BAMA GOLD CORP.
(Formerly - Northrock Resources Inc.)

Condensed Interim Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)

For the six months ended December 31, 2011

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BAMA GOLD CORP.
(Formerly - Northrock Resources Inc.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

	Notes	Dec. 31, 2011 $	June 30, 2011 $ (Note 14)	July 1, 2010 $ (Note 14)
ASSETS				
Current assets				
Cash and cash equivalents		1,162,016	631,524	9,021
Taxes receivable		19,920	28,260	6,608
Prepaid expenses		6,470	187,399	48,080
Total current assets		1,188,406	847,183	63,709
Non-current assets				
Exploration and evaluation assets	4	568,500	163,500	163,500
Reclamation bonds		-	150,000	150,000
Total non-current assets		568,500	313,500	313,500
Total assets		1,756,906	1,160,683	377,209
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		91,933	16,214	17,824
Due to related parties	6	312,850	312,850	129,664
Due to Rockgate Capital Corp.		-	-	100,000
Site restoration obligation	5	-	20,000	20,000
Deferred premium on flow through shares	14	131,882	131,882	106,882
Total liabilities		536,665	480,946	374,370
SHAREHOLDERS' EQUITY				
Share capital	7	8,201,660	7,057,786	5,854,011
Contributed surplus	7	636,104	530,064	403,801
Deficit		(7,617,523)	(6,908,113)	(6,254,973)
Total shareholders' equity		1,220,241	679,737	2,839
Total liabilities and equity		1,756,906	1,160,683	377,209

APPROVED BY THE DIRECTORS:

Signed: ***"Karl Kottmeier"***
Director

Signed: ***"Douglas Ford"***
Director

The accompanying notes form an integral part of these consolidated financial statements

BAMA GOLD CORP.
(Formerly - Northrock Resources Inc.)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)
For the six months ended December 31, 2011

	Notes	Three months ended December 31		Six months ended December 31	
		2011	**2010**	**2011**	**2010**
		$	$	$	$
Expenses					
Depreciation		-	-	-	-
Exploration expenses		125,096	31,791	373,136	63,693
General and administrative		17,488	7,716	25,640	18,783
Insurance		2,500	3,541	5,000	7,082
Management fees		90,000	90,000	180,000	180,000
Professional fees		24,461	9,312	29,496	12,187
Share-based compensation	*7(d)*	-	-	106,040	-
Transfer agent and regulatory fees		11,272	14,450	13,451	15,963
Loss before other items		(270,817)	(156,810)	(732,763)	(297,708)
Interest income		2,429	-	3,352	-
Reclamation cost recovery	*5*	-	-	20,000	-
Net loss and comprehensive loss for the period		(268,388)	(156,810)	(709,411)	(297,708)
Loss per common share - basic and diluted		(0.02)	(0.03)	(0.05)	(0.05)
Weighted average number of common shares outstanding - basic and diluted		17,796,160	5,892,779	15,247,247	5,892,779

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BAMA GOLD CORP.
(Formerly - Northrock Resources Inc.)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)
For the six months ended December 31, 2011

	Notes	Three months ended December 31		Six months ended December 31	
		2011	2010	2011	2010
		$	$	$	$
OPERATING ACTIVITIES					
Net loss for the period		(268,388)	(156,810)	(709,411)	(297,708)
Items not affecting cash					
Reclamation cost recovery		-	-	(20,000)	-
Share based compensation		-	-	106,040	-
		(268,388)	(156,810)	86,040	(297,708)
Changes in non-cash working capital items:					
Taxes receivable and prepaids		32,024	3,193	189,270	(4,070)
Accounts payable and accrued liabilities		72,280	154,157	75,719	315,769
Cash used in operating activities		(164,084)	540	(358,382)	13,991
INVESTING ACTIVITIES					
Exploration advances		-	-	150,000	-
Mineral property acquisitions		(250,000)	-	(250,000)	-
Cash used in investing activities		(250,000)	-	(100,000)	-
FINANCING ACTIVITIES					
Common shares issued for cash, net of issue costs		988,874	-	988,874	-
Cash used in financing activities		988,874	-	988,874	-
Total increase (decrease) in cash during the period		574,790	540	530,492	13,991
Cash and cash equivalents, beginning of period		587,226	22,472	631,524	9,021
Cash and cash equivalents, end of period		1,162,016	23,012	1,162,016	23,012
Cash and cash equivalents comprised of:					
Cash		1,162,016	23,012	1,162,016	23,012
Short-term deposits		-	-	-	-
Cash paid for:					
Interest		-	-	-	-
Income taxes		-	-	-	-
Cash received for:					
Interest		2,429	-	3,352	-
Significant non-cash transactions	***10***				

