Unaudited Condensed Consolidated Interim Financial Statements
(In U.S. dollars)

GALANE GOLD LTD.

Three and nine months ended September 30, 2011

Note to Reader:

The accompanying unaudited interim financial statements of Galane Gold Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

GALANE GOLD LTD.

Unaudited Condensed Interim Consolidated Statement of Financial Position
(In U.S. dollars)

September 30, 2011, with comparative figures at December 31, 2010

	Notes	September 30, 2011	December 31, 2010
Assets			
Current assets:			
Cash and cash equivalents		$ 3,911,480	$ 256
Trade and other receivables	5,6	1,658,217	-
Inventories	5,7	10,138,389	-
		15,708,086	256
Non-current assets:			
Mining properties, equipment and ore stockpiles	5,8	33,946,324	-
		33,946,324	-
		$ 49,654,410	$ 256
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	5,11	$ 6,623,560	-
Current portion of asset retirement obligations	5,10	450,904	-
		7,074,464	-
Non-current liabilities:			
Interest-bearing loans and borrowings	5,12	3,800,000	-
Asset retirement obligations	5,10	8,864,378	-
Warrants denominated in foreign currency	13	3,246,438	-
		15,910,816	-
Shareholders' equity:			
Share capital:			
Issued and outstanding	5,13	$ 30,062,534	$ 256
Reserves	13	858,600	-
Deficit		(4,252,004)	-
		26,669,130	256
		$ 49,654,410	$ 256

Approved and authorized by the Board on November 28, 2011:

"Ravi Sood " Director *"Philip Condon "* Director

The notes on page 5 to page 33 are an integral part of these unaudited condensed interim consolidated financial statements.

GALANE GOLD LTD.

Unaudited Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
(In U.S. dollars)

Three and nine months ended September 30, 2011

	Note	Three months	Nine months
Mining Revenue		$ 1,481,325	$ 1,481,325
Mining Costs:			
Mining costs excluding depreciation		2,729,953	2,729,953
Depreciation	8	942,028	942,028
		3,671,981	3,671,981
Loss from mining operations		(2,190,656)	(2,190,656)
Expenses:			
Foreign exchange loss (gain)		136,306	136,306
Corporate general and administration		356,778	714,466
Interest on long term debt	12	19,632	19,632
Stock based compensation	13	858,600	858,600
Other expenses	5	332,334	332,344
		1,703,660	2,061,348
Loss and comprehensive loss for the period		$ (3,894,316)	$ (4,252,004)
Basic and diluted loss per common share		$ (0.23)	$ (0.61)
Weighted average number of common shares		16,848,311	6,949,347

The notes on page 5 to page 33 are an integral part of these unaudited condensed interim consolidated financial statements.

GALANE GOLD LTD.

Unaudited Condensed Interim Consolidated Statement of Changes in Equity
(In U.S. Dollars)

Nine months ended September 30, 2011

		Capital Stock		Reserves		
	Notes	Number	Amount	Stock based payments	Deficit	Total
Balance as at January 1, 2011		2,000,000	$ 256	$	$	$ 256
Issued for:						
Private placement	13	20,545,500	14,347,106			14,347,106
Share issuance costs	13		(1,876,895)			(1,876,895)
Completion of Gallery Acquisition	5, 13	21,875,000	17,106,426			17,106,426
Completion of Carlaw Acquisition	5, 13					
Cancellation of Galane Gold Mines Ltd. common shares	13	(44,420,500)				
Issuance of Company common shares in return for Galane Gold Mines Ltd. common shares	13	44,420,500				
Common shares of Carlaw	5, 13	687,500	485,641			485,641
Stock-based compensation for the period	13			858,600		858,600
Loss for the period		-	-	-	(4,252,004)	(4,252,004)
Balance, September 30, 2011		45,108,000	30,062,534	858,600	(4,252,004)	26,669,130

The notes on page 5 to page 33 are an integral part of these unaudited condensed interim consolidated financial statements.

GALANE GOLD LTD.

Unaudited Condensed Interim Consolidated Statement of Cash Flows
(In U.S. Dollars)

Three and nine months ended September 30, 2011

	Notes	Three months	Nine months
Cash flows from operating activities:			
Loss for the period		$ (3,894,316)	$ (4,252,004)
Items not involving cash:			
Depreciation, depletion and amortization		942,028	942,028
Share based compensation		858,600	858,600
Accretion		47,212	12,689
Other expenses	5	397,342	397,342
Add interest expense		19,632	19,632
Working capital adjustments:			
Change in trade and other receivables		328,893	328,893
Change in inventories		(2,479,109)	(2,479,109)
Change in trade and other payables relating to operating activities		(793,809)	(401,598)
Cash flows from operating activities		(4,573,527)	(4,573,527)
Cash flows from investing activities:			
Cash acquired from Carlaw Acquisition	5	179,678	179,678
Net cash used in the Gallery Acquisition:	5	(6,559,462)	(6,559,462)
Mining assets acquired since Acquisitions		(122,192)	(122,192)
Cash flows used in investing activities		(6,501,976)	(6,501,976)
Cash flow from financing activities:			
Proceeds from issuance of shares	5, 13	15,006,359	15,006,359
Interest paid		(19,632)	(19,632)
Cash flows from (used in) financing activities		14,986,727	14,986,727
Increase (decrease) in cash and cash equivalents		3,911,224	3,911,224
Cash and cash equivalents, at January 1		256	256
Cash and cash equivalents, at September 30		$ 3,911,480	$ 3,911,480

The notes on page 5 to page 33 are an integral part of these unaudited condensed interim consolidated financial statements.

1. Corporate Information

Galane Gold Ltd., formerly Carlaw Capital III Corp., (the "Company" or "GGL"), operates through its wholly owned subsidiary, Galane Gold Mines Ltd. ("GGM") which was incorporated under the *Business Corporations Act* (Ontario) on November 15, 2010 and whose principal business activities are the exploration for, development of, and operation of gold mining properties. The Company's registered and head office is located at Suite 1800, 181 Bay St., Toronto, Ontario, Canada.

