



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

For the three and nine months ended October 31, 2013 and 2012

Unaudited

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2013  
UNAUDITED

## STATEMENTS OF FINANCIAL POSITION

	October 31, 2013	January 31, 2013
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 4,146	\$ 28,550
Short term investments	-	46,000
Receivables	11,371	30,054
Prepaid expenses and deposits	19,730	89,175
	35,247	193,779
<b>Non-current Assets</b>		
Fixed assets	78,602	87,864
Exploration and evaluation assets (Note 5)	2,463,182	2,069,709
<b>Total Assets</b>	\$ 2,577,031	\$ 2,351,352
<b>Liabilities and shareholders' equity</b>		
<b>Current Liabilities</b>		
Trade and other payables	\$ 402,813	\$ 229,057
Short term loan	315,000	-
<b>Total current liabilities</b>	717,813	229,057
<b>Shareholders' equity</b>		
Share capital (Note 6)	4,115,129	3,872,629
Reserve for share based payments	684,278	684,278
Cumulative translation reserve	89,675	(26)
Accumulated deficit	(3,029,864)	(2,434,586)
<b>Total shareholders' equity</b>	1,859,218	2,122,295
<b>Total liabilities and shareholders' equity</b>	\$ 2,577,031	\$ 2,351,352

Events after the reporting period (Note 12)

*"Douglas MacQuarrie & Jagtar Sandhu"*

Signed on behalf of the Board of Directors

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
Expressed in Canadian Dollars  
For the three and nine months ended October 31, 2013  
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## STATEMENTS OF COMPREHENSIVE LOSS/INCOME

	For the Three and Nine months ended Oct 31,			
	Nine months		Three months	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$	\$	\$	\$
Expenses				
Amortization	581	462	184	462
Directors' fees (Note 9)	27,000	18,000	9,000	6,000
Foreign exchange (gain)/loss	4,406	6,808	4,395	(63)
Stock based compensation (Note 7)	-	48,000	-	-
Management and consulting fees (Note 9)	164,830	190,619	52,830	61,512
Professional services	123,248	202,282	35,687	55,688
Shareholder communications (Note 9)	143,793	118,154	38,084	(513)
Advertising, trade shows and promotions	-	72,757	-	49,191
Transfer agent and regulatory fees	12,271	55,755	1,395	1,355
Travel	34,753	60,827	8,751	20,741
General office	84,832	97,943	25,132	32,982
Interest received	(435)	-	-	-
<b>Net loss for the period</b>	<b>595,278</b>	<b>871,607</b>	<b>175,457</b>	<b>227,355</b>
<b>Other comprehensive loss</b>				
Currency translation adjustment	(89,701)	(6,876)	(31,989)	2,908
<b>Total comprehensive loss for the period</b>	<b>\$ 505,577</b>	<b>\$ 864,731</b>	<b>\$ 143,468</b>	<b>\$ 230,263</b>
<b>Loss per common share, basic and diluted (Note 11)</b>	<b>\$ 0.02</b>	<b>\$ 0.044</b>	<b>\$ 0.01</b>	<b>\$ 0.09</b>

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**STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Accumulated Deficit	Reserve for share based payments	Reserve for warrants	Cumulative translation reserve	Total
<b>Balance - January 31, 2013</b>	\$ 3,872,629	\$ (2,434,586)	\$ 605,400	\$ 78,878	\$ (26)	\$2,122,295
Loss for the period	-	(595,278)	-	-	-	(595,278)
Warrants exercised	242,500	-	-	-	-	242,500
Foreign currency translation adjustment	-	-	-	-	89,701	89,701
<b>Balance - October 31, 2013</b>	<b>\$ 4,115,129</b>	<b>\$ (3,029,864)</b>	<b>\$ 605,400</b>	<b>\$ 78,878</b>	<b>\$ 89,675</b>	<b>\$1,859,218</b>