The accompanying notes form an integral part of these consolidated financial statements

BAMA GOLD CORP.
(Formerly - Northrock Resources Inc.)
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars - unaudited)
For the six months ended December 31, 2011

	Number of shares	Share capital	Contributed surplus	Deficit	Total
		$	**$**	**$**	**$**
Balance at July 1, 2010 (Note 14)	5,892,779	5,854,011	403,801	(6,254,973)	2,839
Loss for the period	-	-	-	(297,708)	(297,708)
Balance at December 31, 2010	5,892,779	5,854,011	403,801	(6,552,681)	(295,589)
Balance at July 1, 2011 (Note 14)	12,698,334	7,057,786	530,064	(6,908,113)	679,737
Loss for the period	-	-	-	(709,410)	(709,410)
Shares issued for mineral property rights	1,000,000	155,000	-	-	155,000
Shares issued for cash (private placement)	8,000,000	1,000,000	-	-	1,000,000
Share-based compensation (options)	-	-	106,040	-	106,040
Share issuance costs	-	(11,126)	-	-	(11,126)
Balance at December 31, 2011	**21,698,334**	**8,201,660**	**636,104**	**(7,617,523)**	**1,220,241**

The accompanying notes form an integral part of these consolidated financial statements

1. Nature of operations

Bama Gold Corp. (formerly - Northrock Resources Inc.) (the “Company) was incorporated in the Province of British Columbia on March 14, 2008 under the Business Corporations Act of British Columbia. The name change to Bama Gold Corp became effective December 13, 2011. The Company’s head office is located at Suite 1450 - 701 West Georgia Street, Vancouver, British Columbia.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the existence of economically recoverable reserves.

The ability of the Company to continue to operate as a going concern is dependent on its ability to ultimately operate its business at a profit. To date, the Company has not generated any revenues from operations and will require additional funds to meet its obligations and the costs of its operations. As a result, further losses are anticipated prior to the generation of any profits. As at December 31, 2011, the Company has accumulated a deficit of $7,617,523 (2010 - $6,552,681) since inception.

The Company’s future capital requirements will depend on many factors, including the costs of exploring its mineral properties, operating costs, competitive environment and global market conditions. The Company’s anticipated operating losses and increasing working capital requirements will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the sale of additional shares. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company’s liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected. The financial statements do not reflect adjustments to the carrying values of assets, liabilities or reported results should the Company be unable to continue as a going concern.

2. Basis of presentation

a) Statement of Compliance
These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting (“IAS 34”) and IFRS 1 First time Adoption of International Financial Reporting Standards (“IFRS 1”). Subject to certain IFRS 1 transition elections disclosed in note 14, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet as at July 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 14 discloses the impact of the transition to IFRS on the Company’s reported statement of financial position and comprehensive loss.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2011. However, this interim financial report, being the first IFRS financial report, provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) to IFRS are provided in Note 14.

These interim financial statements were approved for issue by the Board of Directors on February 29, 2012.

b) Basis of Measurement
These condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company. On October 15, 2010 the Company’s shareholders approved a resolution consolidating all of the 29,463,898 issued common shares into 5,892,779 issued common shares, on the basis that every five (5) common shares be consolidated into one (1) common share. All references to common shares, stock options and warrants in these financial statements reflect the share consolidation unless otherwise noted.

3. Significant accounting policies

a) Cash and cash equivalents
The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

b) Estimates, Assumptions and Measurement Uncertainty
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

The amount recorded for share-based compensation, and valuation of mineral properties are based on estimates of future costs, market conditions and other relevant assumptions. By their nature, these estimates are subject to uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

c) Basic and diluted loss per share
The loss per share figures is calculated using the weighted average number of shares outstanding during the respective fiscal years. The calculation of loss per share figures using the Treasury Stock Method considers the potential exercise of outstanding share purchase options and warrants or other contingent issuances to the extent each option, warrant or contingent issuance was dilutive. For all years presented, diluted loss per share is equal to basic loss per share as the potential effects of options, warrants and conversions are anti-dilutive.

