be needed on conversion.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
On the initial adoption of the IFRS, IFRS 1.D5 allow an optional exemption when retrospective application. Because the reconstitution of the historical cost of each property, plant and equipment can be, in some circumstances, a long and difficult work, an entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair value as its deemed cost at that date. The deemed cost is than used as a substitute of the cost or the non amortized cost at the beginning of this date.	Given the nature of property, plant and equipment held, the likelihood on encountering difficulty with respect to historical cost is low. Consequently, it is unlikely that this exemption will need to be used.
IAS 16.29 Regarding the evaluation after recognition, an entity shall choose either the cost model in paragraph 30 or the revaluation model in paragraph 31 as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.	Regarding the evaluation of PP&E after initial recognition, the cost model will be used. ▲
According to IAS 16. 60, The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. According to IAS 16.61 The depreciation method applied to an asset shall be reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with IAS 8. According to IAS16.62 A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method. Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change. The diminishing balance method results in a decreasing charge over the useful life. The units of production method results in a charge based on the expected use or output. The entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits.	The current depreciation methods and categories will be used. The actual depreciation methods used are the straight-line method and the diminishing balance method. ▲
According to IAS 16.53, The depreciable amount of an asset is determined after deducting its residual value.	The current residual values of nil will be maintained.
According to IAS 16.55, Depreciation of an asset begins when it is available for use. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.	The PP&E accounting procedures will be modified to respect to the start and stop dates for depreciation. This change will not have significant impact at transition.
Regarding the disclosure according to IAS 16.73e) a reconciliation of the carrying amount at the beginning and end of the period.	The notes to the financial statements regarding property, plant and equipment will be modified to provide a reconciliation between the opening and closing balances.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
IAS 21 – The effects of changes in foreign exchange rates	
According to IAS 21.17 In preparing financial statements, each entity — whether a stand-alone entity, an entity with foreign operations (such as a parent) or a foreign operation (such as a subsidiary or branch) — determines its functional currency in accordance with paragraphs 9–14. The entity translates foreign currency items into its functional currency and reports the effects of such translation in accordance with paragraphs 20–37 and 50.	The Company will decide if it keeps or modifies its functional currency, which is currently assessed as being the Canadian dollar. To determine if the functional currency of its foreign operations is the same as the reporting entity, the Company will assess if those operations are carried out as an extension of the reporting entity, or with a significant degree of autonomy If the operations are carried out as an extension of the reporting entity, the Company will classify assets and liabilities as monetary or non-monetary to determine the rate to be used during translation.
According to IAS 21.38 An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency. For example, when a group contains individual entities with different functional currencies, the results and financial position of each entity are expressed in a common currency so that consolidated financial statements may be.	The Company wishes to maintain the current reporting currency – the Canadian dollar. ▲
IAS 21.51 to 55 An entity shall disclose: (a) the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with IAS 39; and (b) net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period. When the presentation currency is different from the functional currency, that fact shall be stated, together with disclosure of the functional currency and the reason for using a different presentation currency. When there is a change in the functional currency of either the reporting entity or a significant foreign operation, that fact and the reason for the change in functional currency shall be disclosed. When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with IFRSs only if they comply with all the requirements of IFRSs including the translation method set out in paragraphs 39 and 42.	The Company will ensure the required information is disclosed.
IAS 16.29 Regarding the evaluation after recognition, an entity shall choose either the cost model in paragraph 30 or the revaluation model in paragraph 31 as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.	Regarding the evaluation of PP&E after initial recognition, the cost model will be used. ▲

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
According to IAS 16. 60, The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. According to IAS 16.61 The depreciation method applied to an asset shall be reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern. Such a change shall be accounted for as a change in an accounting estimate in accordance with IAS 8. According to IAS16.62 A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method. Straight-line depreciation results in a constant charge over the useful life if the asset's residual value does not change. The diminishing balance method results in a decreasing charge over the useful life. The units of production method results in a charge based on the expected use or output. The entity selects the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. That method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits.	The current depreciation methods and categories will be used. The actual depreciation methods used are the straight-line method and the diminishing balance method. ▲
According to IAS 16.53, The depreciable amount of an asset is determined after deducting its residual value.	The current residual values of nil will be maintained.
According to IAS 16.55, Depreciation of an asset begins when it is available for use. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.	The PP&E accounting procedures will be modified to respect to the start and stop dates for depreciation. This change will not have significant impact at transition.
Regarding the disclosure according to IAS 16.73e) a reconciliation of the carrying amount at the beginning and end of the period.	The notes to the financial statements regarding property, plant and equipment will be modified to provide a reconciliation between the opening and closing balances.
IAS 19 – Employee benefits	
Short-term employee benefits which are recording immediately are : Wages, salaries and social security contributions Paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) Non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees	The accounting procedures will be reviewed to ensure that short-term employee benefit costs are recorded immediately.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
IAS 24 – Related party disclosures	
IAS 24.16 An entity shall disclose key management personnel compensation in total for some categories of compensation. According to IAS 24.9, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.	The required information will be presented in the notes to the financial statements. However, it is necessary to establish which employees will be included in the key management personnel. ▲
IAS 27 – Consolidated and separate financial statements and IAS 28 Investments in associates	
According to IAS 27.38 When an entity prepares separate financial statements, it shall account for investments in subsidiaries, jointly controlled entities and associates either: (a) at cost, or (b) in accordance with IAS 39.	The Company will have to establish the accounting method for each of their investments, i.e. the cost or fair value method according to IAS 39.
IAS 27.18 In preparing consolidated financial statements, an entity combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of a single economic entity, the following steps are then taken: (a) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated (see IFRS 3, which describes the treatment of any resultant goodwill); (b) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and (c) non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. Non-controlling interests in the net assets consist of: (i) the amount of those non-controlling interests at the date of the original combination calculated in accordance with IFRS 3; and (ii) the non-controlling interests' share of changes in equity since the date of the combination.	The Company will need to ensure that the logistics are in place to collect information necessary for the consolidation.
IAS 36 – Impairment of assets	
Some differences between the definitions and requirements of IAS 36 and those from GAAP like the following : • En entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired; • Measuring recoverable amount (recoverable amount compare to fair value); • Validation of the cash-generating units compare to the operating segment; • Reversal of impairment (except for goodwill).	At the end of each reporting period, an assessment will be performed to determine if there is any indication that one or more assets may be impaired.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
According to IAS 36.66 If there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).	As required, the Company will identify the cash-generating units.
IAS 37 – Provisions, contingent liabilities and contingent assets	
According to IAS 37, a provision shall be recognised when: (a) an entity has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision shall be recognised. According to IAS 37.10 A provision is a liability of uncertain timing or amount.	At each reporting date, the Company will evaluate their current obligations to determine if any additional provisions need to be recorded.
IAS 39 – Financial instruments : Recognition and measurement	
The standards of CICA Handbook on financial instruments and the IAS 39 are relatively converges. Under both standards, financial assets have to be designated so the accounting method can be determined.	The Company wishes to maintain the current designations of financial instruments. ▲
According to IAS 39.43, When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. According to IAS 39.AG13, Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.	The Company will review current practices to ensure that the transaction costs are recorded in according to IFRS.
IFRS 1 – Firs-time adoption of international financial reporting standards	
In is first opening IFRS balance sheet, the entity shall apply IFRS retrospectively. The entity shall record the adjustments directly in the retained earnings at the transition date to IFRS.	The Company will prepare an opening balance sheet at January 1, 2010. A transition note will be drafted providing reconciliations and explanations of the impacts of the transition.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
According to IFRS 1.14, An entity's estimates in accordance with IFRSs at the date of transition to IFRSs shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.	The Company will comply with IFRS 1.14, be ensuring that estimates used for IFRS are consistent with those used for Canadian GAAP.
IFRS 2 – Share-based payment	
According to IFRS 2.IG11 Share options might vest in instalments over the vesting period « To apply the requirements of the IFRS, the entity should treat each instalment as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ. » In Canada, it’s possible to evaluate and record the expense through a straight-line method for the whole granting.	The Company will implement procedures to ensure that each instalment is accounted as a separate grant.
IFRS 2.10 For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to * the fair value of the equity instruments granted.	Because there are some differences in the dates and prices used in the calculation of the fair values for grants to other-than-employee, previous transactions will be reviewed and adjusted, if necessary.
IFRS 2 does not mention in which pat of the equity, the credit should be recorded in the event of a share-based payment. It’s acceptable that the credit is presented with the retained earnings but that is a matter of National.	The Company will present the credit in contributed surplus as is presently the practice.
IFRS 2 require to take in consideration the anticipated extinction in the recording of the employee expenses. In Canada it’s a choice.	The Company will review their calculation so that the obligation is discounted using the expected extinction factor.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
According to IFRS 2.45 the entity shall disclose (in italic differences with Canadian GAAP) ■ Description of each type of share-based payment arrangements including the general term : ➢ Vesting requirements ➢ Maximum term of options granted ➢ Method of settlement (ex whether in cash or equity) ■ Number and weighted exercise prices of share options for each groups of option (outstanding, granted, forfeited, exercised, expired, etc) ■ Weighted average share price at the date of exercise or the weighted average share price during the period ■ Range of exercise prices and weighted average remaining contractual life. For the share options outstanding at the date of exercise ■ Info on the fair value of the share options granted : ➢ Weighted average fair value of those options at the measurement date ➢ Option pricing model used and the inputs to that model (exercise price, expected volatility, option life, etc.) ➢ How expected volatility was determined ■ Info for other equity instruments granted : ➢ Number and weighted average fair value of those equity and information on how that faire value was measured ➢ Weighted average fair value of those equity instruments ■ Share-based payment arrangements that were modified during the period and explanation of those modifications ■ If the entity has measured directly the fair value of goods or services received during the period : how that fair value was determined ■ Total expense recognised in the profit and loss including separate disclosure of that portion of the total expense that arises from transactions accounted for as equity ■ For liabilities : ➢ The total carrying amount at the end of the period ➢ The total intrinsic value for which the counterparty's right to cash or other assets had vested by the end of the period	The Company will review the notes to their financial statements to ensure the disclosed information is in compliance with IFRS 2.

