KENIEBA GOLDFIELDS LTD.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEARS ENDED DECEMBER 31, 2012 AND 2011

KENIEBA GOLDFIELDS LTD.

FINANCIAL STATEMENTS
Years Ended December 31, 2012 and 2011

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Kenieba Goldfields Ltd.

We have audited the accompanying financial statements of Kenieba Goldfields Ltd., which comprise the statements of financial position as at December 31, 2012 and 2011 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Kenieba Goldfields Ltd. as at December 31, 2012 and 2011 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Kenieba Goldfields Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

April 9, 2013

KENIEBA GOLDFIELDS LTD.

Statements of Financial Position
(Expressed in Canadian Dollars)
As of December 31

	Note		**2012**		2011
ASSETS					
Current					
Cash		**$**	**198,103**	$	433,713
Receivables	4		**12,641**		3,122
Prepaid expenses	3		**269**		-
			211,013		436,835
Exploration and evaluation assets	5		**-**		448,185
		$	**211,013**	$	885,020
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	6	**$**	**24,940**	$	68,679
Shareholders' Equity					
Share capital	7		**4,156,021**		4,156,021
Contributed surplus			**659,045**		659,045
Deficit			**(4,628,993)**		(3,998,725)
			186,073		816,341
		$	**211,013**	$	885,020

Nature of Operations and Going Concern 1
Subsequent Event 14

On Behalf of the Board:

"Simon Tam"	*"Craig Walker"*
Director	Director

The accompanying notes are an integral part of these financial statements.

KENIEBA GOLDFIELDS LTD.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the Years Ended December 31

	Note		**2012**		2011
EXPENSES					
Accounting, audit and legal fees	12	**$**	**82,100**	$	71,915
Bank charges			**79**		783
Consulting fees	12		**66,000**		90,000
Listing and filing fees			**9,255**		28,208
Office and general			**635**		6,649
Rent	12		**18,000**		18,000
Shareholder information			**1,891**		991
Transfer agent fees			**4,062**		4,296
Travel and promotion			**-**		26,732
Loss from operations			**(182,022)**		(247,574)
Costs recovery	14		**10,500**		-
Interest income			**1,659**		6,719
Write-off of exploration and evaluation assets	5		**(460,405)**		(929,230)
			(448,246)		(922,511)
Loss and comprehensive loss for the year		**$**	**(630,268)**	$	(1,170,085)
Basic and diluted loss per share		**$**	**(0.02)**	$	(0.04)
Weighted average number of common shares outstanding			**29,297,604**		29,297,604

The accompanying notes are an integral part of these financial statements.

KENIEBA GOLDFIELDS LTD.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance as at December 31, 2010	28,732,907	$ 4,088,257	$ 659,045	$ (2,828,640)	$ 1,918,662
Shares issued – property option agreement (Note 5)	500,000	60,000	-	-	60,000
Shares issued for finders' fees on Kouroufing Property Option Agreement	64,697	7,764	-	-	7,764
Net loss for the year	-	-	-	(1,170,085)	(1,170,085)
Balance as at December 31, 2011	29,297,604	4,156,021	659,045	$ (3,998,725)	816,341
Net loss for the year	-	-	-	(630,268)	(630,268)
Balance as at December 31, 2012	29,297,604	$ 4,156,021	$ 659,045	$ (4,628,993)	$ 186,073

The accompanying notes are an integral part of these financial statements.

KENIEBA GOLDFIELDS LTD.

Statements of Cash Flows
(Expressed in Canadian Dollars)
For the Years Ended December 31

	Note		2012		2011
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the year		**$**	**(630,268)**	$	(1,170,085)
Item not affecting cash:					
Write-off of exploration and evaluation assets			**460,405**		929,230
Non-cash working capital items changes:					
Decrease (increase) in receivables			**(9,519)**		3,126
(Increase) in prepaid expenses			**(269)**		-
Increase (decrease) in accounts payable and accrued liabilities			**(43,739)**		637
Net cash used in operating activities			**(223,390)**		(237,092)
CASH FLOWS FROM INVESTING ACTIVITIES					
Expenditures on exploration and evaluation assets			**(12,220)**		(436,967)
Net cash used in investing activities			**(12,220)**		(436,967)
Change in cash for the year			**(235,610)**		(674,059)
Cash, beginning of year			**433,713**		1,107,772
Cash, end of year		**$**	**198,103**	$	433,713
Supplementary Cash Flow Information	11				

