Currie Rose Resources Inc.
(An Exploration Stage Enterprise)

Consolidated Financial Statements

For the years ended December 31, 2011 and 2010

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For the years ended December 31, 2011 and 2010

Contents

JONES & O'CONNELL LLP
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Currie Rose Resources Inc.

We have audited the accompanying consolidated financial statements of Currie Rose Resources Inc., which comprise the consolidated balance sheets as at December 31, 2011 and December 31, 2010 and the consolidated statements of shareholders' equity, operations and comprehensive income (loss), and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of Currie Rose Resources Inc. as at December 31, 2011, December 31, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 to the consolidated financial statements which indicates that Currie Rose Resources Inc. has incurred ongoing operating losses. Currie Rose Resources Inc. incurred a loss before other income (expense) of $797,078 during the year ended December 31, 2011. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Accountants
Licensed Public Accountants

April 26, 2012
St. Catharines, Ontario

Currie Rose Resources Inc.
(An Exploration Stage Enterprise)
Consolidated Balance Sheets

	December 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current			
Cash	**$ 706,563**	$ 2,222,714	$ 285,103
Short-term investment (Note 6)	**403,188**	-	-
Miscellaneous receivables	**42,811**	7,816	22,378
Prepaid expenses	**9,236**	3,876	9,622
	1,161,798	2,234,406	317,103
Long-Term Investments (Note 7)	**49,500**	110,625	36,000
Resource Properties (Note 8)	**5,459,506**	5,316,132	5,276,100
	$ 6,670,804	$ 7,661,163	$ 5,629,203
Liabilities and Members' Equity			
Current			
Accounts payable and accrued expenses	**$ 101,316**	$ 208,644	$ 51,450
Shareholders' Equity (Note 9)			
Common shares	**14,981,851**	14,608,547	12,991,088
Contributed surplus	**472,970**	437,849	301,426
Common share purchase warrants	**57,196**	131,060	82,376
Options	**544,807**	235,164	228,199
Deficit	**(8,402,619)**	(7,170,132)	(7,824,079)
Accumulated other comprehensive loss	**(1,084,717)**	(789,969)	(201,257)
	6,569,488	7,452,519	5,577,753
	$ 6,670,804	$ 7,661,163	$ 5,629,203

Going Concern (Note 3)

On behalf of the Board:

Harold Smith Director
"Signed"

Michael Griffiths Director
"Signed"

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

Currie Rose Resources Inc.
(An Exploration Stage Enterprise)

Consolidated Statements of Shareholders' Equity

	Common Shares							
	Outstanding	**Amount**	**Contributed Surplus**	**Common Share Purchase Warrants**	**Stock Options**	**Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Total**
Balance, December 31, 2009	61,938,115	$ 12,991,088	$ 301,426	$ 82,376	$ 228,199	$ (7,824,079)	$ (201,257)	**$ 5,577,753**
Issued for resource property Note 8)	250,000	12,500	-	-	-	-	-	**12,500**
Issued in private placements (Note 9)	16,666,667	1,000,000	-	-	-	-	-	**1,000,000**
Issuance costs (Note 9)	-	(65,357)	-	-	-	-	-	**(65,357)**
Issued as fee for private placements (Note 9)	-	(89,553)	-	89,553	-	-	-	**-**
Common share purchase warrants exercised (Note 9)	7,190,000	759,869	-	(40,869)	-	-	-	**719,000**
Stock options issued (Note 9)	-	-	-	-	143,388	-	-	**143,388**
Stock options expired	-	-	136,423	-	(136,423)	-	-	**-**
Net comprehensive loss	-	-	-	-	-	653,947	(588,712)	**65,235**
Balance, December 31 2010	86,044,782	$ 14,608,547	$ 437,849	$ 131,060	$ 235,164	$ (7,170,132)	$ (789,969)	**$ 7,452,519**
Issued for resource property (Note 8)	250,000	45,000	-	-	-	-	-	**45,000**
Issuance costs	-	(6,289)	-	-	-	-	-	**(6,289)**
Common share purchase warrants exercised (Note 9)	2,958,500	334,593	-	(38,743)	-	-	-	**295,850**
Common share purchase warrants expired	-	-	35,121	(35,121)	-	-	-	**-**
Stock options issued (Note 9)					309,643			**309,643**
Net comprehensive income	-	-	-	-	-	(1,232,487)	(294,748)	**(1,527,235)**
Balance, December 31, 2011	89,253,282	$ 14,981,851	$ 472,970	$ 57,196	$ 544,807	$ (8,402,619)	$ (1,084,717)	**$ 6,569,488**

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

Currie Rose Resources Inc.
(An Exploration Stage Enterprise)

Consolidated Statements of Operations and Comprehensive Income (Loss)

For the years ended December 31	2011	2010
Expenses		
Advertising	$ 4,512	$ 3,318
Director and officer compensation (Notes 9 and 10)	248,774	143,388
Listing and filing fees	15,366	12,052
Management compensation (Note 10)	138,000	78,000
Office and admin expense (Note 10)	87,653	55,553
Office rent (Note 10)	12,000	12,000
Professional services	268,448	78,981
Salaries and benefits	-	2,263
Share transfer agent fees	8,762	13,512
Shareholders' information	-	2,237
Travel and entertainment	13,563	14,490
	797,078	415,794
Loss Before Other Income (Expense)	(797,078)	(415,794)
Other Income (Expense)		
Interest	4,812	12
Change in market value of long-term investments	(46,152)	396,473
Gain on disposal of resource property (Note 8)	-	357,499
Foreign exchange	400,295	315,757
Write-down of resource property (Note 8)	(794,364)	-
Net Income (Loss) for the Year	$ (1,232,487)	$ 653,947
Other Comprehensive Income		
Foreign exchange translation Loss	(294,748)	(588,712)
Comprehensive Income (Loss) for the Year	$ (1,527,235)	$ 65,235
Earnings (Loss) per common share: (Note 12)		
Basic	$ (0.014)	$ 0.010
Diluted	(0.013)	0.009

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

Currie Rose Resources Inc.
(An Exploration Stage Enterprise)

Consolidated Statements of Cash Flows

For the years ended December 31	2011	2010
Cash Provided By (Used In)		
Operating Activities		
Net income (loss) for the year	**$ (1,232,487)**	$ 653,947
Items not involving cash:		
Director and officer compensation	**248,774**	143,388
Stock-based compensation included in professional services	**60,869**	-
Change in market value of long-term investments	**46,152**	(396,473)
Gain on disposal of resource property	**-**	(357,499)
Unrealized foreign exchange gain	**(400,820)**	(328,641)
Write-down of resource property	**794,364**	-
Changes in non-cash working capital balances:		
Miscellaneous receivables	**(34,995)**	14,562
Prepaid expenses	**(5,360)**	5,746
Accounts payable and accrued expenses	**(107,328)**	157,194
Cash Used in Operating Activities	**(630,831)**	(107,776)
Investing Activities		
Purchase of short-term investments	**(1,403,188)**	-
Redemption of short-term investments	**1,000,000**	-
Proceeds from disposal of long-term investments	**40,473**	698,848
Resource properties additions	**(812,166)**	(307,104)
Cash Provided by Investing Activities	**(1,174,881)**	391,744
Financing Activities		
Common shares issued, net of costs	**289,561**	1,653,643
Cash Provided by Financing Activities	**289,561**	1,653,643
Increase (Decrease) in Cash during the Year	**(1,516,151)**	1,937,611
Cash, beginning of year	**2,222,714**	285,103
Cash, end of year	**$ 706,563**	$ 2,222,714

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

1. Nature of the Business

Currie Rose Resources Inc. was incorporated under the Canada Business Corporations Act on August 24, 1973. The company is a exploration stage company that since its inception has been engaged principally in the acquisition, exploration and development of resource properties and has not earned any significant revenues to date.

