GOGOLD RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER 2012

Three month periods ended December 31, 2011 and 2010
(unaudited)

(Prepared by Management - see notice to reader)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice to this effect. These condensed interim consolidated financial statements have been prepared by management of the Corporation. Management have compiled the unaudited condensed interim consolidated statements of financial position and the unaudited condensed interim consolidated statements of operations and comprehensive loss, cash flows and changes in equity of GoGold Resources Inc. as at December 31, 2011 and December 31, 2010. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the December 31, 2011 and 2010 interim condensed consolidated financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

GOGOLD RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited - Prepared by Management)

	December 31 2011	September 30 2011 (Note 14)	October 1 2010 (Note 14)
ASSETS			
Current assets:			
Cash	$ 4,499,001	$ 1,596,623	$ 668,320
Short-term deposits	-	277,617	275,550
Tax recoverable	602,248	479,040	19,895
Prepaid expenses	24,685	30,539	15,663
Deposits	11,264	11,264	11,264
	5,137,198	2,395,083	990,692
Non-current assets:			
Property, plant and equipment	402,021	504,558	7,437
Exploration and evaluation assets	16,048,955	14,567,703	233,585
Total non-current assets	16,450,976	15,072,261	241,022
Total assets	$21,588,174	$17,467,344	$ 1,231,714
LIABILITIES			
Current liabilities:			
Trade and other payables	253,030	258,623	45,486
Other liability	-	-	50,000
EQUITY			
Share capital (Note 7)	23,183,073	18,565,437	1,378,287
Contributed surplus (Note 8)	623,945	497,038	166,430
Cumulative translation account	(389,065)	(227,827)	-
Deficit	(2,082,809)	(1,625,927)	(408,489)
Total equity	21,335,144	17,208,721	1,136,228
Total liabilities and equity	$21,588,174	$17,467,344	$ 1,231,714

Going concern (Note 2)

ON BEHALF OF THE BOARD OF DIRECTORS

"Terry Coughlan"
Director

"Daniel Whittaker"
Director

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

GOGOLD RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited - Prepared by Management)

	For the three month period ended	
	December 31, 2011	**December 31, 2010**
Expenses:		
General and administrative (Note 14d)	**$ 306,899**	**$ 339,605**
Regulatory (Note 14d)	**27,740**	**5,395**
Marketing and public relations (Note 14d)	**122,243**	**4,889**
	456,882	**349,889**
Net loss for the period	**(456,882)**	**(349,889)**
Other comprehensive loss:		
Foreign currency translation differences arising on translation of foreign subsidiaries	**(161,238)**	**-**
Total comprehensive loss	**(618,120)**	**(349,889)**
Loss per share basic and fully diluted (Note 7(f))	**(0.01)**	**(0.02)**
Weighted average number of common shares outstanding	**57,255,795**	**22,655,795**

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

GOGOLD RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CASH FLOW

(Unaudited - Prepared by Management)

	For the three month period ended	
	December 31, 2011	**December 31, 2010**
Cash provided by (used in) the following activities:		
Operating Activities		
Net loss for the period	$ (456,882)	$ (349,889)
Items not involving cash		
Stock based compensation	95,887	240,000
Depreciation	8,046	558
Net change in non-cash working capital items	154,670	(35,000)
Net cash (used in) operating activities	(198,279)	(144,331)
Investing Activities		
Resource property expenditures	(1,499,429)	(18,685)
Property and equipment	(17,550)	(676)
Net cash (used in) investing activities	(1,516,979)	(19,361)
Financing Activities		
Issuance of common shares (net of cash share issue costs)	4,617,636	5,940,851
	-	-
Net cash provided by financing activities	4,617,636	5,940,851
Net change in cash and cash equivalents for the period	2,902,378	5,777,159
Cash and cash equivalents, beginning of the period	1,596,623	668,320
Cash and cash equivalents, end of the period	$ 4,499,001	$ 6,445,479

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

GOGOLD RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Canadian dollars)

