



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)

For the period ended April 30, 2012

UNAUDITED

**NOTE TO READER**

The accompanying unaudited condensed interim financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

## STATEMENT OF FINANCIAL POSITION

	April 30, 2012	January 31, 2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash (Note 5)	\$ 1,251,863	\$ 756,374
Short term investments	46,000	-
Receivables	75,232	46,729
Prepaid expenses and deposits	201,531	87,172
	<u>1,574,627</u>	<u>890,275</u>
<b>Non-current Assets</b>		
Fixed assets	\$ 39,412	\$ 2,498
Deferred financing cost	-	31,013
Exploration and evaluation assets (Note 6)	939,714	282,622
	<u>939,714</u>	<u>282,622</u>
<b>Total assets</b>	<u>\$ 2,553,752</u>	<u>\$ 1,206,408</u>
<b>Liabilities and shareholders' equity</b>		
<b>Current Liabilities</b>		
Trade and other payables	\$ 34,726	\$ 71,504
<b>Total current liabilities</b>	<u>34,726</u>	<u>71,504</u>
<b>Total liabilities</b>	<u>34,726</u>	<u>71,504</u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	\$ 3,601,506	\$ 1,818,660
Reserve for share based payments	605,400	557,400
Accumulated deficit	(1,687,880)	(1,241,156)
<b>Total shareholders' equity</b>	<u>2,519,026</u>	<u>1,134,904</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 2,553,752</u>	<u>\$ 1,206,408</u>

### Events after the reporting period (Note 13)

"Douglas MacQuarrie"                      "Jagtar Sandhu"

Signed on behalf of the Board of Directors

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

## STATEMENT OF COMPREHENSIVE LOSS/INCOME

	April 30, 2012	
<b>Interest and other income</b>		<u>\$ -</u>
<b>Expenses</b>		
Advertising	22,523	
Amortization	-	
Directors' fees	6,000	
Foreign exchange (gain)/loss	7,527	
Stock based compensation (Note 8)	48,000	
Management and consulting fees (Note 10)	72,107	
Professional services	96,688	
Shareholder communications (Note 10)	74,479	
Transfer agent and regulatory fees	49,728	
Travel	28,889	
General office	40,784	446,724
		<u>446,724</u>
<b>Net loss</b>		<u>446,724</u>
<b>Loss after income tax</b>		<u>446,724</u>
<b>Other comprehensive income, net of tax</b>		
<b>Total comprehensive loss for the period</b>		<u>446,724</u>
<b>Loss per common share, basic and diluted (Note 12)</b>		<u>\$ 0.024</u>

Note: There is no prior year comparative period.

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

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Deficit	Reserve for share based payments	Total
<b>Balance at May 4, 2011</b>	\$ -	\$ -	\$ -	\$ -
Loss for the period		(1,241,156)		(1,241,156)
Reserve for share based compensation		-	557,400	557,400
Share capital issued (Note 7)	1,865,250	-	-	1,865,250
Share issuance costs	(46,590)		-	(46,590)
<b>Balance at January 31, 2012</b>	<b>\$ 1,818,660</b>	<b>\$ (1,241,156)</b>	<b>\$ 557,400</b>	<b>\$ 1,134,904</b>
Loss for the period		(446,724)		(446,724)
Reserve for share based compensation			48,000	48,000
Share capital issued	2,075,000			2,075,000
Share issuance costs	(292,154)			(292,154)
<b>Balance at April 30, 2012</b>	<b>\$ 3,601,506</b>	<b>\$ (1,687,880)</b>	<b>\$ 605,400</b>	<b>\$ 2,519,026</b>

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

## STATEMENT OF CASH FLOWS

April 30, 2012

### Cash flows from operating activities

Loss for the period	\$	(446,724)
Items not affecting cash:		
Amortization		-
Stock based compensation		48,000
Changes in non-cash working capital balances:		
Prepaid expenses		(114,359)
Receivables		(28,503)
Trade and other payables		(36,778)
<b>Total cash inflows from operating activities</b>	<b>\$</b>	<b>(578,365)</b>