Effective August 30, 2011, the Company, through its wholly owned subsidiary, Mupane Gold Mines Limited, a Mauritius company, acquired all of the issued and outstanding shares of an Australian company, Gallery Gold Pty Ltd. from IAMGOLD Corporation ("IAMGOLD") (the "Gallery Acquisition"). The purchase price for such acquisition was paid by a combination of cash, shares, and the issuance of interest bearing debt.

Effective August 30, 2011, GGM closed a transaction with Carlaw Capital III Corp. ("Carlaw") whereby Carlaw acquired (the "Carlaw Acquisition") all of the issued and outstanding shares of GGM by issuing an aggregate of 44,420,500 common shares from treasury in exchange for all of the issued and outstanding common shares of GGM. As a result of this share exchange, the former shareholders of GGM acquired control of Carlaw. Carlaw was incorporated under the *Business Corporations Act* (Ontario) on October 24, 2007, and on August 30, 2011 changed its name to Galane Gold Ltd.

These unaudited condensed interim consolidated financial statements include the results of operations of GGM from the date of incorporation, and Galane Gold Ltd. (formerly Carlaw Capital III Corp.) and Gallery Gold Pty Ltd. from August 30, 2011, the date of the Gallery Acquisition and the Carlaw Acquisition (the "Acquisitions") (Note 4).

2. Basis of preparation:

(a) Going Concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on continued profitable operations and the generation of operating cash flows, or additional financing being available for the continuing working capital requirements of the Company. While the business has not historically generated operating cash flows, current management expects that it will do so going forward. If the Company's cash flows are not sufficient to meet its obligations, it will be required to seek alternative forms of financing. This represents a material uncertainty which casts significant doubt on the Company's ability to continue as going concern for the foreseeable future.

On the basis that additional funding will be received if required, the directors are satisfied that it is appropriate to continue to prepare the unaudited condensed interim consolidated financial statements of the Company on a going concern basis. The unaudited condensed interim consolidated financial statements do not include any adjustment to the carrying amount, or classification of assets and liabilities, if the Company was unable to continue as a going concern.

(b) Statement of compliance

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

2. Basis of preparation (continued):

(c) Basis of measurement

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

The methods used to measure fair values are discussed in Note 3.

(d) Basis of consolidation

The significant subsidiaries of the Company are accounted for as follows:

	Country of incorporation	% equity interest	Accounting Method
Galane Gold Mines Ltd.	Canada	100%	Consolidation
Mupane Gold Mines Limited	Mauritius	100%	Consolidation
Gallery Gold Pty Ltd.	Australia	100%	Consolidation
Mupane Gold Mining (Pty) Ltd.	Botswana	100%	Consolidation

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All balances, income and expenses and unrealized gains and losses resulting from transactions amongst subsidiaries of the Company are eliminated on consolidation.

The Company's other subsidiaries are Galane Gold Botswana (Pty) Ltd. (Botswana) (100% owned) and Shashe Mines (Pty) Ltd. (Botswana) (85% owned).

(e) Functional and presentation currency

The unaudited condensed interim consolidated financial statements are presented in U.S. dollars, which is the functional currency of the Company and its subsidiaries. All amounts are in U.S. dollars, except where otherwise indicated.

2. Basis of preparation (continued):

(f) Significant accounting judgements, estimates and assumptions:

The preparation of the unaudited condensed interim consolidated financial requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are as follows:

(i) Mineral reserves and resources:

Mineral reserve and resource estimates have been estimated by the Company's technical personnel for each property in accordance with definitions and guidelines adopted by the Canadian Institute of Mining, Metallurgy, and Petroleum ("CIM Standards on Mineral Resources and Reserves"). A mineral reserve is a technical estimate of the amount of metal or mineral that can be economically extracted from a mineral deposit. Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data. Reserve statements also require an estimate of the future price for the commodity in question and an estimate of the future cost of operations. The mineral reserve and resource estimates are subject to uncertainty and may be inaccurate. Results from drilling, testing and production, as well as material changes in metal prices subsequent to the date of an estimate, may justify revision of such estimates.

Actual production costs may vary from estimated production costs due to many factors like changing costs of inputs such as labour, energy and consumables as well as varying royalty expenses related to the price of gold. The level of future production may also be affected by different factors like weather, supply shortage or actual changes to the characteristics of the mineral.

A number of accounting estimates, as described in the following relevant accounting policy notes, are impacted by the reserve and resource estimates:

- Note 3(f) – Depreciation rates
- Note 3(h)(ii) – Impairment of non-financial assets
- Note 3(i) – Asset retirement obligations
- Note 5 – Allocation of purchase price among components of mining properties

(ii) Other:

The following areas of judgements, estimates and assumptions are described in the following notes:

- Note 9 – Financial instruments
- Note 15 – Commitments and Contingencies

3. Significant accounting policies:

(a) Foreign currency translation

The consolidated financial statements are presented in U.S. dollars, which is the Company and its subsidiaries' functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated balance sheet date. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(b) Business combinations

On the acquisition of a subsidiary, the purchase method of accounting is applied whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition.

The cost of the business combination is the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the fair value of the acquiree's identifiable net assets.

If the fair value attributable to the Company's share of the identifiable net assets exceeds the fair value of the consideration, the Company reassesses whether it has correctly identified and measured the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are identified in that review. If that excess remains after reassessment, the Company recognizes the resulting gain in the consolidated statement of income on the acquisition date.

(c) Financial instruments

The Company recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. A regular way purchase of financial assets is recognized using the trade date accounting. Financial liabilities are not recognized unless one of the parties has performed or the contract is a derivative contract.

A financial asset (in whole or in part) is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

3. Significant accounting policies (continued):

(c) Financial instruments (continued)

Certain financial instruments are recorded at fair value on the balance sheet. Current market conditions can have an impact on these fair values. These represent management's estimates and are subject to risks and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's financial instruments.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, receivables and other, accounts payable and accrued liabilities, interest bearing loans and borrowings and warrants denominated in foreign currency.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is acquired principally for the purpose of selling in the short-term or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management of investment strategy.

Cash and cash equivalents and accounts payable and accrued liabilities are designated as fair value through profit or loss. Cash equivalents are short-term deposits or investments with maturities of less than 90 days. Any unrealized gains or losses related to changes in the fair value are included in interest income, derivatives and other investment gains in the consolidated statement of loss.

