GOGOLD RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THIRD QUARTER 2012

Three and nine month periods ended June 30, 2012 and 2011
(unaudited)

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 financial statements, they must be accompanied by a notice to this effect. Management of GoGold Resources Inc. has prepared these condensed interim consolidated financial statements. Management have compiled the unaudited condensed interim consolidated statement of financial position of GoGold Resources Inc. as at June 30, 2012, the unaudited consolidated statement of financial position as at September 30, 2011 and the unaudited condensed interim consolidated statements of operations and comprehensive loss, cash flows and changes in equity for the nine-months ended June 30, 2012 and June 30, 2011. The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the June 30, 2012 and June 30, 2011 condensed consolidated interim 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 - Canadian dollars)

	June 30 2012	September 30 2011
ASSETS		
Current assets:		
Cash	$ 870,813	$ 1,596,623
Short-term deposits	-	277,617
Tax recoverable	412,555	454,015
Prepaid expenses	64,752	30,539
Deposits	-	11,264
	1,348,120	2,370,058
Non-current assets:		
Property, plant and equipment	107,552	504,558
Deferred expenses (Note 5)	382,148	-
Exploration and evaluation assets (Note 7)	19,286,669	14,567,703
Total non-current assets	19,776,370	15,072,261
Total assets	$ 21,124,489	$ 17,442,319
LIABILITIES		
Current liabilities:		
Trade and other payables	481,142	258,623
EQUITY		
Share capital	23,328,797	18,625,437
Contributed surplus	938,650	497,038
Cumulative translation account	(255,886)	(252,852)
Deficit	(3,368,213)	(1,685,927)
Total equity	20,643,348	17,183,696
Total liabilities and equity	$ 21,124,489	$ 17,442,319

Nature of operations (Note 1)

Subsequent events (Note 5)

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 - Canadian dollars)

	For the three month period ended		For the nine month period ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
		(Note 11(c))		**(Note 11(c))**
Expenses:				
General and administrative	$ 414,149	$ 241,953	$ 1,238,102	$ 826,634
Regulatory	16,497	7,343	71,307	25,662
Marketing and public relations	115,109	74,764	372,876	89,864
Other income	-	(50,000)	-	(50,000)
	545,754	274,060	1,682,285	892,160
Net loss for the period	$ (545,754)	$ (274,060)	$ (1,682,285)	$ (892,160)
Other comprehensive income (loss):				
Foreign currency translation differences arising on translation of foreign subsidiaries	(50,692)	-	3,034	(15,390)
Total comprehensive loss	$ (596,446)	$ (274,060)	$ (1,679,251)	$ (907,550)
Loss per share basic and fully diluted (Note 8(f))	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.02)
Weighted average number of common shares outstanding	61,058,331	53,870,511	59,757,784	39,320,218

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 - Canadian dollars)

	For the nine month period ended	
	June 30, 2012	**June 30, 2011**
Cash provided by (used in) the following activities:		
Operating Activities		
Net loss for the period	$ (1,682,285)	$ (892,160)
Items not involving cash		
Stock based compensation	372,617	356,521
Depreciation	6,364	2,278
Foreign exchange gain/loss	(37,741)	(5,111)
Other income	-	(50,000)
Net change in non-cash working capital items	241,030	92,168
Net cash (used in) operating activities	(1,100,015)	(496,304)
Investing Activities		
Resource property expenditures	(4,160,933)	(2,156,487)
Proceeds from sale of short-term investments	277,617	-
Deferred expenses	(382,148)	(210,383)
Advance	-	(85,000)
Property and equipment	-	(82,520)
Net cash (used in) investing activities	(4,265,465)	(2,534,390)
Financing Activities		
Proceeds from exercise of options	345,000	240,000
Net proceeds of issuance of common shares	4,294,670	5,940,850
Net cash provided by financing activities	4,639,670	6,180,850
Net change in cash and cash equivalents for the period	(725,810)	3,150,156
Cash and cash equivalents, beginning of the period	1,596,623	668,320
Cash and cash equivalents, end of the period	$ 870,813	$ 3,818,476

