

**TIGRIS RESOURCES LIMITED  
CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2011 and 2010**

# Content

Company Particulars .....	3
Consolidated Statements of Financial Position .....	7
Consolidated Statements of Loss and Comprehensive Loss .....	8
Consolidated Statements of Changes in Equity .....	9
Consolidated Statements of Cash Flows .....	10
Notes to the Consolidated Financial Statements .....	11

## **COMPANY PARTICULARS**

### **DIRECTORS**

Dr. Timothy Coughlin  
Mr. Roderick Corrie  
Mr. Hugh Devlin  
Mr. Kerim Sener  
Mr. Vernon Arseneau

### **COMPANY SECRETARY**

Mr. Andrew McNally

### **HEAD OFFICE**

Ground Floor  
Charles House, Charles Street  
St. Helier  
Jersey JE2 4SF, Channel Islands  
Tel: +44 1534 715474  
Fax: +44 1534 758708  
Website: [www.tigrisresources.com](http://www.tigrisresources.com)

### **BANKERS**

Royal Bank of Scotland International  
71 Bath Street,  
Royal Bank House  
St. Helier,  
Jersey JE4 8PJ, Channel Islands

### **AUDITORS**

Grant Thornton LLP  
Suite 401, 350 Burnhamthorpe Road West  
Mississauga, Ontario L5B 3J1  
Canada

## **Statement of directors' responsibilities**

The directors are responsible for preparing the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The consolidated financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 requires that these financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the non-consolidated financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

September 28, 2012

Director

# Independent auditor's report

## **To the shareholders of Tigris Resources Limited**

We have audited the consolidated financial statements of Tigris Resources Limited which comprise the consolidated statements of financial position as at December 31, 211 and 2010, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2011 and the period from incorporation, May 6, 2010, to December 31, 2010 and a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2011 and December 31, 2010 and of its loss for the year and period then ended;
- have been properly prepared in accordance with IFRSs as issued by the IASB; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which indicates the company will require additional financial resources to carry out its planned business objectives. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you, if in our opinion:

- the company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not received all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.



Jeremy Jagt, CA, CPA (Illinois)

For and on behalf of  
Grant Thornton LLP  
Chartered Accountants  
Mississauga, Canada

September 28, 2012

**TIGRIS RESOURCES LIMITED**

## CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR AND PERIOD ENDED DECEMBER 31, 2011 and 2010

**Tigris Resources Limited**  
**Consolidated Statements of Financial Position**  
As at

		December 31, 2011	December 31, 2010
	Notes	\$	\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Receivable from joint venture partner	6	125,781	-
Other non-current assets	7	81,383	7,317
Property and equipment	8	40,532	1,588
Intangibles	9	21,451	3,455
Exploration and evaluation assets	10	388,517	79,636
<b>Total non-current assets</b>		<b>657,664</b>	<b>91,996</b>
<b>Current assets</b>			
Cash and cash equivalents		1,040,319	382,959
Other assets		3,089	3,758
<b>Total current assets</b>		<b>1,043,408</b>	<b>386,717</b>
<b>TOTAL ASSETS</b>		<b>1,701,072</b>	<b>478,713</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	11	2,389,092	585,000
Accumulated deficit		(641,699)	(102,495)
Translation of foreign operations		(99,169)	(19,834)
		<b>1,648,224</b>	<b>462,671</b>
<b>Current liabilities</b>			
Accrued liabilities and other payables		52,848	16,042
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,701,072</b>	<b>478,713</b>

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

**TIGRIS RESOURCES LIMITED**

## CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR AND PERIOD ENDED DECEMBER 31, 2011 and 2010

**Tigris Resources Limited**  
**Consolidated Statements of Loss and Comprehensive Loss**

	Year ended December 31, 2011	Period May 6, 2010 to December 31, 2010
Notes	\$	\$
Interest income	6,972	84
Other income	77	-
<b>Total income</b>	<b>7,049</b>	<b>84</b>
General and administrative	237,850	82,854
Employee salaries and benefits	86,342	825
Write-off of exploration and evaluation assets	70,039	-
Professional fees	152,392	17,522
<b>Total expenses</b>	<b>546,623</b>	<b>101,201</b>
Foreign exchange loss	(370)	1,378
<b>Net loss</b>	<b>539,204</b>	<b>102,495</b>
<b>Other comprehensive loss:</b>		
Exchange differences arising on translation of foreign operations	79,335	19,834
<b>Total comprehensive loss</b>	<b>618,539</b>	<b>122,329</b>
Weighted average number of shares	22,685,445	11,950,000
Net loss per share (basic and diluted)	0.02	0.01