	Attributable to equity holders of the Corporation					
	Number of shares	Share capital	Contributed surplus	Cumulative translation account	Deficit	Total equity
Balance at October 1, 2010	16,916,665	$ 1,378,287	$ 166,430	$ -	$ (358,489)	$ 1,186,228
Total comprehensive loss for the period:						
Net loss and comprehensive loss	-	-	-	-	(349,889)	(349,889)
Share issuance for cash	24,000,000	5,940,851	-	-	-	5,940,851
Stock-based compensation	-	-	240,000	-	-	240,000
Issuance of finder's options	-	(147,700)	147,700	-	-	147,700
Total transactions with owners	24,000,000	5,793,151	387,700	-	-	6,180,851
Balance at December 31, 2010	40,916,665	$ 7,121,438	$ 554,130		$ (708,378)	$ 6,967,190
Balance at October 1, 2011	55,966,665	$ 18,565,437	$ 497,038	$ (227,827)	$ (1,625,927)	$ 17,208,721
Total comprehensive loss for the period:						
Net loss	-	-	-	-	(456,882)	(456,882)
Other comprehensive loss				(161,238)		(161,238)
Total comprehensive loss for the period				(161,238)	(456,882)	(618,120)
Transactions with owners, recognized directly in equity:						
Stock options exercised	1,400,000	459,100	(169,100)	-	-	290,000
Shares issued for cash	3,600,000	4,158,536	136,134	-	-	4,294,670
Stock-based compensation			159,873	-	-	159,873
Total transactions with owners	5,000,000	4,617,636	126,907	-	-	4,744,543
Balance at December 31, 2011	60,966,665	$ 23,183,073	$ 623,945	$ (389,065)	$ (2,082,809)	$ 21,335,144

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

GoGold Resources Inc. (the "Corporation") is a company domiciled in Canada. The address of the Corporation's registered office is #1301-2000 Barrington Street, Cogswell Tower, Halifax, Nova Scotia, B3J 3K1. The condensed interim consolidated financial statements of the Corporation as at and for the three months ended December 31, 2011, comprise the Corporation and its subsidiaries. The principal business of the Corporation is the discovery, exploration and development of large tonnage, low cost, gold, silver, copper and molybdenum deposits primarily in Mexico and Canada.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Corporation's major business activity is the exploration and development of mineral properties, it has no current sources of revenue and continues to be dependent upon its ability to finance its exploration programs through financing activities that may include issuances of equity securities.

The recoverability of the carrying value of exploration projects is dependent upon the existence and economic recovery of mineral reserves, the ability to raise long-term financing to complete the development of the properties, and upon future profitable production or, alternatively, upon the Corporation's ability to dispose of its interest in the underlying mineral claims. In the three month period ended December 31, 2011, the Corporation completed a financing of $4,500,000 from a private placement issuance of common shares. This may not be sufficient to fund the current exploration and drilling program and the Corporation may have to raise additional capital in the future. Future financings are dependent on market conditions and there can be no assurance the Corporation will be able to raise funds as they are required in the future.

If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets, the reported revenues and expenses, and the balance sheet classifications used. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate and those adjustments may be material.

3. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These are the Corporation's first IFRS condensed interim consolidated financial statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Corporation is provided in Note 10. This note includes reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under previous Canadian GAAP to those reported for those periods at the date of transition under IFRS.

The policies applied in these consolidated financial statements are presented in Note 4 and are based on the IFRS applicable as of September 30, 2011. The date the Board of Directors approved the financial statements is March 27, 2012.

b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for share-based payments measured at fair value. Items included in the financial statements of each of the Corporation's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of GoGold Resources Inc.

c) Use of estimates and judgments

The preparation of the financial statements requires the Corporation's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimate of recoverability for non-financial assets
Events or changes in circumstances may give rise to significant impairment charges or reversals of impairment in a particular year. In accordance with the Corporation's accounting policy, each non-financial asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal. Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset.

Share-based payments
The Corporation issues equity-settled share-based payments to certain employees and third parties outside the Corporation. Equity-settled share-based payments are measured at fair value (excluding the effect of nonmarket based vesting conditions) at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and dividend yields based on information available at the time the fair value is measured.

Identification of functional currency
The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. Determination of functional currency involves significant judgment. The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment.