Financial instruments at amortized cost using the effective interest method

Financial liabilities, being interest bearing loans and borrowings and warrants denominated in foreign currency are carried at amortized cost using the effective interest rate method, less impairment losses, if any.

(d) Inventories

Work in progress and gold doré inventories are valued at the lower of cost or net realizable value. Production costs include the cost of materials, labour, mine site production overheads and depreciation to the applicable stage of processing.

Raw materials represent ore stockpiles and are valued at the lower of cost and net realizable value. The cost of raw materials is increased based on the related current mining cost of the period, and decreases in raw materials are charged back to mining costs using the weighted average cost per tonne. Raw materials are segregated between current and long-term inventories on the consolidated balance sheet.

3. Significant accounting policies (continued):

(d) Inventories (continued)

Consumables are valued at the lower of average purchase cost or net realizable value. Provisions for redundant and slow-moving items are made by reference to specific items of stock. Spare parts, stand-by and servicing equipment held are generally classified as inventories. However, if major spare parts (critical spares) and stand-by equipment (insurance spares) are expected to be used for more than one period or can only be used in connection with a particular capital asset, then they are classified as a component of mining assets.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

(e) Mining properties

Mining properties are primarily property, plant and equipment, which are measured at cost less accumulated depreciation and accumulated impairment charges.

The initial cost of an asset comprises its purchase or construction cost, any costs directly attributable to bringing the asset to a working condition for its intended use, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost of self-constructed assets includes the cost of materials and direct labour.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within operating costs in the statement of earnings and comprehensive earnings.

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

Mining properties presented on the balance sheet represent the capitalized expenditures related to:

- mine and other construction in progress, and
- the operation of mineral properties in the production stage, including:
    - mining properties and deferred costs, and
    - plant and equipment.

3. Significant accounting policies (continued):

(e) Mining properties (continued)

a. Mining and other construction in progress costs

Upon determination of technical feasibility and commercial viability, amounts are transferred from exploration and evaluation assets and all subsequent expenditure is capitalized within mine and other construction in progress and costs are not amortized until such time as the projects are brought into production. Mine construction costs include expenditures to develop new ore bodies, define further mineralization in existing ore bodies, construct and install or complete infrastructure facilities. Mine construction costs are net of proceeds from all but the incidental sale of ore extracted during the construction phase.

Where funds have been borrowed, either to specifically finance a project or for general borrowings during the period of construction, the amount of interest capitalized represents the actual borrowing costs incurred, in the case of specific finance arrangements, or an allocation of interest on general borrowings.

Upon commencement of production, all assets included in mine construction costs are transferred to the relevant categories within mining assets.

b. Stripping costs

After commencement of production, the Company recognizes mining costs associated with stripping activities in an open pit mine as variable production costs. Such costs are included in the cost of inventory unless the stripping activity can be determined to have future economic benefits that will flow to the entity, in which case the costs are capitalized.

Capitalized stripping costs represent further development of the mine that requires a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. Capitalized stripping costs are included in “mining properties and deferred costs” within mining assets.

c. Mining properties and deferred costs

Capitalized exploration and evaluation on brown fields sites, being those where the Company has mineral deposits, or adjacent to such deposits, which are already being mined or constructed, relate to extensions and definition of mineralization and are classified as mining properties and deferred costs within mining assets.

(f) Depreciation

Mining properties are amortized when the assets are ready for their intended use on a straight-line basis or using the units-of-production method over the shorter of the estimated economic life of the asset or the mining operation, which, generally, refers to proven and probable reserves.

Equipment at mining operations is generally depreciated in the same manner as described above unless its expected life is less than the life of the mining operation, in which case it will be amortized over its estimated useful life on a straight-line or units-of-production basis, as appropriate based on the use of the asset.

3. Significant accounting policies (continued):

(f) Depreciation (continued)

The method of amortization is determined based on that which best represents the use of the assets. The reserve and resource estimates for each operation are the prime determinants of the life of that mine. In estimating the units-of-production, the nature of the ore body and the method of mining the ore body are taken into account. In general, an ore body where the mineralization is reasonably well defined is amortized over its proven and probable mineral reserves. Non reserve material may be included in depreciation calculations in limited circumstances where there is a high degree of confidence in its economic extraction. Changes in the estimate of mineral reserves and resources will result in changes to the depreciation and will be accounted for on a prospective basis over the remaining life of the operation.

Estimated useful lives normally vary from five to fifteen years for items of plant and equipment to a maximum of twenty years for buildings however do not exceed the expected life of mine.

The basis of amortization for capitalized stripping is the ore to be extracted as a result of the specific stripping activity and is determined on a units-of-production basis. Changes in a mine's life and design will usually result in changes to the stripping ratio and the basis of amortization. These changes are accounted for prospectively.

Residual values, useful lives and amortization methods are reviewed at least annually and adjusted if appropriate. Changes to the estimated useful lives or residual values are accounted for prospectively.

(g) Mineral exploration and evaluation costs

Mineral exploration and evaluation costs are charged to earnings in the period in which they are incurred.

(h) Impairment

(i) Financial assets

Financial assets not carried at fair value through profit or loss are tested for impairment on an individual basis at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the amount of the impairment loss is reversed in earnings. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

3. Significant accounting policies (continued):

(h) Impairment (continued)

(ii) Non-financial assets

If a property is abandoned or deemed economically unfeasible, the related project balances are written off.

The Company conducts annual impairment assessments of the values of long-lived assets, including mining assets and exploration and evaluation assets. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the asset's fair value less costs to sell ("FVLCS") and value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into CGUs for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the evaluation of non-financial assets on a geographical or license basis.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment loss is recorded so as to reduce the carrying amount to its recoverable amount. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount for the asset since the impairment loss was recognized. If this is the case, the carrying amount is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

The recoverable amount is determined based on the present value of estimated future cash flows from each long-lived asset, which are calculated based on numerous assumptions such as proven and probable reserves, resources when appropriate, estimates of discount rates, realizable metals prices, resources, operating costs, capital and site restoration expenses and estimated future foreign exchange and inflation rates, as defined under IFRS for FVLCS and VIU. Management's assumptions and estimate of future cash flows are subject to risk and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of the Company's control. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect the recoverability of the Company's long-lived assets and goodwill. If the Company fails to achieve its valuation assumptions or if any of its long-lived assets experiences a decline in its fair value, then this may result in an impairment charge, which would reduce the Company's earnings.