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



**Tigris Resources Limited**  
**Consolidated Statements of Changes in Equity**  
**Period from May 6, 2010 to December 31, 2010 and year ended December 31, 2011**

	<i>Number of shares</i>	<i>Share capital including, premium and discounts \$</i>	<i>Translation of foreign operations \$</i>	<i>Accumulated deficit \$</i>	<i>Total \$</i>
Issued on incorporation, May 6, 2010	6,000,000	60,000	-	-	<b>60,000</b>
New equity share capital subscribed	11,900,000	525,000	-	-	<b>525,000</b>
Total comprehensive loss for the year		-	(19,834)	(102,495)	<b>(122,329)</b>
<b>Balance at December 31, 2010</b>	<b>17,900,000</b>	<b>585,000</b>	<b>(19,834)</b>	<b>(102,495)</b>	<b>462,671</b>
New equity share capital subscribed	9,570,890	1,804,092	-	-	<b>1,804,092</b>
Total comprehensive loss for the year	-	-	(79,335)	(539,204)	<b>(618,539)</b>
<b>Balance at December 31, 2011</b>	<b>27,470,890</b>	<b>2,389,092</b>	<b>(99,169)</b>	<b>(641,699)</b>	<b>1,648,224</b>

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

**TIGRIS RESOURCES LIMITED**

## CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR AND PERIOD ENDED DECEMBER 31, 2011 and 2010

**Tigris Resources Limited**  
**Consolidated Statements of Cash Flows**  
**For the year and period ended December 31, 2011 and 2010**

	<b>Year ended</b> <b>December 31, 2011</b>	Period May 6, 2010 to December 31, 2010
Note	\$	\$
<b>Operating activities</b>		
Net loss	(539,204)	(102,495)
Add (deduct) non-cash items:		
Write-off of exploration and evaluation assets	70,039	-
Depreciation	2,087	1,007
Change in non-cash working capital:		
Change in other assets	(73,397)	(11,075)
Change in accounts payable and other payables	36,806	16,042
<b>Net cash outflow from operating activities</b>	<b>(503,669)</b>	<b>(96,521)</b>
<b>Investing activities</b>		
Payments for property and equipment	(58,879)	(1,905)
Payments for intangibles	(35,945)	(4,145)
Advances due from joint venture partner	(125,781)	-
Exploration and evaluation expenditures	(456,015)	(84,312)
<b>Net cash used by investing activities</b>	<b>(676,620)</b>	<b>(90,362)</b>
<b>Financing activities</b>		
Proceeds from issuance of share capital	1,899,178	585,000
Payments for share issue costs	(95,086)	-
<b>Net cash generated in financing activities</b>	<b>1,804,092</b>	<b>585,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>623,803</b>	<b>398,117</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>382,959</b>	<b>-</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	33,557	(15,158)
<b>Cash and cash equivalents, end of year</b>	<b>1,040,319</b>	<b>382,959</b>

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

**Tigris Resources Limited****Notes to the Consolidated Financial Statements****For the year and period ended December 31, 2011 and December 31, 2010****1. GENERAL INFORMATION**

Tigris Resources Limited (the “Company”) is a company incorporated under the laws of Jersey on May 6th, 2010. The registered office address of the Company is Ground Floor, Charles House, Charles Street St.Helier, Jersey JE2 4SF, Channel Islands. The Company’s ordinary shares (“Ordinary Shares”) are not publicly traded.

The Company, together with its subsidiary, (the ‘Group’) is a mineral exploration and development group of companies focused on emerging and transitional environments, and is developing precious and base metal assets located in Turkey under exploration licenses granted by local authorities.

The principal accounting policies of the Group are further described in Note 3.

**Going concern**

These consolidated financial statements have been prepared on the basis that the Group will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these consolidated financial statements, and that the Group will be able to continue its business activities. The ability of the Group to carry out its planned business objectives is dependent on the ability to raise adequate financing from shareholders, other investors and lenders and/or the discovery, development or sale of mineral reserves or achievement of profitable operations and controlling expenditure in relation to existing cash resources. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or have the capability to achieve profitability or positive cash flows, and as such casts substantial doubt it will continue as a going concern.

If the Group is unable to obtain adequate additional financing, the Group may be required to curtail operations, exploration and development activities. These financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Group be unable to continue as a going concern.