Fair value of financial instruments, including embedded derivatives
Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Taxation
The Corporation's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, mineral prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The exemptions the Corporation has taken in applying IFRS for the first time are set out in Note 10.

a) Basis of consolidation

The consolidated financial statements are presented in Canadian dollars and include the accounts of the Corporation and its subsidiaries; Mexican Gold Holdings Corporation Incorporated ("MHC"), North American Gold Holdings Corporation Incorporated ("NAHC"), and Minera Dorango Dorado S.A. DE C.V., a Mexican company, ("MDD"). All subsidiaries are 100% owned unless otherwise indicated.

i) Business combinations

Acquisitions on or after October 1, 2010
For acquisitions on or after January 1, 2010, the Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Acquisitions prior to October 1, 2010
As part of its transition to IFRSs, the Company elected to restate only those business combinations that occurred on or after October 1, 2010. In respect of acquisitions prior to October 1, 2010, goodwill represents the amount recognized under previous Canadian GAAP.

ii) Subsidiaries

Subsidiaries are all those entities over which the Corporation has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Corporation controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation and cease to be consolidated from the date on which control is transferred out of the Corporation. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

iii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed interim consolidated financial statements.

b) Foreign currency

i) Foreign currency transactions

In preparing the financial statements of each individual corporate entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for: exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from cumulative translation account to profit or loss on repayment of the monetary items.

ii) Foreign operations

The results and financial position of all the Corporation's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- shareholders' equity and intercompany loans are translated at historical rates of exchange at the reporting date;
- assets and liabilities are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement presented are translated at monthly average exchange rates; and
- all resulting exchange differences are recognized as a separate component of equity ("cumulative translation account")

On the loss of control of a foreign operation, all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in the cumulative translation account in equity.

c) Financial instruments

i) Financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on trade date at which the Company becomes party to the contractual provision of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or the rights to receive the contractual cash flows on the financial asset are transferred. The Company has loans, receivables and deposits as its only non-derivative financial assets.

Loans and receivables and deposits
Loans, receivables and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans, receivables and deposits are measured at amortized cost using the effective interest method, less any impairment losses. Loans, receivables and deposits comprise trade and other receivables, deposits and cash and cash equivalents. Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less on the date they are acquired by the Company.

Fair value
Fair value is determined based on current bid prices for all quoted investments.

ii) Financial liabilities

The Corporation initially recognizes other financial liabilities on the trade date at which the Corporation becomes party to the contractual provisions of the instrument. The Corporation derecognizes financial liabilities when its contractual obligations are discharged or cancelled or expire.

The Corporation has the following non-derivative other financial liabilities: trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

d) Exploration and evaluation assets

Pre-exploration expenditures are expensed as incurred. All direct costs related to the acquisition and exploration of resource property interests are capitalized by property.

Exploration and evaluation assets are initially measured at cost and classified as tangible assets.

Exploration and evaluation assets include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, and other direct costs related to exploration or evaluation of a project. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Where a project is determined to be technically or commercially feasible and a decision has been made to proceed with development with respect to a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is reclassified as a development asset in property, plant and equipment.

e) Property, plant and equipment

Recognition and measurement
Land is stated at historical cost. All items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use.

Subsequent costs
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 Corporation and the cost of the item can be measured reliably.

The carrying amount of any 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.

Depreciation
Depreciation of property, plant and equipment is calculated using the declining balance method to allocate their cost, net of their residual values, over their estimated useful lives at the rate of 30% per annum. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Development assets
Development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and development assets also includes subsequent costs to develop the mine to the production phase.

Depletion of development assets is calculated on the basis of units of production and commences when the mine starts commercial production. Depletion is based on assessments of measured and indicated resources and a proportion of mineral resources available to be mined by the current production equipment to the extent that such resources are considered to be economically recoverable.

f) Impairment

i) Financial assets (including receivables)

Financial assets, other than those accounted at fair value through profit or loss, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. Impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

ii) Non-financial assets

The carrying amounts of the Corporation’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset’s recoverable amount is estimated. For goodwill, the recoverable amount is estimated at least once each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets which generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets (the “cash-generating-unit” or “CGU”). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The Corporation’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized directly against the carrying amount of the asset whenever the carrying amount of an asset, or its CGU, exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to the goodwill and then to the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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.