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
IFRS 3 – Business combinations	
According to IFRS 1.10 an entity shall, in its opening IFRS statement of financial position: (a) recognise all assets and liabilities whose recognition is required by IFRSs; (b) not recognise items as assets or liabilities if IFRSs do not permit such recognition; (c) reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IFRSs; and (d) apply IFRSs in measuring all recognised assets and liabilities. According to IFRS 1.11 The accounting policies that an entity uses in its opening IFRS statement of financial position may differ from those that it used for the same date using its previous GAAP. The resulting adjustments arise from events and transactions before the date of transition to IFRSs. Therefore, an entity shall recognise those adjustments directly in retained earnings (or, if appropriate, another category of equity) at the date of transition to IFRSs.	In the absence of any other factors, the Company would have to record all the business combination retrospectively according to IFRS 3.
According to IFRS 1.C1, A first-time adopter may elect not to apply IFRS 3 (as revised in 2008) retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRSs). However, if a first-time adopter restates any business combination to comply with IFRS 3 (as revised in 2008), it shall restate all later business combinations and shall also apply IAS 27 (as amended in 2008) from that same date.	However, like virtually all first-tem adopters, the Company wish to use this exemption allowing them not to account for prior business combinations retrospectively.▲
Regarding the business acquisitions at the transition date, According to IFRS 3 : Acquisition-related costs (finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees etc) will be recorded as expenses in the periods in which the costs are incurred and the services are received. Restructuring costs of the acquired company cannot be included in the acquisition costs. They are recorded as expenses. Lorsqu'une partie de la contrepartie consentie pour l'acquisition dépend d'un événement futur, IFRS 3 exige que la juste valeur de cette contrepartie à la date d'acquisition soit incluse au titre du coût. IFRS 3.18 and .32 The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values without consideration of the acquired percentage of interest like in Section 1581. IFRS 3.22 and .23 shall recognise as of the acquisition date contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably and that even if the acquired company didn't recorded the amounts.	The Company wish to early-adopt the new section 1582 on Business combinations, for any business combinations occurring in 2010. According to paragraph 1582.64A, This Section shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. The earlier application will eliminate differences in the transition year (2010).

Description of principal differences between current accounting policies and those the entity intends to apply for the financial statements prepared in accordance with IFRS	Available choices under IFRS and proposed decisions concerning their application, including the retrospective or prospective application of some modifications
IFRS 7 – Financial instruments : Disclosures	
According to IFRS 7.B6 The disclosures required by paragraphs 31–42 shall be either given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.	The Company wish to present the disclosures required by paragraphs 31-42.
IFRS 8 – Operating segments	
According to IFRS 8.11, An entity shall report separately information about each operating segment that: (a) has been identified in accordance with paragraphs 5–10 or results from aggregating two or more of those segments in accordance with paragraph 12, and (b) exceeds the quantitative thresholds in paragraph 13. According to IFRS 8.5, An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.	The Company will identify and report on operating segments, if applicable.

Monetary impact on Shareholder's equity following the adoption of IFRS

As a result of the analysis performed and the policy choices made by management, the Company determined that there is no significant impact on the Company's equity as at January 1, 2010 resulting from the IFRS transition. However, our analysis has not been audited and adjustments may be required at a later date

Consequence of the transition to IFRS on the following elements

Systems and data

- The Company has decided to produce those financial statements using a set of work sheets for now.

Internal control over financial information

- Given the limited number of third parties, there has been no impact on internal controls.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from these estimates.

A detailed summary of the entire Company's significant accounting policies and the estimates derived there from is included in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2010.

