Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

PMI GOLD
CORPORATION

For the nine month period ended March 31, 2012

(Unaudited)

PMI GOLD CORPORATION

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	March 31, 2012	June 30, 2011
		(note 13)
Assets		
Current assets:		
Cash and cash equivalents	$ 49,256,681	$ 28,659,345
Receivables (note 5)	237,496	535,420
Prepaid expenses	297,801	230,983
	49,791,978	29,425,748
Property & equipment	1,026,874	491,804
Exploration and evaluation assets (note 6)	55,102,911	31,353,377
	$ 105,921,763	$ 61,270,929

Liabilities and Shareholders' Equity

	March 31, 2012	June 30, 2011
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 7,656,234	$ 1,484,863
Shareholders' equity:		
Share capital (note 8)	118,266,107	76,701,915
Contributed surplus (note 8)	7,276,018	6,256,463
Deficit	(27,276,596)	(23,172,312)
	98,265,529	59,786,066
	$ 105,921,763	$ 61,270,929

Subsequent event (note 12)

See accompanying notes to the condensed consolidated interim financial statements.

Approved on behalf of the Board and authorized for issue on May 15, 2012:

Director, President & Chief Executive Officer

Director

PMI GOLD CORPORATION

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

	Three months March 31, 2012	Three months March 31, 2011	Nine months March 31, 2012	Nine months March 31, 2011
		(note 13)		(note 13)
Expenses:				
Amortization	$ 21,479	$ 530	$ 39,165	$ 1,658
Consulting fees	409,309	-	560,142	-
Directors' and management fees	242,353	295,133	485,469	438,408
Foreign exchange (gain) loss	(23,497)	(359,474)	169,978	(517,533)
Office and miscellaneous	289,321	83,025	866,705	147,593
Professional fees	249,133	257,356	746,401	556,912
Shareholder communications	64,497	165,181	159,827	467,893
Share-based payments (note 9)	323,501	1,002,965	1,454,236	2,662,830
Transfer agent and regulatory fees	47,252	60,313	113,551	165,495
Travel and promotion	253,302	171,273	491,467	410,072
Write-off of exploration and evaluation assets (note 6)	-	-	13,396	-
Loss before other items	(1,876,650)	(1,676,302)	(5,100,337)	(4,333,328)
Other items:				
Gain on disposal of equipment	-	-	2,817	-
Interest and financing costs	-	(1,527)	-	(4,381)
Interest income	436,333	62,662	1,005,921	76,303
	436,333	61,135	1,008,738	71,922
Loss and comprehensive loss before taxes	(1,440,317)	(1,615,167)	(4,091,599)	(4,261,406)
Income taxes	(12,685)	-	(12,685)	-
Loss and comprehensive loss	$ (1,453,002)	$ (1,615,167)	$ (4,104,284)	$ (4,261,406)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding	228,816,667	187,753,722	213,472,533	155,091,444

See accompanying notes to the condensed consolidated interim financial statements.

PMI GOLD CORPORATION

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

Nine months ended March 31

	2012	2011
		(note 13)
Cash provided by (used in):		
Operating activities:		
Loss for the period	$ (4,104,284)	$ (4,261,406)
Items not affecting cash:		
Amortization	39,165	1,658
Share-based payments (note 9)	1,454,236	2,662,830
Write-off of exploration and evaluation assets	13,396	-
Gain on sale of equipment	(2,817)	-
	(2,600,304)	(1,596,918)
Changes in non-cash working capital items:		
Receivables	297,924	(64,112)
Prepaid expenses	(66,818)	(166,848)
Accounts payable and accrued liabilities	465,960	20,287
	(1,903,238)	(1,807,591)
Investing activities:		
Proceeds from sale of equipment	11,616	-
Property & equipment	(786,502)	(152,207)
Exploration and evaluation assets	(18,092,497)	(6,485,997)
	(18,867,383)	(6,638,204)
Financing activities:		
Shares issued for cash	43,328,100	41,946,093
Share issuance costs	(1,960,143)	(3,984,137)
	41,367,957	37,961,956
Increase in cash	20,597,336	29,516,161
Cash and cash equivalents, beginning of period	28,659,345	2,862,489
Cash and cash equivalents, end of period	$ 49,256,681	$ 32,378,650
Effect of exchange rate fluctuations on cash held	$ (515,235)	$ -
Cash paid during the period for income taxes	-	-
Cash received (paid) during the period for interest	1,005,921	(4,381)

Supplemental disclosure with respect to cash flows (note 10)

See accompanying notes to the condensed consolidated interim financial statements.