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)

	Number of shares	Share capital	Contributed surplus	Cumulative translation account	Deficit	Total equity
Balance at October 1, 2010	16,916,665	$ 1,328,287	$ 166,430	$ -	$ (358,489)	$ 1,136,228
Net loss	-	-	-	-	(892,160)	(892,160)
Other comprehensive loss				(15,390)	-	(15,390)
Shares issued for cash (net of issuance costs)	24,000,000	5,940,850	-	-	-	5,940,850
Stock-based compensation	-	-	356,521	-	-	356,521
Issuance of finder's options	-	(147,700)	147,700	-	-	-
Issuance of shares for property	14,000,000	10,920,000	-	-	-	10,920,000
Exercise of stock options	800,000	540,000	(300,000)	-	-	240,000
Balance at June 30, 2011	55,716,665	$ 18,581,437	$ 370,651	$ (15,390)	$ (1,250,649)	$ 17,686,049
Balance at October 1, 2011	55,966,665	$ 18,625,437	$ 497,038	$ (252,852)	$ (1,685,927)	$ 17,183,696
Net loss	-	-	-	-	(1,682,285)	(1,682,285)
Other comprehensive loss				(3,034)	-	(3,034)
Shares issued for cash (net of issuance costs)	3,600,000	4,294,670	-	-	-	4,294,670
Stock-based compensation			505,302	-	-	505,302
Issuance of finder's options	-	(129,034)	129,034	-	-	-
Issuance of shares for property	-	-	-	-	-	-
Exercise of finder's options	41,666	18,150	(5,650)	-	-	12,500
Exercise of stock options	1,450,000	519,574	(187,074)	-	-	332,500
Balance at June 30, 2012	61,058,331	$ 23,328,797	$ 938,650	$ (255,886)	$ (3,368,212)	$ 20,643,348

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

1. NATURE OF OPERATIONS

GoGold Resources Inc. (the "Corporation" or the "Company") 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 June 30, 2012 and for the three and nine months ended June 30, 2012 and June 30, 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.

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and, therefore, be required to liquidate its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

The ability of the Corporation to continue as a going concern and the recoverability of amounts shown for resource properties are dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to complete exploration and development; and the future profitable production or proceeds from disposition of such properties. These consolidated financial statements do not give effect to the adjustments necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

a) Statement of compliance

These condensed interim consolidated financial statements are for part of the period covered by the first International Financial Reporting Standards ("IFRS") annual financial statements and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The Corporation's first annual consolidated financial statements under IFRS will be presented for the year ended September 30, 2012. The accounting policies adopted in these interim financial statements are consistent with the accounting policies the Corporation expects to adopt in its IFRS consolidated financial statements for the year ending September 30, 2012, and are based on IFRS as issued by the International Accounting Standards Board (''IASB'') that the Corporation expects to be applicable at that time.

The Corporation's date of transition to IFRS and its opening balance sheet is as at October 1, 2010 (the "transition date").

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2011 prepared under Canadian GAAP and the IFRS transition disclosures in Note 11 to these interim 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 11. This note includes reconciliations of equity and total comprehensive loss 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 accounting policies applied in these condensed interim consolidated financial statements are consistent with the policies described in Notes 3 and 4 of the condensed interim consolidated financial statements for the three and six month periods ended March 31, 2012. These financial statements were approved by the Board of Directors on August 10, 2012.

b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis.

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.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the condensed interim consolidated financial statements as at and for the three months and six months ended March 31, 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in these condensed interim consolidated financial statements are consistent with the policies described in Note 4 of the condensed interim consolidated financial statements for the three and six month periods ended March 31, 2012 except as noted below.

a) Government assistance

Government grants are recognized at their fair value in the period when there is reasonable assurance that the conditions attaching to the grant will be met and that the grant will be received. Grants are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate. Grants relating to expenditures on property, plant and equipment and on exploration and evaluation assets are deducted from the carrying amount of the asset. The grant is therefore recognized as income over the life of the depreciable asset by way of a reduced depreciation charge or a reduced depletion expense.