The head office and principal address of the Company is located at 110B Hannover Drive, Suite 102, St. Catharines Ontario L2W 1A4.

2. Basis of Presentation

The company's financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), effective for the company's reporting for the year ended December 31, 2011. This is the first time that the company has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("Pre-Changeover GAAP"). Details of how the transition from pre-changeover Canadian GAAP to IFRS has affected the financial position, financial performance and cash flows are disclosed in Note 4.

The financial statements for the year ended December 31, 2011 have been approved for issue by the Board of Directors on Audit Report Date.

The company's financial statements have been prepared on the historical cost convention, except for certain financial instruments, which are measured at fair value, as explained in the significant accounting policies set out in Note 5. The financial statements are presented in Canadian dollars, which is the company's presentation currency as the company is based out of Canada and obtains the majority of its financing through Canadian dollar private placements. Canadian dollars is also the company's functional currency for Canadian mining operations and its corporate head office in Canada. The company's functional currency for mining operations in Tanzania is U.S. dollars and the company's functional currency for corporate operations in Tanzania is Tanzanian Schillings.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3. Going Concern

The company is in the business of exploring for and developing mineral properties. Substantially all of the efforts of the company are devoted to these business activities. To date the company has not earned significant revenues and is considered an exploration stage company. For the year ended December 31, 2011, the company incurred a loss before other income (expenses) of $797,078 (December 31, 2010 - $415,794) and had an accumulated deficit of $8,402,619 (December 31, 2010 - $7,170,132). The ability of the company to carry out its business plan rests with its ability to secure equity and other financing.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern which assumes that the company will continue in operation for the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. The company believes that it currently has sufficient cash to meet its ongoing commitments and obligations over the next twelve months. If the company is unable to obtain additional financing, exploration in Tanzania will be delayed. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee the company's exploration programs will yield positive results or the company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests. It is management's belief that the company will be able to obtain additional financing in the future given the success of its private placement in 2010.

The recoverability of the carrying value of its resource properties and the company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the company to raise additional financing, if necessary, or alternatively upon the company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

As at December 31, 2011, the company continues to incur significant expenditures on exploration activities in Tanzania as well as continue to incur significant operating losses and negative cash flow from operations. The application of the going concern concept is dependent on the company's ability to pay its liabilities through future operations of its resource properties and financial support through future equity offerings. There is no assurance that the company can achieve profitable resource operations or obtain the necessary financing. These financial statements do not include any adjustments to the recoverability and classification of certain recorded asset amounts, particularly resource properties and classification of certain liabilities that might be necessary, if the company were unable to continue as a going concern. Such adjustments could be material.

4. First-Time Adoption of IFRS

IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the company has applied IFRS was January 1, 2010 ("transition date"). IFRS 1 requires first time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the company is December 31, 2011.

Therefore, the financial statements for the year ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2011 and the opening IFRS balance sheet at January 1, 2010 are prepared in accordance with IFRS standards effective at December 31, 2011, the reporting date. IFRS also provides for certain optional exemptions and certain mandatory exceptions for first time adopters. An explanation of how the transition from pre-changeover GAAP to IFRS has affected the company is set out below.

IFRS 1 Exemptions and Exceptions

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

Optional Exemptions

Business Combinations

The Company has elected not to retrospectively apply IFRS 3, Business Combinations, to business combinations that occurred prior to its transition date of January 1, 2010 and such business combinations have not been restated.

Exploration Expenses and Evaluation of Resource Properties

The Company has elected to continue measuring exploration resource properties at cost as defined under Canadian GAAP under IFRS as at the January 1, 2010 transition date.

Share-based Payment Transactions

The Company has elected not to apply IFRS 2 to stock-based compensation that vested prior to the transition date, January 1, 2010.

4. **First-Time Adoption of IFRS (Continued)**

IFRS 1 Exemptions and Exceptions

Mandatory Exceptions

Estimates

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

Reconciliation of Previously Reported Figures

In preparing these financial statements, management has amended certain accounting policies previously applied in the pre-changeover Canadian GAAP financial statements to comply with IFRS. The comparative figures were restated to reflect these adjustments. The following reconciliations and explanatory notes provide a description of the effect of the transition from pre-changeover Canadian GAAP to IFRS on members' equity, net income and comprehensive income:

Balance Sheet as at January 1, 2010 – Transition Date

	Pre-changeover Canadian GAAP	Adjustments	IFRS
Assets			
Cash	$ 285,103	$ -	$ 285,103
Miscellaneous receivables	22,378	-	22,378
Prepaid expenses	9,622	-	9,622
Long-term investments	36,000	-	36,000
Resource properties	5,558,858	(282,758)	5,276,100
	$ 5,911,961	$ (282,758)	$ 5,629,203
Liabilities			
Account payable and accrued expenses	51,450	-	51,450
Shareholders' Equity			
Common shares	12,991,088	-	12,991,088
Contributed surplus	301,426	-	301,426
Common share purchase warrants	82,376	-	82,376
Options	228,199	-	228,199
Deficit	(7,742,578)	(81,501)	(7,824,079)
Accumulated other comprehensive loss	-	(201,257)	(201,257)
	5,860,511	(282,758)	5,577,753
	$ 5,911,961	$ (282,758)	$ 5,629,203

4. First-Time Adoption of IFRS (Continued)

Reconciliation of Previously Reported Figures (Continued)

Balance Sheet as at December 31, 2010

	Pre-changeover Canadian GAAP	Adjustments	IFRS
Assets			
Cash	$ 2,222,714	$ -	$ 2,222,714
Miscellaneous receivables	7,816	-	7,816
Prepaid expenses	3,876	-	3,876
Long-term investments	110,625	-	110,625
Resource properties	5,858,961	(542,829)	5,316,132
	$ 8,203,992	$ (542,829)	$ 7,661,163
Liabilities			
Account payable and accrued expenses	208,644	-	208,644
Shareholders' Equity			
Common shares	14,608,547	-	14,608,547
Contributed surplus	437,849	-	437,849
Common share purchase warrants	131,060	-	131,060
Options	235,164	-	235,164
Deficit	(7,417,272)	247,140	(7,170,132)
Accumulated other comprehensive loss	-	(789,969)	(789,969)
	7,995,348	(542,829)	7,452,519
	$ 8,203,992	$ (542,829)	$ 7,661,163

4. First-Time Adoption of IFRS (Continued)

Reconciliation of Previously Reported Figures (Continued)

Statement of Comprehensive Income (Loss) for the year ended December 31, 2010

	Pre-changeover Canadian GAAP	Adjustments	IFRS
Expenses			
Advertising	$ 3,318	$ -	$ 3,318
Director and officer compensation	143,388	-	143,388
Listing and filing fees	12,052	-	12,052
Management compensation	78,000	-	78,000
Office and admin expense	55,553	-	55,553
Office rent	12,000	-	12,000
Professional services	78,981	-	78,981
Salaries and benefits	2,263	-	2,263
Share transfer agent fees	13,512	-	13,512
Shareholders' information	2,237	-	2,237
Travel and entertainment	14,490	-	14,490
	415,794	-	415,794
Loss Before Other Income (Expense)	(415,794)	-	(415,794)
Other Income (Expense)			
Interest	12	-	12
Change in market value of long-term investments	396,473	-	396,473
Gain on disposal of resource property	357,499	-	357,499
Foreign exchange	(12,884)	328,641	315,757
Net Income for the Year	325,306	328,641	653,947
Other Comprehensive Income			
Translation Gain (Loss)	-	(588,712)	(588,712)
	$ 325,306	$ (260,071)	$ 65,235

Statement of Cash Flows for the year ended December 31, 2010

As a result of the transition to IFRS, cash flows did not change for the year ended December 31, 2010.