PMI GOLD CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)
(Expressed in Canadian dollars)

Nine months ended March 31, 2012 and 2011

	Number of shares	Share capital	Contributed surplus	Deficit	Special warrants
Balance, July 1, 2010	126,110,030	$ 38,802,861	$ 3,353,934	$ (18,238,796)	$ 23,917,999
Loss for the period	-	-	-	(4,261,406)	(4,261,406)
Private placements	13,888,889	5,000,000	-	-	5,000,000
Finder's fees	-	(205,980)	-	-	(205,980)
CDI's issued	39,285,714	27,483,500	-	-	27,483,500
Share issuance costs	-	(2,922,725)	-	-	(2,922,725)
Shares issued as finder's fees	500,000	350,000	-	-	350,000
Exercise of options	833,451	461,539	(248,445)	-	213,094
Exercise of warrants	5,330,000	1,398,582	-	-	1,398,582
Special warrants	11,786,500	6,645,485	-	-	6,645,485
Share-based payments	-	-	2,662,829	-	2,662,829
Balance, March 31, 2011	197,734,584	$ 77,013,262	$ 5,768,318	$ (22,500,202)	$ 60,281,378
Balance, July 1, 2011	197,934,584	$ 76,701,915	$ 6,256,463	$ (23,172,312)	$ 59,786,066
Loss for the period	-	-	-	(4,104,284)	(4,104,284)
Private placement	28,000,000	35,000,000	-	-	35,000,000
Share issuance costs	-	(2,198,589)	-	-	(2,198,589)
Exercise of options	3,737,500	1,497,181	(434,681)	-	1,062,500
Exercise of warrants	30,848,000	7,265,600	-	-	7,265,600
Share-based payments	-	-	1,454,236	-	1,454,236
Balance, March 31, 2012	260,520,084	$ 118,266,107	$ 7,276,018	$ (27,276,596)	$ 98,265,529

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations:

PMI Gold Corporation ("PMI" or the "Company") was incorporated in British Columbia and its principal business is the acquisition, exploration, and development of mineral properties. The Company's principal properties are located in Ghana, West Africa with the Obotan Project advancing towards a development decision and the Kubi Project subject to advanced exploration. The Company has several other mineral concessions in Ghana in various stages of exploration to determine whether they contain economically viable mineral deposits. The Company has three subsidiaries; Adansi Gold Company Ghana Limited ("Adansi") and Kubi Gold Company Limited ("Kubi") are incorporated in Ghana and Nevsun Resources (Ghana) Ltd ("NS GHANA") is incorporated in Barbados.

The Company's head office, principal address and registered and records office is 408-837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6.

The Company has not generated revenues from operations. These condensed consolidated interim financial statements have been prepared assuming the Company will continue as a going concern which contemplates the ability of the Company to realize its assets and discharge its liabilities in the normal course of business. These condensed consolidated interim financial statements do not include adjustments that would have been required if going concern were not an appropriate basis for preparation of the financial statements.

The Company, through acquisition and exploration of mineral properties, has incurred losses since inception and is currently not generating any revenues. For the nine months ended March 31, 2012, the Company has net cash inflows of $20,597,336 (2011 - $29,516,161). At March 31, 2012, the Company's cash balance was $49,256,681 (June 30, 2011 - $28,659,345) and working capital was $42,135,744 (June 30, 2011 - $27,940,885).

The Company's ability to continue as a going concern on a longer term basis depends on its ability to successfully raise additional financing for further exploration activity and development or to enter into profitable operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

2. Basis of presentation and first time adoption of IFRS:

(a) Statement of compliance:

The financial statements of the Company for the year-ending June 30, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed consolidated interim financial statements for the nine month period ended March 31, 2012 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and as they are part of the Company's first IFRS annual reporting period, *IFRS 1 First-time Adoption of International Financial Reporting Standards* has been applied.

2. Basis of presentation and first time adoption of IFRS (continued):

As these condensed interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company's 2010 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 13.

