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.