The following policies are considered to be the critical accounting policies as they involve the use of significant estimates:

1) Stock-based compensation plan:

The Company grants stock options to the eligible directors, officers, employees and consultants of the Company pursuant to its stock option plan. The stock-based compensation plan is recognized using the fair value method. The compensation cost is measured according to the fair value of the options the using the stock price and other measurement assumptions and is recognized as follows:

The compensation cost of options granted to directors, officers and employees is measured on the grant date and recognized over the related service period.

The compensation cost of options issued to consultants is recognized over the related service period and measured according to the fair value of the options on each balance sheet date until the earlier of the consultant's option vesting date or the date on which the other party has completed performance of its obligations by providing the services. Options which vest immediately are measured at the fair value on the grant date.

The compensation cost is expensed in the statement of earnings or capitalized according to the nature of services received and credited to contributed surplus. The consideration paid on the exercise of the options and the fair value of the options exercised are added to capital stock.

2) Foreign currency translation:

The monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year. Gains and losses are included in the earnings for the year.

3) Mining properties and deferred exploration expenses:

Mining properties are composed of claims and options to acquire interest in properties and will be accounted for at their acquisition cost.

Expenses related to exploration and development of mining properties will be capitalized by property until the beginning of commercial production. If any, the accessory revenues earned over the period of exploration and development will be applied against capitalized costs.

The mining properties and deferred exploration expenses are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that the Company has insufficient information to estimate future cash flows to test the recoverability of the amounts capitalized, management measures the recoverability of amounts indicated as mining deposits and deferred exploration expenses by comparing their fair value to their carrying amount, without performing a recoverability test. It will also determine whether the results of exploration work justify additional investments, whether the Company's interest in the underlying mineral claims in confirmed, whether the Company is able to obtain necessary financing to complete the development, and whether future profitable production or proceeds from the disposal of mining deposits will be for an amount greater than their carrying amount.

If it is determined that mining properties and exploration expenses capitalized are not recoverable over the estimated useful life of the properties, or if the project is abandoned, the capitalized amount will be written down to their net realizable value.

If commercially profitable ore reserves are developed, and a production decision is made, mining properties and deferred exploration expenses of the related mining property will be reclassified as mining assets and amortized using the unit of production method.

The recoverability of amounts recorded for mining properties and deferred exploration expenses is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mining titles, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The amounts shown for mining properties and deferred exploration expenses do not necessarily represent actual or future values.

3) Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The Company recognizes future income tax liabilities only when it is more likely than not that some or all of the future income tax assets will be realized.

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).

MANAGEMENT RESPONSIBILITY WITH REGARDS TO FINANCIAL INFORMATION

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

The financial statements were prepared compliant to the Canadian generally accepted accounting principles. 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 quarterly report complies with the financial statements.

The management of SearchGold Resources Inc.

SCHEDULE “C”

FINANCIAL STATEMENTS OF UBIKA

Ubika Corporation

Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2012, 2011 and 2010

Collins Barrow
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Ubika Corporation

We have audited the accompanying consolidated financial statements of Ubika Corporation which comprise the consolidated balance sheets as at December 31, 2012, December 31, 2011 and December 31, 2010 and the consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ubika Corporation as at December 31, 2012, December 31, 2011 and December 31, 2010, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
May 14, 2013
Toronto, Ontario

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Ubika Corporation
Consolidated Balance Sheets
(Expressed in Canadian Dollars)
As at

	December 31, 2012	December 31, 2011	December 31, 2010
Assets			
Current			
Cash	**$ -**	$ 59,215	$ 69,219
Accounts receivable (Note 5)	**251,708**	145,400	43,905
	251,708	204,615	113,124
Property and equipment (Note 8)	**5,795**	4,151	2,863
Investments (Note 9)	**864,448**	629,846	383,476
Due from related parties (Note 7)	**55,000**	-	-
	$ 1,176,951	$ 838,612	$ 499,463
Liabilities			
Current			
Bank indebtedness (Note 13)	**$ 78,933**	$ -	$ -
Accounts payable and accrued liabilities	**274,109**	132,138	62,472
Customer deposits	**227,373**	50,661	133,264
Loans payable (Note 11)	**-**	28,000	-
Due to related parties (Note 10)	**74,718**	507,988	432,570
Income taxes payable	**58,919**	-	-
	714,052	718,787	628,306
Deferred income taxes (Note 15)	**78,007**	78,731	**-**
Due to related parties (Note 10)	**109,284**	-	**-**
	901,343	797,518	628,306
Shareholders' Equity			
Share capital (Note 14)	**2,000**	2,000	2,000
Accumulated other comprehensive income (loss)	**(74,212)**	(75,857)	138,353
Retained earnings	**347,820**	114,951	(269,196)
	275,608	41,094	(128,843)
	$ 1,176,951	$ 838,612	$ 499,463

Nature of business *(Note 1)*
Commitments *(Note 17)*
Subsequent events *(Note 18)*

Approved by the Board ______________________ ______________________
Director Director

See accompanying notes

Ubika Corporation
Consolidated Statements of Operations and Comprehensive Income
(Expressed in Canadian Dollars)
Years Ended December 31, 2012, 2011 and 2010

	December 31, 2012	December 31, 2011	December 31, 2010
Revenue (Note 6)			
Listing and research fees	**$ 989,853**	$ 1,315,790	$ 435,190
Other services	**214,615**	89,594	66,763
	1,204,468	1,405,384	501,953
Expenses			
Consulting and professional fees	**449,973**	320,399	120,813
General and administrative	**234,960**	139,093	81,919
Interest expense	**11,308**	18,514	1,143
Impairment loss on investment	**33,974**	-	-
Realized net loss from disposal of investments	**218,027**	-	-
Forgiveness of amounts due to related parties (Note 12)	**(350,000)**	-	-
Salaries and management fees	**310,370**	388,292	493,435
	908,612	866,298	697,310
Earnings before income taxes	**295,856**	539,086	(195,357)
Income taxes			
Current income taxes (Note 15)	**61,204**	-	(46,118)
Deferred income taxes (Note 15)	**1,783**	154,939	-
	62,987	154,939	(46,118)
Net earnings (loss)	**232,869**	384,147	(149,239)
Other comprehensive income (loss)			
Unrealized investment gain (loss)	**(227,601)**	(285,613)	184,471
Tax affect of unrealized investment gain (loss)	**(60,314)**	(71,403)	46,118
Total comprehensive income (loss)	**(167,287)**	(214,210)	138,353
Net earnings (loss) and other comprehensive income (loss)	**$ 65,582**	$ 169,937	$ (10,886)

Earnings (loss) per share

Basic and diluted	**$ 116.43**	$ 192.07	$ (74.62)

Weighted average number of common shares outstanding

Basic and diluted	**2,000**	2,000	2,000

See accompanying notes

Ubika Corporation
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
Years Ended December 31, 2012, 2011 and 2010