For the period ended December 31, 2011, potentially dilutive common shares relating to options and warrants outstanding totaling nil (2010 – 14,862,300) were not included in the computation of loss per share because the effect was anti-dilutive. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

d) Financial instruments

The Company classified its financial assets, as loans and receivables, held-to-maturity investments, available for sale and fair value through profit and loss ("FVTPL"). Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in the active market. Financial assets in this category includes taxes receivable and are initially measured at fair value and subsequently at amortized cost less any impairment. Taxes receivable is assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for that period.

Held-to-maturity investments
An instrument is classified as held-to-maturity if it is a non-derivative financial asset with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. A gain or loss is recognized in profit or loss when the financial asset or financial liability is derecognized or impaired, and through the amortization process.

Available-for-sale
Available-for-sale ("AFS") financial assets are those non-derivative financial assets that are designated as such or are not classified as loans and receivables, held-to-maturity investments or FVTPL. AFS financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income, unless such assets are determined to be impaired in which case the impairment loss is reclassified out of other comprehensive income and recognized in the Consolidated Statements of Comprehensive Income for that period. The reversal of previously recognized impairment losses are recognized directly in equity and not reversed through the Consolidated Statements of Comprehensive Income.

Fair value through profit and loss
Financial assets are designated as FVTPL when they are held for trading. A financial asset is held for trading if it was acquired for the purpose of selling in the near term. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for that period.

3. Significant accounting policies – (cont'd)

d) Financial instruments (continued)

The Company classifies its financial liabilities as financial liabilities through profit or loss, and financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit or loss
Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Financial liabilities are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. They are initially recorded at their fair market value. They are subsequently measured at their fair market value, with gains or losses recognized in the income statement.

Financial liabilities measured at amortized cost
Financial liabilities that are measured at amortized cost are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost. Subsequent to initial measurement, financial liabilities measured at amortized cost are carried at amortized cost using the effective interest method.

Transaction costs on financial assets and liabilities other than those classified as FVTPL are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at FVTPL are expensed as incurred.

The Company does not have any derivative or embedded derivative instruments.

The Company accounts for its financial instruments as follows:

Cash and cash equivalents	Fair value through profit or loss
Taxes receivable	Loans and receivables
Due to related parties	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

e) Exploration and evaluation assets
Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. This stage ends when management determines there is sufficient evidence to support the probability of future mining operations of economically recoverable reserves, and requires significant judgment on the part of management.

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately.

Exploration and evaluation expenditures are recognized in earnings in the period in which they are incurred.

Management reviews the carrying value of capitalized exploration and evaluation expenditures when circumstances require, and at least annually. The review is based on the Company's intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for properties present costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

3. Significant accounting policies – (cont'd)

f) Share issuance costs
All professional fees and commissions incurred directly with the issue of the Company's shares are charged directly to share capital.

g) Share-based compensation
The Company applies the fair value method of accounting for all stock option awards and equity settled restricted share units. Under this method, the Company recognizes a compensation expense for all stock options awarded to employees, based on the fair value of the options on the date of grant which is determined by using the Black-Scholes option pricing model for stock option awards, and the quoted market value of the shares for restricted share units. The fair value of the options is expensed over the vesting period of the options. No expense is recognized for awards that do not ultimately vest.

Option valuation models such as Black-Scholes, require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

h) Current and deferred income tax
The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred tax assets and liabilities are determined based on differences between the tax and accounting basis of assets and liabilities. Deferred tax assets or liabilities are calculated using the substantially enacted tax rates for the period in which the differences are expected to be realized or settled. Deferred tax assets are recognized to the extent that they are considered recoverable.

i) Flow-through Shares
Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from qualifying expenditures that the company made with the proceeds. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or "premium" are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

j) Provisions
When the Company has a present legal or constructive obligation as a result of a past event, a provision is recognized only when the obligation is estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the obligation due to the passage of time is recognized as finance expense.

k) Impairment of non-financial assets
The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management and are measured at the difference between the fair value of the long-lived asset and its carrying amount.