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Going Concern

Nature of Operations

Kenieba Goldfields Ltd. (the "Company") was incorporated under the laws of Ontario on November 21, 1995, and continued into the province of British Columbia on November 17, 2006. The Company is primarily engaged in the acquisition and development of exploration and evaluation assets. The Company is considered to be in the exploration stage. The Company is listed on the TSX Venture Exchange trading under the symbol KEN.V.

The Company is in the process of mining, exploring and developing its exploration and evaluation assets. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, successful permitting, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each exploration and evaluation asset. Furthermore, the acquisition of title to exploration and evaluation assets is a complicated and uncertain process, and while the Company has taken steps in accordance with normal industry standards to verify its title to the exploration and evaluation assets in which it has an interest, there can be no assurance that such title will ultimately be secured. The carrying amounts of exploration and evaluation assets are based on costs incurred to date, and do not necessarily represent present or future values.

The address of the Company's corporate office and principal place of business is 3467 Commercial Street, British Columbia, Canada V5N 4E8.

Going Concern

The Company has not yet determined whether any of its exploration and evaluation assets contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as exploration and evaluation assets is dependent upon the existence of economically recoverable mineral 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 its properties.

The Company's financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Certain conditions and events cast significant doubt on the validity of this assumption. For the year ended December 31, 2012, the Company reported a loss of $630,268 (2011: $1,170,085) and as at that date had an accumulated deficit of $4,628,993 (2011: $3,998,725). As of December 31, 2012, the Company has a working capital of $186,073 (2011: $368,156). While in the past, the Company has been successful in obtaining funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. Significant Accounting Policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these financial statements are based on IFRS issued and outstanding as of April 12, 2013, the date the Board of Directors approved these statements.

b) Basis of Presentation

These financial statements were prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments, which are measured at fair value.

c) Critical Accounting Estimates, Judgments and Uncertainties

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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Share-based payments

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

Exploration and Evaluation Assets

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

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.

2. Significant Accounting Policies – *continued*

c) Critical Accounting Estimates, Judgments and Uncertainties – *continued*

Impairment of Non-Financial Assets

The Company reviews and evaluates its property, including exploration and evaluation assets, and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Valuation of Shares Issued in Non-Cash Transactions

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up.

Recognition of Deferred Tax Assets

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

d) Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the

2. Significant Accounting Policies – *continued*

d) Functional and Presentation Currency – *continued*

transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

The Company's functional currency is the Canadian Dollar ("CAD"). The financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

e) Exploration and Evaluation Assets

Exploration and evaluation asset expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition and exploration and evaluation of exploration and evaluation assets are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development and amortized using the unit of production method.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation asset expenditures incurred are deemed to be impaired. As a result, those exploration and evaluation asset costs, in excess of estimated recoveries, are written off to profit or loss.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property.

Exploration stage assets and development stage assets are considered separate cash generating units ("CGU") for impairment testing purposes.

The amount shown for exploration and evaluation assets does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

f) Cash

The Company considers cash to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less.

g) Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

2. Significant Accounting Policies – *continued*

g) Income Taxes – *continued*

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of loss and comprehensive loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable;

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

h) Impairment of Tangible and Intangible Assets

The Company's tangible and intangible assets are reviewed for indications of impairment at each reporting date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversal of Impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

2. Significant Accounting Policies – *continued*

i) Provision for Environmental Rehabilitation & Exploration and Evaluation Assets and Long Lived Assets

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of the assets and other site preparation work is capitalized to the related mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

The Company does not have a provision for rehabilitation as at December 31, 2012, and 2011.

j) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (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. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

k) Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and

2. Significant Accounting Policies - *continued*

k) Financial Instruments- *continued*

other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has implemented the following classifications for its financial instruments:

a) Cash has been classified as fair value through profit or loss.

b) Receivables have been classified as loans and receivables.

c) Accounts payable and accrued liabilities have been classified as other financial liabilities and are measured at amortized cost.

l) Share Capital

(i) 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 purchase warrants are classified as equity instruments.