**2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS****Standards and Interpretations in issue but not yet adopted***Amendment to IAS 1, “Financial statement presentation”*

The main change resulting from these amendments is a requirement for entities to group items presented in Other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

*IFRS 9 “Financial Instruments”*

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management have yet to assess the impact of this new standard on the consolidated financial statements. However, they do not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

**IFRS 13 “Fair Value Measurement”**

IFRS 13 “Fair Value Measurement” does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after January 1, 2013. The Group’s management have yet to assess the impact of this new standard on the Group’s consolidated financial statements.

Management anticipates that those standards and interpretations deemed applicable to the Company’s business will be adopted in the Company’s financial statements of future periods as they become effective and that the adoption will have no material impact on the financial statements of the Company in the periods of initial application other than for additional disclosures.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated financials are set out below. These policies have been consistently applied to all the financial periods presented unless otherwise stated.

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board as of December 31, 2011.

**Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis and presented in Canadian dollars.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its ‘subsidiaries’). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

At December 31, 2011 and 2010, the Company had one wholly-owned subsidiary, Tigris Eurasia Ltd. Şti. (“Tigris Eurasia”).

**Joint ventures**

Jointly controlled assets involve joint control, and often the joint ownership, by the Group and venturers of assets contributed to, or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

In respect of its interest in jointly controlled assets, the Group recognizes in its financial statements its

share of jointly controlled assets, classified according to the nature of the assets, any liabilities that it has incurred, its share of any liabilities incurred jointly with the other venturers in relation to the joint venture, any income from the sale or use of its share of the output of the joint venture together with its share of any expenses incurred but the joint venture; and any expenses that it has incurred in respect of its interest in the joint venture.

The operation of some joint ventures involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations.

**Foreign currencies**

The individual financial statements of each entity in the Group are prepared in the currency of the primary economic environment in which the entity operates (its “functional currency”). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Canadian Dollars, which is functional currency of the parent.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s operations are expressed in Canadian Dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transaction are used. Exchange differences arising, if any, are recognised directly into other comprehensive income and transferred to the Group’s translation of foreign operations reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

**Taxation**

The group has no taxable profit and no current income tax.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the related asset or liability in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that it is probable, or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting in a business combination.

### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment for depreciation purposes.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Expenditure to replace a component of an item of property equipment that is accounted for separately is capitalised and the existing carrying amount of the component written off. Other subsequent expenditure is capitalised if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognised in the income statement as incurred.

Depreciation is charged to the income statement based on the cost, less estimated residual value, of the asset on a straight-line basis over the estimated useful life. Depreciation commences when the assets are available for use. The estimated useful lives are as follows:

Vehicles	3 – 5 years
Equipment	3 – 4 years

### **Intangible assets**

Intangible assets, which are acquired by the Group entities and which have finite useful lives are stated at costs less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of the intangible assets, which are estimated to be 3 years for computer software.

### **Impairment of property and equipment and intangible assets with finite lives**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the property and equipment at the date the impairment is reversed does not exceed what the cost less accumulated depreciation would have been had the impairment not been recognised.

**Exploration and evaluation assets**

Exploration and evaluation expenditures comprise costs incurred directly in exploration and evaluation as well as the cost of mineral licenses. They are capitalised as exploration and evaluation assets subsequent to acquisition of the licenses and pending determination of the feasibility of the project. Borrowing costs attributable to the exploration and evaluation of mineral licences are expensed as incurred.

When the existence of economically recoverable reserves and commercial viability are established, the related exploration and evaluation assets are reclassified as intangible assets or property, plant and equipment as appropriate.

Where a project is abandoned or is determined not to be economically viable, the related costs are written off. Impairment is assessed when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

**Financial assets**

Financial assets other than hedging instruments are divided into the following categories:

- loans and receivables
- financial assets at fair value through profit or loss
- available-for-sale financial assets
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expense is recognised in profit or loss or directly in equity.

Generally, the Group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expense relating to financial assets are recognised in the income statement except for income or loss on any available-for-sale financial assets which are recognised in equity.

**Impairment of financial assets**

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss



to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

**Financial liabilities**

The Group's financial liabilities include accrued liabilities and other payables which are initially recognised at fair value and subsequently stated at amortised cost. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

**Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

**Restoration and rehabilitation**

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of dismantling and removal of facilities, restoration and monitoring of the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration and development activities is capitalised into the cost of the related asset and amortised on the same basis as the related asset. Changes in the estimate of the provision of restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

**Interest income**

Interest income and expenses is reported on an accrual basis using the effective interest method.