l) Site restoration obligation
Provisions for site restoration obligations are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount rates, and operating lives. Changes to estimated future costs are recognized in the statement of financial position by adjusting the site restoration asset and liability.

m) Environmental risk
The Company is engaged in resource exploration and development and is accordingly exposed to environmental risks associated with such activity. The properties the Company holds interest in are currently in the initial exploration stages and it has not determined whether significant site reclamation costs will be required. The Company would only record liabilities for site reclamation when reasonably determinable and when such costs can be reliably quantified. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

3. Significant accounting policies – (cont'd)

n) Agent warrants and warrants
Warrants issued to agents in connection with a financing are recorded at fair value and charged to share issue costs associated with the offering with an offsetting credit to contributed surplus in shareholders' equity.

Warrants included in units offered to subscribers in connection with financings are valued using the residual value method whereby proceeds are first allocated to the fair value of the shares and the excess if any, allocated to the warrants.

o) Future accounting changes

(i) New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2015. The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

(ii) IFRS 10, 11, 12 and 13
In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. Mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

	Turner Lake Property	Manalo Property	Total
	$	$	$
December 31, 2011			
Mineral properties, beginning of the period	163,500	-	163,500
Acquisition costs capitalized during the period	-	405,000	405,000
Mineral properties, end of the period	163,500	405,000	568,500
June 30, 2011			
Mineral properties, beginning of the period	163,500	-	163,500
Acquisition costs capitalized during the period	-	-	-
Mineral properties, end of the year	163,500	-	163,500
July 1, 2010			
Mineral properties, beginning of the year	95,500	-	95,500
Acquisition costs capitalized during the year	68,000	-	68,000
Mineral properties, end of the year	163,500	-	163,500

4. Mineral properties– (cont'd)

Manalo Property

Pursuant to an Assignment Agreement dated as of September 9, 2011, the Company agreed to acquire all of the rights of the Optionee in an Option Agreement dated February 20, 2009 between Delta Exploration Inc. ("Optionor") and Appleton Exploration Inc. ("Optionee"); in consideration for the Assignment the Company agreed to pay to Appleton $250,000 (paid) and to issue 1,000,000 common shares (issued) on receipt of all necessary consents and regulatory approvals. Under the Option Agreement, the Optionee has the right to earn a 100-per-cent interest in the Manalo gold project, located in the Republic of Mali, Africa, subject to the retention of a 2-per-cent net smelter return (NSR) royalty by Delta. The Optionee may earn an initial 65-per-cent undivided interest in the Manalo gold project by incurring exploration expenditures on the Manalo gold project totaling $2.5-million (U.S.) prior to April 1, 2013, of which $2,127,000 (U.S.) has been incurred to date. The Optionee may earn the remaining 35-per-cent interest in the Manalo gold project by making a one-time cash payment of $1.5-million to Delta. At Delta's option, Delta may elect to receive the payment in the equivalent value of units issued by the Optionee. The Optionee must also deliver an independent feasibility study or arrange for production financing prior to April 1, 2017. The Optionee has the option to purchase one-half of the NSR (1 per cent) for $1-million within the first 12 months of production.

Delta Exploration Inc. is a wholly owned subsidiary of Rockgate Capital Corp., a Toronto Stock Exchange-listed company which has directors in common with the Company.

Turner Lake Property

On May 1, 2008 the Company entered into an Assignment Agreement with its then parent company, Rockgate Capital Corp. ("Rockgate"), whereby Rockgate assigned all of its' right and title to an Option Agreement dated November 8, 2007 between Rockgate and Trade Winds Ventures Inc. ("Trade Winds") regarding the Turner Lake Property. Under the Trade Winds Option the Company can earn up to a 75% interest in the Turner Lake Gold property located near Bathurst Inlet, Nunavut; an initial 65% interest in the project can be earned by spending $1,000,000 in exploration expenditures by March 19, 2009 (incurred) and by Rockgate's issuance of 150,000 common shares of Rockgate (issued); an additional 10% interest could be earned by spending an additional $500,000 (incurred) on exploration prior to March 19, 2010 and by Rockgate's issuance of an additional 250,000 shares (issued); and by the Company's issuance of 16,667 shares (issued) to Trade Winds. In consideration of the assignment the Company issued to Rockgate 34,200 units of the Company's capital stock valued at $2.50 per unit; wherein, each unit was composed of one common share and one warrant to purchase an additional common share at $3.75 until expiry on September 30, 2010.