4. First-Time Adoption of IFRS (Continued)

Reconciliation of Previously Reported Figures (Continued)

Explanations for the Adjustments

Under pre-changeover Canadian GAAP, the company recorded all of its transactions in its presentation currency of Canadian dollars and translated the transactions of its subsidiary using the temporal method, which saw monetary assets and liabilities translated into Canadian dollars at the rates prevailing at the year end date; non-monetary assets and liabilities translated at the historical exchange rate in effect when the transaction occurred and revenue and expenses translated at the exchange rate in effect on the date of the transaction. Exchange gains or losses arising on the translation of monetary items were included in other income (expense) for the year.

Under IFRS, as disclosed in notes 3 and 5, the company now utilizes as a functional currency for mining operations in Tanzania, U.S. dollars and for corporate operations in Tanzania, Tanzanian Schillings. All transactions taking place in currencies other than the functional currency of the related operating segment are recorded in the functional currency on the date of the transaction using the spot exchange rate between the functional currency and the transactional currency. At the end of the reporting period, monetary items in currencies other than the functional currency are translated using the closing rate on such date. Non-monetary items in currencies other than the functional currency are measured using the historical exchange rate in effect when the transaction occurred. Exchange gains and losses arising on the translation of monetary items to the functional currency are included in other income (expense) for the year. Amounts in a functional currency that are not the presentation currency are translated to the presentation currency at period end as follows: assets and liabilities are translated at the closing rate at the end of the period; income and expenses are translated at the exchange rate at the dates of the transactions. All resulting differences are recognized in other comprehensive income.

As a result of this change, the following adjustments were made as of January 1, 2010: resource properties decreased by $282,758; deficit increased by $81,501; and accumulated other comprehensive loss increased by $201,257. As well, for the year ended December 31, 2010 resource properties further decreased by $260,071; foreign exchange gain increased by $328,641 and foreign exchange translation loss increased by $588,712.

5. Significant Accounting Policies

Method of Consolidation

These consolidated financial statements include the accounts of the parent Currie Rose Resources Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010 and for the years ended December 31, 2011 and December 31, 2010 and the accounts of its wholly owned subsidiary Currie Rose Resources (T) Limited as at December 31, 2011, December 31, 2010 and January 1, 2010 and for the years ended December 31, 2011 and December 31, 2010.

5. Significant Accounting Policies (Continued)

Foreign Exchange

Translation to Functional Currency

All transactions taking place in currencies other than the functional currency of the related operating segment are recorded in the functional currency on the date of the transaction using the spot exchange rate between the functional currency and the transactional currency. At the end of the reporting period, monetary items in currencies other than the functional currency are translated using the closing rate on such date. Non-monetary items in currencies other than the functional currency are measured using the historical exchange rate in effect when the transaction occurred. Exchange gains and losses arising on the translation of monetary items to the functional currency are included in other income (expense) for the year.

Translation to Presentation Currency

Amounts in a functional currency that are not the presentation currency are translated to the presentation currency as follows: assets and liabilities are translated at the closing rate at the end of the period; income and expenses are translated at the exchange rate at the dates of the transactions. All resulting differences are recognized in other comprehensive income.

Revenue Recognition

Revenue is recognized when earned as per contractual agreements and when ultimate collection is reasonably assured and the price is reasonably determinable.

Interest income on short-term investments is recognized using the effective interest method.

Financial Instruments

Financial instruments are initially recognized at their fair value on a settlement date basis when the company becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent measurement of financial instruments is based on the classification of the financial instruments as follows.

a) Fair Value through Profit or Loss

Cash, short-term investment, miscellaneous receivables and long-term investments have been designated as financial assets at fair value through profit and loss and recorded on the balance sheet at fair value, with any changes in fair value being recorded in other income (expense). The fair value of cash approximates its cost given its short-term maturity as it is expected to be recovered within one year. The fair value of short-term investment is calculated using a discounted cash flow approach, with the discount rate being highest available interest rate, at or near year end, for an investment with a similar maturity.

5. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

a) Fair Value through Profit or Loss (Continued)

The fair value of miscellaneous receivables approximate their original cost amounts due to their short-term maturities as they are expected to be recovered within one year. The fair value long-term investments is valued using quoted market price in an active market. Transaction costs associated with these items are expensed as incurred. The cost of financial assets designated at fair value through profit and loss can be found in Note 14.

Accounts payable and accrued expenses has been designated as a financial liability at fair value through profit and loss and recorded on the balance sheet at fair value, with any changes in fair value being recorded in other income (expense). The fair value of accounts payable and accrued expenses approximates its cost due to its inherent nature. The cost of financial liabilities designated at fair value through profit and loss can be found in Note 14.

Resource Properties

Resource properties are recorded at cost on an area of claims basis and carried as an asset until the results of the project are known. Cost includes initial acquisition costs of the property and exploration expenses incurred with respect to the property, net of any recoveries received with respect to option agreements entered into related to the property. In the event a commercial ore deposit is located, cost will be amortized against income by the unit of production method. In the event of an abandonment or the expiration of an area of claims, cost will be written off against income.

The cost of resource properties do not necessarily reflect present or future values. The ultimate realization of the amounts shown as resource properties is dependent upon the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims, the successful commercial development and exploration of the areas of interest, including the ability to obtain necessary financing to complete development or alternatively by their sale.

The company is currently in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many resource properties. The company has investigated title to all of its resource properties and to the best of its knowledge, title to all of its properties are in good standing.

5. Significant Accounting Policies (Continued)

Resource Properties (Continued)

Based on annual impairment reviews by management, in the event that the long-term expectation is that the net carrying amount of these resource property costs will not be recovered such as would be indicated by the following:

- Exploration activities have ceased;
- Exploration results are not promising such that exploration will not be planned for the foreseeable future;
- Lease ownership right expired; or
- Insufficient funding is available to complete the exploration program;

then the carrying amount is written down to fair value accordingly and the write-down amount charged to operations.

Option Agreements

The company acquires and disposes of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable as per these option agreements are not recorded until payment has been received or made. Upon payment of amounts due under an option agreement, the company recognizes the related amount as the cost of a resource property. Upon receipt of amounts due under an option agreement, the company recognizes the related amount as reduction of the resource property.

Share Capital

Common shares issued in exchange for goods and services are recorded at an amount based on the fair market value of the common shares just prior to the date of issuance.

Common shares issued in private placements, in conjunction with common share purchase warrants, are recorded using the residual method, whereby the proceeds of the private placement are allocated first to the common shares at the lesser of the common share's fair value and the gross proceeds of the private placement, with any residual amounts then being allocated to the common share purchase warrants.

Share issuance expenses are applied against share capital.