(b) Basis of consolidation and presentation:

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

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 of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements and in preparing the opening IFRS balance sheet at July 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Foreign currency transactions:

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

3. Significant accounting policies (continued):

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 period-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period-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.

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 include cash on hand, deposits held at call with financial institutions and Canadian guaranteed investment certificates (“GIC’s”) with a major Canadian banking institution with maturities on the date of purchase of 90 days or less. The GIC’s are cashable on demand without interest penalties. Cash and cash equivalents are considered to be financial instruments and are classified as “Loans and Receivables”.

(c) Leased assets:

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the statement of comprehensive loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

3. Significant accounting policies (continued):

(d) Financial instruments:

(*i*) Financial assets:

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on an accounts date basis. The Company's accounting policy its financial assets is as follows:

(*a*) 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.

(*ii*) Financial liabilities:

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of accounts 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.

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

(e) Equipment:

(*i*) Recognition and measurement:

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Significant accounting policies (continued):

(*ii*) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(*iii*) Major maintenance and repairs:

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

(*iv*) Gains and losses:

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

(*v*) Amortizationn:

Amortization is recognized in profit or loss and is provided on a declining balance basis over the estimated useful life of the assets as follows:

Asset	Rate
Field tools and equipment	30%
Computer equipment	30%
Office furniture and equipment	20%
Vehicles	30%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Exploration and evaluation assets:

(*i*) Pre-exploration costs:

Pre-exploration costs are expensed as incurred.

(*ii*) 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.

3. Significant accounting policies (continued):

(*ii*) Exploration and evaluation expenditures (continued):

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.

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 considered to be a mine under development and 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.

(g) Impairment of financial and non-financial assets:

(*i*) Impairment of 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.

(*ii*) Impairment of non-financial assets:

Impairment tests on intangible assets with indefinite useful economic lives are undertaken 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.

3. Significant accounting policies (continued):

(g) Impairment of financial and non-financial assets (continued):

(*ii*) Impairment of non-financial assets (continued):

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.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

(h) Provisions:

(*i*) Rehabilitation provision:

The Company is subject to various government laws and regulations relating to environmental disturbances caused by 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.

The Company has no rehabilitation obligations.

(*ii*) 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.

(i) 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 share 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. Significant accounting policies (continued):

(j) 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 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 over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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, 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 a 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 contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

(j) Share-based payments (continued):

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.

3. Significant accounting policies (continued):

(k) Income taxes:

Income tax expense comprises of 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.

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.

(l) Loss per share:

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(m) Standards, amendments and interpretations not yet effective:

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

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of ‘1 January 2004’ with ‘the date of transition to IFRSs’. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for year-ends beginning on or after July 1, 2011. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

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:

(*i*) 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, 2015.

3. Significant accounting policies (continued):

(*ii*) IFRS 10 *Consolidated Financial Statements*:

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(*iii*) IFRS 11 *Joint Arrangements:*

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(m) Standards, amendments and interpretations not yet effective (continued):

(*iv*) IFRS 12 *Disclosures of Interests in Other Entities:*

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(*v*) IFRS 13 *Fair Value Measurement*:

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

(*vi*) IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine:*

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Critical accounting estimates and judgements:

The Company makes estimates and assumptions 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. 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:

(a) 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 expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(b) Title to mineral property interests:

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

(c) 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. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

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.

(Expressed in Canadian dollars)

4. Critical accounting estimates and judgments (continued):

(d) 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 9.

5. Receivables:

The Company's receivables are as follows:

	March 31, 2012	June 30, 2011
HST/GST receivable	$ 123,269	$ 111,235
Interest receivable	-	359,140
Other receivables	114,227	65,045
	$ 237,496	$ 535,420

(Expressed in Canadian dollars)

6. Exploration and evaluation assets:

The Company has incurred the following exploration and evaluation asset expenditures for the nine months ended March 31, 2012:

