BAMA GOLD CORP.

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

For the six months ended December 31, 2012

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.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2012 $	June 30, 2012 $
ASSETS			
Current assets			
Cash and cash equivalents		471,446	712,878
Taxes receivable		28,871	29,505
Prepaid expenses		4,951	10,892
Total current assets		505,268	753,275
Non-current assets			
Exploration and evaluation assets	*4*	527,625	527,625
Total assets		1,032,893	1,280,900
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		11,771	15,352
Due to related parties	*5*	99,400	114,400
Due to Rockgate Capital Corp.	*5,11*	456,486	346,078
Total liabilities		567,657	475,830
SHAREHOLDERS' EQUITY			
Share capital	*6*	8,183,326	8,183,326
Contributed surplus	*6*	629,554	629,554
Deficit		(8,347,644)	(8,007,810)
Total shareholders' equity		465,236	805,070
Total liabilities and equity		1,032,893	1,280,900

Nature and continuance of operations (Note 1)
Events after the reporting period (Note 12)

APPROVED BY THE DIRECTORS:

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

Signed: ***"Douglas E. Ford"***
Director

The accompanying notes form an integral part of these financial statements

BAMA GOLD CORP.
Condensed Interim Statement of Comprehensive Loss
(Expressed in Canadian Dollars)

		Three months ended December 31		Six months ended December 31	
		2012	**2011**	**2012**	**2011**
		$	$	$	$
	Notes				
Expenses					
Exploration expenses	***4,5***	60,115	125,096	109,217	373,136
General and administrative	***5***	14,172	17,488	26,822	25,640
Insurance		2,971	2,500	5,941	5,000
Management fees	***5***	90,000	90,000	180,000	180,000
Professional fees		9,556	24,461	14,048	29,496
Share-based compensation	***6(e)***	-	-	-	106,040
Transfer agent and regulatory fees		1,743	11,272	2,988	13,451
Travel		-	-	3,155	-
Loss before other items		(178,557)	(270,817)	(342,171)	(732,763)
Interest income		992	2,429	2,337	3,352
Reclamation cost recovery	***4***	-	-	-	20,000
Net loss and comprehensive loss for the period		(177,565)	(268,388)	(339,834)	(709,411)
Loss per common share - basic and diluted		(0.01)	(0.02)	(0.02)	(0.05)
Weighted average number of common shares outstanding - basic and diluted		21,726,111	17,796,160	21,726,111	15,247,247

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

BAMA GOLD CORP.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)

		Three months ended December 31		Six months ended December 31	
		2012	**2011**	**2012**	**2011**
		$	$	$	$
	Notes				
OPERATING ACTIVITIES					
Net loss for the period		(177,565)	(268,388)	(339,834)	(709,411)
Items not affecting cash					
Reclamation cost recovery		-	-	-	(20,000)
Share based compensation		-	-	-	106,040
		-	(268,388)	-	86,040
Changes in non-cash working capital items:					
Taxes receivable and prepaids		3,337	32,024	6,575	189,270
Accounts payable and accrued liabilities		38,059	72,280	91,827	75,719
Cash used in operating activities		(136,169)	(164,084)	(241,432)	(358,382)
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		-	988,974	-	988,874
Cash used in financing activities		-	988,874	-	988,874
Total increase (decrease) in cash during the period		(136,169)	574,790	241,432	530,492
Cash and cash equivalents, beginning of period		607,615	587,226	712,878	631,524
Cash and cash equivalents, end of period		471,446	1,162,016	471,446	1,162,016
Cash and cash equivalents comprised of:					
Cash		221,946	912,516	221,946	912,516
Short-term deposits		249,500	249,500	249,500	249,500
Cash paid for:					
Interest		-	-	-	-
Income taxes		-	-	-	-
Cash received for:					
Interest		992	2,429	2,337	3,352
Significant non-cash transactions	***9***				

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

BAMA GOLD CORP.
Condensed Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
For the six months ended December 31, 2012 and 2011

	Notes	Number of shares	Share capital	Contributed surplus	Deficit	Total
			$	$	$	$
Balance at June 30, 2011		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		-	(36,126)	-	-	(36,126)
Balance at December 31, 2011		21,698,334	8,176,660	636,104	(7,617,523)	1,195,241
Balance at June 30, 2012		21,726,111	8,183,326	629,554	(8,007,810)	805,070
Loss for the period		-	-	-	(339,834)	(339,834)
Balance at December 31, 2012		**21,726,111**	**8,183,326**	**629,554**	**(8,347,644)**	**465,236**