Exploration assets are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. An impairment loss is recognized for the amount by which the exploration assets' carrying amount exceeds their recoverable amount. Where the assets are not associated with a specific cash generating unit, the recoverable amount is assessed using fair value less cost to sell for the specific exploration area.

g) Flow-through shares

The Corporation has financed a portion of its exploration activities through the issue of flow-through shares. As permitted under the Income Tax Act (Canada), the tax attributes of eligible expenditures incurred with the proceeds of flow-through share issuances were renounced to subscribers. At the time of share issuance, the proceeds must be allocated between share capital and the obligation to deliver the tax deduction. The allocation is based on the difference between the quoted price of the Corporation's non-flow through shares and the amount the investor pays for the flow-through shares (given no other differences between the securities).

For expenditures that are capitalized, the date of recognition of the deferred tax liability is:

- If renunciation is under general method: in the year of share issuance when expenditures are made, assuming there is an expectation of renouncing qualifying exploration expenditures. The entity records a deferred tax liability and corresponding income tax expense. The obligation is reduced and a corresponding tax reduction is recorded.

- If renunciation is under look-back method: if the expenditures are made (i.e. not upon renouncement), the entity records a deferred tax liability and a corresponding income tax expense.

Also at that time, the obligation is reduced and a corresponding income tax expense reduction is recorded.

h) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and deferred income tax liabilities of the same taxable entity are offset when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. The principal temporary differences arise from amortization and depreciation on property, plant and equipment, tax losses carried forward and fair value adjustments on assets acquired in business combinations.

i) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Corporation's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

j) Earnings per share

The Corporation presents basic and diluted earnings per share date for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding adjusted for the effects of all dilutive potential common shares. All share options are currently anti-dilutive. As a result basic and diluted earnings per share are the same.

5. FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Corporation has not early adopted IFRS 9 and is currently evaluating the impact on its financial statements.

The following IFRS standards have been recently issued by the IASB: IFRS 13 Fair Value Measurement, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The Corporation is assessing the impact of these new standards, but does not expect them to have a significant effect on the condensed consolidated interim financial statements.

6. CAPITAL MANAGEMENT

The Corporation's capital consists of share capital and contributed surplus. The Corporation's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Corporation will be able to raise funds in the future.

The Corporation invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments.

There were no changes to the Corporation's approach to capital management during the period. The Corporation is not subject to externally imposed capital requirements.

7. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares, without nominal or par value.

(b) Issued

The following table summarizes the changes in issued common shares of the Corporation:

	Number	Amount
Balance September 30, 2011	55,966,665	$ 18,565,437
Shares issued for cash	3,600,000	4,500,000
Shares issued on exercise of stock options	1,400,000	459,100
Less: Share issue costs	-	(341,464)
Balance December 31, 2011	60,966,665	$ 23,183,073

On December 23, 2011, the Corporation announced that it had closed a non-brokered private placement financing for gross proceeds of $4,500,000 comprised of the sale of 3,600,000 common shares at a price of $1.25 per common share. In connection with this financing, the Corporation paid a finder's fee in the form of options to purchase 180,000 common shares of the Corporation and a cash payment equal to $150,500. The finder's options will expire December 23, 2014. The fair value of the options was determined to be $136,134 using the Black-Scholes formula and the amount was recorded in share issue costs and contributed surplus (Note 8).

(c) Escrowed shares

Under the requirements of the TSX Venture Exchange ("TSXV"), 4,500,000 of the issued and outstanding shares are held in escrow (2010 – 7,500,000). Of the currently escrowed shares, 1,500,000 will be released on each of the 24, 30 and 36 month anniversaries of July 29, 2010.