**Employee benefits**

The Group makes contributions for the benefit of employees in Turkey. The contributions are expensed as incurred.

**Provisions**

A provision is recognised in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.



**Operating leases**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Business segments**

The Group operates in one business segment, mineral exploration.

**Geographical segments**

The directors of the Group are of the opinion that there are two geographical segments, Turkey and head offices in Jersey (Channel Islands), existed as at December 31, 2011 and December 31, 2010.

**4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY****Critical judgments in applying the Group's accounting policies**

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements is the policy on exploration and evaluation assets.

In particular, management is required to assess exploration and evaluation assets for impairment. Note 12 discloses the carrying values of such assets. As part of this assessment, management has carried out an assessment whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability of exploration and evaluation assets is dependent on a number of factors common to the natural resource sector. These include the extent to which the Group can continue to renew its exploration and future development licenses with local authorities, establish economically recoverable reserves on its properties, the availability of the Group to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Group will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralisation.

**Key sources of estimation uncertainty**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**5. GEOGRAPHICAL SEGMENTS**

The Group is engaged in one business activity, mineral exploration. The sole geographical segment for this activity is located solely in Turkey. The Group's head office activities are located in Jersey (Channel Islands) which relate to administrative matters. All transactions between segments are measured at fair value. All balances, income and expenses between segments are eliminated in full on consolidation.

The geographical segmented information on income statement items is given below:

	As of and for year ended December 31, 2011	Period ended December 31, 2010
	\$	\$
<b>Loss for the year</b>		
Turkey	299,095	-
Head office activities	240,109	102,495
	<b>539,204</b>	<b>102,495</b>

The geographical segmented information on certain Statement of Financial Position items is given below:

	As of December 31, 2011	As of December 31, 2010
	£	£
<b>Exploration and evaluation assets</b>		
Turkey	388,517	66,151
Head office activities	-	-
	<b>388,517</b>	<b>66,151</b>
<b>Property and equipment</b>		
Turkey	37,061	-
Head office activities	3,471	1,588
	<b>40,532</b>	<b>1,588</b>

**December 31, 2011**

	Turkey	Head office activities	Eliminations	Consolidated
	\$	\$	\$	\$
<b>Total assets</b>	<b>675,633</b>	<b>2,078,736</b>	<b>(1,053,298)</b>	<b>1,701,072</b>
<b>Total liabilities</b>	<b>20,600</b>	<b>32,248</b>	<b>-</b>	<b>52,848</b>

**December 31, 2010**

	Turkey	Head office activities	Eliminations	Consolidated
	\$	\$	\$	\$
<b>Total assets</b>	<b>267,964</b>	<b>493,709</b>	<b>(282,960)</b>	<b>478,713</b>
<b>Total liabilities</b>	<b>4,842</b>	<b>11,200</b>	<b>-</b>	<b>16,042</b>

**6. RECEIVABLE FROM JOINT VENTURE PARTNER**

The balance represents a receivable from Besler Insaat Turizm ve Madencilik San. Tic. Ltd. Sti. (“Besler”) as their joint venture share of various project costs in the Petrek region of Turkey. In the event that Besler is unable to repay this balance, Tigris has the option to convert this balance into a demand loan or a greater percentage ownership of the future incorporated joint venture, up to and including a 100% ownership with a 2% net smelter return royalty payable to Besler.

**7. OTHER NON-CURRENT ASSETS**

Other non-current assets represent the amount of value-added tax receivable from the tax authorities in the Group’s subsidiary which are refundable upon future profitable operations.

**8. PROPERTY AND EQUIPMENT**

COST	Vehicles	Equipment	Total
	\$	\$	\$
At May 6, 2010	-	-	-
Additions	-	1,905	1,905
As at December 31, 2010	-	1,905	1,905
Additions	<b>53,416</b>	<b>5,463</b>	<b>58,879</b>
Exchange difference	<b>(8,110)</b>	<b>(441)</b>	<b>(8,551)</b>
As at December 31, 2011	<b>45,306</b>	<b>6,927</b>	<b>52,233</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
	\$	\$	\$
At May 6, 2010	-	-	-
Charge for the period	-	317	317
As at December 31, 2010	-	317	317
Charge for the period	<b>10,683</b>	<b>1,516</b>	<b>12,199</b>
Exchange difference	<b>(755)</b>	<b>(60)</b>	<b>(815)</b>
As at December 31, 2011	<b>9,928</b>	<b>1,773</b>	<b>11,701</b>
<b>CARRYING AMOUNT</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
	\$	\$	\$
<b>At December 31, 2011</b>	<b>35,378</b>	<b>5,154</b>	<b>40,532</b>
At December 31, 2010	-	1,588	1,588