	Share capital	Accumulated Deficit	Reserve for share based payments	Reserve for warrants	Cumulative translation reserve	Total
<b>Balance - January 31, 2012</b>	\$ 1,818,660	\$ (1,241,156)	\$ 557,400	-	-	\$1,134,904
Loss for the period	-	(871,607)	-	-	-	(871,607)
Reserve for share based compensation	-	-	48,000	-	-	48,000
Share capital issued in respect of IPO	2,075,000	-	-	-	-	2,075,000
Share issuance costs	(261,141)	-	-	-	-	(261,141)
Foreign currency translation adjustment	-	-	-	-	6,876	6,876
<b>Balance - October 31, 2012</b>	<b>\$ 3,632,519</b>	<b>\$ (2,112,763)</b>	<b>\$ 605,400</b>	<b>\$ -</b>	<b>\$ 6,876</b>	<b>\$2,132,032</b>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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## STATEMENTS OF CASH FLOWS

	Nine months ended October 31		Three months ended October 31	
	2013	2012	2013	2012
<b>Cash flows from operating activities</b>				
Loss for the period	\$ (595,278)	\$ (871,607)	\$ (175,457)	\$ (227,355)
Items not affecting cash:				
Amortization	581	462	184	-
Stock based compensation	-	48,000	-	-
Changes in non-cash working capital balances:				
Prepaid expenses and deposits	69,445	(108,000)	15,844	69,199
Receivables	18,683	1,505	(386)	(16,628)
Trade and other payables	115,786	124,670	158,892	127,446
<b>Total cash inflows from operating activities</b>	<b>(390,783)</b>	<b>(804,970)</b>	<b>(923)</b>	<b>(47,338)</b>
<b>Cash flows from investing activities</b>				
Short term investments	46,000	(46,000)	-	-
Investment in exploration and evaluation assets	(237,120)	(1,473,268)	(130,004)	(530,073)
Fixed assets	-	(52,892)	-	(10,067)
<b>Total cash (outflows) from investing activities</b>	<b>(191,120)</b>	<b>(1,572,160)</b>	<b>(130,004)</b>	<b>(540,140)</b>
<b>Cash flows from financing activities</b>				
Proceeds from share issuance	242,500	1,782,846	-	-
Share issuance costs	-	31,103	-	-
Short term loans	315,000	-	115,000	-
<b>Total cash inflows from financing activities</b>	<b>557,500</b>	<b>1,813,859</b>	<b>115,000</b>	<b>-</b>
<b>Total increase (decrease) in cash during the period</b>	<b>(24,403)</b>	<b>(563,271)</b>	<b>(15,927)</b>	<b>(587,478)</b>
Cash at beginning of period (Note 8)	28,550	756,374	20,073	780,581
<b>Cash at end of period (Note 8)</b>	<b>\$ 4,146</b>	<b>\$ 193,103</b>	<b>\$ 4,146</b>	<b>193,103</b>

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

Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

- Included in E & E assets is \$318,065 in trade and other payables

- Included in E & E assets is \$8,681 in amortization of fixed assets

## 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

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The IAS 34 condensed interim consolidated financial statements do not include all of the information required for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended January 31, 2013 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies applied in the Company's condensed interim consolidated financial statements are based on IFRS effective as of December 16, 2013, the date the Audit Committee approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending January 31, 2014 could result in restatement of these interim consolidated financial statements.

### b) Basis of Measurement

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of the Company's wholly owned subsidiaries is the United States dollar.

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

As the Company is in exploration stage, it does not generate revenue from operations. The Company incurred a comprehensive loss of \$143,468 (2012:\$230,263) during the three months ended October 31, 2013 and, as of that, date the Company's deficit was \$3,029,864. The Company intends to raise further financing through private placements and alternatives such as a possible royalty transaction. The transaction announced in November 2012 regarding the purchase of a 1% NSR royalty interest in PMI Gold Corporation's Obotan Mine from Goknet Mining Company Limited of Accra, Ghana, has been delayed. Goknet is currently in arbitration with PMI. Based on a successful outcome, the Company and Goknet have agreed to pursue a similar transaction.

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 raise substantial doubt about the Company's ability to

## 2. BASIS OF PREPARATION (CONTINUED)

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.

### d) Basis of Consolidation

These consolidated financial statements present the results of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these interim financial statements.