3. Significant accounting policies (continued):

(i) Asset retirement obligations

The Company records the present value of estimated costs of legal and constructive obligations required to restore locations in the period in which the obligation is incurred with a corresponding increase in the carrying value of the related mining asset. The obligation is generally considered to have been incurred when mine assets are constructed or the ground environment is disturbed at the production location. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The discounted liability is adjusted at the end of each period to reflect the passage of time, based on the discount rates that reflect current market assessments and the risks specific to the liability, and changes in the estimated future cash flows underlying the obligation.

These estimates depend on labour costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and average risk-free interest rates specific to each liability. The Company also estimates the timing of the outlays, which is subject to change depending on continued operation or newly discovered reserves.

The periodic unwinding of the discount is recognized in earnings as a finance cost. Additional disturbances or changes in restoration costs will be recognized as changes to the corresponding assets and asset retirement obligation when they occur. Environmental and on-going site reclamation costs at operating mines, as well as changes to estimated costs for closed sites, are charged to earnings in the period during which they occur.

(j) Loans, borrowings, and borrowing costs

All interest-bearing loans and borrowings are initially recognized at the fair value of the consideration received.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalized and added to the project cost during construction until such time the assets are considered substantially ready for their intended use (i.e., when they are capable of commercial production). Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in the consolidated statement of income in the period in which they are incurred.

3. Significant accounting policies (continued):

(j) Loans, borrowings, and borrowing costs (continued)

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the probable economic benefits test and, hence, are rarely debt funded. Any related borrowing costs are therefore generally recognized in the consolidated statement of income in the period they are incurred

(k) Income taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current income taxes relating to items recognized directly in equity are recognized directly in equity and not in the consolidated statement of net earnings.

(ii) Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the parent, investor, or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When results from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. Significant accounting policies (continued):

(k) Income taxes (continued)

(ii) Deferred income tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

A translation gain or loss will arise where the local tax currency is not the same as the functional currency. A deferred tax is recognized on the difference between the book value of the non-monetary assets and the underlying tax basis, translated to the functional currency using the current foreign exchange rate.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is expected to be realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes relating to items recognized directly in equity are recognized directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

There is no certainty that income tax rates will be consistent with current estimates. Changes in tax rates increase the volatility of the Company's earnings.

(l) Revenue recognition

Revenues include sales of gold. Revenues from the sale of gold are recognized when the significant risk and reward of ownership have transferred to the purchaser and the amount of revenue can be measured reliably.

(m) Earnings per share

Basic earnings per share are calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per shares uses the treasury stock method.

The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. No potential common shares are included in the computation of any diluted per share amount when the Company has a loss before discontinued operations.

4. Future Accounting Policies

(a) IFRS 9 – Financial instruments

The IASB has issued IFRS 9, Financial Instruments, which is a four-part project proposing to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The first part of this project provides new guidance for the classification and measurement of financial assets and liabilities. The Company is in the process of evaluating the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments.

(b) IFRS 10 – Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 10 to have a material impact on the financial statements.

(c) IFRIC 20 – Stripping costs in the production phase of a surface mine

IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 is applicable for annual period beginning on or after January 1, 2013 and early application is permitted. The Company is in the process of evaluating the requirements of the new standard.

(d) IFRS 12 – Disclosure of Interests in Other Entities

The IASB issued IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. When applied, it is expected that the amendment to IFRS 12 will increase the current level of disclosure of interests in other entities.

(e) IFRS 13 – Fair Value Measurement

The IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

5. Business combinations - acquisitions:

Gallery Acquisition:

On August 30, 2011, the Company acquired from IAMGOLD 100% of the outstanding shares of Gallery Gold Pty Ltd. ("Gallery"), an Australian company that, through its subsidiaries, holds the rights to conduct activities prescribed under mining and prospecting licenses at the Mupane gold mine, located in the Republic of Botswana (the "Mupane Property"). As consideration for the purchase of the shares of Gallery, IAMGOLD received 21,875,000 common shares, 1,265,253 common share purchase warrants and a promissory note in the amount of $3,800,000. Each warrant is exercisable on or before March 1, 2013 at a price of $1.10 per share.

Upon the closing of the NLE Acquisition referred to below, the number of warrants issued to IAMGOLD pursuant to the Gallery Acquisition shall be adjusted from 1,265,253 warrants to 4,377,778 warrants to purchase common shares in the capital of the Company exercisable on or before March 1, 2013 at a price of CDN$1.10 per share.

The provisional fair values of identifiable assets and liabilities of Gallery as at the date of acquisition were:

	Carrying value	Provisional fair value
Mining properties, inventory, ore stockpiles, equipment and asset retirement obligations	22,999,275	33,122,847
Other current assets	1,977,930	1,977,930
Cash and cash equivalents	5,946,998	5,946,998
Trade and other payables	(6,847,565)	(6,847,565)
Net assets	$ 24,076,638	$34,200,210

Consideration:	
Cash consideration	$ 12,506,460
Share and warrant consideration	
• 21,875,000 common shares, plus 1,265,253 warrants to purchase common shares, exercisable until March 1, 2013 at CDN$1.10 per share	17,893,750
Debt consideration (Note 12)	3,800,000
Acquisition of subsidiary	$34,200,210

The purchase price allocation for the mining properties, inventory, ore stockpiles, equipment and asset retirement obligations has been done on a preliminary basis taking into account all relevant information available at the time these unaudited condensed interim financial statements were prepared. A further detailed review will be performed prior to year-end and a final allocation among the components will be made at that time.