5. Significant Accounting Policies (Continued)

Stock Based Compensation

The company recognizes as compensation the fair value of common share purchase warrants or stock options issued in exchange for services provided by officers and directors and outside consultants. The cost of officer and director compensation is calculated using the fair value method based on the fair value of the common share purchase warrant or stock option on the granting date. The cost of outside consultant compensation is calculated using the fair value method based on the fair value of the common share purchase warrant or stock option on the earlier of a) date when performance is complete; b) date on which a commitment for performance by the counterparty to earn the compensation is reached or c) the grant date. Compensation expense is recognized over the vesting period of the related instrument granted or the service period for which such instrument is granted, whichever is shorter.

The proceeds from the exercise of stock options or warrants are recognized in share capital upon exercise at the exercise price paid by the holder, along with the related cost of such items originally credited to common share purchase warrants or options.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the common share purchase warrants and stock options issued.

Income Tax

The company follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The amount of future tax assets recognized is limited to the amount that is considered to be more likely than not to be realized.

6. Short-Term Investment

	December 31, 2011	December 31, 2010	January 1, 2010
Cashable term deposit, interest at 0.85%, maturing February 2, 2012	**$ 403,188**	$ -	$ -

7. Long-Term Investments

	December 31, 2011	December 31, 2010	January 1, 2010
Aquila Resources Inc., 40,000 common shares	**$ -**	$ 44,000	$ 9,000
Trueclaim Exploration Inc., 450,000 common shares (December 31, 2010 - 300,000 and January 1, 2010 - 150,000 common shares)	**49,500**	66,625	27,000
	$ 49,500	$ 110,625	$ 36,000

8. Resource Properties

December 31, 2011	**Opening**	**Acquisition (Disposal)**	**Exploration**	**Option Agreement (Recovery)**	**Write-down**	**Translation Adjustment**	**Closing**
Scadding Township	$ 550,723	$ -	$ -	$ (25,500)	$ -	$ -	$ 525,223
Tanzania							
Jubilee Reef	732,327	-	2,024	-	-	16,494	750,845
Mabale Hills	3,409,162	-	684,698	-	-	89,578	4,183,438
Nyamirembe	1	-	(1)	-	-	-	-
Sekenke	623,919	45,000	125,445	-	(794,364)	-	-
	$ 5,316,132	$ 45,000	$ 812,166	$ (25,500)	$ (794,364)	$ 106,072	$ 5,459,506

December 31, 2010	**Opening**	**Acquisition (Disposal)**	**Exploration**	**Option Agreement (Recovery)**	**Write-down**	**Translation Adjustment**	**Closing**
Laonil Lake	$ 1	$ (1)	$ -	$ -	$ -	$ -	$ -
Scadding Township	557,584	-	12,639	(19,500)	-	-	550,723
Tanzania							
Jubilee Reef	773,855	-	-	-	-	(41,528)	732,327
Mabale Hills	3,312,521	-	280,532	-	-	(183,891)	3,409,162
Nyamirembe	1	-	-	-	-	-	1
Sekenke	632,138	12,500	13,933	-	-	(34,652)	623,919
	$ 5,276,100	$ 12,499	$ 307,104	$ (19,500)	$ -	$ (260,071)	$ 5,316,132

8. Resource Properties (Continued)

The carrying values of the company's resources properties at December 31, 2011 was **$5,459,506** (December 31, 2010 - $5,316,132). Management's review of these carrying values indicated that at December 31, 2011, the properties were not impaired. Management's conclusion is dependent on assumptions about several factors including future operating costs, gold production levels, future gold prices and capital equipment needs and costs. Management will continue to monitor the critical factors impacting its impairment analysis and will re-evaluate the carrying value of its long-lived assets as necessary.

Laonil Lake

On August 13, 2010, the company assigned a net profit agreement to Claude Resources Inc. (the beneficial owner) for consideration of 325,000 common shares of Claude Resources Inc., which had a market value of $1.10 per share on the date of assignment, for a total value of $357,500. The company's interest in this property was carried in the accounts for a nominal value of $1 and as a result a gain on disposal of $357,499 has been recognized for the year ended December 31, 2010.

Scadding Township

Beneficial ownership of 49% of gold mining claims covering 1,895 acres in Northern Ontario. These claims are embodied in seven leases granted by the Ministry of Natural Resources totaling 56 claims. One of these leases is set to expire in 2023, three in 2025, one in 2026 and two in 2027. Each of these leases contain a 21 year renewal clause at the option of Ministry of Natural Resources. Management is of the opinion that such renewals will be offered and they intend to act on these renewal clauses.

The company is committed to a royalty payment in the amount of $100,000, payable 10 days after the end of the third calendar month in which production occurs from the claims. The company is also committed to a royalty payment of $1 per ton of ore removed from designated claims registered against the property.

8. Resource Properties (Continued)

Scadding Township (Continued)

On August 13, 2009, the company closed an option agreement with Trueclaim Exploration Inc. ("Trueclaim"), through which Trueclaim has acquired a 51% interest in the property upon completion of the following steps:

- Pay the company $100,000 and issue 150,000 common shares. This step was completed upon closing of the option agreement on August 13, 2009, with the payment of $100,000 and issuance of 150,000 common shares of Trueclaim at a fair value of $0.15 per common share for a total fair value of $22,500;
- Incur $500,000 towards exploration of the property and issue 150,000 common shares to the company by August 13, 2010. This step was completed on May 5, 2010 upon incurring more than $500,000 towards exploration of the property and issuance of 150,000 common shares of Trueclaim at a fair value of $0.13 per common share for a total fair value of $19,500;
- Incur a further $1,500,000 towards exploration of the property and issue 150,000 common shares to the company by August 13, 2012. This step was completed on April 20, 2011 upon incurring more than $1,500,000 towards exploration of the property and issuance of 150,000 common shares of Trueclaim at a fair value of $0.17 per common share for a total fair value of $25,500.

Trueclaim is the operator of the property and will be responsible for the maintenance of the property and payment of all related costs associated with the property. Trueclaim has also agreed to pay the $100,000 royalty payment noted above on behalf of the company if and when it becomes payable.

Once Trueclaim earned its 51% interest in the property, through the completion of the three steps noted above, the option agreement called for Trueclaim and the company to enter into a joint venture, with Trueclaim having a 51% interest and the company having a 49% interest. The companies have not yet entered into this joint venture agreement as of December 31, 2011.

The company will not be obligated to make any further financial contributions to the joint venture once entered into and its interest will be a carried interest. In the event that Trueclaim places the property into commercial production, Trueclaim shall increase its interest in the property from 51% to 100% by making a payment of $2,000,000 to the company and entering into a royalty agreement for a 3% net smelter return to company.

8. Resource Properties (Continued)

Tanzania - Jubilee Reef

Beneficial ownership of 100% of a mining tenement in the Lake Victoria gold field of Tanzania known as Jubilee Reef, covering 102 kilometres squared.

This property is subject to a royalty on gold payable under the terms of a Deed of Sale and Royalty dated May 29, 2004.

This property is subject to a net smelter return royalty payable as follows: if production from the tenement is 50,000 ounces of gold or less per calendar year, then the royalty shall be U.S. $3.00 per ounce if the price of gold is U.S. $350 per ounce or less, or U.S. $5.00 per ounce if the price of gold is greater than $350 per ounce. If production from the tenement is greater than 50,000 ounces of gold per calendar year, then the royalty shall be U.S. $5.00 per ounce if the price of gold is U.S. $350 per ounce or less, or U.S. $7.50 per ounce if the price of gold is greater than $350 per ounce.