4. FUTURE CHANGES IN ACCOUNTING POLICIES

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending September 30, 2012, and have not been applied in preparing these condensed interim consolidated financial statements.

a) Financial instruments

The IASB has issued a new standard, IFRS 9 (2010), Financial Instruments, which will ultimately replace IAS 39, Financial Instruments – Recognition and Measurement and augments the previously issued IFRS 9 (2009). The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. This standard becomes effective on January 1, 2015. The Company is currently evaluating the impact of this new standard.

The IASB issued IFRS 9 *Financial Instruments* ("IFRS 9") in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

b) Consolidated financial statements

The IASB issued IFRS 10, Consolidated Financial Statements on May 12, 2011 to replace the current IAS 27, Consolidated and Separate Financial Statements. The new standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

c) Joint arrangements

The IASB issued IFRS 11, Joint Arrangements on May 12, 2011 to replace the current IAS 31, Interests in Joint Ventures. The new standard classifies joint arrangements as either joint ventures or joint operations. Interests in joint ventures will be accounted for using equity accounting, eliminating the proportionate consolidation option currently available under IAS 31. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

d) Disclosure of interest in other entities

On May 12, 2011 the IASB issued IFRS 12, Disclosure of Interest in Other Entities. This standard establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. This new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

e) Fair value measurement

The IASB issued IFRS 13, Fair Value Measurement on May 12, 2011. This is a comprehensive standard for fair value measurement and disclosure of fair value measurements across various IFRS standards. IFRS 13 provides a definition of fair value, sets out a single IFRS framework for measuring fair value, and outlines requirements for disclosure of fair value measurements. The new standard is effective for fiscal years beginning January 1, 2013. The Company is currently evaluating the impact of this new standard.

f) Other standards

The IASB amended IAS 1, Presentation of Financial Statements with changes effective July 1, 2012 and IAS 19, Employee Benefits with changes effective January 1, 2013. These standards have been reviewed and they are not anticipated to have a significant impact on the Company.

5. ACQUISITION OF ABSOLUTE GOLD HOLDINGS INC.

On July 30, 2012, the Corporation closed the acquisition of Absolute Gold Holdings Incorporated (“Absolute”). GoGold has acquired all of the issued and outstanding common shares of Absolute (“Absolute Shares”) and all of the common share purchase warrants of Absolute (“Absolute Warrants”) in exchange for the issuance of 0.81 of a common share of GoGold (“GoGold Share”) for each Absolute Share and 0.81 of a common share purchase warrant of GoGold (“GoGold Warrant”) for each Absolute Warrant, through a plan of arrangement (“Plan of Arrangement”) completed under the Canada Business Corporations Act (the “Acquisition Transaction”). Absolute does not meet the definition of a business in accordance with IFRS 3: Business Combinations, so the acquisition will be accounted for as an asset acquisition in accordance with IFRS 2: Share-Based Payments. As such, the value of the GoGold Shares and GoGold Warrants issued in the transaction will be valued based on the fair value of the assets acquired, plus directly related transaction costs.

Prior to completion of the Acquisition Transaction, Absolute completed a brokered private placement financing (the “Offering”) of subscription receipts sold through a syndicate of agents (collectively, the “Agents”) for gross proceeds of $30,000,000 which was received by the Corporation on July 30, 2012 net of associated costs, which included payment of a cash commission of $1,500,000, together with applicable expenses and taxes. Pursuant to the private placement, the subscription receipts were exchanged for a total of 30,000,000 Absolute Shares and 15,000,000 Absolute Warrants.

Under the terms of the Acquisition Transaction, the 83,000,000 Absolute Shares issued and outstanding and the 15,000,000 Absolute Warrants issued and outstanding have been exchanged for 67,230,000 GoGold Shares and 12,150,000 GoGold Warrants, in accordance with the terms of the Plan of Arrangement. Each GoGold Warrant is exercisable into one GoGold Share at an exercise price of $1.50 until January 24, 2015.