5. Business combinations – acquisitions (continued):

Gallery Acquisition (continued):

The acquisition was accounted for using the acquisition method in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective August 30, 2011. Gallery has contributed incremental revenue of $1,481,325 and an operating loss of $2,292,478 for the three and nine months ended September 30, 2011. On a pro-forma basis prepared in accordance with IFRS, if the Gallery Acquisition had occurred at January 1, 2011 Gallery would have contributed $54.0 million to the consolidated revenue, and $0.2 million to the consolidated losses of the Company, after making adjustments to the pro-forma results to reflect additional depreciation of $4.2 million to reflect additional depreciation resulting from the effects of the accounting for the acquisition This unaudited pro forma consolidated financial statement information is not intended to be indicative of the results that actually would have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Any potential synergies that may be realized and integration costs that may be incurred have been excluded from this unaudited pro forma financial statement information.

Carlaw Acquisition:

On August 30, 2011, Carlaw acquired 100% of the outstanding shares of GGM by way of a "three-cornered amalgamation" pursuant to section 174 of the *Business Corporations Act* (Ontario). As the former shareholders of GGM acquired control of Carlaw, the Carlaw Acquisition is reported for accounting purposes as if GGM acquired Carlaw. As a result, the results of Carlaw are reflected only since the date of acquisition. Immediately after the Carlaw acquisition, Carlaw's name was changed to Galane Gold Ltd.

The fair values of identifiable assets and liabilities of Carlaw as at the date of acquisition were:

	Carrying value	Fair value
Other current assets	$ 9,180	$ 9,180
Cash and cash equivalents	179,678	179,678
Trade and other payables	(100,559)	(100,559)
Net assets	$ 88,299	$ 88,299

Consideration:	
Share consideration (687,500 common shares)	$ 485,641
Excess of fair value of identifiable assets over share consideration (included as "other expense" in the consolidated statement of loss)	(397,342)
	$ 88,299

NLE Acquisition:

In addition to the Acquisitions, the Company has entered into an agreement, subject to certain conditions that have not, as of the date of these financial statements, been met, with the shareholders of The Northern Lights Exploration Company (Pty) Ltd. ("NLE") to acquire all of its issued and outstanding shares (the "NLE Acquisition"). NLE owns the rights to a number of exploration licenses near the Mupane Property.

5. Business combinations – acquisitions (continued):

NLE Acquisition (continued):

The purchase agreement outlines certain conditions to closing and, as at September 30, 2011, the only remaining material conditions are approvals from the authorities in Botswana, which are expected in the fourth quarter of 2011.

As consideration for all of the issued and outstanding shares of NLE, the Company has agreed to issue 3,125,000 common shares to the shareholders of NLE and promissory notes in the aggregate principal amount of CDN$400,000. The notes will bear interest at 6% per annum with principal payments as follows:

- On closing CDN$100,000
- On the 2nd, 4th, and 6th month anniversary after closing CDN$100,000

If, in the reasonable opinion of the Board of the Company, any principal payment would cause undue stress to the Company, the principal payment can be extended to a mutually agreed upon schedule.

The agreement also provides for the issuance of up to an additional 8,750,000 common shares upon the achievement of the following exploration milestones on the NLE mineral properties on or prior to the date which is seven years from the date of the closing of the NLE Acquisition. The milestones set forth below are cumulative.

Milestone	Share Consideration	Cumulative Consideration
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured mineral resource containing at least 100,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 100,000 ounces (or any combination thereof without duplication)	1,375,000 common shares	1,375,000 common shares
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured mineral resource containing at least 250,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 250,000 ounces (or any combination thereof without duplication)	1,750,000 common shares	3,125,000 common shares
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured mineral resource containing at least 500,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 500,000 ounces (or any combination thereof without duplication)	3,125,000 common shares	6,250,000 common shares
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured mineral resource containing at least 1,000,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 1,000,000 ounces (or any combination thereof without duplication)	2,500,000 common shares	8,750,000 common shares
Total	**8,750,000 common shares**	**8,750,000 common shares**

5. Business combinations – acquisitions (continued):

NLE Acquisition (continued):

If the NLE Acquisition closes, it will be accounted for as an acquisition with the purchase price of CDN$2,900,000 (based on a share price of CDN$0.80) allocated to exploration and evaluation assets.

On the closing of the NLE Acquisition the following common shares and common share purchase warrants are issuable by the Company:

- 3,125,000 common shares on closing;
- Up to 8,750,000 common shares should the NLE acquisition close and certain milestones outlined above on NLE properties be achieved; and
- An additional 3,112,525 warrants to IAMGOLD to purchase common shares, as outlined in Note 13.

Acquisition costs:

The Company incurred the following costs that were directly attributable to the acquisitions, including those related to the financing completed to provide the capital necessary to close the transactions:

Expensed in the period:		
• Professional fees	$	523,828
• Travel and related costs		65,722
		589,550
Charged to share capital as share-issue costs:		
• Agent's commission		1,565,636
• Professional fees and disbursements		311,259
		1,876,895
Total acquisition related costs	$	2,466,445

A total of $77,034 of the share-issue costs are included in accounts payable of the Company as at September 30, 2011.

6. Trade and other receivables

		September 30, 2011		December 31, 2010
Taxes recoverable	$	1,303,788	$	-
Advances		90,495		-
Prepaid expenses		263,934		-
		1,658,217		-

7. Inventories

The amount of inventories recognized as an expense during the period is included in mining costs in the unaudited interim consolidated statement of loss and comprehensive loss. The carrying value at the period ends are:

	September 30, 2011	December 31, 2010
Gold Doré and supplies	$ 10,138,389	$ -

As outlined in Note 5, under "Gallery Acquisition", the allocation of the purchase price among the assets purchased, including inventory, is preliminary and as a result the carrying value at September 30, 2011 is provisional.

8. Mining properties

The continuity of mining properties for the nine-month period ended September 30, 2011 is as follows:

Cost, January 1, 2011	$ nil
Additions:	
Net assets acquired on the Gallery Acquisition (Note 5)	33,122,847
Additions since acquisition	122,192
Cost, September 30, 2011	$ 33,245,039
Accumulated Depreciation, January 1, 2011	nil
Depreciation charge for the period	942,028
Provisional transfers to inventory (Note 7)	7,659,280
Provisional transfers to asset retirement obligations (Note 10)	(9,302,593)
Depreciation and provisional transfers, September 30, 2011	$ (701,285)
Net book value, September 30, 2011	$ 33,946,324

Refer to Note 5 for a discussion on the allocation of the purchase price among the components of the Mining properties in the Gallery Acquisition, and Note 15 for details on impairment testing of Mining properties.