(d) Finder's stock options

The changes in finder's options during the three months ended December 31, 2011 and year ended September 30, 2011 were as follows:

	2011		2010	
	Number of finders options	Weighted average exercise price ($)	Number of outstanding finders options	Weighted average exercise price ($)
Opening balance (September 30)	1,441,666	0.21	441,666	0.12
Granted	180,000	1.25	1,000,000	0.25
Exercised	(1,400,000)	0.21	-	-
Expired/Forfeited	-	-	-	-
Closing balance (December 31)	221,666	1.07	1,441,666	0.21
Exercisable	221,666	1.07	1,441,666	0.21

The following table summarizes information concerning outstanding and exercisable finder's options at December 31, 2011:

Expiry Date	Number of options	Exercise price ($)	Number of options	Exercise price ($)	Remaining Contractual Life (years)
July 26, 2012	41,666	0.30	41,666	0.30	0.28
December 23, 2014	180,000	1.25	180,000	1.25	0.99
	221,666	1.07	221,666	1.07	0.86

The charge for the finder's options referred to in Note 7(b) was determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Options granted December 23, 2011
Risk-free rate	0.99%
Expected volatility of the Corporation's share price	97%
Expected dividend yield	0.00%
Expected life of each option (years)	3.00
Fair value per option ($)	0.756

(e) Incentive stock options

The Corporation has a rolling 10% incentive stock option plan (the "Plan") under which options to purchase common shares of the Corporation may be granted to directors, officers, employees and consultants of the Corporation. Under the Plan, the terms and conditions of each grant of options are determined by the Board of Directors. If there are no terms specified upon grant, options vest immediately on the grant date. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSXV at the time of the grant.

The number of common shares subject to options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Corporation and no one person may receive in excess of 5% of the outstanding common shares of the Corporation at the time of grant (on a non-diluted basis).

The changes in stock options during the three months ended December 31, 2011 and year ended September 30, 2011 were as follows:

	2011		2010	
	Number of finders options	Weighted average exercise price ($)	Number of outstanding finders options	Weighted average exercise price ($)
Opening balance (September 30)	2,365,000	0.45	1,600,000	0.12
Granted	-	-	800,000	0.30
Exercised	-	-	-	-
Expired/Forfeited	-	-	-	-
Closing balance (December 31)	2,365,000	0.45	2,400,000	0.18
Exercisable	1,480,000	0.18	2,400,000	0.18

The following table summarizes information concerning outstanding and exercisable options at December 31, 2011:

	Outstanding		Exercisable		
Expiry Date	Number of options	Exercise price ($)	Number of options	Exercise price ($)	Remaining Contractual Life (years)
November 2, 2012	100,000	0.85	50,000	0.85	0.83
February 12, 2015	1,200,000	0.10	1,200,000	0.10	3.08
July 26, 2015	150,000	0.30	150,000	0.30	3.58
February 15, 2016	80,000	0.80	80,000	0.80	4.08
July 8, 2016	835,000	0.90	-	-	4.50
	2,365,000	0.45	1,480,000	0.18	3.55

The compensation charge for the outstanding options was determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Options granted May 2, 2011	Options granted July 8, 2011
Risk-free rate	1.68%	2.24%
Expected volatility of the Corporation's share price	94%	97%
Expected dividend yield	0.00%	0.00%
Expected life of each option (years)	1.50	5.00
Fair value per option ($)	0.376	0.663

(f) Earnings per share

Basic earnings per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share is based on the assumption that stock options have been exercised on the later of the beginning of the period and the date granted. As of December 31, 2011, 2,586,666 stock options (2010 – 3,841,666) were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

8. CONTRIBUTED SURPLUS

The following table summarizes the changes in contributed surplus:

	Amount
Balance September 30, 2011	497,038
Estimated fair value of incentive options granted (see Note 7e)	159,873
Estimated fair value of finder's options granted (see Note 7d)	136,134
Change as a result of finder's options exercised (see Note 7d)	(169,100)
Balance December 31, 2011	$ 623,945

9. SUBSEQUENT EVENTS

On February 7, 2012, the Corporation announced it had retained Michael Baybak & Co., Inc. (“MBC”) as a consultant to provide institutionally oriented investor relations services on behalf of the Corporation. The Corporation will pay MBC a monthly fee of $6,500 (USD) plus expenses, for the initial twelve month term of the agreement, cancellable upon 30 days notice in writing at any time after the first six months of service. The agreement may be renewed by mutual consent following the completion of the initial term. The Corporation also agreed to grant 325,000 incentive stock options to Michael Baybak, exercisable at a price of $1.53 for a period of three years. The options will vest quarterly over a period of 12 months.