### Cash flows from investing activities

Short term investments		(46,000)
Investment in exploration and evaluation assets		(657,092)
Property and equipment		(36,913)
<b>Total cash (outflows) from investing activities</b>	<b>\$</b>	<b>(740,005)</b>

### Cash flows from financing activities

Proceeds from share issuance, net of share issue costs	\$	1,782,846
Deferred financing costs		31,013

<b>Total cash inflows from financing activities</b>	<b>\$</b>	<b>1,813,859</b>
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<b>Total increase in cash during the period</b>	<b>\$</b>	<b>495,489</b>
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<b>Cash and cash equivalents at beginning of period (Note 5)</b>		<b>756,374</b>
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<b>Cash and cash equivalents at end of period (Note 5)</b>	<b>\$</b>	<b>1,251,863</b>
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The accompanying notes form an integral part of these interim financial statements

<b>Interest paid</b>	<b>\$</b>	<b>-</b>
<b>Income taxes paid</b>	<b>\$</b>	<b>-</b>

## 1. CORPORATE INFORMATION

Asante Gold Corporation's business activity is the exploration and evaluation of mineral properties in Ghana, West Africa. Asante Gold Corporation (the "Company") was incorporated under the Canada Business Corporations Act on May 4, 2011, and has continued as a company under the Business Corporations Act of British Columbia. The Company listed on the TSX Venture Exchange on February 28, 2012 under the symbol "ASE" and is in the process of exploring its mineral properties.

The address of the Company's corporate office and principal place of business is Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 Canada.

## 2. BASIS OF PREPARATION

### a) Statement of Compliance

These financial statements have been prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements were authorized for issue by the Board of Directors on June 26, 2012.

### b) Basis of Measurement

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of \$446,724 during the three months ended April 30, 2012 and, as of that date the Company's deficit was \$1,687,880. The Company intends to raise further financing through equity issues.

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so, there is no assurance it will be able to do so in the future. These material uncertainties raises substantial doubt about the Company's ability to continue as a going concern, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

#### b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Currently the Company holds only cash.

#### c) Mineral Exploration and Evaluation Expenditures

##### Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

##### Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

#### d) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken at least annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent reverses gains previously recognized in other comprehensive loss/income.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### e) Financial Instruments

##### Financial Assets

Financial assets are classified into the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

##### Financial assets 'at fair value through profit and loss' (FVTPL)

FVTPL assets are initially measured at fair value without transaction costs, and subsequent gain or loss is recognized in profit and loss.

##### Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

##### Available-For-Sale Investments

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

##### Held to Maturity Investments

Held-to-maturity investments are measured at amortized cost.

##### Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

##### Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

f) **Provisions**

**Rehabilitation Provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by its exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

**Other Provisions**

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

g) **Income Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

h) **Share Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Earnings / Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

#### i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in reserve for share based payment, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserve for share based payment is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

#### j) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after August 1, 2011 or later periods.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will not have an effect on the Company's future results and financial position:

- IFRS 1: Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12 (Effective for periods beginning on or after January 1, 2012)
- Amendments to IFRS 9: Financial Instruments (Effective for periods beginning on or after January 1, 2013).

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Asante Gold Corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

#### i) Rehabilitation Provisions

No rehabilitation provisions have been created based on Asante Gold Corporation's activity to date. Ongoing assumptions, based on the current economic environment, will be made on a basis which management believes are reasonable upon which to estimate the future liability. These estimates will take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs, if any, will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

#### ii) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

iii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iv) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

#### 5. CASH

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

#### 6. EXPLORATION AND EVALUATION ASSETS

	Property:	
	Fahiakoba	Total
Balance at January 31, 2012	\$ 282,622	\$ 282,622
Property acquisition	-	-
Assaying, testing and analysis	-	-
Geology and geophysics	62,692	62,692
Drilling	511,047	511,047
General and administrative	83,352	83,352
Write-off of unsuccessful exploration expenditure	-	-
Balance at April 30, 2012	\$ 939,714	\$ 939,714