**9. INTANGIBLES****COST**

	<b>Computer Software</b>	<b>\$</b>
As at May 6, 2010	-	-
Additions	4,145	4,145
As at December 31, 2010	4,145	4,145
Additions	<b>35,945</b>	
Exchange difference	<b>(5,437)</b>	
<b>As at December 31, 2011</b>	<b>34,653</b>	

**ACCUMULATED AMORTISATION**

	<b>\$</b>
<b>As at May 6, 2010</b>	-
Charge for the period	690
As at December 31, 2010	690
Charge for the period	<b>13,355</b>
Exchange difference	<b>(843)</b>
<b>As at December 31, 2011</b>	<b>13,202</b>

**CARRYING AMOUNT**

<b>At December 31, 2011</b>	<b>21,451</b>
At December 31, 2010	3,455

**10. EXPLORATION AND EVALUATION ASSETS (“EEA”)**

<b>Cost</b>	Pertek projects	Other Turkish projects	Total
	\$	\$	\$
At May 6, 2010	-	-	-
Additions	-	84,312	84,312
EEA write off	-	-	-
Exchange difference	-	(4,771)	(4,771)
At December 31, 2010	-	79,541	79,541
Additions	<b>199,847</b>	<b>256,168</b>	<b>456,015</b>
EEA write off	-	<b>(70,039)</b>	<b>(70,039)</b>
Exchange difference	<b>(17,448)</b>	<b>(59,552)</b>	<b>(77,000)</b>
<b>At December 31, 2011</b>	<b>182,399</b>	<b>206,118</b>	<b>388,517</b>

All of the Group’s exploration and evaluation assets are located in Turkey and represent costs incurred by the Company’s wholly-owned subsidiary, Tigris Eurasia, on exploration licenses over which it has ownership or for which it has entered into a joint venture agreement with the parties who hold the licenses.

*Pertek projects*

During the year, Tigris Eurasia entered into a joint venture agreement with Besler to undertake exploration and evaluation of certain prospects in 5 contiguous provinces of southeast Turkey.

Capitalized costs represent the Group's 60% interest in the joint venture.

In the Pertek region of southeast Turkey a Specific Project as defined under terms of the joint venture agreement has been outlined. This Specific Project Area comprises the Yalinkaya, Kolonkaya and Dere license groups which the Company is actively exploring for gold and copper deposits. In 2011, geologic mapping, rock-chip and ground magnetics have been completed over licenses and exploratory drilling is currently underway.

Elsewhere in the joint venture area the Company is exploring for gold and copper in and around its Bingol license areas.

*Other Turkish projects*

Other Turkish projects represent areas outside of the Besler joint venture area over which Tigris Eurasia holds a direct interest in underlying exploration licenses. Currently the Company does not hold any exploration licenses in the southeast region of Turkey outside the Besler joint venture area. To date, a fly-over survey has been conducted that demonstrates future potential in the region.

The increase of deferred exploration expenditures in the twelve month period ended December 31, 2011 in the projects was mainly a result of exploration drilling and studies costs, an aerial survey, mining license state duty and exploration license concession fee payments, capitalised salaries of employees engaged in exploration, rentals for areas under exploration, costs of environmental studies, and costs pertaining to exploration camp maintenance.

During the year ended December 31, 2011, the Management of the Company decided to abandon certain of its early stage exploration licenses and has written-off the associated costs.

IFRS 6 requires that regular impairment assessments are made. Management carried out a review as of December 31, 2011 and is satisfied that on the basis of the current plans and status of operations, there are no indications of impairment on the recorded assets.

**11. SHARE CAPITAL**

Share capital of the Company consists of fully paid ordinary shares. The Company has one class of shares, being ordinary shares. The Company is authorised to issue an unlimited number of ordinary shares. The Company's ordinary shares have no par value. All shares are equally eligible to receive dividends and repayment of capital and represent one vote at the shareholders' meeting of the Company.