Under the Acquisition Agreement, the Corporation has acquired a 100% interest in the Parral Tailings Project located in Chihuahua, Mexico, through Absolute's wholly-owned subsidiary Grupo Coanzamex S.A. De C.V. ("Coanzamex"). Coanzamex is now a wholly-owned subsidiary of the Corporation.

The Acquisition Transaction provided that the Corporation be responsible for costs associated with the Parral Tailings Project from the date the letter agreement was entered into to the closing date or other termination of the agreement. To June 30, 2012, the costs associated with the Parral Tailings Project amount to $382,148 and have been classified as deferred expenditures comprised of $191,126 on property maintenance and exploration expenditures, $66,807 of geological consulting fees, $84,215 of legal fees and $40,000 of regulatory and accounting fees.

As part of the Acquisition Transaction, the officers and directors of the Corporation agreed to place the common shares owned by them and their incentive stock options into a new escrow agreement (the "Tier 1 Escrow Agreement") which supersedes the escrow agreement referred to in Note 8(c). Effective July 30, 2012, a total of 6,694,333 common shares and 1,790,000 incentive stock options will be subject to TSXV Tier 1 escrow provisions and will be released 25% upon issuance of the final TSXV bulletin approving the Acquisition Transaction (which was received on August 1, 2012) and 25% additional common shares and options will be released on the 6, 12 and 18 month anniversary of the final bulletin issuance.

In addition, the former common shareholders of Absolute have agreed to place their GoGold Shares received as part of the Acquisition Transaction and those already held in the escrow agreement referred to in Note 8(c) into a second new escrow agreement (the "Tier 2 Escrow Agreement"). Effective July 30, 2012, a total of 43,436,250 common shares will be subject to TSXV Tier 2 escrow provisions and will be released 10% upon issuance of the final TSXV bulletin approving the Acquisition Transaction (which was received on August 1, 2012) and 15% upon the 6, 12, 18, 24, 30 and 36 month anniversary of the final bulletin issuance.

A total of 1,383,750 common shares will remain subject to the original escrow agreement.

6. CAPITAL MANAGEMENT

The Corporation's capital consists of shareholders' equity of $20,643,348 (September 30, 2011 - $17,183,696). 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. EXPLORATION AND EVALUATION ASSETS

On April 13, 2011, the Company acquired all of the issued and outstanding securities of MHC, a Canadian company (the "MHC Transaction"). MHC and MHC's wholly owned Canadian subsidiary, NAHC, together own 100% of MDD. MDD is a party to agreements to earn a 100% interest in five (5) gold and silver properties consisting of a number of Mexican mining concession titles (the "San Diego project") in Durango, Mexico.

On July 26, 2010, the Corporation closed the arm's length acquisition of the Rambler property located in Newfoundland and Labrador in consideration for the issuance of 250,000 common shares of the Corporation and by paying $130,000. The vendor retains a net smelter royalty ("NSR") of 2% and the Corporation may purchase one half of the NSR for $1,000,000 at any time.

The following table details the expenditures made on the San Diego and Rambler projects during the period:

	Rambler Project			San Diego Project			
	Balance September 30, 2011	Additions nine months to June 30, 2012	Balance June 30, 2012	Balance September 30, 2011	Additions nine months to June 30, 2012	Balance June 30, 2012	Total
Property acquisition costs	$ 199,960	$ -	$ 199,960	$ 12,512,981	$ -	$ 12,512,981	$ 12,712,941
Exploration costs	437,615	177,173	614,788	1,417,147	4,595,932	6,013,079	6,627,867
Less: Government assistance	-	(100,000)	(100,000)	-	-		(100,000)
Cumulative effect of movements in FX rate					-	45,861	45,861
Total property costs	$ 637,575	$ 77,173	$ 714,748	$ 13,930,128	$ 4,595,932	$ 18,571,921	$ 19,286,669

Note: The Corporation received a grant in the amount of $100,000 from the Government of Newfoundland and Labrador which was applied against exploration costs of the Rambler project.