## 6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

On June 15, 2011, the Company entered into the Purchase Agreement with Goknet Mining Company Limited (“Goknet”) to acquire the Fahiakoba Concession, in the Ashanti and Central Regions in the Republic of Ghana, whereby the Company acquired a 100% interest in the Fahiakoba Concession (subject to a royalty interest) by paying Goknet the sum of US\$51,976 (C\$50,630) (paid July 12, 2011) and by agreeing to expend US\$1,000,000 over a five year period, of which \$939,714 has been incurred to date. In the event that the Company sells its interest in the Fahiakoba Concession within two years from June 15, 2011, it must pay Goknet a sum, in cash, equal to 10% of the sale price. The Company also granted Goknet a 3% net smelter return royalty on production from the Fahiakoba Concession.

The impairment assessment of exploration and evaluation assets resulted in no amounts being written off the Company’s properties.

## 7. SHARE CAPITAL AND RESERVES

### a) Common Shares

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares will be entitled to receive dividends which will be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company’s residual assets.

The following is a summary of changes in common share capital from incorporation to April 30, 2012:

	Number of shares	Issue Price	Amount
<b>Balance at May 4, 2011</b>	-	\$	-
Shares issued via private placement	2,325,000	\$ 0.01	23,250
Shares issued via private placement	7,835,000	\$ 0.05	391,750
Shares issued via private placement	5,608,000	\$ 0.25	1,402,000
Shares issued via private placement	193,000	\$ 0.25	48,250
Share issue costs			(46,590)
<b>Balance at January 31, 2012</b>	<b>15,961,000</b>	<b>\$</b>	<b>1,818,660</b>
Shares issued via IPO	4,150,000	\$ 0.50	2,075,000
Share issue costs			(217,154)
<b>Balance at April 30, 2012</b>	<b>20,111,000</b>	<b>\$</b>	<b>3,676,506</b>

From incorporation to the period ended April 30, 2012 the following stock transactions occurred:

On June 10, 2011 pursuant to a non-brokered private placement, the Company issued 2,325,000 shares at a per share value of \$0.01 for gross proceeds of \$23,250. The fair value of the 2,325,000 common shares was determined to be \$116,250 and therefore \$93,000 of stock based compensation was expensed during the period ended October 31, 2011. \$nil finder’s fees were paid; and \$nil warrants were issued as finder’s fees. On June 10, 2011 pursuant to a non-brokered private placement, the Company issued 7,835,000 units at a per unit value of \$0.05 for gross proceeds of \$391,750. Each unit is comprised of one share and one share purchase warrant exercisable for two years at \$0.25. \$nil finders’ fees were paid, and nil warrants were issued as finders’ fees.

## 7. SHARE CAPITAL AND RESERVES (CONTINUED)

On August 31, 2011 the Company closed a non-brokered private placement for total gross proceeds of \$1,402,000 consisting of 5,608,000 shares; 294,600 brokers' warrants exercisable at \$0.25 and expiring February 29, 2013 were issued in connection with this private placement. Finder's fees totaled \$44,190.

On September 14, 2011 the Company closed a non-brokered private placement for total proceeds of \$48,250 consisting of 193,000 shares; 16,000 brokers' warrants exercisable at \$0.25 and expiring March 14, 2013 were issued in connection with this private placement. Finder's fees totaled \$2,400.

On October 24, 2011 the Company granted 1,340,000 options exercisable at \$0.75 for a period of 5 years.

On February 28, 2012 upon completion of the Company's IPO a total of 4,000,000 units were issued at a per unit value of \$0.50 for gross proceeds of \$2,000,000. Each unit is comprised of one share and one half of one share purchase warrant. Each full warrant is exercisable for two years at \$0.70. Additionally issued were 150,000 broker compensation shares and 300,000 brokers warrants exercisable at \$0.50. Finder's Fees, Brokers Compensation Shares and share issuance costs totaled \$292,154.

