DRUK CAPITAL PARTNERS INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011

DRUK CAPITAL PARTNERS INC.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	September 30, 2011	June 30, 2011 (Note 10)	July 1, 2010 (Note 10)
ASSETS			
Current			
Cash and cash equivalents (Note 4)	$ 2,555,507	$ 1,678,261	$ 164,506
Prepaid expenses (Note 5)	262,030	-	-
Refundable deposit (Note 6)	150,000	150,000	-
	$ 2,967,537	$ 1,828,261	$ 164,506
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (Note 7)	$ 45,424	$ 60,848	$ 23,000
Shareholders' equity			
Capital stock (Note 8)	1,882,158	1,882,158	175,000
Reserves (Note 8)	39,487	39,487	-
Special warrants (Note 8)	1,238,529	-	-
Deficit	(238,061)	(154,232)	(33,494)
	2,922,113	1,767,413	141,506
	$ 2,967,537	$ 1,828,261	$ 164,506

Nature and continuance of operations (Note 1)
Subsequent events (Note 11)

Approved on behalf of the Board of Directors:

"Darin Wagner" Director *"Gordon Neal"* Director

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

DRUK CAPITAL PARTNERS INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
EXPENSES		
Office and miscellaneous	$ 966	$ -
Filing fees	13,149	9,231
Professional fees	37,818	-
Consulting	29,895	-
Stock-based compensation	-	18,615
Travel	2,001	-
Loss and comprehensive loss for the period	(83,829)	(27,846)
Deficit, beginning of the period	(154,232)	(33,494)
Deficit, end of period	$ (238,061)	$ (61,340)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	8,199,934	3,500,000

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

DRUK CAPITAL PARTNERS INC.
CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (83,829)	$ (27,846)
Adjustments for non-cash items:		
Stock-based compensation	-	18,615
Changes in non-cash working capital items:		
Decrease in accounts payable and accrued liabilities	(15,424)	(23,000)
Increase in prepaid expense	(262,030)	-
Cash provided by operating activities	(361,283)	(32,231)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	-	200,000
Proceeds from issuance of special warrants	1,238,529	-
Share issuance costs	-	(29,686)
Cash provided by financing activities	1,238,529	170,314
Increase in cash during the period	877,246	138,083
Cash, beginning of period	1,678,261	164,506
Cash, end of period	$ 2,555,507	$ 302,589
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	-	-

There were no significant non-cash transactions during the period ended September 30, 2011.

During the period ended September 30, 2010, 120,000 Agent warrants were issued and given a value of $6,317 using the Black-Scholes valuation method. The assumptions used are disclosed in Note 8.

DRUK CAPITAL PARTNERS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Capital Stock			Reserves		
	Shares	Amount	Special Warrants	Share Based Payment Reserve	Deficit	Total Shareholders' Equity
Balance as at June 30, 2010 and July 1, 2010	3,500,000	$ 175,000	$ -	$ -	$ (33,494)	$ 141,506
Initial public offering, net of share issue costs	2,000,000	200,000	-	-	-	200,000
Stock-based compensation	-	-	-	18,615	-	18,615
Share issue costs - cash	-	(29,686)	-	-	-	(29,686)
Share issue costs – non-cash	-	(6,317)	-	6,317	-	-
Loss for the period	-	-	-	-	(27,846)	(27,846)
Balance as at September 30, 2010	5,500,000	338,997	-	24,932	(61,340)	302,589
Private placement, net of share issue costs	2,699,934	1,819,960	-	-	-	1,557,716
Share issue costs – cash	-	(62,244)	-	-	-	(62,244)
Share issue costs – non-cash	-	(14,555)	-	14,555	-	(14,555)
Loss for the period	-	-	-	-	(92,892)	(92,892)
Balance as at June 30, 2011	8,199,934	1,882,158	-	39,487	(154,232)	1,767,413
Issuance of special warrants	-	-	1,238,529	-	-	1,238,529
Loss for the period	-	-	-	-	(83,829)	(83,829)
Balance as at September 30, 2011	8,199,934	$ 1,882,158	$ 1,238,529	$ 39,487	$ (238,061)	$ 2,922,113

1. NATURE AND CONTINUANCE OF OPERATIONS

Druk Capital Partners Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 16, 2010 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The address of the Company's registered office is 1920 – 1188 West Georgia Street Vancouver, British Columbia, Canada, V6E 4A2.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of listing on the TSX-V (Note 7). Such a transaction will be subject to regulatory approval and may be subject to shareholder approval.