On January 21, 2011, the company signed a letter of intent with Liontown Resource Limited ("Liontown"), in which Liontown can acquire up to 75% interest in Tanzania - Jubilee Reef upon completion of the following steps:

1st stage: Perform a 4 month data review which will include defining drilling targets and incur US $50,000 towards exploration of the property. This step was completed as of December 31, 2011 upon incurring more than $50,000 towards exploration of the property

Liontown has the right to withdraw provided that it has met the 1st stage of the option agreement.

2nd stage: Earn 51% interest by sole funding exploration as follows:

- 5,000 metres of drilling by December 31, 2011 (which has been completed);
- a further 10,000 metres of drilling by December 31, 2013

3rd stage: Earn a further 24% interest by sole funding a definitive feasibility study, at which point the parties to the agreement will then contribute costs on a pro-rata basis based on their respective interests on the property. The election of Liontown to proceed with the 3rd stage shall be made within 60 days of completion of stage 2 and communicated in writing with the company.

8. Resource Properties (Continued)

Tanzania - Jubilee Reef (Continued)

In the event Liontown does not elect to earn the interest as noted in the 3rd stage, then the company will maintain 49% interest on the properties, at which point the parties to the agreement will then contribute costs on a pro-rata basis based on their respective interests on the property.

Tanzania - Mabale Hills

Beneficial ownership of 100% of a mining tenement in the Lake Victoria gold field of Tanzania known as Mabale Hills, covering 178 kilometres squared.

This property is subject to a royalty on gold payable under the terms of a Deed of Sale and Royalty dated May 29, 2004.

8. Resource Properties (Continued)

Tanzania - Sekenke

Beneficial ownership of 30% of a mining tenement in Tanzania known as Sekenke, covering 1,885 kilometres squared. This beneficial ownership is held through an option and joint venture agreement (amended on March 14, 2009) in which the company has a potential to earn up to a 70% beneficial interest on the property, based on the following:

2nd stage: Earn a further 21% interest by making payments to the other party as follows:

- US $150,000 in cash or issuance of common shares equal to that amount by April 3, 2007, which was satisfied on May 14, 2007 with the issuance of 397,714 common shares at a fair value of $0.305 per common share for a total value of $151,131;
- US $150,000 in cash or issuance of common shares equal to that amount by April 3, 2008, which was satisfied on December 17, 2008 with the issuance of 833,333 common shares at a fair value of $0.02 per share for a total value of $16,667. The common shares had a deemed value of $0.18 per common share on May 7, 2008, the date on which they were approved for issuance by the board. This deemed value is equivalent to the US $150,000 required;
- Issuance of 250,000 common shares upon acceptance of the amended agreement dated March 14, 2009, which was satisfied on March 30, 2009 with the issuance of 250,000 common shares at a fair value of $0.035 per common share for a total value of $8,750;
- Issuance of 250,000 common shares of the company by March 14, 2010, which was satisfied on May 5, 2010 with the issuance of 250,000 common shares at a fair value of $0.05 per share for a total value of $12,500.
- Issuance of 250,000 common shares of the company by March 14, 2011, which was satisfied on April 13, 2011 with the issuance of 250,000 common shares at a fair value of $0.18 per share for a total value of $45,000.
- Issuance of 250,000 common shares of the company by March 14, 2012;
- Funding a minimum value of US $650,000 towards exploration by March 14, 2012

3rd stage: Earn a further 19% interest by funding one of the properties through a feasibility study by March 14, 2014, at which point the parties to the agreement will then contribute costs on a pro-rata basis based on their respective joint venture interests.

Due to disappointing drill results and a thorough review of the feasibility of the entire project, the company has decided to terminate its involvement in the Sekenke project subsequent to year end. As such, management has determined there to be an impairment in the value of this property as at December 31, 2011 and have recognized a write-down in the amount of $794,364.

9. Shareholders' Equity

Common Shares and Common Share Purchase Warrants

The common shares are authorized for an unlimited number to be issued.

On September 10, 2010, a private placement was completed for the issuance of 16,666,667 units consisting of one common share and one half common share purchase warrant at a price of $0.06 per unit, for total consideration of $1,000,000. The full amount of the proceeds of the private placement were allotted to the common shares based on the residual fair value method.

As part of the private placement, the company paid fees of $65,357 and issued 946,500 common share purchase warrants. The fair value of the common share purchase warrants issued as fees was calculated to be $89,553.

The following assumptions were used in the calculation:

Risk-free interest rate	**1.35%**
Expected life	**1.5 years**
Price volatility	**194%**
Dividend yield	**Nil**

The common share purchase warrants issued as part of the September 10, 2010 private placement (both as part of the units and issued as fees) entitle the holder to purchase one common share at a price of $0.10 per common share for one common share purchase warrant until March 30, 2012. The expiry date of the common share purchase warrants will be accelerated to shorten the exercise period to 30 days should the stock of the company trade at $0.20 or higher for a period of 20 consecutive trading days. Such acceleration did not occur prior to the expiry on March 30, 2012.

As at December 31, 2011, 175,000 (December 31, 2010 - 6,550,000) common share purchase warrants that were issued as part of the private placement on September 29, 2009 were exercised at a price of $0.10 per warrant, for a consideration of $17,500 (December 31, 2011 - $655,000.)

As at December 31, 2011, 100,000 (December 31, 2010 - 640,000) common share purchase warrants that were issued as part of the finder fees for the private placement on September 29, 2009 were exercised at a price of $0.10 per warrant, for a consideration of $10,000 (December 31, 2011 - $64,000). The cost of common share purchase warrants that had previously been setup in common share purchase warrants of $6,386 (December 31, 2010 - $40,869) was transferred to share capital upon the exercise of these common share purchase warrants.

9. Shareholders' Equity (Continued)

Common Shares and Common Share Purchase Warrants (Continued)

As at December 31, 2011, a total of 2,403,500 common share purchase warrants that were issued as part of the private placement on September 10, 2010 were exercised at a price of $0.10 per warrant, for a consideration of $240,300.

As at December 31, 2011, a total of 280,000 common share purchase warrants that were exercised as part of the finder fees for the private placement on September 10, 2010 were exercised at a price of $0.10 per warrant, for a consideration of $28,000. The cost of common share purchase warrants that had previously been setup in common share purchase warrants, of $32,357 was transferred to share capital upon the exercise of these common share purchase warrants.

During the year, 550,000 common share purchase issued as part of the finder fees for the private placement on September 29, 2009 expired. The cost of common share purchase warrants that had previously been setup in common share purchase warrants, of $35,121 was transferred to contributed surplus.

As at December 31, 2011, common share purchase warrants are as follows:

Common Share Purchase Warrants Outstanding at December 31, 2011	Exercise Price	Expiry Date	Common Share Purchase Warrants Exercisable at December 31, 2011
6,596,333	$ 0.10	March 30, 2012	6,596,333

Stock Options

The company has a Stock Option Plan which allows for the granting of stock options to directors, officers, employees and consultants as additional compensation for services rendered, with such options generally being exercisable over a five year period. The options are generally required to have an exercise price no less than the market price prevailing on the day the option is granted. The maximum number of common shares which may be issued pursuant to options granted under the stock option plan is 17,779,756 (December 31, 2010 - 12,437,623). The stock option plan provides that the number of common shares issuable to any one optionee, together with all of the company's other previously established or proposed share compensation arrangements to that optionee, may not exceed 20% of the total number of issued and outstanding common shares of the company. In addition, the number of common shares which may be reserved for issuance to any one consultant or any one investor relations individual shall not exceed 2% on a yearly basis and to any other one individual may not exceed 20% on a yearly basis.