Pursuant so TSX-V requirements, shares and warrants held by insiders prior to the IPO became subject to escrow. A total of 5,285,000 shares and 2,700,000 warrants were initially placed into escrow, of which 528,500 shares and 270,000 warrants were released with effect from February 28, 2012, and 4,756,500 shares and 2,430,000 warrants remain in escrow as at April 30, 2012. The next release from escrow takes place on August 28, 2012.

### b) Share-based Payments

The following is a summary of share based payments from May 4, 2011 to April 30, 2012:

Opening balance May 4, 2011	\$ -
Founders Shares	\$ 93,000
Share Options	\$ 464,400
Balance January 31, 2012	\$ 557,400
Share Options April 2012	48,000
Contributed Surplus April 30, 2012	<u>\$ 605,400</u>

### c) Share Purchase Warrants

The following is a summary of warrants issued to April 30, 2012 together with exercise conditions:

	Total Number of Warrants	Number of warrants	Exercise price	Expiry
<b>Balance at May 4, 2011</b>	-			
Issue of warrants	8,145,600			
Exercised warrants	-	7,835,000	\$ 0.25	10-Jun-13
<b>Balance January 31, 2012</b>	<u>8,145,600</u>	294,600	\$ 0.25	28-Feb-13
		16,000	\$ 0.25	14-Mar-13
Issue of warrants	2,300,000	2,000,000	\$ 0.70	27-Feb-14
Exercised warrants	-	300,000	\$ 0.50	27-Feb-14
<b>Balance April 30, 2012</b>	<u>10,445,600</u>	<u>10,445,600</u>		

## 7. SHARE CAPITAL AND RESERVES (CONTINUED)

### d) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet reflect 'Reserves for Share Based Payments'. 'Reserves for Share Based Payments' is used to recognize the value of shares, stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

## 8. SHARE BASED PAYMENTS

### a) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant less any discount allowable under TSX rules, at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. In accordance with the Plan, options vest immediately upon grant; with the exception of personnel working in Investor Relations whose options vest at 25% upon grant and 25% every three months thereafter until all options are fully vested.

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Period			Closing Balance	Vested and Exercisable	Unvested
				Granted	Exercised	Forfeited			
24/10/2011	24/10/2016	\$ 0.75	1,350,000	-	-	-	1,350,000	-	
03/04/2012	03/04/2017	\$ 0.75	-	200,000	-	-	200,000	-	
			1,350,000	200,000	-	-	200,000	1,550,000	
Weighted Average Exercise Price			\$ 0.75	\$ 0.75	\$ -	\$ -	\$ -	\$ 0.75	\$ -

During the three months ended April 30, 2012, 200,000 options were granted with a fair value of \$0.24 per option. The fair value of each option granted is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

Number of options	200,000
Estimated life	5 years
Share price at date of grant	\$0.37
Option exercise price	\$0.75
Risk free interest rate	1.11%
Estimated annual volatility	100%
Option fair value	\$0.24
Fair value of compensation granted during period	\$48,000



## 8. SHARE BASED PAYMENTS (CONTINUED)

### b) Fair Value Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

#### Options Issued to Non-Employees

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## 9. FINANCIAL INSTRUMENTS

### (a) Disclosures:

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and due to related parties.

The carrying values of cash, accounts payable and accrued liabilities and due to related parties approximate their respective fair values due to the short-term nature of these instruments. All financial instruments carried at fair value at April 30, 2012 were determined using Level 1 inputs.

### (b) Financial instrument risk exposure and risk management:

#### (i) Credit risk:

Credit risk is the unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. With very limited receivables and cash on deposit with sound financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

#### (ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity improved significantly during the year. As at April 30, 2012, the Company had current liabilities totaling \$34,726 and cash reserves of \$1,251,863.

#### (iii) Market risk:

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters.

The Company does not use derivative instruments to reduce its exposure to market risks.

#### (iv) Currency risk:

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. At April 30, 2012, cash and cash equivalents net of accrued liabilities included 15,097 United States Dollars and accounts payable of Euro 350. If the Canadian Dollar had weakened (strengthened) against these currencies with all other variables constant, the comprehensive loss would have been \$1,555 higher (lower).