There is no assurance that the Company will complete a transaction within twenty-four months from the date the Company's shares are listed on the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with IFRS as adopted by Canada on January 1, 2011, and by the Company on July 1, 2011. The Company's transition date is July 1, 2010. This represents the Company's first application of IFRS as at and for the three months ended September 30, 2011, including fiscal 2011 comparative periods. The financial statements have been prepared in accordance with IFRS 1, "Firsttime Adoption of International Reporting Standards" and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the international Accounting Standards Board ("IASB").

A summary of the Company's significant accounting policies under IFRS is presented in Note 3. These policies have been applied retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1. Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2011, prepared in accordance in Canadian GAAP. Certain disclosures that are required for annual financial statements prepared in accordance with IFRS are not included in these interim financial statements nor in the Company's financial statements for the year ended June 30, 2011. The impact of the transition from GAAP to IFRS is explained in Note 10.

The interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION (cont'd…)

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ from these estimates.

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

i) The recoverability of refundable deposit which is included in the statements of financial position;

ii) The inputs used in accounting for stock-based compensation expense, which are included in the consolidated statements of operations; and

iii) The recognition of deferred income taxes.

These unaudited interim financial statements, including comparatives have been prepared using accounting policies consistent with IFRS. The financial statement has been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of this statement of financial position requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement. Significant accounts that require estimates include the full valuation of deferred tax assets and stock-based compensation. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit and highly liquid short-term interest bearing variable rate investments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Stock-based compensation

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

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Stock-based compensation (cont'd…)

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

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

<u>Financial assets</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

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

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

Held-to-maturity investments **-** These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

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

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

Financial liabilities

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

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

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

The Company has classified its cash as fair value through profit and loss. Receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial liabilities (cont'd…)

- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices; and
- Level 3 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Recent accounting pronouncements

Financial Instruments IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

Amendments to IFRS 7, *Financial Instruments: Disclosures* are effective for annual periods beginning on or after July 1, 2011 and introduce enhanced disclosure around transfer of financial assets and associated risks. These amendments are not anticipated to impact the disclosures made by the Company.

Amendments to IAS 1, *Presentation of Financial Statements* (effective for annual periods beginning on or after July 1, 2012) require that elements of other comprehensive income that may subsequently be reclassified through profit and loss be differentiated from those items that were not reclassified.

IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, and consequential revisions to IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and*

Joint Ventures (all effective January 1, 2013) provide revised guidelines on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated.

IFRS 13 *Fair Value Measurement* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements.

The Company is currently evaluating the impact of these new and amended standards on its financial statements.

4. CASH AND CASH EQUIVALENTS

	September 30, 2011	June 30, 2011	July 1, 2010
Cash held in trust	$ 35,952	$ 44,284	$ 164,506
Cash held in bank	2,519,555	1,633,977	-
	$ 2,555,507	$ 1,678,261	$ 164,506

5. PREPAID EXPENSES

The prepaid relates to an amount paid as a deposit for disbursements for the transaction occurring with TransAfrican Gold Inc. ("TGI") (Note 11).

6. REFUNDABLE DEPOSIT

As part of the letter of intent the Company advanced $150,000 to TGI. The Company intends to acquire 100% of the issued and outstanding securities of TGI. Should the transaction not be completed the amount will be refundable to the Company. Should the transaction complete the amount will become an intercompany balance that will eliminate upon consolidation.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2011	June 30, 2011	July 1, 2010
Trade payables	$ 4,291	$ 18,572	$ -
Accrued liabilities	41,133	42,276	23,000
	$ 45,424	$ 60,848	$ 23,000

8. CAPTIAL STOCK AND RESERVES

Authorized: Unlimited common shares without par value

Shares held in Escrow: 3,500,000

Stock options

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

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2011 and September 30, 2011	250,000	$ 0.10
Options exercisable, September 30, 2011	250,000	$ 0.10

Stock options outstanding at September 30, 2011 are as follows:

Number of Options	Exercise Price	Expiry Date
250,000	$ 0.10	August 30, 2015

8. CAPTIAL STOCK AND RESERVES (cont'd…)

Special warrants

The Company has authorized a private placement of up to 3,894,136special warrants at a price of $0.55 per special warrant for gross proceeds of up to $2,141,775 of the 2,141,775 in proceeds, $1,238,529 was reviewed as at September 30, 2011. The special warrants are to be converted to common shares upon closing of the transaction with TGI. The financing was completed in fall after September 30, 2011 (Note 11).

Stock-based compensation

The Company adopted an incentive stock option plan (the "**Option Plan**"), which provides that the board of directors may from time to time, in its discretion, and in accordance with Exchange Policies, grant to the directors, officers and technical consultants, non-transferable options to purchase Shares, provided that the number of Shares reserved for issuance will not exceed 10% of the Shares issued and outstanding from time to time, and provided that until completion of a Qualifying Transaction, not more than 550,000 options may be granted in aggregate.