9. Financial instruments

The following table presents the carrying and estimated fair values of the Company's financial instruments.

		Carrying and Fair value		
Financial Assets		September 30, 2011		December 31, 2010
Cash and cash equivalents	$	3,911,480	$	256
Trade and other receivables		1,658,217		-
	$	5,569,697		256
Financial Liabilities				
Accounts payable and accrued liabilities	$	6,623,560	$	-
Loans and borrowings		3,800,000		-
Warrants denominated in foreign currency		3,246,438		-
	$	13,669,998		-

(1) The fair value of cash and cash equivalents approximates the carrying amount given the short maturity period.

(2) The fair value or receivables and other approximate the carrying amount given the short maturity period. Refer to the credit risk section below.

(3) The fair value of accounts payable and accrued liabilities approximates the carrying amount given the short maturity period. Refer to the liquidity risk section below.

(4) The fair value of loans and borrowings approximates the carrying amount given the short maturity period, and the fair market value rate of interest that it carries.

(5) The fair value of warrants denominated in foreign currency approximates the carrying amount as the fair value was calculated at the date of issuance, August 30, 2011, and no material changes in the assumptions to the Black Scholes Model have occurred to September 30, 2011.

(a) Financial risk management objectives and policies

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its operations, current mine development plans and long-term growth strategy. The Company is subject to various financial risks that could have a significant impact on profitability and financial conditions. These risks include liquidity risk, credit risk and financial market conditions relating to interest rates, gold price, and currency rates.

The following discussion includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and equity, where applicable. Financial instruments affected by market risk include receivables and others, accounts payable and accrued liabilities, and derivative financial instruments.

9. Financial instruments (continued)

(b) Risks

The Company is subject to various financial instrument risks that could have a significant impact on profitability, levels of operating cash flow and financial conditions, as described below. Ongoing financial market conditions can always have an impact on interest rates, gold prices and currency rates.

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are liquidity risk, credit risk, commodity price risk, and foreign currency risk. Management reviews and agrees policies for managing each of these risks which are summarised below:

i. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at September 30, 2011, the Company's cash position was $3,911,480 (2010 - $256), and it had working capital of 8,633,622.

The Company has a treasury policy to assist in managing the liquidity risk which requires:

- Monitor cash balances;
- Perform short to medium-term cash flow forecasting, as well as medium and long-term forecasting incorporating relevant budget information;
- Consider the need for expanding treasury activity if and when appropriate (including but not limited to hedging and derivatives); and

The market liquidity risk is the risk that the Company has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position. The Company currently has no hedging agreements in place, and turns its inventory relatively quickly allowing for adequate liquidity.

ii. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is associated with cash and cash equivalents, trade and other receivables.

The Company holds cash in credit worthy financial institutions and does not hold any asset-backed commercial paper.

Receivables and other excluding prepaid expenses are summarised in note 7.

The credit risk related to gold trade receivable is considered minimal as gold is sold to creditworthy major banks and settled promptly, usually within the following month.

The credit risk related to receivables from government related to taxes, mineral rights and exploration tax credits, included in receivables relates to potential additional claims resulting from certain government audits. As a result, the full balance recorded may not be ultimately realized. Management currently does not expect the amount to be ultimately realized to be materially different from that currently recorded.

9. Financial instruments (continued)

(b) Risks (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. At this point in time, the Company does not have any financial instruments that are exposed to market risk.

iv. Foreign currency risk

The company is exposed to currency risk through transactions denominated in currencies other than the U.S. dollar. The risk is mainly due to transactions incurred in South African Rand and Botswana Pula, along with the Canadian dollar. Assets and liabilities denominated in currencies other than US Dollar are summarised as follows:

Non US Dollar Currency	Local Currency Amount	US Dollar Amount
South African Rand	2,208,469	275,315
Botswana Pula	6,346,703	843,371
Canadian Dollar	2,316,387	2,229,439
		3,348,155

A 10% strengthening of the U.S. dollar against these foreign currencies at the end of the period would have resulted in an increase in the company's loss for the period of $304,375. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of the U.S. dollar against these currencies at year-end would have had an equal but opposite effect on the company's loss for the year as summarised in this analysis.

(c) Capital management

The Company's objectives when managing capital are:

- To ensure the Company has sufficient financial capacity to support its operations, current mine development plans and the long-term growth strategy;
- To provide a superior return to its shareholder;
- To protect the Company's value with respect to markets and risk fluctuations.

The Company manages capital by looking at the following items: cash and cash equivalents, debt and common shares.

The Company's capital structure reflects the requirements of a company focused on growth in a capital intensive industry that experiences lengthy development lead times as well as risks associated with capital costs and timing of project completion due to factors that are beyond the Company's control, including the availability of resources, the issuance of necessary permits, costs of various inputs and the volatility of the gold price.

9. Financial instruments (continued)

(c) Capital management (continued)

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the forward gold prices, the mining industry, economic conditions and the associated risks. In order to maintain or adjust its capital structure, the Company may adjust its capital spending, issue new shares, or arrange for a debt facility.

10. Asset retirement obligations

		Asset Retirement Obligations
At January 1, 2011	$	nil
Arising from the Gallery Acquisition (Note 5)		9,302,593
Accretion during the period		47,212
Utilization		(34,523)
At September 30, 2011	$	9,315,282
Comprising:		
Non-current	$	8,864,378
Current		450,904
	$	9,315,282

The Company makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis on the development of mines or installation of those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2016. These provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

Due to the Gallery Acquisition referred to in Note 5, these amounts are based on information available at the time of preparation of the unaudited condensed interim consolidated financial statements and as a result are provisional and may be adjusted by the final allocation of the purchase price.

11. Accounts payable and accrued liabilities:

	September 30, 2011	December 31, 2010
Trade accounts payable	$ 2,915,555	$ -
Accrued liabilities	3,708,005	-
	$ 6,623,560	$ -

Terms and conditions of the above financial liabilities:

(a) Trade payables and accrued liabilities are non-interest bearing and are normally settled on 60-day terms after date of receipt of invoice.