## 9. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Interest rate risk:  
The Company has no interest bearing debt as of April 30, 2012.

(vi) Other risk:  
As substantially all of the Company's exploration activities are conducted in Ghana, the Company is subject to different considerations and other risks not typically associated with companies operating in North America. These risks relate primarily to those typically associated with developing nations, and include a greater political risk, changes in government's ownership interest, sovereign risk, less developed infrastructure, and greater currency and inflation volatility.

(c) Capital management

The Company includes cash and equity, comprising of issued common shares, share based payment reserve, accumulated other comprehensive income (loss) and deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

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 and exploration 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 and consultants to sustain future development of the business.

The Company's properties are in the exploration stage and as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds required.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. The Company is not subject to any external covenants.

## 10. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the period:

### a) Management Fees

Management fees of \$45,000 incurred in connection with day-to-day management and general corporate matters were paid to a consulting firm owned by a director of the Company. At April 30, 2012, \$nil was owing to this consulting firm.

Corporate development fees of \$22,500 incurred in connection with the general corporate matters were paid to a consulting firm owned by a director of the Company. At April 30, 2012, \$nil was owing to this consulting firm.

Consulting fees of \$22,500 charged by an officer of the Company.

Deferred acquisition/exploration costs and expenses of \$100,295 charged by a firm with a common director of the Company.

## 10. RELATED PARTY TRANSACTIONS (CONTINUED)

### b) Key Management Compensation

Key management personnel are engaged as consultants and are recorded in notes above.

<u>Key Management Compensation</u>	<u>April 30, 2012</u>
Directors and officers fees:	
Douglas MacQuarrie	\$ 45,000
Jagtar Sandhu	22,500
Philip Gibbs	22,500
Directors fees:	
Florian Riedl-Riedenstein	3,000
Mark Holcombe	3,000
	<u>\$ 96,000</u>

### c) Property Acquisition

Fees of \$50,630 for the acquisition at cost of the Fahiakoba property were paid to a firm with a common director of the Company in the period ended January 31, 2012. At period end April 30, 2012 \$Nil was owed to the firm.

These transactions have been entered into in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties. Amounts due to and from related parties have no fixed terms of repayment, are unsecured, and are non-interest bearing.

## 11. SEGMENTAL REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

## 12. LOSS PER SHARE

<u>Weighted Average Number of Common Shares</u>	<u>April 30, 2012</u>
Issued common shares	<u>20,111,000</u>
Weighted average number of common shares (basic and diluted)	<u>18,819,889</u>

The loss per common share, basic and diluted, is \$0.024

### 13. EVENTS AFTER THE REPORTING DATE

On May 22, 2012 the Company announced that drilling to test widely spaced geophysical targets on the Fahiakoba concession in Ghana confirmed the presence of anomalous to highly anomalous gold mineralization. These targets are generally on strike with mineralization noted at Perseus Mining's (TSX: PRU) Edikan mine, which is adjacent and to the southwest of the concession. Partial results from 4 of the 14 diamond drill holes (2,437 metres) completed since March 2012 were received, with an additional 280 sample results pending. Drill holes FAH12-001, 2, 3 and 5 were drilled in the area of a small scale alluvial pit where a previous grab sample in saprolite gave 2.05 g/t Au. Drilling under the pit gave long intersections of quartz stockwork in a quartz-rich greywacke. Visible gold was noted in drill hole FAH12-005 0.50 metres @ 289.50 g/t Au at a down hole depth of 201.8 metres, associated with strong pyrite mineralization in siltstone /greywacke. The gold is coarse, occurs as both free gold in the quartz and interstitial in the pyrite, and appears related to late stage (D4?) foliation as noted at many West African gold deposits. In addition, 1.0 metre grading 7.34 g/t Au was noted in drill hole FAH12-003 at depths of 41.3metres. Programs of fixed source VLF EM and additional soil sampling/auger drilling are currently underway to further evaluate the area of the discovery in FAH12-005. Completion of the budgeted 5,000 metre drill program is expected to resume once the additional submitted samples have been received and the ground work completed.