On August 30, 2010 the Company granted options to the Company's officers and directors to purchase up to 250,000 common shares of the Company at an exercise price of $0.10 per share. The options vested on August 30, 2010, the date the common shares of the Company were listed on the TSX Venture Exchange, and are exercisable for five years from the closing date of the Company's initial public offering of securities.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	September 30, 2011	September 30, 2010
Risk-free interest rate	-	1.25%
Expected life of options	-	52years
Annualized volatility	-	100%
Dividend rate	-	0%

Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2011 and September 30, 2011	178,997	$ 0.30

Warrants outstanding at September 30, 2011 are as follows:

Number of Warrants	Exercise Price	Expiry Date
122,000	$ 0.10	August 30, 2012
58,997	$ 0.70	September 17, 2012

8. CAPTIAL STOCK AND RESERVES (cont'd…)

Warrants (cont'd…)

The following assumptions were used for the Black-Scholes valuation of warrants granted during the year:

	September 30, 2011	September 30, 2010
Risk-free interest rate	-	1.25%
Expected life of options	-	2 years
Annualized volatility	-	100%
Dividend rate	-	0%

9. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties approximate carrying value, which is the amount payable on the consolidated statements of financial position. The Company's other financial instrument, cash and cash equivalents, under the fair value hierarchy, are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at large Canadian financial institutions with a portion in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of a refundable deposit advanced to a potential acquisition target company.The acquisition is expected to close upon which the amount will eliminated as an intercompany transaction, as such, the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2011, the Company had a cash and cash equivalent balance of $2,555,507 (June 30, 2011 - $1,678,261) to settle current liabilities of $45,424 (May 31, 2011 - $60,848). Management believes that it has sufficient funds to meet its current liabilities as they become due.

9. FINANCIAL INSTRUMENTS (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and interest-bearing investments. The interest earned on the investments approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2011, the Company had a total of $Nil in investment-grade short-term deposit certificates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because of the short-term nature of these investments.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to financial instruments that are denominated in United States dollars ("U.S.$") the impact on net loss for the period was not significant.

c) Price risk

The Company intends to enter the mineral exploration industry therefore is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and large metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

10. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these financial statements are for the period covered by the Company's first interim unaudited financial statements prepare in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the financial statements for the periods ended September 30, 2011 and 2010, the financial statements for the year ended June 30, 2011, and the opening IFRS statement of financial position on July 1, 2010, the "Transition Date".

There are no significant differences between IFRS and Canadian GAAP in connection with the Company's statements of financial position, loss and comprehensive loss or cash flows for the period ended September 30, 2011, the year ended June 30, 2011 or the opening statement of financial position on July 1, 2010.

11. SUBSEQUENT EVENTS

The Company has negotiated the terms and conditions of a formal Share Exchange Agreement (the "Agreement") whereby the Company may purchase all of the outstanding shares of TransAfrican Gold Inc. ("TGI"). TGI is a British Columbia based privately held mineral exploration and development company whose principal assets are located in the country of Tanzania. The acquisition of TGI and its assets, which remains subject to exchange approval, is intended to be the Company's qualifying transaction. Under the agreement the company will issue 11,042,614 common shares of the company and rights to receive an additional 5,200,000 common shares. The rights are to be converted to common shares of the Company upon TGI completing the acquisition of certain concessions within 90 days of the execution of a definitive agreement with the Company. Upon closing $760,501 in loans advanced by shareholders of TGI will become repayable by the Company.

In relation to the acquisition the Company has agreed to lend TGI up to $500,000 for working capital purposes. The loan bears interest of 4.0% per annum compounded semi-annually, commencing from the date of each advance. The interest is to be repaid upon repayment of the loan. The loan amount is to be repaid upon closing of the Agreement (or any replacement definitive agreement). If the Agreement does not close the due date will be the earliest of 12 months following the date of the first advance or the date TGI completes a financing at least equal to the amount owing. TGI has also agreed to pay a bonus payment equal to 4.5% of the loaned amount upon maturity. The loan is secured by the assets of TGI.

Subsequent to September 30, 2011, the Company completed a private placement of up to 3,894,136 special warrants at a price of $0.55 per special warrant for gross proceeds of $2,141,775. Of the $2,141,775 in proceeds, $1,238,529 was received as of September 30, 2011 with the remaining $903,246 received subsequent to September 30, 2011. The special warrants are to be converted to common shares upon closing of the transaction with TGI. Finders fees of $128,506 were paid in relation to the offering as well as $160,000 in closing costs.