9. Shareholders' Equity (Continued)

Stock Options (Continued)

The options granted for periods of greater than eighteen month under the plan vest at a rate of 25% upon regulatory approval and 25% every six months thereafter unless otherwise specified. The options granted for periods less than eighteen months vest immediately. Upon change in control, as defined by the Income Tax Act, all outstanding options immediately become vested.

As at December 31, 2011, a total of 6,950,000 of stock options have vested and are exercisable at a weighted average price of $0.14.

The following is information regarding options outstanding at December 31, 2011 and 2010.

	Number	Weighted Average Exercise price
Outstanding, January 1, 2010	6,025,000	$ 0.10
Granted	4,600,000	0.10
Expired or Cancelled	(4,450,000)	0.20
Outstanding, December 31, 2010	6,175,000	$ 0.13
Granted	2,100,000	0.17
Outstanding, December 31, 2011	**8,275,000**	**$ 0.14**

On May 26, 2009, the company granted options for the purchase up to 705,000 common shares at a price of $0.20 per share exercisable up to May 26, 2019 to a director and two officers of the company. The total fair value of the options granted was calculated to be $27,777. As at December 31, 2010, $13,888 was recognized as director and officer compensation related to options that vested during the year.

As at December 31, 2009, upon resignation by an employee, the expiry date of certain options was accelerated to shorten the exercise period to March 31, 2010, which is 90 days from the date of resignation. The total fair value of the options granted was calculated to be $10,225. of December 31, 2010, $2,556 was recognized as director and officer compensation related to options that vested during the year.

9. Shareholders' Equity (Continued)

Stock Options (Continued)

On April 7, 2010, the company granted options for the purchase of up to 3,500,000 common shares at a price of $0.10 per share, exercisable up to April 7, 2015 to three directors and one officer. The total fair value of the options granted was calculated to be $198,942. As of December 31, 2011, $99,471 (December 31, 2010 - $99,471) of the stock options were vested and have been recognized as director and officer compensation. The following assumptions were used in the calculation:

Risk-free interest rate	**3.04%**
Expected life	**5 years**
Price volatility	**180%**
Weighted average share price	**$0.06**
Exercise price	**$0.10**
Dividend yield	**Nil**

On September 14, 2010, the company granted options for the purchase of up to 1,100,000 common shares at a price of $0.10 per share exercisable up to September 14, 2020 to a director and two officers of the company. The total fair value of the options granted was calculated to be $109,890. As of December 31, 2011, $54,945 (December 31, 2010 - $27,473) of the stock options were vested and have been recognized as director and officer compensation. The following assumptions were used in the calculation:

Risk-free interest rate	**3.10%**
Expected life	**10 years**
Price volatility	**205%**
Weighted average share price	**$0.10**
Exercise price	**$0.10**
Dividend yield	**Nil**

9. Shareholders' Equity (Continued)

Stock Options (Continued)

On January 12, 2011, the company granted options for the purchase of up to 600,000 common shares at a price of $0.22 per share exercisable up to January 12, 2013 to a consultant. The total fair value of the options granted was calculated to be $108,257. As of December 31, 2011, $54,129 of the stock options were vested and have been recognized as professional fees. The following assumptions were used in the calculation:

Risk-free interest rate	**1.77%**
Expected life	**2 years**
Price volatility	**188%**
Weighted average share price	**$0.22**
Exercise price	**$0.22**
Dividend yield	**Nil**

On March 31, 2011, the company granted options for the purchase of up to 1,500,000 common shares at a price of $0.15 per share, exercisable up to March 31, 2021 to three directors and two officers and one consultant. The total fair value of the options granted was calculated to be $202,196. As of December 31, 2011, $101,098 of the stock options were vested and $94,358 have been recognized as director and officer compensation and $6,740 as professional fees. The following assumptions were used in the calculation:

Risk-free interest rate	**3.45%**
Expected life	**10 years**
Price volatility	**199%**
Weighted average share price	**$0.14**
Exercise price	**$0.15**
Dividend yield	**Nil**

Subsequent to December 31, 2011 the company cancelled the stock options issued on March 31, 2011 as described in Note 15.

9. Shareholders' Equity (Continued)

Stock Options (Continued)

On the 2,100,000 options granted during the year, the following information is provided:

	Weighted Average Fair Value	Weighted Average Exercise Price
Stock Options where:		
Exercise price exceeds market value on grant date	**$ 0.13**	**$ 0.15**
Exercise price equals market value on grant date	**0.18**	**0.22**
Total	**$ 0.15**	**$ 0.17**

The following table provides additional information with respect to the company's stock options outstanding at December 31, 2011.

Exercise Price	Outstanding December 31, 2011	Weighted Average Exercise Price	Weighted Average Life to Expiry (Years)
$ 0.22	600,000	$ 0.22	1.04
0.20	1,575,000	0.20	1.82
0.15	1,500,000	0.15	9.25
0.10	4,600,000	0.10	4.57
	8,275,000	$ 0.14	4.64

Shareholder Rights Plan

Under a Shareholder Rights Plan Agreement (the “Agreement”), dated June 1, 2010, the company has issued rights which attach to the company’s common shares on a one for one basis.

9. Shareholders' Equity (Continued)

Shareholder Rights Plan (Continued)

These rights allow the common shareholder (except for a shareholder who has reached more than 20% beneficial ownership in the company as defined in the Agreement) to receive a specified number of common shares equal to the market value of two times the exercise price of the right, as determined by the Agreement, in exchange for the payment of the exercise price as determined by the Agreement, on the exercise date, which is ten trading days after the earlier of: (i) Date of the public announcement that one shareholder has reached more than 5% beneficial ownership in the company as defined in the Agreement; (ii) Date of commencement of a Take-over bid other than a permitted Bid or a Competing Bid as defined in the Agreement; and (iii) Date on which a permitted Bid or a Competing Bid as defined in the Agreement ceases to be such.

These rights can be redeemed by the board of directors, only if all rights issued are redeemed at the same time, at a redemption price of $0.00001 per right at any time prior to the exercise date noted above. These rights are also deemed to be 100% redeemed by the board of directors, at a redemption price of $0.00001 per right on the date of a Permitted bid as defined in the Agreement.

These rights expire the earlier of: (i) Exercise date of the rights; (ii) Redemption date of the rights; and (iii) Three years from the date of approval of the continuation of the Rights Plan.

10. Related Party Transactions

Related parties include management and directors of Currie Rose Resources Inc. Transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. The following is a summary of transactions with related parties:

	December 31, 2011	December 31, 2010
Expenditures		
Director and officer compensation	**$ 248,774**	$ 143,388
Management compensation	**138,000**	78,000
Office and admin expense	**30,000**	42,000
Office rent	**12,000**	12,000

The company for 2012 is party to a management agreement with the CEO, a related party, for $15,000 per month, comprised of $1,000 for office and equipment rental, $2,500 for secretarial services and $11,500 for the fees of the CEO. This agreement shall continue until December 31, 2013 or until terminated by the company or the CEO. In the event of termination without cause, the company must pay $180,000 as compensation to the CEO. The agreement also calls for other bonuses and incentive payments if certain company goals and objectives are met with respect to the resource properties held.