10. TRANSITION TO IFRS

As stated in Note 3(a), these are the Corporation’s first interim consolidated financial statements prepared in accordance with IFRS. The accounting policies set out in note 3 have been applied in preparing the condensed interim consolidated financial statements for the three months ended December 31, 2011, the comparative information presented in these financial statements for both the three months ended December 31, 2010 and the year ended September 30, 2011 and in the preparation of an opening IFRS statement of financial position at October 1, 2010 (the Corporation’s date of transition).

In preparing its opening IFRS statement of financial position, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation’s financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

In preparing its IFRS statement of comprehensive income for the year-ended September 30, 2011 and for the three months ended December 31, 2010, the Corporation made various reclassifications to present expenses by function rather than by nature as presented under Canadian GAAP.

The transition from Canadian GAAP to IFRS has had no effect upon the reported cash flows generated by the Corporation. The reconciling items between the Canadian GAAP presentation and the IFRS presentation have no net impact on the cash flows generated.

IFRS 1 – First-time adoption of International Financial Reporting Standards ("IFRS") sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the date of transition with all adjustment to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Corporation has applied the following exemptions to its opening statement of financial position dated October 1, 2010.

- Business combination election – The election allows the Corporation to adopt IFRS 3(2008) prospectively from the date of transition.
- Cumulative translation differences – The election enables the Corporation to deem the cumulative translation difference to be zero at the transition date.
- Arrangements containing a lease – The election allows the Corporation to determine whether an arrangement existing at the date of transition to IFRS contains a lease on the basis of facts and circumstances existing at that date rather than at the inception of the arrangement.

GOGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited – Prepared by Management)
FOR THE THREE MONTH PERIODS ENDED DECEMBER 31, 2011 and 2010

Reconciliation of equity as reported under Canadian GAAP and IFRS
October 1, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current assets:				
Cash		**$ 668,320**	$ -	$ 668,320
Short-term deposits		**275,550**	-	275,550
Tax recoverable		**19,895**	-	19,895
Prepaid expenses		**15,663**	-	15,663
Deposits		**11,264**	-	11,264
		990,692	-	990,692
Non-current assets:				
Property and equipment		**7,437**	-	7,437
Exploration and evaluation assets		**233,585**	-	233,585
Total non-current assets		**241,022**	**-**	241,022
Total assets		**$ 1,231,714**	$ -	$ 1,231,714
LIABILITIES				
Current liabilities:				
Trade and other payables		**45,486**	-	45,486
Other liability	c	**-**	50,000	50,000
EQUITY				
Share capital	c	**1,378,287**	(50,000)	1,328,287
Contributed surplus		**166,430**	-	166,430
Deficit		**(358,489)**	-	(358,489)
Total equity		**1,186,228**	-	1,136,228
Total liabilities and equity		**$ 1,231,714**	$ -	$ 1,231,714

Reconciliation of equity as reported under Canadian GAAP and IFRS
December 31, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current assets				
Cash		$ 6,445,479	$ -	$ 6,445,479
Short-term deposits		275,550	-	275,550
Tax recoverable		45,564	-	45,564
Prepaid expenses		12,282	-	12,282
Deposits		11,264	-	11,264
		6,790,139	-	6,790,139
Non-current assets:				
Property and equipment		7,555	-	7,555
Exploration and evaluation assets		252,270	-	252,270
Total non-current assets		259,825	-	259,825
Total assets		$ 7,049,964	$ -	$ 7,049,964
LIABILITIES				
Current liabilities:				
Trade and other payables		32,774	-	32,774
Other liability	c	-	50,000	50,000
EQUITY				
Share capital	c	7,171,438	(50,000)	7,121,438
Contributed surplus	a	441,010	113,120	554,130
Deficit	a	(595,258)	(113,120)	(708,378)
Total equity		7,017,190	(50,000)	6,967,190
Total liabilities and equity		$ 7,049,964	$ -	$ 7,049,964

GOGOLD RESOURCES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited – Prepared by Management)
FOR THE THREE MONTH PERIODS ENDED DECEMBER 31, 2011 and 2010

Reconciliation of equity as reported under Canadian GAAP and IFRS
September 30, 2011