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

(iii) The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily

2. **Significant Accounting Policies** – *continued*

l) Share Capital– *continued*

measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

m) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. On the exercise of stock options, the applicable amounts of reserves are transferred to share capital and consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments, such as stock options and warrants, are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

n) Accounting Standards, Amendments and Interpretation Issued But Not Yet Effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2012, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

(i) Effective for annual periods beginning on or after July 1, 2012

• Amendments to IAS 1 *Presentation of Financial Statements*

To require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

(ii) Effective for annual periods beginning on or after January 1, 2013

• New standard IFRS 13 *Fair Value Measurement*

Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRS's require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

- 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.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies - *continued*

n) Accounting Standards, Amendments and Interpretation Issued But Not Yet Effective - *continued*

- 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.

- IFRS 12 *Disclosure 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.

(iii) Effective for annual periods beginning on or after January 1, 2014

- Amendments to IAS 32, *Financial Instruments: Presentation*

IAS 32 clarifies the application of the offsetting rules and requires additional disclosure on financial instruments subject to netting arrangements.

(iv) Effective for annual periods beginning on or after January 1, 2015

- New standard IFRS 9 *Financial Instruments*

Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements.

3. Prepaid Expenses

	December 31, 2012	December 31, 2011
Office and miscellaneous	**$ 269**	$ -

4. Receivables

	December 31, 2012	December 31, 2011
Amounts due from the Government of Canada pursuant to HST input tax credits	**$ 881**	$ 3,122
TSX filing fees refund	**11,760**	-
	$ 12,641	$ 3,122

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

	Sebembere Copper Property	**Balankomana Property**	**Diban Property**	**Diban North Property**	**Kouroufing Property**	**Total**
Balance as at December 31, 2010	$ 724,553	$ -	$ -	$ -	$ -	$ 724,553
Cash	179,677	25,020	25,020	25,020	101,265	356,002
Common shares issued	-	-	-	-	60,000	60,000
Finders' fees - shares issued	-	-	-	-	7,764	7,764
Finders' fees - cash	-	-	-	-	33,966	33,966
Consulting and professional fees	25,000	17,362	17,362	17,362	17,362	94,448
License and application	-	20,332	15,249	20,332	15,249	71,162
Project costs	-	-	-	-	13,000	13,000
Travel and transportation	-	4,130	4,130	4,130	4,130	16,520
Write-off of Exploration and Evaluation Assets	(929,230)	-	-	-	-	(929,230)
Balance as at December 31, 2011	**-**	**66,844**	**61,761**	**66,844**	**252,736**	**448,185**
Consulting and professional fees	-	3,055	3,055	3,055	3,055	12,220
Write-off of Exploration and Evaluation Assets	-	(69,899)	(64,816)	(69,899)	(255,791)	(460,405)
Balance as at December 31, 2012	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Sebembere Copper Property, Zambia

In April 2010, the Company entered into an option agreement whereby the Company may exercise the option to acquire either a 70% interest in the Sebembere copper property having a Large Scale Mining License in Zambia or a 70% interest in a private Zambian company holding the Large Scale Mining License for the Sebembere copper property in Zambia.

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets - *continued*

Sebembere Copper Property, Zambia - *continued*

Consideration for the acquisition is aggregate cash payments of US$750,000 (US $350,000 paid), issuance of 2,000,000 common shares of the Company (issued) and incurring a total of US$4,000,000 on exploration work over four years.

As at December 31, 2011, the Company decided not to work with the property and wrote off total exploration and evaluation costs of $929,230.

Mali Gold Properties, West Africa

By option agreements dated November 28, 2010 and the amended agreements dated January 20, 2011, the Company entered into four option agreements ("Property Option Agreements") to acquire up to an 80% interest in each of the four properties located in Mali, West Africa, namely the Balankomana property (the "Balankomana Property Option Agreement"), the Diban property (the "Diban Property Option Agreement"), the Diban North property (the "Diban North Property Option Agreement") and the Kouroufing property (the "Kouroufing Property Option Agreement"). Each property is subject to a 2% net smelter return royalty ("NSR") and the Company has the option to purchase up to 1.5% of the NSR for US$2,000,000.