Effective March 19, 2009 the Company exercised its option to acquire a 75% interest in the Turner Lake Gold property.

During the year ended June 30, 2010, the Company executed and completed an agreement with joint venture partner Trade Winds to acquire the remaining 25% interest in the Turner Lake property. As consideration for the purchase, the Company issued 170,000 common shares of the Company valued at $68,000 and granted a 1% Net Smelter Royalty to Trade Winds. The Company can acquire Trade Winds' NSR for $1.25 million. One of the four claims [Jam 1] comprising the Turner Lake property is subject to an additional 1% NSR held by a third party.

Bathurst Inlet Property

Based upon the results from the 2008 exploration season, in May 2009, the Company decided to discontinue its ownership of the Bathurst Inlet property. Under the terms of the promissory note the mineral rights to the property were allowed to revert to Bathurst Inlet Developments (1984) Ltd.

As a result of the above, in a previous period the Company recorded an impairment of its Bathurst Inlet property of $1,807,730 reducing the carrying value of the property to $nil. Reclamation costs of $20,000 were recognized in a prior period for this property.

Reclamation costs

During the period, reclamation work was performed on the Bathurst Inlet Property and Turner Lake Property and the reclamation bonds totalling $150,000 were released ($75,000 for each property).

4. Mineral properties– (cont'd)

Exploration and Development expenditures for the period ended December 31, 2011 are as follows:

	Bathurst Inlet Property $	Turner Lake Property $	Manalo Property	Total $
Assays	-	-	-	-
Camp supplies and field costs	-	27,767	90,000	117,767
Consultants	-	7,800	-	7,800
Drilling	-	9,021	-	9,021
Geological	-	120,956	-	120,956
Government fees	-	372	-	372
Office and administration	-	670	-	670
Transportation	-	116,550	-	116,550
December 31, 2011	-	283,136	90,000	373,136
Assays	-	1,050	-	1,050
Camp supplies and field costs	-	-	-	-
Consultants	-	60,000	-	60,000
Drilling	-	-	-	-
Geological	-	180	-	180
Government fees	-	500	-	500
Office and administration	-	1,963	-	1,963
Transportation	-	-	-	-
December 31, 2010	-	63,693	-	63,693

5. Site restoration obligation

A site reclamation obligation of $20,000 was recognized as a liability related to the Bathurst Inlet Property prior to the current period. Due to the uncertainty around the timing and amount of the cash flows, the amount of the provision was not discounted. As the mineral property to which the costs relate has been written off in previous years, the reclamation costs are recorded in the statement of comprehensive loss. As at December 31, 2011, the Company has since restored the site, eliminated its obligation and reduced its liability to $nil (2010: $20,000).

6. Related party transactions

For the period ended December 31, 2011, in accounts payable and accrued liabilities is $nil (2010: $29,385) owing to directors of the Company or companies affiliated with directors for the recovery of expenses paid on behalf of the Company. This amount is unsecured, non-interest bearing and due on demand.

For the period ended December 31, 2011, the Company paid $15,000 (2010: $15,000) for rent and office services to a private company controlled by an officer of the Company and in which a second officer and director is a significant shareholder; under a services agreement, the Company has arranged for office premises and administrative services on an annual basis for $30,000 per year. The services agreement can be terminated by either party with six months' notice.

For the period ended December 31, 2011, the Company paid or accrued a total of $180,000 (2010: $180,000) to a related party for management services. Historically accrued management fees of $180,000 (2010: $270,000) are currently recorded in accounts payable; the accrued amounts are unsecured, non-interest bearing and due on demand.

Included in Exploration and Drilling expense is $7,800 (2010: $60,000) paid or accrued to a private company controlled by a former director of the Company for geological services.

During the period ended December 31, 2011, the Company reimbursed $9,701 (2010: $3,367) to directors, or companies affiliated with directors, for expenses paid on behalf of the Company.

During the period ended December 31, 2011, the Company entered in an Assignment Agreement whereby it could acquire certain property rights from Delta Exploration Inc. ("Delta") regarding the Manalo Property. Delta.is a wholly owned subsidiary of Rockgate Capital Corp., a Toronto Stock Exchange-listed company which has directors in common with the Company.