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

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

IFRS 9 - Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

IFRS 10 - Consolidation replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and 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.

IFRS 11 - Joint Arrangements 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 joint operations, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 Interests in Joint Ventures, and SIC-13 Jointly Controlled Entities—Non- monetary Contributions by Venturers.

IFRS 12 - Disclosure of Interest in Other Entities establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces additional disclosures addressing the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 27 - Separate Financial Statement addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements.

IAS 28 - Investments in Associates and Joint Ventures has been amended to include joint ventures in its scope and to address the changes in IFRS 10 - 13.



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

IAS 32 - Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company 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 or loss 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.

Estimates have been applied in the following areas:

#### a) Rehabilitation Provisions

No rehabilitation provisions have been created based on the Company's activity to date. Based upon the prevailing economic environment, assumptions will be made 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 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.

#### b) 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 7.

The areas in which the Company has exercised 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 consolidated financial statements within the next financial year are discussed below:

#### c) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures 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 has been capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to the profit or loss in the period the new information becomes available.

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

d) 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.

e) 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. No income taxes are currently payable.

#### 5. EXPLORATION AND EVALUATION ASSETS

	Property: Fahiakoba
Balance at January 31, 2012	\$ 282,622
Property acquisition	-
Assaying, testing and analysis	47,576
Geology and geophysics	206,794
Drilling	1,084,771
Field expenses	249,499
General and administrative	190,735
Currency translation	7,713
<b>Balance at January 31, 2013</b>	<b>\$ 2,069,709</b>
Assaying, testing and analysis	5,505
Geology and geophysics	103,189
Drilling	12,377
Field expenses	66,388
General and administrative	108,946
Currency translation	97,068
<b>Balance at October 31, 2013</b>	<b>\$ 2,463,182</b>

## 5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

On June 15, 2011, the Company entered into a 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 October 12, 2011) and by agreeing to expend US\$1,000,000 over a five year period, which has been met in full. The Company also granted Goknet a 3% net smelter return royalty on production from the Fahiakoba Concession. To date, assessment of exploration and evaluation assets has not resulted in any impairment of the Company’s properties.

## 6. SHARE CAPITAL AND RESERVES

### a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

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 January 31, 2012 to October 31, 2013:

	Number of shares	Issue Price	Amount
<b>Balance at January 31, 2012</b>	15,961,000		\$ 1,818,660
Shares issued via IPO	4,150,000	\$ 0.50	2,075,000
Share issue costs	-		(371,031)
Warrants exercised	1,400,000	\$ 0.25	350,000
<b>Balance at January 31, 2013</b>	21,511,000		\$ 3,872,629
Warrants exercised	920,000	\$ 0.25	230,000
<b>Balance at April 30, 2013</b>	22,431,000		\$ 4,102,629
Warrants exercised	50,000	\$ 0.25	12,500
<b>Balance at October 31, 2013</b>	22,481,000		\$ 4,115,129

From January 31, 2013 to October 31, 2013 the following stock transactions occurred:

On February 27, 2013 150,000 warrants were exercised at \$0.25; on March 6, 2013 520,000 warrants were exercised at \$0.25; on March 21, 2013 200,000 warrants were exercised at \$0.25; and on April 24, 2013 a further 50,000 warrants were exercised at \$0.25.

## 6. SHARE CAPITAL AND RESERVES (CONTINUED)

On May 1, 2013 50,000 warrant were exercised at \$0.25; on June 10, 2013 5,465,000 warrants expired unexercised.

Pursuant to 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 2,906,750 shares and 1,080,000 warrants have been released to date and the remaining warrants expired on June 10, 2013. Currently

2,378,250 shares remain in escrow as at October 31, 2013. The next release of shares from escrow takes place on February 28, 2014.