	Ashanti II project	Kubi	Total
Acquisition costs:			
Balance, June 30, 2011	$ 3,030,006	$ 5,621,700	$ 8,651,706
Additions during the period	5,293,421	-	5,293,421
Write-off of acquisition costs	(13,396)	-	(13,396)
Balance, March 31, 2012	8,310,031	5,621,700	13,931,731
Exploration and evaluation expenditures:			
Balance, June 30, 2011	19,597,126	3,104,545	22,701,671
Additions during the period:			
Pre-feasibility costs	2,912,069	-	2,912,069
Assaying testing and analysis	686,221	148,531	834,752
Contract labour	122,124	34,953	157,077
Diamond drilling	8,324,583	1,646,473	9,971,056
Field office	743,989	92,290	836,279
Geology and geophysics	903,074	273,153	1,176,227
Lease rental and claims maintenance	439,895	106,999	546,894
Legal	150,991	18,621	169,612
Project management and related exploration costs	1,383,147	415,176	1,798,323
Transportation and travel	55,470	11,750	67,220
	15,721,563	2,747,946	18,469,509
Balance, March 31, 2012	35,318,689	5,852,491	41,171,180
Total, March 31, 2012	$ 43,628,720	$ 11,474,191	$ 55,102,911

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued):

The Company has incurred the following exploration and evaluation asset expenditures for the year ended June 30, 2011:

	Ashanti II project	Kubi	Other	Total
Acquisition costs:				
Balance, July 1, 2010	$ 3,030,006	$ 5,621,700	$ -	$ 8,651,706
Additions during the year	-	-	88,325	88,325
Write-off of acquisition costs	-	-	(88,325)	(88,325)
Balance, June 30, 2011	3,030,006	5,621,700	-	8,651,706
Exploration and evaluation expenditures:				
Balance, July 1, 2010	10,715,349	1,731,365	-	12,446,714
Additions during the year:				
Assaying testing and analysis	320,973	24,169	-	345,142
Contract labour	92,081	18,193	-	110,274
Diamond drilling	4,264,678	698,744	-	4,963,422
Field office	729,434	49,065	-	778,499
Geology and geophysics	1,851,025	302,795	-	2,153,820
Lease rental and claims maintenance	231,552	28,252	-	259,804
Legal	155,914	3,983	-	159,897
Project management and related exploration costs	1,167,959	236,070	-	1,404,029
Transportation and travel	68,161	11,909	-	80,070
	8,881,777	1,373,180	-	10,254,957
Balance, June 30, 2011	19,597,126	3,104,545	-	22,701,671
Total, June 30, 2011	$ 22,627,132	$ 8,726,245	$ -	$ 31,353,377

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued):

(a) Properties held by the Company:

All of the Company's exploration and evaluation assets consist of leases, licenses and options covering mineral concessions and are located in Ghana, West Africa. The majority of the licences are held by Adansi. NS Ghana holds a 100% interest in the Kubi Mining Leases.

(b) Exploration property summary:

The Company holds interests in the concessions summarized below. All concessions carry a 10% carried Net Profits Interest Royalty ("NPI") to the Ghanaian government. Certain other concessions are subject to a Net Smelter Return Royalty ("NSR") or Net Proceeds of Production royalty ("NPP") and on issue of a Mining Permit a 5% NSR payable to the Ghanaian government.

	Interest of original vendor (*ii*)	NSR on License	NPP on License	Amounts payable under acquisition agreements
Obotan Project				
Abore-Abirem		2%		$50,000 advance
Adubea		2.5%		royalty payment per year
				for Obotan and Asanko
Asanko Project				projects to related party
Agyakaa Manso (*iii*)		2%		US$4,500,000 payable
Diaso-Afiefiso		2%		on or before
Juabo	15%	2%		September 30, 2012
Kaniago		2%		
Manhia (*iii*)		2%		
New Obuase		2%		
Amuabaka, Nkronua, Atifi, Gyagyatreso (Switchback) (*iii*)	10%	2%		$3,000 per quarter to a related party
Kubi Project				
Kubi			3%	
Kubi Forest Reserve			3%	
Dunkwa-Gyimigya				
Gyimigya				

(*i*) Under the Ghanaian Minerals and Mining Act after an initial period as a Reconnaissance Licence prospecting licenses are granted. Prospecting licenses have an initial phase (1st phase) and a subsequent renewal phase (2^{nd} phase) where unless they are small in size, a reduction of 50% of the area is required. The 2^{nd} phase is initially for a two year period then has a two year extension period. Further renewals can be granted where 50% reductions are required down to a size of $26.25km^2$.