For the period ended December 31, 2011, key management personnel received total share based payment compensation of $90,675 (2010: $nil).

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Share capital and contributed surplus

a) Authorized:
Unlimited common shares without par value

b) Issued common shares:

		Number	Share Capital	Contributed Surplus
Balance, July 1, 2010		5,892,779	5,854,011	403,801
Issued for cash:				
Flow-through private placement (net)	- at $0.18	1,250,000	225,000	-
Private placement	- at $0.18	5,555,555	1,000,000	-
Share issuance costs		-	(21,225)	-
Stock based compensation		-	-	126,263
Balance, June 30, 2011		12,698,334	7,057,786	530,064
Issued for cash:				
Private placement (net)	- at $0.125	8,000,000	988,874	
Issued for property option	- at $0.155	1,000,000	155,000	
Stock based compensation		-	-	106,040
Balance, December 31, 2011		21,698,334	$ 8,021,660	$636,104

On October 15, 2010 the Company's shareholders approved a resolution consolidating all of the 29,463,898 issued common shares into 5,892,779 issued common shares, on the basis that every five (5) common shares be consolidated into one (1) common share. All references to common shares, stock options and warrants in these financial statements reflect the share consolidation unless otherwise noted.

During the period the Company completed a non-brokered private placement of 8,000,000 Units at $0.125 per unit for proceeds of $1,000,000. Each Unit consists of one common share of the Company and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one (1) additional common share in the capital of the Company at an exercise price of $0.165 per share until expiry on November 10, 2012. A finder's fee of $20,325 was paid in connection with the private placement

During the year ended June 30, 2011, the Company:

i) Issued 1,250,000 flow-through units at $0.20 per unit for gross proceeds of $250,000, where each flow through unit was comprised of one flow-through common share plus one common share purchase warrant. Each warrant is exercisable into one non flow-through common share with an exercise price of $0.24 per share until expiry on February 25, 2012. Subsequent to the issuance and in compliance with the implementation of IFRS, the Company bifurcated the amounts received for the flow-through shares into i) a flow-through share premium of $25,000to record the premium investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital $225,000.

ii) Issued 5,555,555 units at $0.18 per unit for proceeds of $1,000,000, where each unit was comprised of one common share plus one common share purchase warrant. Each warrant is exercisable into one common share with an exercise price of $0.24 per share until expiry on February 25, 2012.

The company incurred share issuance costs of $21,225 relating to the private placement.

7. Share capital and contributed surplus – (cont'd)

c) Warrants:

Warrant transactions are summarized as follows:

	Warrants	**Weighted Average Exercise Price $**
Balance, June 30, 2010	5,706,113	2.10
Expired	(5,706,113)	(2.10)
Issued	6,805,555	0.24
Balance,June 30, 2011	6,805,555	0.24
Issued	8,000,000	0.165
Balance December 31, 2011	14,805,555	0.20

All outstanding warrants, at December 31, 2011, are exercisable on a 1:1 basis and are summarized as follows:

Warrants	**Exercise Price**	**Expiry Date**	**Weighted Average Remaining Contractual Life (in years)**
6,805,555	$0.24	February 25, 2012	0.15
8,000,000	$0.165	November 10, 2012	0.86

d) Options:

During the year ended June 30, 2009, the Company adopted a Stock Option Plan (the "Plan"). The purpose of the Plan is to give to eligible persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to five years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the Market Price prevailing on the date the option is granted less applicable discount, if any, permitted by the policies of the Exchange and approved by the Board. The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time.

	Options	**Weighted Average Exercise Price**
		$
Balance, July 1, 2010	-	-
Granted	580,000	0.24
Balance, June 30, 2011	580,000	0.24
Granted	690,000	0.17
Balance, December 31, 2011	1,270,000	$0.20

7. Share capital and contributed surplus– (cont'd)

d) Options– (cont'd)

During the year ended June 30, 2011, the Company made its first stock option grant. As at December 31, 2011, the following stock options were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
580,000	$0.24	January 17, 2016	4.05
690,000	$0.17	September 27, 2016	4.75

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of outstanding options is 4.43 years.