	Share Capital Number of Shares	Amount	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance, January 1, 2010	2,000 $	2,000 $	- $	(119,957)$	(117,957)
Net earnings	-	-	-	(149,239)	(149,239)
Other comprehensive income	-	-	138,353	-	138,353
Balance, December 31, 2010	2,000	2,000	138,353	(269,196)	(128,843)
Net earnings	-	-	-	384,147	384,147
Other comprehensive income	-	-	(214,210)	-	(214,210)
Balance, December 31, 2011	**2,000**	**2,000**	**(75,857)**	**114,951**	**41,094**
Net earnings	-	-	-	232,869	232,869
Other comprehensive income	-	-	(167,287)	-	(167,287)
Realized loss on disposal of investments	-	-	168,932	-	168,932
Balance, December 31, 2012	**2,000 $**	**2,000 $**	**(74,212)$**	**347,820 $**	**275,608**

See accompanying notes

Ubika Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Years Ended December 31, 2012, 2011 and 2010

	December 31, 2012	December 31, 2011	December 31, 2010
Cash provided by (used in)			
Operations			
Net earnings	**$ 232,869**	$ 384,147	$ (149,239)
Items not affecting cash			
Amortization	**1,321**	1,012	2,675
Investments received for services	**(355,274)**	(557,041)	(72,741)
Deferred income taxes	**1,783**	154,939	(46,118)
Bad debt expense	**7,212**	14,000	-
Gain on disposal of investment	**(6,535)**	-	-
Interest accrued	**-**	9,418	-
Loss on impaired investment	**33,974**	-	-
Loss on expiry of options	**224,562**	-	-
Forgiveness of amounts due to related parties	**(350,000)**	-	-
	(210,088)	6,475	(265,423)
Net changes in non-cash working capital			
Accounts receivable	**(113,520)**	(115,495)	(16,384)
Accounts payable and accrued liabilities	**142,531**	69,666	62,472
Income taxes payable	**58,919**	-	-
Customer deposits	**57,661**	(31,350)	31,350
Due to related parties	**17,000**	57,000	273,910
	(47,497)	(13,704)	85,925
Investing			
Additions to property and equipment	**(2,965)**	(2,300)	(2,351)
Purchase of investments	**(36,235)**	(31,000)	(24,350)
Proceeds from disposal of investment	**22,535**	-	-
	(16,665)	(33,300)	(26,701)
Financing			
Advances from related parties	**71,000**	35,000	1,496
Advances to related parties	**(115,570)**	(23,000)	-
Loans payable	**-**	75,000	-
Repayment of loans payable	**(28,000)**	(50,000)	-
Interest paid on loans payable	**(1,416)**	-	-
Advances from line of credit	**78,933**	-	-
	4,947	37,000	1,496
Net change in cash	**(59,215)**	(10,004)	60,720
Cash, beginning of period	**59,215**	69,219	8,499
Cash, end of period	**$ -**	$ 59,215	$ 69,219

See accompanying notes

1. NATURE OF THE BUSINESS

Ubika Corp. (the "Company") is an investment research and capital market services firm operating in Toronto and Vancouver. Its main focus is on small-cap companies with a market capitalization of less than $1,000,000,000. The Company was incorporated on March 4, 2004. The head office, principal and registered address of the Company is located at 36 Lombard Street, Suite 700, Toronto, Ontario M5C 2X3.

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Small Cappower Corp., which was incorporated under the Canada Business Corporation Act on May 4, 2012.

The consolidated financial statements of the Company for the year ended December 31, 2012 were approved by the Board of Directors on May 13, 2013.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). In the Notes to the Consolidated Financial Statements, all dollar amounts in tabulations are in Canadian dollars, unless otherwise indicated. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are noted below with further details of the assumptions in the following notes:

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates and Judgements (Cont'd)

(a) Fair value of options and warrants received

The fair value of options and warrants received as consideration is calculated using the Black-Scholes valuation model, unless quoted values are available. The assumptions used when determining the fair value using the Black-Scholes model are equivalent to that which are used by the individual companies that issued the instruments. Those assumptions include risk free rate, expected life, expected volatility and expected dividend yield. Risk free rate is determined based on the yield rate for Government of Canada instruments with maturities which coincides with the life of the options and warrants. Expected life is determined by the terms and conditions of each instrument. Expected volatility is determined by the closing sale price for the entity or similar entities for a historical time interval equal to the expected life of the instrument or based on comparable companies. Expected dividend yield is determined by the terms and conditions of each instrument.

(b) Investment valuation

Investments consist of common shares, warrants and options of publicly listed companies which are designated as available-for-sale. Warrants and options are subject to estimate based on the discussion above.

(d) Investments received for services

The Company uses judgement in determining whether the collectibility of service revenue consideration is reasonably assured at the time the contract is entered into, including investments received for services that will vest over the term of the contract. Subsequently, the Company estimates a provision for any warrants and options that are not expected to ultimately vest.

(e) Recoverability of receivables

The Company makes estimates about future events and circumstances in determining whether the carrying amount of receivables exceeds its recoverable amount.

(f) Income taxes

Tax interpretations, regulations and legislation in the jurisdiction in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currency

The functional currency of the Company is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on re-translation are recognized in the statement of operations.

Financial Instruments

The Company recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value with any resultant gain or loss recognized in profit or loss. Financial assets classified as available-for-sale are measured at fair value with any resultant gain or loss being recognized directly in other comprehensive income. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. When available-for-sale financial assets are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Financial assets classified as loans and receivables and held to maturity, are measured at amortized cost using the effective interest rate method.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities are classified as other financial liabilities, and are subsequently measured at amortized cost using the effective interest rate method.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

The Company's financial assets include cash, accounts receivable, due from related party and investments. The Company's financial liabilities include bank indebtedness, accounts payable and accrued liabilities, loans payable and due to related parties. Classification of these financial instruments is as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts receivable	Loans and receivables
Due from related party	Loans and receivables
Investments	Available-for-sale
Bank indebtedness	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Loans payable	Other liabilities
Due to related parties	Other liabilities

Financial instruments recorded at fair value on the audited statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial instruments measured at fair value on the balance sheet consist of cash and investments.

As at December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Bank indebtedness	**$ (78,933)**	**$ -**	**$ -**	**$ (78,933)**
Investments	**300,360**	**564,088**	**-**	**864,448**
	$ 221,427	**$ 564,088**	**$ -**	**$ 785,515**

As at December 31, 2011	Level 1	Level 2	Level 3	Total
Cash	$ 59,215	$ -	$ -	$ 59,215
Investments	101,058	528,788	-	629,846
	$ 160,273	$ 528,788	$ -	$ 689,061

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

As at December 31, 2010	Level 1	Level 2	Level 3	Total
Cash	$ 69,219	$ -	$ -	$ 69,219
Investments	32,761	350,715	-	383,476
	$ 101,980	$ 350,715	$ -	$ 452,695

Property and Equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

(b) Amortization

Amortization is calculated over the estimated useful lives of the assets on a declining balance basis as follows:

Computer software	30%
Furniture and equipment	20%

Estimates for amortization methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment (Cont'd)

(a) Financial assets (Cont'd)

All impairment losses are recognized in the statement of operations.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of operations.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets referred to as cash generating units (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less cost to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from sales.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of an asset is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue

(a) Listing and research fees

Revenue is recognized over a straight line basis over the term of the sales contracts when collection is reasonably assured. The fair value of the consideration received and receivable is measured when the contract is entered into.