Consideration for each of the four Property Option Agreements is aggregate cash payments of US$325,000, issuance of 2,000,000 common shares of the Company and incurring a total of US$750,000 on exploration work on the property over three years.

The Company has signed finders' fee agreements for each of the four Property Option Agreements granting the finder fees in a combination of cash and common shares of the Company. As at December 31, 2011, the Company paid finders' fees of $33,966 and issued 64,697 common shares with a value of $7,764 pursuant to the finders' fee agreement in relation to the Kouroufing Property option Agreement.

On December 5, 2011, the Kouroufing Property Option Agreement was approved by the TSX Venture Exchange. As at the Company's year ended December 31, 2012, TSX approval of the other three Property Option Agreements (Balankomana, Diban, and Diban North) was pending.

As at December 31, 2012, the Company had paid total cash of $176,325, issued 500,000 common shares and incurred total exploration costs of $170,130. The exploration program has been suspended due to a military coup in Mali. While the Company was still in discussion with the optionor to amend the terms on the cash payments and work expenditure on the Kouroufing Property, the Company wrote-off total exploration and evaluation costs of $460,405 due to the political instability in Mali.

6. Accounts Payable and Accrued Liabilities

	December 31, 2012	December 31, 2011
Trade and other payables	**$ 3,940**	$ 2,213
Accruals for exploration	**-**	47,666
Accrued liabilities	**21,000**	18,800
Total	**$ 24,940**	$ 68,679

(Expressed in Canadian Dollars)

7. Share Capital

Authorized unlimited common shares without par value.

(i) In June 2010, the Company issued 2,000,000 common shares at $0.09 per share pursuant to the Sebembere copper property option agreement (Note 5);

(ii) On December 13, 2011, the Company issued 500,000 shares pursuant to the Kouroufing Property Option Agreement (Note 5);

(iii) On December 13, 2011, the Company issued 64,697 shares pursuant to a finders' fee agreement in connection with the signing of the Kouroufing Property Option Agreement (Note 5).

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants. The Company has implemented a rolling plan to reserve 10% of issued shares for issuance. Under the plan, the exercise price of each option is set on the date of grant at no less than the Discount Market Price of the Company's stock as determined per the TSX Venture Exchange policy. Options granted under the plan have a term not to exceed ten years and are subject to vesting provisions as determined by the board of directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining
Balance, December 31, 2010	1,600,000	$ 0.36	1.2 years
Expired	(1,100,000)	0.30	
Balance, December 31, 2011	500,000	0.50	0.32 years
Expired	(500,000)	0.50	
Balance, December 31, 2012	-	$ -	

There were no stock options outstanding or exercisable at December 31, 2012:

No stock-based compensation expense was recognized for the years ended December 31, 2012 and 2011 as the Company did not grant any stock options.

Warrants

The Company had no warrants outstanding and exercisable as at December 31, 2012 and 2011.

8. Financial Instruments and Risk Management

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities.

Financial instruments

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy. The carrying value of receivables, and accounts payable and accrued liabilities, approximate fair value because of the short-term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:
It is management's opinion that the Company is not exposed to significant interest rate risk, currency risk or credit risk relating to its financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company is exposed to credit risk with respect to its cash and cash equivalents position and receivables. The Company's cash is held in a major bank which is considered to have high creditability. The Company's receivables from a government agency and stock exchange thus collection is considered assured. The Company believes it has no significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due. As at December 31, 2012, the Company had a cash balance of $198,103 (2011 - $433,713) to settle liabilities of $24,940 (2011 - $68,679). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, which are discussed further below:

(i) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in short-term deposit certificates issued by its banking institution. Due to the short term nature of these financial instruments, fluctuations in interest rates do not have a significant impact on their fair values as at December 31, 2012 and 2011.