The options granted to directors and officers during the period vested on the grant date. The fair value of each option was estimated on the grant date using the Black-Scholes option valuation model with the following assumptions:

	2011	2010
Risk free interest rate	1.40%	-
Expected life	5 years	-
Expected volatility	147.37%	-
Expected dividend yield	Nil	-

For the period ended December 31, 2011, the Company recorded $106,040 (2010: $nil) in share-based compensation relating to options granted.

8. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. Financial instruments

a) Financial Instruments
As at December 31, 2011, the Company's financial instruments consist of cash and cash equivalents, taxes receivable, prepaid expenses, accounts payable and accrued liabilities, and due to related parties.

b) Fair Value Measurements
IFRS 7requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1
Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2
Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3
Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair value of cash and cash equivalents are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. Taxes receivable, accounts payable and accrued liabilities, and due to related parties are measured using Level 3 inputs. As at December 31, 2011, the Company believes that the carrying values of taxes receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

c) Financial Risks

Credit Risk
The Company's credit risk is primarily attributable to receivables. The Company has no significant concentration of credit risk arising from operations. Receivables include harmonized sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to its receivables is remote.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has adequate working capital to discharge its existing financial obligations.

Market Risk
i) Interest rate risk
The Company has cash balances and no interest-bearing debt therefore, interest rate risk is minimal.

ii) Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars: therefore, foreign currency risk is minimal.

iii) Price risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

10. Non-cash transactions

The Company has recorded non-cash Investing and Financing Activities as follows:

(a) During the period ended December 31, 2011, 1,000,000 common shares valued at $155,000 were issued in consideration of the property rights for the Manalo property (Note 4);

(b) During the year ended June 30, 2011, no transactions were recorded.

11. Segmented information

The Company operates in one segment – the acquisition, exploration and development of mineral properties. As at December 31, 2011, the Company's operations and assets were in Canada and the Republic of Mali.

12. Due to Rockgate Capital Corp.

As at December 31, 2011, $nil (2010: $100,000) was due to Rockgate, the former parent company.

13. Events after the reporting period

Effective February 25, 2012, warrants to acquire 6,777,778 common shares at $0.24 per share expired without exercise.

14. First time adoption of IFRS

a) Transition elections

The Company adopted IFRS on July 1, 2011, with a transition date of July 1, 2010. Under IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities taken to retained earnings (deficit) unless certain exemptions are applied.

The Company has applied the following exemptions to its opening statement of financial position dated July 1, 2010:

(i) Share-based payments – IFRS 1 allows that full retrospective application may be avoided for certain share-based instruments depending on the grant date, vesting terms and settlement of any real liabilities. A first-time adopter can elect to not apply IFRS 2 to share-based payments granted after November 7, 2002 that vested before the later of (a) the date of transition to IFRS and (b) January 1, 2005. The Company has elected this exemption as all stock options vested before July 1, 2010, the transition date.

14. First time adoption of IFRS – (cont'd)

b) Reconciliation of assets, liabilities, equity, comprehensive income and cash flows of the Company from those reported under Canadian GAAP to IFRS

The following is a summary of the significant accounting differences considered as part of the IFRS transition. And where appropriate, the quantification of the adjustments required as of the transition date and for the comparative period.

(i) Asset impairment- Both Canadian GAAP and IFRS require an entity to undertake quantitative impairment testing where there is an indication of impairment. Further there is a requirement under IFRS for the Company to assess whether indicators of impairment exist at the date of transition to IFRS. Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if circumstances leading to the impairment no longer exist. The Company has no historic impairment charges which could be reversed as of the transition date. As at the transition date, there were no indications of impairment under IFRS identified by management, therefore no formal quantitative impairment was undertaken.

(ii) Flow-through share adjustments - Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as a deferred charge. When expenditures are renounced, a deferred tax liability is recognized and the deferred charge is reversed. The net amount is recognized as deferred tax expense. Under Canadian GAAP, no premium is recorded and the entire flow through proceeds are recorded as share capital, with no liability recorded for the premium.

With the application of IFRS requirements, as of the transition date, July 1, 2010, the Company recorded a net $793,118 increase to share capital, and a premium liability of $106,882. The same amounts affected the balances as at December 31, 2010.

To account for the flow-through placement which closed during the year ended June 30, 2011 where the funds received had not yet been expended nor renounced, as of June 30, 2011 the Company recorded a decrease in share capital of $25,000 and a premium liability of a further $25,000.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of July 1, 2010 are consistent with its GAAP estimates for the same date.