(b) Other services

The Company recognizes revenue at the time persuasive evidence of an agreement exists, the price is fixed and determinable, service is delivered to the customer and collectibility is reasonably assured.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Compensation

Share-based payment arrangements in which the Company receives goods or services as consideration are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Earnings Per Share

Basic earnings per share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The Company is in the process of reviewing new and revised accounting pronouncements that have been issued but are not yet effective, as set out below:

(a) IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted.

(b) IFRS 10 Consolidated financial statements was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate consolidated financial statements and is effective for annual periods beginning on or after January 1, 2013.

(c) IFRS 11 Joint Arrangements was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013.

(d) IFRS 12 Disclosure of Interests in Other Entities was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

(Expressed in Canadian Dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS (Cont'd)

(e) IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The standard is effective for annual periods beginning on or after January 1, 2013.

(f) IFRS 7 Financial Instruments: Disclosures was amended by the IASB in December 2011 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of consolidated financial statements to evaluate the effect or potential effect of netting arrangements on the entity’s financial position. The amendments are effective for annual periods beginning on or after January 1, 2013.

5. ACCOUNTS RECEIVABLE

The Company's accounts receivables arise from trade receivables due from customers. Below is an aged analysis of the Company's accounts receivables:

	2012	2011	2010
Less than 90 days	**$ 147,748**	$ 103,590	$ 38,255
Over 90 days	**103,960**	41,810	5,650
Total trade and other receivables	**$ 251,708**	$ 145,400	$ 43,905

6. REVENUE

	December 31, 2012	December 31, 2011	December 31, 2010
Listing and research fees			
Amount to be settled in cash	**$ 711,396**	$ 758,749	$ 362,449
Amount settled in options	**152,957**	496,374	69,408
Amount settled in shares	**125,500**	60,667	3,333
	$ 989,853	$ 1,315,790	$ 435,190
Other services			
Amount to be settled in cash	**$ 137,798**	$ 89,594	$ 66,763
Amount settled in warrants	**76,817**	-	-
	$ 214,615	$ 89,594	$ 66,763

(Expressed in Canadian Dollars)

7. DUE FROM RELATED PARTY AND RELATED PARTY TRANSACTIONS

During the year, the Company issued a loan to a shareholder of the Company in the amount of $55,000. The loan is unsecured, non-interest bearing and without specific terms of repayment (Note 18).

During the year ended December 31, 2012, the Company paid $41,050 (2011 - $21,200; 2010 - $19,200) in rent expense and $18,750 (2011 - $8,300; 2010 - NIL) in referral and commission fees to the same shareholder of the Company.

8. PROPERTY AND EQUIPMENT

December 31, 2012	**Cost**	**Additions**	**Accumulated Amortization**	**Net Book Value**
Computer software	**$ 8,514**	**$ 2,965**	**$ 8,636**	**$ 2,843**
Furniture & equipment	**4,892**	**-**	**1,940**	**2,952**
	$ 13,406	**$ 2,965**	**$ 10,576**	**$ 5,795**

December 31, 2011	Cost	Additions	Accumulated Amortization	Net Book Value
Computer software	$ 8,514	$ -	$ 8,053	$ 461
Furniture & equipment	2,592	2,300	1,202	3,690
	$ 11,106	$ 2,300	$ 9,255	$ 4,151

December 31, 2010	Cost	Additions	Accumulated Amortization	Net Book Value
Computer software	$ 7,043	$ 1,471	$ 7,676	$ 838
Furniture & equipment	1,712	880	567	2,025
	$ 8,755	$ 2,351	$ 8,243	$ 2,863

(Expressed in Canadian Dollars)

9. INVESTMENTS

The Company has a portfolio of investments that are considered available-for-sale assets.

	December 31, 2012	December 31, 2011	December 31, 2010
Common shares	**$ 304,560**	$ 116,058	$ 72,761
Options	**510,010**	512,202	310,715
Warrants	**49,878**	1,586	-
	$ 864,448	$ 629,846	$ 383,476

As at December 31, 2012, investments included $122,212 in options that had not vested. (2011 - $42,133; 2010 - $87,501).

10. DUE TO RELATED PARTIES

	December 31, 2012	December 31, 2011	December 31, 2010
Due to shareholders	**$ 184,002**	$ 507,988	$ 432,570

The balance due to related parties for year ended December 31, 2012 consists of $NIL (2011 - $26,417; 2010 - $NIL) of accrued liabilities bearing interest at 10% per annum. The remaining balance due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

During the current year, two shareholders agreed to postpone $109,284 of the amount due to them until January 10, 2014.

11. LOANS PAYABLE

Loans payable are amounts due to two arm's length parties, each bearing interest at 20% per annum with an additional interest premium of 10% per annum. The term of the loans are two years from the signing of the loan agreements which is January 14, 2013. The Company has pledged all of its assets, including its options, as security for the loans. On October 16, 2012, the loans payable were fully repaid.

12. KEY MANAGEMENT COMPENSATION

Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company. Compensation paid to key management for the year ended December 31, 2012 totaled $213,613 (2011 - $346,975; 2010 - $493,574), which included salaries and short term benefits.

During the year, amounts due to related parties for previous management fees in the amount of $350,000 were forgiven, of which $250,000 related to the year ended December 31, 2010 and $100,000 related to the year ended December 31, 2011. Initially the $350,000 was to be settled through the issuance of shares of the Company, but in 2012 the related parties instead agreed to forgive the amounts owing to them. As at December 31, 2012 no shares were outstanding in respect of this and no liability is recorded on the balance sheet.

13. CREDIT FACILITIES

On October 16, 2012, the Company has established a facility with a Canadian chartered bank to support its continuing working capital needs. This credit facility is collateralized by a general security agreement covering all of the Company's assets and a personal guarantee from two shareholders.

The details of this credit facility are as follows:

(i) a $125,000 revolving demand line of credit, bearing interest at the bank's prime rate plus 1.75%.

As at December 31, 2012, the Company has drawn $78,933 (2011 - $NIL; 2010 - $NIL) on its operating line of credit.

14. SHARE CAPITAL

The Company has the following number of shares authorized for issue:

- unlimited number of Class "A" common shares
- unlimited number of Class "B" common shares
- unlimited number of Class "C" common shares
- unlimited number of Class "D" preferred shares
- unlimited number of Class "E" preferred shares
- unlimited number of Class "F" preferred shares
- unlimited number of Class "G" preferred shares

During the year ended December 31, 2012 the Company entered into an agreement to repurchase 100 common shares back from a shareholder for $15,000. Pursuant to the agreement, the shareholder will surrender the shares upon receipt of the payment which must occur on or before June 30, 2013. The Company intends to repurchase these shares prior to completion of the share exchange described in Note 18(ii).