8. Financial Instruments and Risk Management – *continued*

Market Risk *- continued*

(ii) Currency risk

The Company is subject to currency risk to the extent of the expenditures denominated in US dollars that it will incur pursuant to the property option agreement. The Company does not presently manage currency risks through hedging or other currency management tools.

(iii) Price risk

Price risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk. Currently the Company is not exposed to other price risk.

9. Segment Information

Currently the Company conducts all of its operations in one business segment being the exploration and development of resource properties. Geographic information with respect to the Company's assets is as follows:

	December 31, 2012	December 31, 2011
Canada	**$ 211,013**	$ 436,835
Zambia (Exploration Advances and Evaluation Assets)	**-**	-
West Africa (Exploration and Evaluation Assets)	**-**	448,185
Total Assets	**$ 211,013**	$ 885,020

10. Capital Management

The Company's capital management objectives are to raise the necessary equity financing to fund its exploration projects and to manage the equity funds raised which best optimizes its exploration programs and the interests of its equity shareholders at an acceptable risk level.

In the management of capital, the Company includes items in shareholders' equity (excluding accumulated other comprehensive income) in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds and acquire new exploration properties as circumstances dictate.

There were no changes in the Company's approach to capital management during the year ended December 31, 2012. The Company is not subject to externally imposed capital requirements.

11. Supplemental Cash Flow Information

There were no significant non-cash transactions of the Company for the year ended December 31, 2012.

The significant non-cash transactions of the Company for the year ended December 31, 2011 were as follows:

a) Issued 500,000 shares with a value of $60,000 pursuant to the Kouroufing Property Option Agreement.

b) Issued 64,697 shares with a value of $7,764 pursuant to a finders' fee agreement in regards to the Kouroufing Property Option Agreement.

c) Accrued $33,966 pursuant to a finders' fee agreement in regards to the Kouroufing Property Option Agreement and $13,000 of exploration costs related to the Kouroufing Property.

d) Reallocated exploration advance of $101,165 to exploration and evaluation assets.

12. Related Party Transactions

During the year ended December 31, 2012, the Company entered into the following related party transactions:

- Paid rent of $18,000 (2011-$18,000) to a company related to a director of the Company.
- Paid accounting fees of $36,000 (2011-$36,000) to a company related to a director of the Company.
- Paid consulting fees of $60,000 (2011-$60,000) to a company controlled by a director of the Company.
- Paid consulting fees of $6,000 (2011-$500) to a director of the Company;
- Incurred accounting fees of $10,000 (2011 - $2,500) for accounting services rendered by an officer of the Company of which $2,800 was outstanding as at December 31, 2012.
- Paid consulting fees of $nil (2011-$24,500) to a former director of the Company.
- Paid consulting fees of $nil (2011 - $5,000) to a former officer of the Company.

(Expressed in Canadian Dollars)

13. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Years ended December 31	
	2012	2011
Loss for the year	$ (630,268)	$ (1,170,085)
Expected income tax recovery	(158,000)	(310,073)
Change in statutory, foreign tax, foreign exchange rates and other	-	17,550
Permanent difference	-	27
Changes in unrecognized deductible temporary differences and other	158,000	292,496
Total income tax	$ -	$ -

The Canadian income tax rate declined during the prior year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's deferred tax assets and liabilities are as follows:

	As of December 31	
	2012	2011
Deferred tax assets:		
Exploration and evaluation assets	$ 630,000	$ 554,900
Cumulative eligible capital	4,500	4,500
Non-capital losses	290,000	247,800
Total	$ 924,500	$ 807,200

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	As of December 31			
	2012	Expiry Date Range	2011	Expiry Date Range
Exploration and evaluation assets	$ 2,519,000	No expiry date	$ 2,507,000	No expiry date
Canadian eligible capital (CEC)	$ 18,150	No expiry date	$ 18,150	No expiry date
Non-capital losses available for future period	$ 1,161,000	2014 to 2032	$ 991,000	2014 to 2032

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. Subsequent Event

Subsequent to its year-end, the Company received $11,760 from the TSX Venture Exchange for refund of filing fees in relation to the three option agreements; namely, the Balankomana Property Option Agreement, the Diban Property Option Agreement, and the Diban North Property Option Agreement.