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued):

(b) Exploration property summary (continued):

(*ii*) Interest retained by original vendors. These interests are free carried up to any decision to mine.

(*iii*) Title is vested in related party Goknet Mining Company Limited. The Company has the rights to Goknet's interest in the concession (subject to the NSR royalty set out above) and title transfers are underway.

(c) In October 2011, the Company entered into an agreement for core sampling analysis services and has committed to pay the vendor a total of US$274,500 over the next ten months.

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are as follows:

	March 31, 2012	June 30, 2011
Trade payables	$ 6,620,343	$ 1,250,183
Accrued liabilities	1,035,891	234,680
	$ 7,656,234	$ 1,484,863

8. Capital stock and contributed surplus:

During the nine months ended March 31, 2012, the Company:

- issued 30,848,000 common shares for gross proceeds totaling $7,265,600 pursuant to the exercise of warrants.
- issued 3,737,500 common shares for gross proceeds totaling $1,062,500 pursuant to the exercise of stock options. As a result of the exercise, the Company reclassified $434,681 out of contributed surplus and into share capital.
- issued 28,000,000 common shares for gross proceeds totaling $35,000,000 pursuant to the completion of a private placement. The Company paid $2,198,589 in share issuance costs relating to the private placement.

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

- consolidated its share capital on the basis of two old common shares for one new common share. All common share, per share, option, warrant and weighted average price amounts were restated to reflect this consolidation.
- issued 13,888,889 common shares for gross proceeds totaling $5,000,000 pursuant to a private placement. The net value after finders' fees was $4,794,020.

8. Capital stock and contributed surplus (continued):

- issued 39,285,714 CHESS Depository Instruments (CDIs) tradable on the Australian Securities Exchange (ASX) for gross proceeds of AUD$27,500,000 (CAD$ 27,485,355). Net proceeds after issue costs and finders' fees were $24,410,291. The company issued 500,000 common shares with a value of $350,161 as finders' fees.

  CDIs trading on the ASX are convertible to common shares tradable on the TSX-V. In accordance with Canadian securities laws, trading of these shares was restricted for four months and one day from issuance. Subsequent to expiry of the restriction, in order to accounts on the TSX-V, holders need to convert their CDIs tradable on the ASX to shares tradable on the TSX-V. Conversely holders of common shares tradable on the TSX-V will have to convert these to CDIs tradable on the ASX in order to accounts on the ASX.

- raised $7,500,500 through a special warrant offering at a price of $0.70 per warrant. These special warrants were converted into 11,786,500 common shares of the Company.

9. Stock options and warrants:

(a) Stock options:

(*i*) Option plan:

During the year ended June 30, 2011, the Company adopted a new stock option plan covering the grant of options to its directors, officers and employees and reducing the limit to acquire from 20% to 10% of the issued and outstanding common shares. It also limits the number of shares that may be allocated for subscription (upon exercise of the options) to eligible persons in Australia to 5% of the number of issued and outstanding shares. The stock option plan provides that the options are for a maximum term of five years and that the option exercise price shall be for not less than the market price on the grant date.

(Expressed in Canadian dollars)

9. Stock options and warrants (continued):

(a) Stock options (continued):

(*i*) Option plan (continued):

	Number of options	Weighted average exercise price
Balance, July 1, 2010, pre-consolidation	14,341,875	$ 0.15
Granted	850,000	0.24
Exercised	(896,250)	0.10
Cancelled/expired	(601,250)	0.10
Pre-consolidation balance, October 22, 2010	13,694,375	0.15
Consolidation at 2:1 basis	(6,847,188)	
Balance after 2:1 consolidation at October 22, 2010	6,847,188	0.29
Granted	10,060,000	0.90
Exercised	(585,313)	0.31
Cancelled/expired	(425,000)	0.47
Balance, June 30, 2011	15,896,875	0.68
Granted	2,990,000	1.80
Exercised	(3,737,500)	0.28
Cancelled	(606,875)	0.46
Balance, March 31, 2012	14,542,500	$ 1.03
Number of options currently exercisable	6,989,167	$ 0.80

The weighted average remaining contractual life for the share options outstanding as at March 31, 2012 is 3.63 years (2011 – 4.08 years).