11. Income Taxes

	December 31 2011	December 31, 2010	January 1, 2011
Deferred Tax Assets			
Deferred tax assets to be recovered within 12 months	**$ 9,317**	$ 22,996	$ 23,972
Deferred tax assets to be recovered after more than 12 months	**1,564,147**	1,165,122	1,199,258
Net Deferred Tax Assets	**$ 1,573,464**	$ 1,188,118	$ 1,223,230
Deferred Tax Liabilities			
Deferred tax liabilities to be recovered after more than 12 months	**$ -**	$ 3,777	$ -
Valuation Allowance	**$ (1,573,464)**	$ (1,184,341)	$ (1,223,230)
Net Deferred Tax Assets	**$ -**	$ -	$ -

	Opening Balance at December 31, 2010	Recognized in Net Income (Loss)	Closing Balance at December 31, 2011
Deferred Tax Assets			
Long-term investments	$ -	$ 2,385	**$ 2,385**
Resources properties	609,528	248,432	**857,960**
Share issuance cost	43,802	(21,110)	**22,692**
Non-capital losses	527,852	155,639	**683,491**
Foreign income taxes paid	6,936	-	**6,936**
Total Deferred Tax Assets	$ 1,188,118	$ 385,346	**$ 1,573,464**
Deferred Tax Liabilities			
Long-term investments	$ 3,777	$ (3,777)	**$ -**
Total Deferred Tax Liabilities	3,777	(3,777)	**-**
Valuation Allowance	(1,184,341)	(389,123)	**(1,573,464)**
Total Net Deferred Tax Assets	$ -	$ -	**$ -**

11. Income Taxes (Continued)

	Opening Balance at January 1, 2010	Recognized in Net Income (Loss)	Closing Balance at December 31, 2010
Deferred Tax Assets			
Long-term investments	$ 3,188	$ (3,188)	$ -
Resources properties	686,951	(77,423)	609,528
Share issuance cost	53,984	(10,182)	43,802
Capital losses	2,014	(2,014)	-
Non-capital losses	470,157	57,695	527,852
Foreign income taxes paid	6,936	-	6,936
Total Deferred Tax Assets	$ 1,223,230	$ (35,112)	$ 1,188,118
Deferred Tax Liabilities			
Long-term investments	$ -	$ 3,777	$ 3,777
Total Deferred Tax Liabilities	-	3,777	3,777
Valuation Allowance	(1,223,230)	38,889	(1,184,341)
Total Net Deferred Tax Assets	$ -	$ -	$ -

11. Income Taxes (Continued)

The following is an explanation of the relationship between income tax expense and accounting income.

	December 31, 2011	December 31, 2010
Accounting income (loss) before tax	**$ (1,232,487)**	$ 653,947
Tax on accounting income (loss) at applicable statutory rate (2011 - 28.25% 2010 - 31.00%)	**$ (348,178)**	$ 202,724
Tax effect of expenses relating to the origination and reversal of temporary differences	**(40,945)**	(163,835)
Increase (decrease) in valuation allowance	**389,123**	(38,889)
Tax Expense	**$ -**	$ -

The tax effect of the temporary differences that gives rise to future tax assets as of December 31, 2011 and December 31, 2010 is presented below. No benefit has been recorded in these financial statements as there is no assurance that the company will generate taxable income to utilize these differences.

The company has deductible temporary differences with respect to its resources properties, whereby the amounts deductible for income tax purposes exceed the amounts recorded for accounting purposes by $3,092,640.

The company has deductible temporary differences with respect to its share issuance cost, where by the amount recorded for accounting purposes exceed the amounts deductible for income tax purposes by $85,630.

The company has non-capital loss carryforwards, which can be used to reduce future income taxes payable, expiring as follows: 2015 - $128,987; 2026 - $257,437; 2027 - $438,370; 2028 - $518,999, 2029 - $536,837, 2030 - $189,376 and 2031 - $509,207.

12. Earnings (Loss) per Common Share

	December 31, 2011	December 31, 2010
Net income (loss) for the year	**$ (1,232,487)**	$ 653,947
Average number of common shares outstanding	**88,735,527**	68,030,604
Stock options potentially exercisable	**4,600,000**	4,600,000
Warrants potentially exercisable	**6,596,333**	10,104,833
Common shares potentially repurchased	**(7,534,380)**	(12,748,373)
Average diluted number of common shares outstanding	**92,397,480**	69,987,064
Basic earnings (loss) per share	**$ (0.014)**	$ 0.010
Diluted earnings (loss) per share	**(0.013)**	0.009

The diluted weighted average number of common shares outstanding for the year ended December 31, 2011 and 2010 exclude the following items due to their anti-dilutive effect.

Anti-dilutive potential securities	**December 31,** 2011	December 31, 2010
Common shares potentially assumable: -under stock options	**3,675,000**	1,575,000

13. Segment Disclosures

The company considers a reportable segment to be a component of their operations which engages in business activities that incur expenses and whose operating results are regularly evaluated through a review of discrete financial information.

The company has identified as a reportable segment based on geography, resource properties located in Tanzania. The assets, liabilities, expenses, other income and net loss, denominated in Canadian $, associated with this geographical region are summarized in the following tables.

	December 31, 2011	December 31, 2010	January 1, 2010
Current Asset			
Cash	**$ 12,132**	$ 203,725	$ 27,574
Long-Term Asset			
Resource properties	**4,934,283**	4,765,409	5,001,273
Current Liabilities			
Accounts payable and accrued expenses	**52,567**	182,620	-
Expenses			
Office and admin expense	**31,888**	3,567	
Professional services	**3,729**	-	
Travel and entertainment	**241**	7,946	
Other Income (Expense)			
Interest	**19**	12	
Foreign exchange	**376,978**	344,910	
Write-down of resource property	**(847,278)**	-	
Net Income (Loss)	**$ (506,139)**	$ 333,409	

14. Financial Instruments and Capital Disclosures

Fair Values

	December 31, 2011		December 31, 2010		January 1, 2010	
	Cost	**Fair Value**	Cost	Fair Value	Cost	Fair Value
Financial assets designated as fair value through profit and loss	**$ 1,220,062**	**$ 1,202,062**	$ 2,311,530	$ 2,341,155	$ 368,981	$ 343,481
Financial liabilities designated as fair value through profit and loss	**101,316**	**101,316**	208,644	208,644	51,450	51,450

Fair Value Hierarchy

A fair value hierarchy establishes three levels to classify valuation techniques used to measure fair value. Level 1 items are quoted prices in active markets for identical assets or liabilities. Level 2 items are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets or quoted prices that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable and supported by little or no market activity. The fair value hierarchy gives the highest priority to Level 1 items and the lowest priority to Level 3 items.