(Expressed in Canadian Dollars)

15. INCOME TAXES

(a) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/ provincial tax rates with the income tax expense in the consolidated financial statements:

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Earnings before income taxes	**$ 295,856**	$ 539,086	$ (195,357)
Statutory rate	**15.50 %**	28.25 %	30.99 %
Expected income tax recovery	**$ 45,858**	$ 152,292	$ (60,541)
Change in unrealized accumulated other comprehensive income	**9,349**	41,148	(46,118)
Change in future tax rates and other	**472**	(1,014)	3,480
Permanent differences	**7,308**	(106,848)	57,061
Deferred tax assets not recognized	**-**	69,361	-
Income tax expense	**$ 62,987**	$ 154,939	$ (46,118)

(b) Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	December 31, 2012	December 31, 2011	December 31, 2010
Amounts related to tax loss carry forwards	**$ -**	$ -	$ 35,102
Investments	**(78,007)**	(78,731)	(8,676)
Deferred tax asset (liability)	**(78,007)**	(78,731)	26,426
Less: Deferred tax assets not recognized	**-**	-	(26,426)
Deferred tax asset (liability)	**$ (78,007)**	$ (78,731)	$ -

16. RISK MANAGEMENT

Capital Risk Management

The Company includes equity, comprised of issued share capital, accumulated other comprehensive income and retained earnings, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market its services, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the periods ended December 31, 2012 and 2011.

Financial Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The loans payable bore interest at a fixed rate of interest, and as such were subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations.

(ii) Equity and other price risk

Equity and other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk). The investments held by the Company are subject to normal fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Company is equivalent to the fair value of the financial instruments. Management moderates this risk by employing experienced management who are involved in the investment decisions of the Company and monitor the portfolio on a regular basis.

(Expressed in Canadian Dollars)

16. RISK MANAGEMENT (Cont'd)

(a) Market risk (Cont'd)

(ii) Equity and other price risk (Cont'd)

The most significant exposure to equity and other price risk arises from the Company's investments. A plus or minus 10% change in the fair value of investments would have a plus or minus change in other comprehensive income of $64,000 (2011 - $63,000; 2010 - $38,000).

(b) Credit risk

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and accounts receivable. The Company mitigates its exposure to credit loss by placing its cash with major financial institutions. The Company is subject to risk of non-payment of accounts receivable due to the fact that the Company's primary clientele are small public companies, often with limited liquidity. The Company mitigates the risk in accounts receivable by monitoring the credit worthiness of its customers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at December 31, 2012, the Company has bank indebtedness, accounts payables and accrued liabilities, and income taxes payable of approximately $411,961 (2011 - $132,138; 2010 - $62,472) and loans payable of $NIL (2011 - $28,000; 2010 - $Nil) due within 12 months and has cash and cash equivalents and accounts receivable of $251,708 (2011 - $204,615; 2010 - $113,124) to meet its current obligations. Classified in long-term assets are certain marketable securities which may be sold to meet working capital requirements if needed.

17. COMMITMENTS

The Company has entered into several future commitments related to services for the operations of the Company. The combined future minimum payments are as follows:

Less than 1 year	$	261,200
1-5 years		20,800
	$	**282,000**

In included in less than one year is $210,000 due to be incurred as the minimum amount of services on a contract. The remaining amount to be spent on the contract is the greater of $210,000 or 50% of the earnings of Small Cappower Corp.

18. SUBSEQUENT EVENTS

(i) On January 21, 2013, the Company entered into an agreement with a shareholder. The agreement gave the Company the option to purchase for cancellation all of the outstanding shares held by the shareholder at a purchase price of $402.74 per share until July 31, 2013. As at December 31, 2012, the shareholder held 300 outstanding common shares of the Company. The $55,000 loan outstanding (Note 7) would be applied against the total consideration required to repurchase the shares from the shareholder.

(ii) On March 5, 2013, the Company enter into a letter of intent with SearchGold Resources Inc. ("SearchGold"), whereby SearchGold will acquire all of the issued and outstanding shares in the Company in exchange for shares in SearchGold. Since the shareholders of the Company will control the resulting issuer, the transaction will be recorded as a reverse take-over of SearchGold by the Company. Completion of the transaction is subject to shareholder approval.

(iii) On April 10, 2013 the Company secured a bridge loan with a Canadian chartered bank of $100,000. The loan bears interest at the bank's prime rate plus 3.25% and is due July 31, 2013.

(iv) On May 10, 2013 the Company completed a private placement in escrow of 30,000 subscription receipts for proceeds of $30,000,000. Each subscription receipt is entitled to receive one debenture in the amount of $1,000. The debentures earn interest at a variable rate ranging from 3% to 8% based on the Company's performance. Among the escrow release conditions are the completion of the share exchange described in item (ii) above and regulatory approval.

SCHEDULE "D"

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Gravitas Financial Inc.
Unaudited Pro Forma Consolidated Balance Sheet
December 31, 2012

	As reported		Transaction adjustments		Notes	Consolidated Ubika Corporation
	SearchGold Resources Inc.	Ubika Corporation	Debit	Credit		
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 94,377	$ -	$ 10,000,000	$ -	2(d)	9,884,377
				210,000	2(e)	
Accounts receivable		251,708				251,708
Investments	20,000					20,000
Other receivables	125,355					125,355
Due from related party						-
Prepaids and other assets	10,691					10,691
Qualifying transaction costs						-
Total current assets	250,423	251,708				10,292,131
Properties, plant and equipment	4,564	5,795				10,359
Other long-term assets	574,460					574,460
Investments		864,448				864,448
Due from related party		55,000				55,000
						-
	579,024	925,243				1,504,267
TOTAL ASSETS	$ 829,447	$ 1,176,951				$ 11,796,398
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	$ 298,171	$ 274,109				$ 572,280
Bank indebtness		78,933				78,933
Customer deposits		227,373				227,373
Due to related parties		74,718				74,718
Income taxes payable		58,919				58,919
						-
Total current liabilities	298,171	714,052				1,012,223
Long-term liabilities:						
Debenture				10,000,000	2(d)	10,000,000
Deferred income taxes		78,007				78,007
Due to related parties		109,284				109,284
Total long-term liabilities:	-	187,291				10,187,291
TOTAL LIABILITIES	298,171	901,343				11,199,514
SHAREHOLDERS' EQUITY						
Share capital	18,520,726	2,000	18,520,726		2(e)	1,402,000
				1,400,000	2(e)	
Contributed surplus	3,685,749		3,685,749		2(e)	-
Warrants				114,000	2(e)	114,000
Options				9,000	2(e)	9,000
Accumulated other comprehensive loss	(1,095,703)	(74,212)		1,095,703	2(e)	(74,212)
Retained Earnings (Deficit)	(20,579,496)	347,820	210,000		2(e)	(853,904)
				20,579,496	2(e)	
			991,724		2(e)	
Total shareholders' equity	531,276	275,608				596,884
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 829,447	$ 1,176,951	$ 33,408,199	$ 33,408,199		$ 11,796,398

See accompanying notes to unaudited pro forma consolidated financial statements.