	Note	Canadian GAAP	Effect of transition to IFRS total	IFRS
ASSETS				
Current assets:				
Cash		$ 1,596,623	$ -	$ 1,596,623
Short-term deposits		277,617	-	277,617
Taxes recoverable		479,040	-	479,040
Prepaid expenses		30,539	-	30,539
Deposits		11,264	-	11,264
		2,395,083	-	2,395,083
Non-current assets:				
Property and equipment	b	510,895	(6,337)	504,558
Exploration and evaluation assets	a,b,c	19,533,027	(4,965,324)	14,567,703
Total non-current assets		20,043,922	(4,971,661)	15,072,261
Total assets		$ 22,439,005	$ (4,971,661)	$ 17,467,344
LIABILITIES				
Current liabilities:				
Trade and other payables		258,623	-	258,623
Future income tax liability	c	4,406,086	(4,406,086)	-
EQUITY				
Share capital	a,c	18,327,317	238,120	18,565,437
Contributed surplus	a	578,267	(81,229)	497,038
Cumulative translation account	b	-	(227,827)	(227,827)
Deficit	a,b,c	(1,131,288)	(494,639)	(1,625,927)
Total equity		17,774,296		17,208,721
Total liabilities and equity		$ 22,439,005		$ 17,467,344

Reconciliation of loss and comprehensive loss
For the three months ended December 31, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	Effect of Note 14(d)	IFRS
Expenses					
Professional fees		$ 28,700	$ -	$ (28,700)	$ -
General and administrative		69,381	-	270,224	339,605
Stock based compensation	a	126,880	113,120	(240,000)	-
Regulatory		5,395	-	-	5,395
Marketing and public relations		-	-	4,889	4,889
Depreciation		558	-	(558)	-
Insurance		5,855	-	(5,855)	-
		236,769	113,120	-	349,889
Net loss and comprehensive loss for the period		(236,769)	(113,120)	-	(349,889)

Reconciliation of loss and comprehensive loss
For the year ended September 30, 2011

	Note	Canadian GAAP	Effect of transition to IFRS total	Effect of Note 14(d)	IFRS
Expenses					
General and administrative		$ 476,214	(43,064)	646,715	$ 1,079,865
Stock based compensation	b	301,619	81,789	(383,408)	-
Professional fees		237,285	-	(237,285)	-
Marketing and public relations		207,288	-	-	207,288
Regulatory		30,285	-	-	30,285
Insurance		27,870	-	(27,870)	-
Depreciation		4,647	-	(4,647)	-
Foreign exchange loss	c	(337,409)	330,914	6,495	-
		947,799	369,639	-	1,317,438
Net loss for the year before income tax recovery		(947,799)	- (369,639)	-	(1,317,438)
Income tax recovery	a	175,000	-	-	175,000
Net loss and comprehensive loss for the year		(772,799)	(369,639)	-	(1,142,438)
Deficit, beginning of year	c	(358,489)	(125,000)	-	(483,489)
Deficit, end of year		$ (1,131,288)	$ (494,639)	$ -	$ (1,625,927)

Details of the material adjustments to the statements of financial position, loss and comprehensive loss:

(a) Share based payments

Under IFRS, where incentive stock options are granted to a person considered a consultant and not an employee, the fair value of the options must be determined by management as the value of services expected to be received. The value produced by the Black-Scholes calculation is not considered an accurate determination of fair value. After reviewing all grantees that were granted options by the Corporation to date, one grantee was determined to be a consultant rather than an employee. The fair value of services expected to be received were calculated and the difference from the Black-Scholes calculation is summarized below:

Fair value calculation using Black-Scholes	$	126,880
Fair value estimate by management		240,000
Difference	$	113,120

The subject options were granted on December 21, 2010 and exercised in full in February of 2011 and the impact arising from the change in fair value is summarized as follows:

	October 1, 2010	December 31, 2010	September 30, 2011
Consolidated Statement of Financial Position			
Share capital	-		113,120
Contributed surplus	-	113,120	(113,120)
Deficit	-	(113,120)	(113,120)
Consolidated Statement of Comprehensive Loss			
Stock based compensation	-	113,120	113,120

Furthermore, under IFRS, options are accounted for using graded vesting with forfeitures estimated on the grant date and trued up to actual periodically. Under Canadian GAAP, the Corporation accounted for options using cliff vesting and only accounted for forfeitures as they occurred. Furthermore, under IFRS, the requirements related to transactions with employees are also applied to transactions with individuals who provide services similar to services provided by an employee, which includes non-executive directors. Under Canadian GAAP, the requirements related to transactions with employees apply only when an individual is consistently represented to be an employee under the law.