12. Interest-bearing loans and borrowings:

The Company issued a note to IAMGOLD Corporation as part of the consideration paid for the purchase of the shares in the Gallery Acquisition (See Note 5). Details are as follows:

- Initial principal amount $3,800,000
- Interest rate fixed rate of 6% per annum, payable quarterly commencing November 30, 2011
- Principal repayment $1,266,667 on February 28, 2013, August 30, 2013, and February 28, 2014

13. Share Capital

a) Authorized share capital:

As at September 30, 2011, the authorized share capital of the Company consisted of an unlimited number of common shares. All issued shares are fully paid.

13. Share Capital (continued)

b) Issued share capital:

During the nine month period ended September 30, 2011, the Company had the following share transactions:

On August 5, 2011, GGM completed a brokered private placement (the "GGM Private Placement") of an aggregate 20,545,500 subscription receipts (the "GGM Subscription Receipts") at a subscription price of CDN$0.80 per receipt for aggregate gross proceeds of $16,806,220 (CDN$16,436,400). Each GGM Subscription Receipt entitled the holder to receive one common share of GGM (a "GGM Share") and one-half of one common share purchase warrant of GGM (a "GGM Warrant"). Each whole GGM Warrant was exercisable for one GGM Share for a period of 18 months from the date of closing of the Carlaw Acquisition at a price of CDN$1.10 per share. The gross proceeds from the GGM Private Placement were held in escrow until the closing of the Acquisitions on August 30, 2011.

The agent (the "Agent") retained by GGM pursuant to the GGM Private Placement received a cash commission of $1,545,186 (CDN$1,511,184) and was issued warrants ("GGM Agent Warrants") to purchase up to an aggregate of 1,888,980 GGM Shares with each GGM Agent Warrant being exercisable for one GGM Share for a period of 18 months from closing of the Acquisitions at a price of CDN$0.80 per share. Additional costs of $331,709 (CDN$324,410) were incurred in connection with the financing.

Immediately prior to the closing of the Acquisitions, the GGM Subscription Receipts converted into an aggregate of 20,545,500 GGM Common Shares and 10,272,750 GGM Warrants. At the effective time of the closing of the Acquisitions, the GGM Common Shares, GGM Warrants and GGM Agent Warrants were then exchanged for an equivalent number of common shares, warrants and agent warrants of the Company without payment of any additional consideration. Accordingly, at the closing of the Acquisitions, the Company issued an aggregate of 20,545,500 common shares, 10,272,750 warrants and 1,888,980 agent warrants in connection with the GGM Private Placement.

On the closing of the Carlaw Acquisition, the Company received working capital of $88,299 for consideration of the issuance of 687,500 common shares. On the closing of the Gallery Acquisition, the Company received working capital of $8.2 million plus producing mine assets valued at $26.0 million for total consideration of $34.2 million.

As a result of the closing of the Acquisitions:

a. 44,420,500 GGM Common Shares were exchanged for an equal number of common shares in the capital of the Company, which, when combined with 687,500 common shares of the Company with a paid in value of $88,299 (Note 5) outstanding at the time, resulted in 45,108,000 common shares of the Company outstanding; and
b. 11,538,003 GGM Warrants P and 1,888,980 GGM Agent Warrants were exchanged for an equal number of warrants to purchase common share in the capital of the Company on the same terms as their respective GGM Warrants.

At September 30, 2011, a total of 19,407,187 common shares, warrants to purchase up to 1,685,346 common shares and options to purchase up to 84,375 common shares outstanding are held in escrow, releasable every six months after September 2, 2011. Over and above the escrow conditions, a total of 23,875,000 commons shares are subject to a "lock-up" agreement with the Agent whereby the holders agree not to sell their shares for a period of 18 months from August 30, 2011.

13. Share Capital (continued)

c) Stock options:

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. As at September 30, 2011, a maximum of 4,510,800 options to purchase common shares were issuable under the Company's stock option plan, of which 2,633,300 remained available for issuance. Under the Company's stock option plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, officers, employees and consultants. Under the plan, the exercise price and vesting is at the discretion of the Board, can be granted for a maximum term of five years, with certain restrictions as to limits on amounts for any individual director, officer or technical consultant.

The following is a summary of stock options outstanding as at September 30, 2011 and December 31, 2010 along with changes during the periods then ended:

	Number of Options		Weighted Average Exercise Price (CDN$)
Outstanding, December 31, 2010	nil	$	nil
Directors' and officers' options assumed in the Carlaw Acquisition, expiring July 10, 2013	112,500		0.80
Charitable options assumed in the Carlaw Acquisition, expiring July 10, 2013	11,250		0.80
Options issued September 29, 2011, expiring September 29, 2016	1,765,000		0.80
Balance, September 30, 2011	1,888,750	$	0.80

The Company recognizes share-based compensation expense for all stock options granted using the fair value based method of accounting as calculated by using the Black Scholes Model. Using the following assumptions for the Model:

- Risk free discount rate 1.02%
- Expected volatility 80%
- Expected life 5 years

A share-based compensation amount of $858,600 has been provided for on the options issued and vested in the period on September 30, 2011.

At September 30, 2011, a total of 84,375 Carlaw options are held in escrow, releasable every six months after September 2, 2011.

13. Share Capital (continued)

d) Warrants:

The following is a summary of warrants outstanding as at September 30, 2011 and December 31, 2010 and changes during the periods then ended:

	Number of Warrants		Weighted Average Exercise Price (CDN$)
Outstanding, December 31, 2010	nil	$	nil
Issued from private placement August 5, 2011 (Note 13(b)) to investors [1]	10,272,750		1.10
Issued from private placement August 5, 2011 (Note 13(b)) to Agent [2]	1,888,980		0.80
Issued on the Gallery Acquisition (Note 13(b)) [1]	1,265,253		1.10
Balance, September 30, 2011	13,246,983	$	1.06

[1] Using the Black Scholes Model for estimating fair market value, and the following assumptions, the warrants issued to investors and on the Gallery Acquisition have been valued at $2,658,500, and reflected as reserves in the Company's liabilities:

- Risk free discount rate 1.02%
- Expected volatility 80%
- Expected life 1.5 years

[2] Using the Black Scholes Model for estimating fair market value, and the following assumptions, the warrants issued to the Agent have been valued at $587,938, and reflected as a provisions in the Company's liabilities:

- Risk free discount rate 1.02%
- Expected volatility 80%
- Expected life 1.5 years

At September 30, 2011, a total of 1,685,346 warrants were held in escrow, releasable every six months after September 2, 2011.