The comparable figures for the nine month period ended June 30, 2011 are detailed below:

	Rambler Project			San Diego Project			
	Balance September 30, 2010	Additions nine months to June 30, 2011	Balance June 30, 2011	Balance September 30, 2010	Additions nine months to June 30, 2011	Balance June 30, 2011	Total
Property acquisition costs	$ 199,960	$ -	$ 199,960	$ -	$ 12,359,901	$ 12,359,901	$ 12,559,861
Exploration costs	33,625	73,566	107,191	-	626,993	626,993	734,184
Total property costs	$ 233,585	$ 73,566	$ 307,151	$ -	$ 12,986,894	$ 12,986,894	$ 13,294,045

8. 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	18,625,437
Shares issued for cash net of issuance costs	3,600,000	4,294,670
Shares issued on exercise of incentive and finder's options	1,491,666	537,724
Issuance of finder's options	-	(129,034)
Balance June 30, 2012	61,058,331	23,328,797

The comparable figures for the nine month period ended June 30, 2011 including adjustments for IFRS are detailed below:

	Number	Amount ($)
Balance September 30, 2010	16,916,665	1,328,287
Shares issued for cash net of issuance cost	24,000,000	5,940,850
Shares issued on exercise of incentive and finder's options	800,000	540,000
Issuance of finder's options	-	(147,700)
Shares issued to acquire mineral property	14,000,000	10,920,000
Balance June 30, 2011	55,716,665	18,581,437

On December 23, 2011, the Corporation 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 $54,830 in share issue costs and paid a finder’s fee in the form of options to purchase 170,000 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 $129,034 using the Black-Scholes formula and the amount was recorded in share issue costs and contributed surplus.

(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 (2011 – 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 (see Note 5).

(d) Finder's stock options

The changes in finder's options during the nine month period ended June 30, 2012 and year ended September 30, 2011 were as follows:

	June 30, 2012			September 30, 2011		
	Number of finders options	Weighted average exercise price	Remaining contractual life (years)	Number of finders options	Weighted average exercise price	Remaining contractual life (years)
Opening balance	1,441,666	$ 0.21	1.56	441,666	$ 0.12	1.30
Granted	170,000	1.25	2.44	1,000,000	0.25	1.67
Exercised	(1,441,666)	0.21		-	-	
Expired/forfeited	-	-		-	-	
Closing balance	170,000	$ 1.25	2.44	1,441,666	$ 0.21	1.56
Exercisable	170,000	$ 1.25	2.44	1,441,666	$ 0.21	1.56

The charge for the finder's 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 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 nine months ended June 30, 2012 and year ended September 30, 2011 were as follows:

	June 30, 2012		September 30, 2011	
	Number of incentive options	Weighted average exercise price	Number of incentive options	Weighted average exercise price
Opening balance	2,365,000	$ 0.45	1,350,000	$ 0.12
Granted	325,000	1.53	1,815,000	0.63
Exercised	50,000	0.85	800,000	0.30
Closing balance	2,640,000	0.59	2,365,000	0.45
Exercisable	1,770,500	$ 0.33	2,365,000	$ 0.45

The following table summarizes information concerning outstanding and exercisable finder's and incentive stock options at June 30, 2012:

	Outstanding			Exercisable		
Expiry date	Number of incentive options		Exercise price	Number of incentive options		Exercise price
November 2, 2012	50,000	$	0.85	50,000	$	0.85
February 12, 2015	1,200,000		0.10	1,200,000		0.10
July 26, 2015	150,000		0.30	150,000		0.30
February 15, 2016	80,000		0.80	80,000		0.80
July 8, 2016	835,000		0.90	208,750		0.90
February 7, 2015	325,000		1.53	81,750		1.53
December 23, 2014	170,000		1.25	170,000		1.25
	2,810,000	$	0.59	1,940,500	$	0.41

The compensation charge for the outstanding incentive stock options granted during the period 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 July 8, 2011	Options granted February 7, 2012
Risk-free rate	2.24%	1.07%
Expected volatility of the Corporation's share price	97.0%	89.1%
Expected dividend yield	0.00%	0.00%
Expected life of each option	5.0	3.0
Market price at time of valuation	$0.90	$1.53
Value per option per Black scholes	$0.663	$0.867

(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 and finder's options have been exercised on the later of the beginning of the period and the date granted. As of June 30, 2012, 2,810,000 options (2011 – 3,121,666) were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

9. RELATED PARTY TRANSACTIONS

During the three and nine month periods ended June 30, 2012, legal services were provided by a prior officer of the Corporation at a cost of $90,965 and $227,355 (2011 - $26,109 and $158,318).