The accompanying notes form an integral part of these financial statements

1. Nature and continuance of operations

Bama Gold Corp. (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 registered 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, 2012, the Company and had accumulated a deficit of $8,347,644 (2011 - $7,617,523) 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.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of presentation

a) Statement of Compliance
These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended June 30, 2012. The accounting policies applied in these unaudited condensed interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of February 28, 2013, the date the Board of Directors approved these unaudited condensed interim financial statements and they are consistent with those disclosed in note 3 of the annual financial statements.

b) Basis of Measurement
These 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) Estimates, Assumptions and Measurement Uncertainty
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant. Significant areas requiring the use of management estimates relate to the determination of deferred income tax assets and liabilities, the determination of impairment of assets, provisions, estimates of useful lives, and assumptions used in valuing options in share-based compensation calculations.

3. Significant accounting policies – (cont'd)

b) New and future accounting changes
New accounting standards issued but not yet effective - Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2011, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

(i) New accounting standards effective January 1, 2013

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(i) New accounting standards effective January 1, 2015

IFRS 9 Financial Instruments - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2015 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 consolidated financial statements or whether to early adopt any of the new requirements.

4. Mineral properties

	Turner Lake Property	Manalo Property	Total
	$	$	$
December 31, 2012			
Mineral properties, beginning of the period	122,625	405,000	527,625
Acquisition costs capitalized during the period	-	-	-
Impairment	-	-	-
Mineral properties, end of the period	122,625	405,000	527,625
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

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 (“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 $2,462,717 (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 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.

During the year ended June 30, 2012, the Company was unable to verify its title in one of the four claims comprising the Turner Lake property. As a result, the Company recorded an impairment loss of $40,875.

4. Mineral properties – (cont'd)

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 year 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 during fiscal 2010.

As at December 31, 2011, the Company has restored the site, eliminated its site restoration obligation and recovered the amount of $20,000 originally recognized during fiscal 2010.

Exploration and Development expenditures for the period ended December 31, 2012 are as follows:

	Turner Lake Property $	Manalo Property $	Total $
Assays	-	-	-
Camp supplies and field costs	-	61,846	61,846
Consultants	-	9,929	9,929
Drilling	-	703	703
Geological	-	9,177	9,177
Government fees	-	8,713	8,713
Office and administration	-	18,849	18,849
Travel	-	-	-
December 31, 2012	-	109,217	109,217

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
Travel	116,550	-	116,550
December 31, 2011	283,136	90,000	373,136

5. Related party transactions and balances

Related party transactions were in the normal course of business and have been recorded at the exchange amount which is the fair value agreed to between the parties. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

During the periods ended December 31, 2012 and 2011, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	Nature of transaction
Pacific Equity Management Corp. ("PEMC")	Management fees for services provided by CEO, CFO VP Corporate Development, VP Finance, Accountant, Secretary, Administrator and all support staff.
Geocon Enterprises Inc. ("Geocon")	Consulting fees for the services provided by Lorne Warner as VP Exploration.
Contact Financial Corp. ("CFC")	Rent and shared office expenses.
Rockgate Capital Corp. ("Rockgate")	A TSX listed company with common directors

Due to related parties include the following amounts:

	December 31, 2012	December 31, 2011
	$	$
PEMC	nil	213,450
Geocon	99,400	99,400
Rockgate	456,486	nil
	555,886	312,850

For the period ended December 31, 2012, the Company paid $15,000 (2011: $15,000) for rent and office services to CFC, a company controlled by an officer of the Company and in which a second officer and director of the Company is a significant shareholder. Pursuant to a rental agreement, the Company is required to pay $2,500 per month and the agreement can be terminated by either party with six months' notice.

For the period ended December 31, 2012, the Company paid a total of $180,000 (2011: $180,000) to PEMC, a company controlled by officers of the Company for management services. Pursuant to a Management Services Agreement, the Company is required to pay $30,000 per month, and the agreement can be terminated by either party with six months' notice.

Included in exploration and drilling expense is $nil (2011: $7,800) paid to Geocon, a company controlled by a former officer and director of the Company for geological services. During 2011, the consulting agreement related to these services was terminated.