13. Share Capital (continued):

e) Performance shares:

On August 30, 2011 the Company authorized for allotment a maximum of 2,500,000 common shares (the "Performance Shares"), which will become issuable to management on the achievement by the Company and its subsidiaries of the following performance milestones prior to September 2, 2014, being:

1. 130,000 ounces of gold production from its mining properties at an average cash cost per ounce of $900 or less over any eight consecutive fiscal quarters of the Company ending prior to September 2, 2014; or
2. $25,000,000 of cash flow from operations from its mining properties in any four consecutive fiscal quarters of the Company ending prior to September 2, 2014.

To date, neither milestone has been reached, therefore no shares have been issued. The progress of the Company's mining operations to date has been insufficient to indicate that there is any likelihood of these milestones being achieved. The Company has not recorded any related expense or obligation as of September 30, 2011.

14. Impairment testing of non-current assets

In assessing whether an impairment is required to the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Company's activities, on an ongoing basis, information on the fair value of an asset requires significant estimation and judgement unless negotiations with potential purchasers or similar transactions are taking place. Additionally, going forward, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is fair value less costs to sell. The Company generally estimates fair value less costs to sell using a discounted cash flow model.

The calculation of recoverable value is most sensitive to the following assumptions:

- production volumes;
- discount rates;
- metal prices; and
- operating costs.

Estimated production volumes are based on detailed life of mine plans and take into account development plans for the mine agreed by management as part of the long-term planning process. Consequently, along with the fact that the Gallery Acquisition took place recently, whereby an arm's length value for the mining properties was established, management believes no reasonably possible change in the production assumption would cause the carrying amount of other non-current assets to exceed their recoverable amount.

The Company generally estimates fair value less costs to sell using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and discounted using a pre-tax discount derived from the Company's post-tax weighted average cost of capital. Management also believes that currently there is no reasonably possible change in the discount rate that would reduce the Company's headroom excess of recoverable amount over the carrying amounts of the Mining properties to zero. Management has also made an assessment of the estimated future gold prices and believes that there are no reasonably possible changes in these that would reduce the Company's headroom to zero. Management has also made an assessment of the estimated future operating costs and believes that there are no reasonably possible changes in these that would reduce the Company's headroom to zero.

15. Commitments and Contingencies

(a) Royalty expenses

Production from the Mupane operation is subject to third party royalties (included in mining costs) of 5% of revenues based on market prices at the date of shipment. To September 30, 2011, the Company paid $362,176 in royalties (2010 - $nil).

(b) Operating contractual obligations

The Company has $143,000 operating lease obligations which relate to total payment obligations in 2011 for land operating lease agreements.

(c) Claims

The Company currently has no known claims, legal proceedings, potential claims or complaints arising in the normal course of business. The Company is also subject to the possibility of new income tax assessments for some years. The Company does not believe that unfavourable decisions in any threat of procedures related to any future assessment or any amount it might be required to pay will entail a material adverse effect on the Company's financial condition. No amounts have been accrued in the financial statements.

16. Related party transactions

Related party transactions were conducted on an arm's length basis at prevailing market related prices and rates, apart from the amounts due to and from related companies.

The below entities are classified as related parties due to the following:

Related party	Relationship
Philip Condon	Director and Officer
Miniera Group Limited	Consulting Company of Philip Condon
Ravi Sood	Director and Officer
Osaka Capital Corp	Holding Company of spouse of Ravi Sood
Rajat Ganguly	Officer during the reporting period
RKG Consulting Ltd	Consulting company for Rajat Ganguly
Charles Byron	Director
Ian Egan	Director
Amar Bhalla	Director and former CEO of Carlaw
Richard Kimel	Officer

During the three and nine months ended September 30, 2011, the following related party transactions occurred:

- Management fees of $44,200 were paid to Miniera Group Limited under its contract for the provision of the CEO services of Philip Condon;
- Management fees of $55,750 were paid to RKG Consulting Ltd. under its contract for the provision of the CFO services of Rajat Ganguly;

16. Related party transactions (continued…)

- Options under the Company's stock option plan to purchase up to 300,000 common shares were granted to Ravi Sood on September 29, 2011, valued using the Black Scholes Model at $145,950.
- Options under the Company's stock option plan to purchase up to 600,000 common shares were granted to Philip Condon on September 29, 2011, valued using the Black Scholes Model at $291,900.
- Options under the Company's stock option plan to purchase up to 100,000 common shares were granted to Amar Bhalla on September 29, 2011, valued using the Black Scholes Model at $48,650.
- Options under the Company's stock option plan to purchase up to 300,000 common shares were granted to Charles Byron on September 29, 2011, valued using the Black Scholes Model at $145,950.
- Options under the Company's stock option plan to purchase up to 100,000 common shares were granted to Ian Egan on September 29, 2011, valued using the Black Scholes Model at $48,650.
- Options under the Company's stock option plan to purchase up to 65,000 common shares were granted to Richard Kimel on September 29, 2011, valued using the Black Scholes Model at $31,625.
- The Company paid rent of $342 for office space to a consortium of owners that includes Charles Byron.

17. Segmented information

The Company operates in one reportable segment, being the exploration, development and operation of gold mining properties. All of the Company's equipment and mining assets are located in the Republic of Botswana.

18. Events after the unaudited interim consolidated statement of financial position date:

Effective October 12, 2011, the Company appointed Donald M. Cameron as its Chief Financial Officer, and upon appointment granted him options to purchase up to 100,000 common shares of the Company under its stock option plan. These options are exercisable on or prior to October 16 2016 at a price of CAD$0.80 per share.