Included in general and administrative and prepaid expense for the three and nine month periods ended June 30, 2012 are insurance premiums amounting to $16,299 and $34,765 (2011 - $23,682 and $35,809) paid to a company owned by a director of the Corporation.

The transactions were in the normal course of operations and were measured at the exchange amounts, which are the amounts agreed to by the related parties.

10. SEGMENTED INFORMATION

The following tables present information about reportable segments:

For the three months ended June 30, 2012:	Mexico	Canada	Total
Depreciation	$ -	$ 1,958	$ 1,958
Segment net income (loss)	-	(545,754)	(545,754)
Other material non-cash items:			
Stock-based compensation		147,832	147,832

For the three months ended June 30, 2011:	Mexico	Canada	Total
Depreciation	$ -	$ 1,628	$ 1,628
Segment net income (loss)	-	(274,060)	(274,060)
Other material non-cash items:			
Stock-based compensation		(9,057)	(9,057)

For the nine months ended June 30, 2012:	Mexico	Canada	Total
Depreciation	$ -	$ 6,364	$ 6,364
Segment net income (loss)	-	(1,682,285)	(1,682,285)
Other material non-cash items:			
Stock-based compensation		372,617	372,617

For the nine months ended June 30, 2011:	Mexico	Canada	Total
Depreciation	$ -	$ 2,278	$ 2,278
Segment net income (loss)	-	(892,160)	(892,160)
Other material non-cash items:			
Stock-based compensation		356,521	356,521

Reportable segment assets (June 30, 2012)	$ 19,514,778	$ 1,609,711	$ 21,124,489
Reportable segment liabilities (June 30, 2012)	135,318	345,823	481,142
Reportable segment assets (September 30, 2011)	14,820,430	2,621,889	17,442,319
Reportable segment liabilities (September 30, 2011)	68,245	190,408	258,653

11. TRANSITION TO IFRS

In preparing its IFRS statement of financial position as at June 30, 2012, and its statements of income and comprehensive income for the three and nine months ended June 30, 2012, 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 and financial performance is set out in the following tables and the notes that accompany the tables.

In preparing its IFRS statement of comprehensive income for the three and nine months ended June 30, 2011, 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.

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

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current assets:				
Cash		$ 3,818,476		$ 3,818,476
Short-term deposits		275,550		275,550
Tax recoverable	d	238,782	(6)	238,776
Prepaid expenses		33,193		33,193
Deposits		11,264		11,264
		4,377,265	(6)	4,377,259
Non-current assets:				
Property and equipment	d	92,996	(207)	92,789
Exploration and evaluation assets	d	13,294,045	637	13,294,682
Total non-current assets		13,387,041	430	13,387,471
Total assets		$ 17,764,306	$ 424	$ 17,764,730
LIABILITIES				
Current liabilities:				
Trade and other payables		$ 78,681	$ -	$ 78,681
EQUITY				
Share capital	a,b	18,283,317	298,120	18,581,437
Contributed surplus	a	371,507	(856)	370,651
Cumulative translation account	d		(15,390)	(15,390)
Deficit	a,b,c,d	(969,199)	(281,450)	(1,250,649)
Total equity		17,685,625	424	17,686,049
Total liabilities and equity		$ 17,764,306	$ 424	$ 17,764,730

Reconciliation of loss and comprehensive loss
For the three months ended June 30, 2011