The impact arising from the change in vesting of options is summarized as follows:

	October 1, 2010	December 31, 2010	September 30, 2011
Consolidated Statement of Financial Position			
Resource properties and related deferred costs	-	-	(49,898)
Contributed surplus	-	-	(81,229)
Deficit	-	-	31,331
General and administrative	-	-	(31,331)

(b) Functional currency and foreign operations

In accordance with IFRS 1, the Corporation has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition. IFRS requires that the functional currency of each entity in the consolidated Corporation be determined separately in accordance with IAS 21 and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Corporation's presentation currency is the Canadian dollar (CAD).

Under IFRS, the results and financial position of all Corporation entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Corporation's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement are translated at the average rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the rate on the dates of the transactions); and,
- All resulting exchange differences are recognized as a separate component of equity.

As a result of the application of the translation rules contained in IAS 21, non-monetary assets, which includes property, plant and equipment and exploration and evaluation assets, will decrease with a corresponding adjustment to the foreign currency translation reserve.

The impact arising from the change is summarized as follows:

	October 1, 2010	December 31, 2010	September 30, 2011
Consolidated Statement of Financial Position			
Property and equipment	-	-	(6,337)
Resource properties and related deferred costs	-	-	(147,217)
Cumulative translation adjustment	-	-	(227,827)
Deficit	-	-	74,273
Consolidated Statement of Comprehensive Loss			
General and administrative expense	-	-	(74,273)

(c) Flow through shares

In accordance with IFRS interpretations, the premium received on flow through shares represents the value of the liability relating to the transfer of income tax credits foregone and owing to investors upon renunciation. The liability has been reclassified from equity to other liability and is reversed at the time that renunciation of costs occurs. Under Canadian GAAP, renunciations related to flow-through shares results in an increase in deferred taxes payable and a decrease in equity. Under IFRS, the related tax expense has been charged through profit or loss in the period of renunciation. In March 2011, the Company fully renounced expenditures relating to its 2010 flow through share issuance. Under Canadian GAAP, the estimated deferred income tax impact was charged to share capital. Under IFRS, the related balance was reallocated to deferred income tax expense and recognized through profit or loss in the period.

The impact arising from the change is summarized as follows:

	October 1, 2010	December 31, 2010	September 30, 2011
Consolidated Statement of Financial Position			
Other liability	$ 50,000	$ 50,000	$ -
Share capital	(50,000)	(50,000)	125,000
Deficit	-	-	(125,000)
Other income	-	-	50,000
Deferred tax recovery	$ -	$ -	$ (175,000)

(d) Expense categorization

Under Canadian GAAP, expenses are recognized in both function and nature whereas under IFRS, one or the other should be used. The Corporation has determined to categorize expenses by function. The impact arising from the change is summarized in the reconciliations of loss and comprehensive loss.

(e) Deferred taxes

IAS 12 states that a deferred tax asset/liability is not recognized when an asset or liability is acquired in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Thus,

deferred taxes are not recognized on initial recognition or subsequently. The temporary difference is just exempt from recognition. Furthermore, subsequent changes in the unrecognized deferred tax asset or liability are not recognized as the asset is depreciated. This requires tracking that part of the temporary difference that is a permanent difference. This differs from Canadian GAAP which requires the recognition of a deferred tax asset/liability and stipulates the methodology by which to calculate the resulting deferred tax asset or liability (commonly referred to as the simultaneous equation). The offset to the recognition of this deferred tax asset/liability was the underlying asset or liability that was purchased.

The impact arising from the change is summarized as follows:

	October 1, 2010	December 31, 2010	September 30, 2011
Consolidated Statement of Financial Position			
Property and equipment	$ -	$ -	$ (4,768,209)
Deferred income tax liability	-	-	(4,406,086)
Deficit	$ -	$ -	$ (362,123)