### b) Share Purchase Warrants

The following is a summary of warrants issued and exercised from inception to October 31, 2013 together with warrants outstanding and exercise conditions:

	Number of Warrants
Balance at May 4, 2011	-
Issue of warrants	8,145,600
Exercised warrants	-
<b>Balance January 31, 2012</b>	<b>8,145,600</b>
Issue of warrants	2,300,000
Exercised warrants	(1,400,000)
<b>Balance January 31, 2013</b>	<b>9,045,600</b>
Expired warrants	(310,600)
Exercised warrants	(920,000)
<b>Balance April 30, 2013</b>	<b>7,815,000</b>
Expired warrants	(5,465,000)
Exercised warrants	(50,000)
<b>Balance October 31, 2013</b>	<b>2,300,000</b>

Number of warrants	Exercise price	Expiry date
2,000,000	\$ 0.70	28-Feb-14
300,000	\$ 0.50	28-Feb-14
<b>2,300,000</b>		

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## 6. SHARE CAPITAL AND RESERVES (CONTINUED)

Pursuant to the initial public offering on February 28, 2012, 300,000 broker warrants were issued at a fair value of \$0.26. The fair value of each warrant was estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

Number of warrants	300,000
Estimated life	2 years
Share price at date of grant	\$0.50
Option exercise price	\$0.50
Risk free interest rate	1.12%
Estimated annual volatility	100%
Option fair value	\$0.26

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

The reserves recorded in equity on the Company's statement of financial position 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.

## 7. 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	1,350,000	-
balance as at January 31, 2012			1,350,000				1,350,000	1,350,000	
03/04/2012	03/04/2017	\$ 0.75	-	200,000		-	200,000	200,000	-
balance as at January 31 and October 31, 2013			1,350,000	200,000		-	1,550,000	1,550,000	-
Weighted Average Exercise Price			\$ 0.75	\$ 0.75	\$ -	\$ -	\$ 0.75	\$ 0.75	\$ -

## 7. SHARE BASED PAYMENTS (CONTINUED)

- i) During the year ended January 31, 2013, 200,000 options were granted with a fair value of \$0.24 per option. The fair value of each option granted was 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

- ii) During the period ended January 31, 2012, 1,350,000 options were granted with a fair value of \$0.34 per option. The fair value of each option granted was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

Number of options	1,350,000
Estimated life	5 years
Share price at date of grant	\$0.50
Option exercise price	\$0.75
Risk free interest rate	1.11%
Estimated annual volatility	100%
Option fair value	\$0.34
Fair value of compensation granted during period	\$464,400

Due to the comparatively recent listing and therefore limited duration of trading in the Company's stock, volatility has been estimated on the basis of comparable TSX-V listed entities in the gold sector.

## 8. FINANCIAL INSTRUMENTS

- (a) Disclosures:

The Company's financial instruments consist of cash, short term investments, receivables and trade and other payables.

The carrying values of the above approximate their respective fair values due to the short-term nature of these instruments. All financial instruments carried at fair value at October 31, 2013 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.

## 8. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at October 31, 2013, the Company had current liabilities totaling \$717,813 (2012: \$196,716) and cash of \$4,146 (2012: \$193,103). Exploration expenditures are largely denominated in United States dollars, and consequently any adverse movement in the Canadian dollar exchange rate against the United States dollar will have a negative impact on liquidity.

(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 October 31, 2013, the Company is exposed to currency risk through the following financial instruments denominated in foreign currencies:

	US Dollars	Ghana Cedis	EURO
Cash	846	3,431	
Accounts payable and accrued liabilities	524,547	34,915	1,229
	523,701	31,484	1,229
CAD foreign exchange rate	1.04624	0.47079	1.43834
CAD equivalent	\$ 547,917	\$ 14,822	\$ 1,768

A 10% increase in the Canadian (CAD) dollar against the foreign currency at October 31, 2013 would result in an increase (decrease) to net income in the amounts shown below, assuming that all other variables remain constant.

	Increase/Decrease		
	US Dollars	Ghana Cedis	EURO
Change	\$ 54,972	¢1,482	€ 177

(v) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest bearing debt of \$315,000 as of October 31, 2013 at a rate of 5% per annum. A change of 100 basis points in the interest rates would not be material to the financial statements.

## 8. FINANCIAL INSTRUMENTS (CONTINUED)

(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 capital 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. There were no changes to the Company's approach to capital management subsequent to the year ended January 31, 2013. The Company is not subject to any external covenants.