	Note	Canadian GAAP	Effect of transition to IFRS	Reclassifications Note 11(c)	IFRS
Expenses					
General and administrative	d	$ 53,463	$ 1,616	$ 186,874	$ 241,953
Management and directors fees		144,700		(144,700)	-
Professional fees		29,341		(29,341)	-
Stock based compensation	a	9,913	(856)	(9,057)	-
Depreciation		1,628		(1,628)	-
Regulatory, transfer agent and filing		7,343		-	7,343
Marketing and public relations		74,764		-	74,764
Insurance		7,259		(7,259)	-
Foreign exchange loss	d	12,319	(17,430)	5,111	-
Other income	b		(50,000)	-	(50,000)
		340,730	(66,670)	-	274,060
Net loss and comprehensive loss for the period		$ (340,730)	$ (66,670)	$ -	$ (274,060)
Loss per share basic and fully diluted		$ (0.01)			$ (0.01)
Weighted average number of common shares outstanding		53,870,511			53,870,511

Reconciliation of loss and comprehensive loss
For the nine months ended June 30, 2011

	Note	Canadian GAAP	Effect of transition to IFRS	Reclassifications Note 11(c)	IFRS
Expenses					
General and administrative	d	$ 95,208	$ 1,616	$ 729,810	$ 826,634
Management and directors fees		284,300	-	(284,300)	-
Professional fees		72,436	-	(72,436)	-
Stock based compensation	a	184,257	172,264	(356,521)	-
Depreciation		2,278	-	(2,278)	-
Regulatory, transfer agent and filing		25,662	-	-	25,662
Marketing and public relations		89,864	-	-	89,864
Insurance		19,386	-	(19,386)	-
Foreign exchange loss	d	12,319	(17,430)	5,111	-
Other income	b		(50,000)	-	(50,000)
		785,710	106,450	-	892,160
Net loss for the period before other items		(785,710)	(106,450)	-	(892,160)
Income tax recovery	b	175,000	(175,000)	-	-
Net loss for the period		$ (610,710)	$ (281,450)	$ -	$ (892,160)
Other comprehensive loss:					
Foreign currency translation difference arising on translation of foreign subsidiaries	d	-	(15,390)	-	(15,390)
Total comprehensive loss for the period		$ (610,710)	$ (296,840)	$ -	$ (907,550)
Loss per share basic and fully diluted		$ (0.02)			$ (0.02)
Weighted average number of common shares outstanding		39,230,218			39,230,218

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. All options issued prior to May 2, 2011 vested immediately and do not result in any measurement differences on adoption of IFRS. The value produced by the Black-Scholes calculation is not considered an accurate determination of fair value. After reviewing all grantees that were consultants under Canadian GAAP whom were granted options by the Corporation to date, one grantee was determined to be a consultant under IFRS rather than an employee. The fair value of services expected to be received were valued and the difference from the Black-Scholes calculation is summarized below:

Fair value calculation using Black-Scholes	$	126,880
Fair value estimate by management		300,000
Difference	$	173,120

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:

		June 30, 2011
Consolidated Statement of Financial Position		
Share capital	$	173,120
Deficit		(173,120)
Consolidated Statement of Comprehensive Loss		
General and administrative		173,120

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:

		June 30, 2011
Consolidated Statement of Financial Position		
Contributed surplus	$	(856)
Deficit		856
Consolidated Statement of Comprehensive Loss		
General and administrative		(856)

(b) 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 liabilities and recycled into income as the associated exploration expenditures are incurred. 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 liability has been charged through profit or loss in the period of renunciation.

The impact arising from the change is summarized as follows:

		June 30, 2011
Consolidated Statement of Financial Position		
Share capital	$	125,000
Deficit		(125,000)
Consolidated Statement of Comprehensive Loss		
Other income	$	50,000

(c) 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.

(d) 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 increase or decrease with a corresponding adjustment to the foreign currency translation reserve.

The impact arising from the change is summarized as follows:

		June 30, 2011
Consolidated Statement of Financial Position		
Property and equipment	$	(207)
Taxes recoverable		(6)
Exploration and evaluation assets		637
Cumulative translation adjustment		(15,390)
Deficit		15,390
Consolidated Statement of Comprehensive Loss		
General and administrative expense		(15,814)