December 31, 2011	**Level One**	**Level Two**	**Level Three**	**Total**
Financial Assets				
Cash	$ 706,563	$ -	$ -	$ 706,563
Short-term investments	-	403,188	-	403,188
Miscellaneous receivables	-	-	42,811	42,811
Long-term investments	49,500	-	-	49,500
	756,063	403,188	42,811	1,202,062
Financial Liabilities				
Accounts payable and accrued expenses	-	-	101,316	101,316
	$ 756,063	**$ 403,188**	**$ (58,505)**	**$ 1,100,746**

14. Financial Instruments and Capital Disclosures (Continued)

Fair Value Hierarchy (Continued)

December 31, 2010	Level One	Level Two	Level Three	Total
Financial Assets				
Cash	$ 2,222,714	$ -	$ -	$ 2,222,714
Miscellaneous receivables	-	-	7,816	7,816
Long-term investments	110,625	-	-	110,625
	2,333,339	-	7,816	2,341,155
Financial Liabilities				
Accounts payable and accrued expenses	-	-	208,644	208,644
	$ 2,333,339	$ -	$ (200,828)	$ 2,132,511

January 1, 2010	Level One	Level Two	Level Three	Total
Financial Assets				
Cash	$ 285,103	$ -	$ -	$ 285,103
Miscellaneous receivables	-	-	22,378	22,378
Long-term investments	36,000	-	-	36,000
	321,103	-	22,378	343,481
Financial Liabilities				
Accounts payable and accrued expenses	-	-	51,450	51,450
	$ 321,103	$ -	$ (29,072)	$ 292,031

14. Financial Instruments and Capital Disclosures (Continued)

Fair Value Hierarchy (Continued)

The following table presents a reconciliation of each level of the fair value hierarchy:

	December 31, 2011			December 31, 2010		
	Level One	**Level Two**	**Level Three**	**Level One**	**Level Two**	**Level Three**
Balance, beginning of the year	**$ 2,333,339**	**$ -**	**$ (200,828)**	$ 321,103	$ -	$ (29,072)
Purchase	**-**	**403,188**	**121,101**	2,094,805	-	-
Redemption	**(1,616,303)**	**-**	**-**	-	-	(171,756)
Transfer in (out)	**39,027**	**-**	**21,222**	(82,569)	-	-
Balance, end of the year	**$ 756,063**	**$ 403,188**	**$ (58,505)**	$ 2,333,339	$ -	$ (200,828)

Financial Risks

Liquidity Risk

The business of the company necessitates the management of liquidity risk. Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due in the short-term due to a shortfall of working capital and in the long-term due to lack of sufficient capital. The company's objective is to mitigate short-term liquidity risk by maintaining adequate working capital reserves and its long-term liquidity risk by stipulating in certain option agreements that payments may be made in common shares at the company’s election and through good relations with external capital markets. The company achieves these objectives by obtaining financing through private placements and issuing shares as payment for resource property costs. There has been no change in this risk exposure or how it is managed since the prior reporting period. As at December 31, 2011 and December 31, 2010, the company believes the exposure to liquidity risk is minimal as it holds no financial liabilities other than current accounts payable and accrued expenses which are adequately covered through excess working capital and it has no funding commitments that are not at its discretion.

14. Financial Instruments and Capital Disclosures (Continued)

Financial Risks (Continued)

Credit Risk

The company’s credit risk is primarily attributable to receivables included in current assets. The company has no material concentration of credit risk arising from operations. Cash consist of bank deposits, which have been invested with a Canadian Chartered Bank, from which management believes the risk of loss to be remote. Management believes that credit risk with respect to receivables is minimal. There has been no change in this risk exposure or how it is managed since the prior reporting period.

Foreign Exchange Risk

The company is exposed to foreign exchange risk as various resource property transactions are undertaken in US currency. As well, the company's wholly owned subsidiary has bank accounts denominated in US and Tanzanian currency. The value of the US and Tanzanian currency is subject to normal market fluctuations. The company has not entered into any arrangements to hedge foreign currency risks at this time, but it does monitor exchange rates on a regular basis. There has been no change in this risk exposure or how it is managed since the prior reporting period. As at December 31, 2011, a 1% change in the US or Tanzanian foreign exchange rate would have an insignificant effect on the company's earnings.

Concentration Risk

The company is exposed to concentration risk as the majority of its cash is maintained with one financial institution. This risk is mitigated through the use of a major Canadian chartered bank. The company monitors this financial institution on a regular basis and assesses the appropriateness of its relationship with this bank as the need arises. There has been no change in this risk exposure or how it is managed since the prior reporting period. As at December 31, 2011 and December 31, 2010, the company’s maximum exposure to this risk is $39,232 and $1,321,477 respectively.

14. Financial Instruments and Capital Disclosures (Continued)

Financial Risks (Continued)

Market Risk

The company is exposed to market risk on its long-term investment due to normal stock market fluctuations. The company's objective is to hold this investment for the long-term, as liquidity allows, in order to minimize the effect of short-term market fluctuations. The company also regularly monitors market activities to assess the recoverability of this investment in the long-term. There has been no change in this risk exposure or how it is managed since the prior reporting period. As at December 31, 2011 and December 31, 2010, the company's maximum exposure to this risk is the amount recorded in long-term investments on the balance sheet, which is at market value.

Commodity Price Risk

The value of the company's mineral resource properties is related to the prices of gold and the outlook for such commodity.

Gold prices historically have fluctuated widely and are affected by numerous factors outside of the company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production, short-term changes in supply and demand because of speculative investing activities, macro-economic and political variables and certain other factors related specifically to gold.

The long-term profitability of the company's operation is highly correlated to the market price of gold. To the extent that the price increases, asset values increase and cash flow improves conversely, declines in prices will directly impact value and cash flows. A protracted period of depressed prices could impair the company's operations and development opportunities and significantly erode shareholder value.

Capital Disclosures

The company's objectives when managing capital are: to ensure that there are adequate resources to sustain operations and to continue as a going concern; to maintain adequate funding to support acquisition obligations and exploration of mineral claims and to maintain investor confidence, all with a view to providing a return on shareholders' investment. Funds are primarily obtained through the issuance of common shares as equity capital. Such issuance of common shares is usually done as private placements.

The company considers the items included in the Statement of Shareholders' Equity to be capital and it manages the capital structure and makes adjustments to it with an awareness of changes in economic conditions, the risk nature of the underlying assets and the future capital requirements to maintain those assets. The company is not subject to any externally imposed capital requirements.

15. Subsequent Events

Stock Options

On April 5, 2012, 1,500,000 stock options issued on March 31, 2011 as described in Note 9 were cancelled. At that time all amounts recognized previously in stock options re this issuance were transferred to contributed surplus.

16. Future Accounting Pronouncements

The following relevant new standards, amendments and interpretations have been published that are mandatory for the company's future accounting periods (at the beginning of the periods noted below) which the company has decided not to early adopt.

1) IFRS 9: Financial Instruments (January 1, 2013) will establish two primary measurement models, amortized cost and fair value, with the basis of classification depending on the entity's business model and the characteristics of the financial asset. The company has evaluated the impact of the new standard and does not believe it will have an effect on its financial statements.
2) IFRS 10: Consolidated financial statements (January 1, 2013) requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements. The company has evaluated the impact of the new standard and does not believe it will have an effect on its financial statements.
3) IFRS 11: Joint Arrangements and IAS 28 Investments in Associates and Joint ventures (January 1, 2013) will establish specific guidance as to how a joint arrangement will be accounted for depending on the characteristics of the arrangement. The company has evaluated the impact of the new standard and does not believe it will have an effect on its financial statements.
4) IFRS 12: Disclosure of interests in other entities (January 1, 2013) will establish disclosure requirements for entities that have an interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The section requires the entity to disclose the nature of, and risks associated with, its interest in other entities and the effects of those interests on its financial position, financial performance and cash flows. The adoption of this new accounting standard by the company will result in new disclosures related to its subsidiary.
5) IFRS 13: Fair Value Measurement (January 1, 2013) will define fair value and provide guidance on the measurement of fair value as well as require additional disclosures regarding fair value measurements. The company has evaluated the impact of the new standard and does not believe it will have an effect on its financial statements.
6) IAS 1: Presentation of Financial Statements (July 1, 2012) will require components of other comprehensive income to be disclosed separately between amounts that will reverse to net income and those that will remain permanently in accumulated other comprehensive income. The company has evaluated the impact of the new standard and will be required to make such disclosure upon implementation in the year ended December 31, 2013.