(Expressed in Canadian dollars)

9. Stock options and warrants (continued):

(a) Stock options (continued):

(*i*) Option plan (continued):

As at March 31, 2012, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of options	Exercise price	Expiry date
125,000	$ 0.20	June 26, 2012
117,500	0.20	March 26, 2013
750,000	0.30	September 9, 2014
500,000	0.40	October 28, 2014
2,000,000	1.05	December 15, 2015
5,000,000	0.90	January 20, 2016
500,000	0.90	February 18, 2016
2,000,000	0.80	June 1, 2015
2,000,000	2.00	March 11, 2016
560,000	0.80	June 1, 2016
240,000	0.77	October 2, 2016
200,000	1.17	November 19, 2016
550,000	1.75	November 19, 2016
14,542,500		

(b) Share-based payments:

During the nine months ended March 31, 2012, the Company granted 2,990,000 (2011 – 8,350,000) and cancelled 606,875 (2011 – 850,000) stock options. Certain of these stock options include performance based vesting criteria. The fair value of these options is $3,020,773 (2011 - $4,219,445), based on the Black-Scholes option pricing model. For the nine months ended March 31, 2012, the share-based compensation recognized was $1,454,236 (2011 - $2,662,830).

The following weighted average assumptions were used for the Black-Scholes option pricing model:

	2012	2011
Risk-free interest rate	1.45%	2.05%
Expected life of options	4.33 years	5 years
Annualized volatility	138%	163%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

(Expressed in Canadian dollars)

9. Stock options and warrants (continued):

(c) Warrants:

Warrant transactions and the number of warrants are summarized as follows:

	Number of warrants	Weighted average exercise price
Pre-consolidation balance, beginning of period	95,453,500	$ 0.11
Exercised	(3,120,000)	0.13
Expired	(187,500)	0.13
Broker warrants	4,000,000	0.25
Pre-consolidation balance, October 22, 2010	96,146,000	0.12
Balance after 2:1 consolidation at October 22, 2010	48,073,000	0.25
Exercised	(3,770,000)	0.26
Broker warrants	2,500,000	0.60
Balance, June 30, 2011	46,803,000	0.25
Exercised	(30,848,000)	0.24
Expired	(275,000)	0.22
Balance, March 31, 2012	15,680,000	$ 0.27

As at March 31, 2012, warrants were outstanding enabling the holders to acquire common shares as follows:

Number of warrants	Exercise price	Expiry date
100,000	$ 0.20	May 14, 2012*
13,080,000	0.20	July 16, 2012
2,500,000	0.62	December 17, 2013**
15,680,000		

*These warrants expired unexercised subsequent to March 31, 2012
**These warrants are exercisable at AUD$0.60 per share

10. Supplemental disclosure with respect to cash flows:

During the nine months ended March 31, 2012, significant non-cash investing and financing activities included:

- incurring $203,468 of amortization expense capitalized to exploration and evaluation assets;
- incurring exploration and evaluation asset expenditures of $6,243,181 included in accounts payable;
- recording of a fair value reversal of $434,681 out of contributed surplus on the exercise of stock options; and
- incurring share issuance costs of $238,446 included in accounts payable.

During the nine months ended March 31, 2011, significant non-cash investing and financing activities included:

- recording of a fair value reversal of $248,445 out of contributed surplus on the exercise of stock options

(Expressed in Canadian dollars)

11. Segmented information:

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's capital assets are located primarily in the Republic of Ghana.

Geographic information is as follows:

	March 31, 2012	June 30, 2011
Assets:		
Canada	$ 35,143,514	$ 2,395,363
Ghana	56,327,517	31,909,610
Australia	14,450,732	26,965,956
	$ 105,921,763	$ 61,270,929

12. Subsequent event:

Subsequent to March 31, 2012, the Company issued 500,000 shares pursuant to the exercise of share purchase warrants for proceeds of $304,186 (AUD $300,000).

13. First time adoption of IFRS:

The Company's financial statements for the year-ending June 30, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, *First Time Adoption of International Financial Reporting Standards*, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was July 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be June 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

(a) Optional exemptions:

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

(*i*) Business combinations:

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

13. First time adoption of IFRS (continued):

(*ii*) Share-based payment transactions:

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company applied the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

(*iii*) Compound financial instruments:

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

(*iv*) Borrowing costs:

The Company has elected to apply the transitional provisions of IAS 23 *Borrowing Costs*, which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

(*v*) Extinguishing financial liabilities with equity instruments:

The Company has elected to apply the transitional provisions of IFRIC 19 *Extinguishing financial liabilities with equity instruments*, which requires its application only from the beginning of the earliest comparative period presented, i.e. the Transition Date.