Gravitas Financial Inc.
Unaudited Pro Forma Consolidated Income Statement
December 31, 2012

	As reported		Transaction adjustments		Notes	Consolidated Ubika Corporation
	SearchGold Resources Inc.	Ubika Corporation	Debit	Credit		
Revenue						
Royalties	236,593					236,593
Listing and research fees		989,853				989,853
Other services		214,615				214,615
	236,593	1,204,468				1,441,061
Expenses						
Exploration and evaluation expenditures	238,984					238,984
General and administrative	580,476	234,960				815,436
Losses from exchange differences	3,684					3,684
Consulting and professional fees		449,973				449,973
Interest expense		11,308	300,000		2(d)	311,308
Impairment loss on investment		33,974				33,974
Realized (gain) loss from disposal of investment		218,027				218,027
Reversal of management fees		(350,000)				(350,000)
Salaries and management fees		310,370				310,370
Financial costs (recovered)	(50,967)		210,000		2(e)	159,033
Listing expense			991,724		2(c)	991,724
	772,177	908,612				3,182,513
Earnings before income taxes	(535,584)	295,856	1,501,724	-		(1,741,452)
Income taxes						
Current		61,204				61,204
Deferred		1,783				1,783
	-	62,987	-	-		62,987
Net Earnings (loss)	(535,584)	232,869	1,501,724	-		(1,804,439)
Other Comprehensive income (loss)						
Net change in fair value	(421,957)					(421,957)
Unrealized investment gain (loss)		(227,601)				(227,601)
Tax affect of unrealized investment gain (loss)		(60,314)				(60,314)
Total comprehensive income (loss)	(421,957)	(167,287)	-	-		(589,244)
Net earnings (loss) and other comprehensive income (loss)	(957,541)	65,582	1,501,724	-		(2,393,683)

See accompanying notes to unaudited pro forma consolidated financial statements.

Gravitas Financial Inc.
NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – prepared by management)
December 31, 2012

1. BASIS OF PRESENTATION

The unaudited pro-forma consolidated financial statements position of Gravitas Financial Inc. (the "Company") has been prepared by management in accordance with International Financial Reporting Standards for inclusion in the Disclosure Document of SearchGold Resources Inc. ("SearchGold") dated May 15, 2013, in conjunction with the acquisition of all of the issued and outstanding shares of Ubika Corporation ("Ubika"). The acquisition is subject to a number of conditions including, among other things, regulatory approval and concurrent completion of the Financing. In the opinion of management, the pro-forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro-forma consolidated financial statements of the Company have been compiled from the audited financial statements of SearchGold and Ubika as at December 31, 2012. The unaudited pro-forma consolidated statement balance sheet has been prepared as if the transactions described in Note 2 had occurred on December 31, 2012 and on January 1, 2012 for the income statement.

The unaudited pro-forma consolidated financial statements are not intended to reflect the financial position or performance of the Company which would have actually resulted had the proposed transactions described in Note 2 and other pro-forma adjustments occurred as assumed. Further, these unaudited proforma consolidated financial statements are not necessarily indicative of the financial position or performance that may be attained in the future. The unaudited pro-forma consolidated financial statements should be read in conjunction with the audited financial statements disclosed above.

2. PRO-FORMA ASSUMPTIONS

The unaudited pro-forma consolidated financial statements incorporate the following pro-forma assumptions:

(a) Following the completion of the Transaction, the Resulting Issuer intends to seek shareholder approval to change its name and operate under the name Gravitas Financial Inc.

(b) Prior to the Completion of the Transaction, Ubika will complete a share split such that there are 2,483,333 post consolidation shares outstanding.

(c) Completion of a Securities Exchange Agreement which will result in the Reverse Takeover of SearchGold by Ubika whereby the shareholders of Ubika will have acquired 53% of the outstanding common shares of SearchGold through the issuance of 35,000,000 common shares of SearchGold. After the Reverse Takeover Transaction, the shareholders and the Management of Ubika will control the Company and for accounting purposes Ubika will be deemed the acquirer. The Transaction constitutes a reverse takeover of SearchGold but does not meet the definition of a business combination under IFRS 3; accordingly, Ubika will account for the Reverse Takeover Transaction in accordance with IFRS 2. The assets and liabilities of SearchGold will be included in the consolidated balance sheet at fair value, which approximate their pre-combination carrying values. Share capital, contributed surplus, accumulated other comprehensive loss and the deficit of SearchGold will be eliminated.

2. PRO-FORMA ASSUMPTIONS (continued)

Net assets of SearchGold:

Cash and cash equivalents	$ 116,907
Other receivables	125,355
Prepaids and other assets	10,691
Properties, plant and equipment	4,564
Other long-term assets	574,460
Accounts payable and accrued liabilities	(298,171)
	531,276
Listing expense	991,724
	$ 1,523,000

Consideration comprised of:

Fair value of common shares	$ 1,400,000
Fair value of 4,300,000 warrants	114,000[1]
Fair value of 300,000 options	9,000[1]
	1,523,000

[1]Options and warrants issued to SearchGold option and warrant holders were valued using the Black-Scholes option pricing model with the following weighted average parameters: Share price – $0.04; Exercise price – $0.11; Dividend yield – Nil; expected volatility – 180%; risk-free interest rate – 1.15%; and expected life (years) – 1.93.

(d) As a condition to the transaction, Ubika will complete a financing of a minimum of 10,000 Ubika Subscription Receipts for gross proceeds of $10,000,000 at an issuance price of $1,000 per Ubika Subscription Receipt. For purposes of the pro-forma financial statements the Company has assumed the minimum (maximum amount is 35,000 subscription receipts for gross proceeds of $35,000,000). Each Ubika Subscription Receipt shall automatically convert, without payment of any additional consideration and without further action on the part of a subscriber to the Subscription Receipt Offering, into one Ubika Debenture upon the satisfaction of the Escrow Release Conditions and until such time, no Ubika Subscription Receipts may be exercised by the holders thereof. Each Ubika Debenture will be exchangeable, upon Completion of the Transaction, into one Resulting Issuer Debenture. The Debenture shall be dated as of the date of issue, shall mature on May 9, 2023, and shall bear interest from, and including, the date of issue at the rate equal to the greater of:

a. 3.0% per annum, or
b. The rate of return resultant from:
    i. The amount of 80% of the net earnings of the Company and its Subsidiaries on a consolidated basis as determined by reference to the most recent publicly available quarterly consolidated financial statements of the Company before interest expense and tax (EBIT) for the proceeding Interest Payment Period, by
    ii. One-quarter of the value of the debentures outstanding as of the Interest Payment date,

to a maximum interest rate of 8.0% percent per annum.