Included in exploration and drilling expense is $109,217 (2011: $90,000) accrued and payable to Rockgate, a company with common directors for the recovery of expenses pertaining to the Manalo option.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personal for the years ended December 31, 2012 and 2011 are as follows:

	December 31	
	2012	2011
Share-based compensation	$ -	$ 90,675

6. Share capital and contributed surplus

a) Authorized:
Unlimited common shares without par value

b) Issued common shares: Refer to Statement of Changes in Equity

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.

c) Private placements

During the year ended June 30, 2012, 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 and the Company incurred additional issuance costs of $15,801 for the private placement.

d) Warrants:

Warrant transactions are summarized as follows:

	Warrants	Weighted Average Exercise Price $
Balance,June 30, 2011	6,805,555	0.24
Issued	8,000,000	0.165
Exercised	(27,777)	0.24
Expired	(6,777,778)	0.24
Balance June 30, 2012	8,000,000	0.165
Expired	(8,000,000)	0.165
Balance December 31, 2012	-	-

e) 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.

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

e) Options – (cont'd)

	Options	Weighted Average Exercise Price
		$
Balance, June 30, 2011	580,000	0.24
Granted	690,000	0.17
Terminated	(96,000)	0.24
Balance, June 30 and December 31, 2012	1,174,000	$0.20

As at December 31, 2012, the following stock options were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (in years)
484,000	$0.24	January 17, 2016	3.05
690,000	$0.17	September 27, 2016	3.74

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 3.46 years.

f) Contributed surplus

As at June 30 and December 31, 2012, the balance was $629,554 (2011: $636,104).

7. Capital management

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a qualifying transaction, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity.

As at December 31, 2012, the Company had capital resources consisting of cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be insufficient to carry on its planned operations.

8. Financial instruments, fair value measurement and risk

a) Financial Instruments

As at December 31, 2012, the Company's financial instruments consist of cash and cash equivalents, taxes receivable, accounts payable and accrued liabilities, due to related parties, and due to Rockgate Capital Corp. The fair values of these financial instruments approximate their carrying values because of their short-term nature.

8. Financial instruments, fair value measurement and risk – (cont'd)

b) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

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. As at December 31, 2012, the Company believes that the carrying values of taxes receivable and accounts payable and accrued liabilities, due to related parties, and due to Rockgate Capital Corp. approximate their fair values because of their nature and relatively short maturity dates or durations.

c) Financial Risks

(i) Credit Risk
Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is $500,318 (2011 - $1,818,936) consisting of cash and cash equivalents and taxes receivable. The Company limits its exposure to credit loss for cash and cash equivalents by placing such instruments with high credit quality financial institutions. The values of these instruments may exceed amounts insured by an agency of the government of Canada. Accounts receivable include harmonized sales tax receivable from an agency of the government of Canada. In management's opinion, the Company's credit risk related to cash and cash equivalents, accounts receivable and exploration advances is minimal.

(ii) Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at December 31, 2012, the Company had a working capital deficit of $(62,388) (June 30, 2012 year-end surplus of $277,445). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2012, the Company has inadequate working capital to discharge its existing financial obligations.

(iii) Interest Rate Risk
The Company is subject to interest rate risk as its cash equivalents bear interest at fixed rates. In management's opinion, the Company's interest rate risk is minimal as its cash equivalents may be redeemed upon demand without significant penalty.

(iv) Foreign Currency Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risk are primarily those cash and cash equivalents and receivables and prepaids that are held in foreign currencies, offset by those accounts payable denominated in foreign currencies. The Company raises funds in Canadian dollars and primarily spends funds in Canadian dollars, US dollars, Euros, and West African CFA Franc. The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the Canadian dollar. In order to reduce the Company's exposure to currency risk, the Company periodically increases or decreases the amount of funds held in foreign currencies.

9. Non-cash transactions

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

(a) During the year ended June 30, 2012, 1,000,000 common shares valued at $155,000 were issued in consideration of the property rights for the Manalo property (Note 4);

10. Segmented information

The Company operates in one segment – the acquisition, exploration and development of mineral properties. As at December 31, 2012, the Company's operations and assets were in Canada and the Republic of Mali.

11. Due to Rockgate Capital Corp.

As at December 31, 2012, $456,486 (2011: $nil) was due to Rockgate, the former parent company. The amount is non-interest bearing and has no specific terms of repayment.

12. Events after the reporting period

None to report.