## 9. RELATED PARTY TRANSACTIONS

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

a) Management Fees

Management fees of \$135,000 (2012: \$135,000) 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 October 31, 2013, \$90,375 (2012: \$nil) was owing to this consulting firm.

Corporate communication fees of \$67,500 (2012: \$67,500) incurred in connection with the general corporate matters were paid to a consulting firm owned by a director of the Company. At October 31, 2013, \$45,188 (2012: \$Nil) was owing to this consulting firm.

Consulting fees of \$67,500 (2012:\$67,500) for financial services charged by a consulting firm owned by an officer of the Company. At October 31, 2013, \$40,613 (2012: \$nil) was owing to this consulting firm.

b) Key Management Compensation

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



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
Expressed in Canadian Dollars  
For the three and nine months ended October 31, 2013  
Unaudited

## 9. RELATED PARTY TRANSACTIONS (CONTINUED)

	October 31,	
	2013	2012
Management and consulting fees:		
Management fees charged by MIA Investments Ltd, a company controlled by an officer and director, D MacQuarrie	\$ 135,000	\$ 135,000
Consulting fees charged by JNS Capital, a company controlled by a director of the company, J Sandhu	67,500	67,500
Consulting fees charged 1765271 Ontario Inc., a company controlled by an officer of the Company, P Gibbs	67,500	\$ 67,500
Directors' fees:		
M. Holcombe	9,000	9,000
F. Riedl-Riedenstein	9,000	9,000
H. K. Arhin (ASG Mining Limited - Ghana)	9,384	6,000
Robert J. Bourque (Asante GH Limited - Barbados)	2,000	1,650
Roger S. Holford (Asante GH Limited - Barbados)	2,000	1,650
	\$ 301,384	\$ 297,300

During the three and nine months ended October 31, 2013, no share based payments were made to related parties.

As at October 31, 2013 the following amounts were due to related parties:

	October 31,	
	2013	2012
Management and consulting fees:		
Management fees charged by MIA Investments Ltd. controlled by a director of the company (D. MacQuarrie)	\$ 90,375	\$nil
Management fees charged by a JNS Capital controlled by a director of the company (J. Sandhu)	\$ 45,188	nil
Consulting fees charged by 1765271 Ontario Inc. controlled by an officer of the Company (P. Gibbs)	\$ 40,613	nil
Directors' fees:		
M. Holcombe	\$ 7,500	nil
F. Riedl-Riedenstein	\$ 7,500	nil
H. K. Arhin (ASG Mining Limited - Ghana)	\$ 15,651	\$ 9,000
Short term loan		
Short term loan from Goknet Mining Company Limited, a company of which D. Macquarrie, CEO, is also a director	315,000	nil
Deferred exploration expenses		
Services and expenses charged by a Goknet Mining Company Limited, a company of which D Macquarrie, CEO, is also a director	\$nil	\$ 34,068
	\$ 521,826	\$ 43,068

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
 Expressed in Canadian Dollars  
 For the three and nine months ended October 31, 2013  
 Unaudited

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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 except for the short term loan which bears interest of 5% p.a.

## 10. 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.

As of October 31, 2013 the Company's non-current assets relate to Ghana.

## 11. LOSS PER SHARE

<u>Weighted Average Number of Common Shares</u>	<u>Oct 31, 2013</u>	<u>Oct 31, 2012</u>
Issued common shares	22,481,000	20,111,000
<u>Weighted average number of common shares (basic and diluted)</u>	<u>22,334,004</u>	<u>19,469,011</u>
Loss per common share, basic and diluted	\$ 0.02	\$ 0.044

The net effect of applying the treasury-stock method to the weighted average number of common shares had an anti-dilutive effect for the three months ended October 31, 2013.

## 12. EVENTS AFTER THE REPORTING DATE

On December 12<sup>th</sup> ongoing arbitration between Goknet Mining Company Limited and PMI Gold Corporation, with respect to the purchase by the Company of a 1% net smelter royalty interest in the Obotan Mine in Ghana held by Goknet, was adjourned by the arbitrators in order to be able to schedule a longer hearing period.