(e) In connection with the Subscription Receipt Offering, the Agent will receive, upon the Financing Closing, a cash commission equal to 2% of the gross proceeds from the Subscription Receipt Offering. Additionally, in connection with the Financing, the Agent will receive, on the Escrow Release Date, a cash fee of $10,000.

2. PRO-FORMA ASSUMPTIONS (continued)

(f) In addition, prior to Closing, Ubika shall complete the Share Offering for minimum proceeds of $500,000 and maximum proceeds of $2,000,000. For purposes of the pro-forma financial statements the Company has assumed a minimum proceeds of Nil since the closing is not contingent on the share offering. In connection with the Share Offering, the Agent will receive on the closing of the Share Offering (i) a cash commission equal to 8% of the gross proceeds raised and (ii) the aggregate number of Broker Warrants as is equal to 8% of the total shares issued in connection with the Share Offering. Upon completion of the Transaction, each Broker Warrant shall entitle the Agent to acquire one Resulting Issuer Share at an exercise price equal to the price of the shares in the offering in Note 2f, for a period of 24 months following the Share Offering Closing Date. Additionally, in connection with the Financing, the Agent will receive, on the Escrow Release Date, a cash fee of $10,000.

3. CAPITAL STOCK

Capital Stock as at December 31, 2012 in the unaudited pro-forma consolidated statement of financial position is comprised of the following:

	Number of Shares	Stated Capital
Opening balance - SearchGold Resources Inc.	32,891,305	-
Opening balance – Ubika Corporation	-	2,000
Shares issued for the acquisition of Ubika Common Shares (Note 2c)	35,000,000	1,400,000
	77,891,305	1,402,000

4. OUSTADNING OPTION AND WARRANTS

The weighted average terms of the options and warrants outstanding as at December 31, 2012 are as follows:

	Number	Exercise Price	Time to expiry
SearchGold Resources Inc. – Options	300,000	$0.96	3.31 years
SearchGold Resources Inc. – Warrants	4,300,000	$0.10	1.84 years

SCHEDULE "E"

AUDIT COMMITTEE CHARTER

Purpose

The audit committee is a standing committee of the board of directors. Its primary duty is to assist the board of directors in fulfilling its supervisory role with regard to the following:

1. The completeness of the consolidated financial statements and the information provided to shareholders and to other persons concerned.

2. The Corporation's compliance with financial regulatory requirements.

3. The accuracy and effectiveness of the internal control mechanisms implemented and maintained by management.

4. The competency, independence and performance of the external auditor who must report to the audit committee, to the board of directors and to the shareholders.

Composition

The audit committee is comprised of at least three directors, including one chairman, who are named by the board of directors every year after the annual meeting. The majority of the committee members must not be officers or other employee of the Corporation or of an affiliate.

Each committee member must meet the requirements in matters of independence, financial knowledge and experience, the requirements of the applicable laws that govern the Corporation and the rules of the Stock Exchanges on which the Corporation's shares are listed as well as the requirements of competent securities authorities.

The board of directors may, at any time, terminate a committee member's duties or replace him or her and it must fill vacant positions on the committee.

Structure and functioning

The chairman of the board, the chairman of the committee or two members of the committee may call a committee meeting at any time. The committee meets as required but not less than four times per year. *Quorum* is reached where two members are present at committee meetings, irrespective of their status, and the composition thereof must comply with the requirements of the *Canada Business Corporations Act.*

The chairman of the committee, in cooperation with the chairman of the board, draws up the agenda for each committee meeting taking into account the items appearing in the committee's activity program which is approved each year by the board of directors. At each meeting, the committee may also sit privately with only the committee members in attendance. The committee may retain the services of special consultants, where it deems it expedient, at the expense of the Corporation.

The chairman of the committee or the person appointed by him or her submits a committee activity report to the board of directors after each meeting and makes recommendations to the board of directors regarding issues that require board approval.

Each year, the committee reviews this charter and the items appearing in the committee activity program and, where necessary, recommends changes to the board of directors so that it will approve them. The committee will prepare a report to be attached to the proxy documents regarding the annual meeting.

Together with the board of directors, the committee evaluates and considers the committee's annual performance.

Duties and responsibilities of the audit committee and review

1. Review the unaudited interim consolidated financial statements and management's analysis of the financial situation and operating results with management and the external auditors by addressing, in particular, with the external auditors, questions that must be the subject matter of discussion pursuant to the generally accepted auditing standards that apply to the Corporation.

2. Review the press releases announcing the Corporation's financial results.

3. Review with management and the external auditors, after completion of the annual audit:

(a) the audited annual consolidated financial statements;

(b) the audit of the annual consolidated financial statements made by the external auditor as well as the latter's report thereon;

(c) management's analysis of the financial situation and operating results;

(d) any material change that had to be made to the external audit plan;

(e) any material question brought to management's attention during the audit, including any restriction on the scope of activities or access to information;

(f) any question related to the performance of the audit that must be the subject matter of discussion pursuant to the generally accepted auditing standards that apply to the Corporation.

4. Ensure that the external auditor is convinced that judgment and accounting estimates made by management as well as the accounting principles chosen by management reflect the adequate application of generally accepted accounting principles.

5. Review the Corporation's main accounting policies and methods with management and the external auditor.

6. Ensure the independence of the external auditor, given the requirements in respect thereto provided by the laws governing the Corporation and by the applicable rules of the Stock Exchanges on which the Corporation's shares are listed. At least once a year, the external auditor submits a written statement to the committee outlining all its relations with the Corporation; the committee reviews it with him or her and, where necessary, recommends that the board take the requisite measures to ensure the independence of the external auditors and their responsibility toward the committee and the board.

7. Evaluate the performance of the external auditor and recommend to the board the appointment or, where it deems it expedient, the replacement of the external auditor subject to shareholder approval.

8. Consider, review and approve the services offered by the external auditor and the fees to be paid to the external auditors with regard to the audit, to the related services rendered and to other services that are provided for by law and that comply with the guidelines established by the board limiting the recourse to the services of the external auditor.

9. Review with the external auditor and management the general scope of the annual audit plan and the resources that the external auditor will devote to the audit.

10. Require that management implement and maintain appropriate internal control mechanisms and review, evaluate and approve such mechanisms.

11. Review and discuss with the chief executive officer and chief financial officer the certificates related to the communication of the financial information and to the controls which such officers must file with securities authorities pursuant to the law.

12. Discuss the qualifications required to be a financial expert and determine if a committee member is a financial expert and ensure that the committee members have the financial knowledge.

13. Approve the methods established to deal with complaints, including anonymous complaints made by employees, regarding issues related to accounting, internal control and audit.

14. Review the Corporation's practices to ensure that any transaction made with affiliates and likely to adversely affect the solvency or the stability of the Corporation is identified.

Perform the other duties or exercise the powers that the board may, on a timely basis, entrust or assign to the committee as well as any other duty which the law, regulations or the applicable rules of the Stock Exchanges might impose on an audit committee