On the conversion from GAAP to IFRS, there was no significant impact to the statements of comprehensive loss and statements of cash flows for the six months ended December 31, 2010, and the year ended June 30, 2011.

The reconciliation between the Canadian generally accepted accounting principles ("GAAP") and IFRS consolidated balance sheets as at July 1, 2010 (date of transition to IFRS) is provided below:

Transitional Statements of Financial Position Reconciliation				
			July 1, 2010	
	Note 14	Cdn GAAP $	*Effect of IFRS transition*	IFRS $
ASSETS				
Current assets				
Cash and cash equivalents		9,021	-	9,021
Receivables		6,608	-	6,608
Prepaid expenses		48,080	-	48,080
Total current assets		63,709	-	63,709
Non-current assets				
Exploration and evaluation assets		163,500	-	163,500
Reclamation bonds		150,000	-	150,000
Total non-current assets		313,500	-	313,500
Total assets		377,209	-	377,209
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		17,824	-	17,824
Due to related parties		129,664	-	129,664
Due to Rockgate Capital Corp.		100,000	-	100,000
Site restoration obligation		20,000	-	20,000
Deferred premium on flow through shares	(b)(ii)	-	106,882	106,882
Total liabilities		267,488	106,882	374,370
Shareholders' equity				
Share capital	(b)(ii)	5,060,893	793,118	5,854,011
Contributed surplus		403,801	-	403,801
Deficit	(b)(ii)	(5,354,973)	(900,000)	(6,254,973)
Total shareholders' equity		109,721	(106,882)	2,839
		377,209	-	377,209

The reconciliation between the Canadian generally GAAP and IFRS consolidated balance sheets as at December 31, 2010 is provided below:

Transitional Statements of Financial Position Reconciliation				
		December 31, 2010		
	Note 14	Cdn GAAP $	*Effect of IFRS transition*	IFRS $
ASSETS				
Current assets				
Cash and cash equivalents		23,012	-	23,012
Receivables		17,760	-	17,760
Prepaid expenses		40,998	-	40,998
Total current assets		81,770	-	81,770
Non-current assets				
Exploration and evaluation assets		163,500	-	163,500
Reclamation bonds		150,000	-	150,000
Total non-current assets		313,500	-	313,500
Total assets		395,270	-	395,270
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		32,772	-	32,772
Due to related parties		430,485	-	430,485
Due to Rockgate Capital Corp.		100,000	-	100,000
Site restoration obligation		20,000	-	20,000
Deferred premium on flow through shares	(b)(ii)	-	106,882	106,882
Total liabilities		583,257	106,882	690,139
Shareholders' equity				
Share capital	(b)(ii)	5,060,893	793,118	5,854,011
Contributed surplus		403,801	-	403,801
Deficit	(b)(ii)	(5,652,681)	(900,000)	(6,552,681)
Total shareholders' equity		(187,987)	(106,882)	(294,869)
		395,270	-	395,270

The reconciliation between the Canadian generally GAAP and IFRS consolidated balance sheets as at June 30, 2011 is provided below:

Transitional Statements of Financial Position Reconciliation				
			June 30, 2011	
	Note 14	Cdn GAAP $	*Effect of IFRS transition*	IFRS $
ASSETS				
Current assets				
Cash and cash equivalents		631,524	-	631,524
Receivables		28,280	-	28,280
Prepaid expenses		187,399	-	187,399
Total current assets		847,183	-	847,183
Non-current assets				
Exploration and evaluation assets		163,500	-	163,500
Reclamation bonds		150,000	-	150,000
Total non-current assets		313,500	-	313,500
Total assets		1,160,683	-	1,160,683
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		16,214	-	16,214
Due to related parties		312,850	-	312,850
Due to Rockgate Capital Corp.		-	-	-
Site restoration obligation		20,000	-	20,000
Deferred premium on flow through shares	(b)(ii)	-	131,882	131,882
Total liabilities		349,064	131,882	480,946
Shareholders' equity				
Share capital	(b)(ii)	6,289,668	768,118	7,057,786
Contributed surplus		530,064	-	530,064
Deficit	(b)(ii)	(6,008,113)	(900,000)	(6,908,113)
Total shareholders' equity		811,619	(131,882)	679,737
		1,160,683	-	1,160,683