(b) Mandatory exceptions:

(*i*) De-recognition of financial assets and liabilities:

The Company has applied the de-recognition requirements in IAS 39 *Financial Instruments: Recognition and Measurement* prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

(b) Mandatory exceptions (continued):

(*ii*) Estimates:

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

(Expressed in Canadian dollars)

13. First time adoption of IFRS (continued):

(c) Reconciliations of pre-changeover Canadian GAAP equity and comprehensive loss to IFRS:

IFRS 1 requires an entity to reconcile equity, comprehensive loss and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive loss as shown below have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

Equity	June 30, 2011	March 31, 2011	July 1, 2010
As reported under Canadian GAAP	$ 60,319,364	$ 60,921,830	$ 24,306,847
Adjustments:			
Opening adjustment carried forward	(388,848)	(388,848)	-
Deferred tax – foreign exchange	(144,450)	(251,604)	(388,848)
As reported under IFRS	$ 59,786,066	$ 60,281,378	$ 23,917,999

Comprehensive loss	Year ended June 30, 2011	Nine months ended March 31, 2011	Three months ended March 31, 2011
As reported under Canadian GAAP	$ (5,150,357)	$ (4,303,442)	$ (1,717,579)
Adjustments:			
Share-based payments	361,291	293,640	196,577
Deferred tax – foreign exchange	(144,450)	(251,604)	(94,165)
As reported under IFRS	$ (4,933,516)	$ (4,261,406)	$ (1,615,167)

(d) Explanations for the adjustments are as follows:

(*i*) Share-based payments:

IFRS 2 is effective for the Company from July 1, 2010 and is applicable to:

- New grants of share-based payments subsequent to July 1, 2010;
- Equity-settled share-based compensation awards that vest after July 1, 2010; and
- Awards that are modified on or after July 1, 2010, even if the original grant of the award was not accounted for in accordance with IFRS 2.

13. First time adoption of IFRS (continued):

(d) Explanations for the adjustments are as follows (continued):

(*i*) Share-based payments (continued):

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of the share-based compensation on awards granted and recognizes the expense from the date of grant over the vesting period using the graded vesting methodology. The Company determined the fair value of stock options granted using the Black-Scholes option-pricing model.

IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. IFRS 2 also requires estimates to be made of forfeiture and a consequent reduction of share compensation expense and contributed surplus.

Prior to Transition to IFRS, non-employee options under pre-changeover Canadian GAAP were measured at the share price on the vesting date. Under IFRS, these are measured at grant date. As a result, the Company has recognized an IFRS transitional adjustment within equity of $202,229 increasing contributed surplus and accumulated deficit. The effect on total comprehensive income for the year ended June 30, 2011 amounted to a reduced share-based payment expense of $361,291 (nine months ended March 31, 2011 - $293,640).

(*ii*) Deferred tax:

Under pre-changeover Canadian GAAP, the Company previously accounted for a portion of deferred tax as capitalized exploration and evaluation expenditures. These temporary differences do not arise as a result of business combinations and affect neither accounting nor taxable profit on initial recognition. As a result, they meet the criteria outlined in IAS 12 *Income Taxes*, to exempt the Company from recognizing deferred tax on initial recognition (the “initial recognition exemption”). This has led to the de-recognition of all deferred tax impacts which had previously been recognized, resulting in a decrease in exploration and evaluation assets of $2,229,803 and deferred tax liabilities of $1,840,955 at July 1, 2010. Further, under pre-changeover Canadian GAAP, the Company previously recognized foreign exchange gains or losses on deferred tax liabilities through the income statements. As a result, accumulated deficit increased by $388,848 at July 1, 2010. Total comprehensive loss for the year ended June 30, 2011 increased $144,450 (nine months ended March 31, 2011 - $251,604).

(e) Reconciliations of pre-changeover Canadian GAAP statements of cash flows:

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive income as shown previously have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.