Ordinary shares issued and fully paid:	2011		2010	
	#	\$	#	\$
Total outstanding number of shares, January 1	<b>17,900,000</b>	<b>585,000</b>	-	-
Issued on incorporation, May 6, 2010	-	-	6,000,000	60,000
Shares issued for cash	<b>9,570,890</b>	<b>1,899,178</b>	11,900,000	525,000
Issuance costs	-	<b>(95,086)</b>	-	-
Total outstanding number of shares, December 31	<b>27,470,890</b>	<b>2,389,092</b>	17,900,000	585,000

**12. TAXATION**

There was no taxes payable by the Group in the year ended December 31, 2011 and corresponding period in 2010.

Year ended December 31, 2011	Period ended December 31, 2010
\$	\$

Loss before taxation	<b>539,204</b>	102,495
Tax at 20% (2010, 20 %)	<b>(107,841)</b>	(20,499)
Items which are not deductible for tax purposes	<b>48,022</b>	20,499
Losses not recognized	<b>59,819</b>	-
Income tax expense	<b>-</b>	-

The Group had taxation losses under jurisdiction of Jersey (Channel Islands) and Turkey (subject to confirmation with the tax authorities) as at December 31, 2011 amounting to approximately \$222,350 (December 31, 2010: \$Nil) that have not been recognised as there is insufficient evidence of taxable profits.

Tax losses incurred by Turkish company expire in the fifth year subsequent to when they are incurred.

The tax rate in Turkey is 20%. Expenses incurred at the head office are non-deductible.

### **13. FINANCIAL RISK MANAGEMENT**

The Group manages its exposure to financial risks by operating in a manner that minimises its exposure to the extent practical. The main financial risks affecting the Group are discussed below:

#### **Capital risk management**

The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business.

The properties in which the Group currently has an interest are in the exploration stage, as such, the Group is dependent on external financing to fund its activities. The Group intends to raise additional finance by issuing new share capital, debt or entering into joint arrangements to carry out planned exploration and to pay for administrative costs. The Group will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate available or committed financial resources to complete such acquisitions.

Management reviews its capital management approach on an interim basis. Management believes that its approach, given the relative size of the Group, is reasonable. The Group is not subject to externally imposed capital requirements.

The Group defines capital as the aggregate of total equity, which totals \$1,648,224 (Period ended December 31, 2010: \$462,671). Total equity comprises share capital, reserves and accumulated deficit as disclosed in the consolidated statements of changes in equity.

#### **Liquidity risk**

The ultimate responsibility for liquidity risk rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group's cash requirements and balances are projected for the Group as a whole and for each country in which operations and capital expenditures are conducted. The Group plans to meet these requirements through the mix of available funds, equity financing on a required basis, project debt financing, if available, entering into joint arrangements and cash to be provided by the exercise of warrants and share options in the future.

To date the Group has relied on shareholder funding to finance its operations. As the Group has finite cash resources and no material income, the liquidity risk is significant and is managed by controls over timing of expenditures.

All short-term financial liabilities which relate to accrued liabilities and other payables mature within one year of December 31, 2011.

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Group's expenses include amounts incurred in Canadian Dollars, Euros and Turkish LIRA. The Group's exchange risk is therefore related to movements between these currencies. The Group has a downside risk to strengthening of the Turkish LIRA this increases expenses in Canadian Dollar terms.

The Group's currency risk policy is to maintain cash in Canadian Dollars, British Pounds and Turkish LIRA roughly in proportion to expected future expenditure over the following twelve months. This is done to reduce the risk of the Group holding virtually all of its monetary assets in a single currency when the expenditure base is spread over two main currencies.

**Currency risk sensitivity**

The following table details the Group's sensitivity to a 10% increase and decrease in the British Pound against the relevant foreign currencies. A 10% increase or decrease is used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes on outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes loans to operations within the Group where the denomination of the loan is in currency other than the currency of the lender.

The Group's net assets and liabilities are predominately held in Canadian Dollars and Turkish Lira. The numbers below indicate an influence on equity where the Canadian Dollar strengthens 10% against the relevant currency.

		<u>British Pound</u>	<u>Turkish LIRA</u>
Other comprehensive income (profit or loss) \$	December 31, 2011	24,038	2,052
	December 31, 2010	3,113	17,947

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Group does not have any fixed or floating rate borrowings. Cash and cash equivalents also bear interest at floating rates.

**Credit risk management**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

As the Company has no revenue and minimal trade receivable, management considers credit risk as low. Up front deposits are on occasion paid to major suppliers primarily relating to exploration drilling contracts. The payment of these deposits is considered by the management on a case by case basis and the progress on the contract carefully reviewed. During the period May 6, 2010 to December 31, 2010 and the year ended December 31, 2011 there were no material impairment provisions required for any of the financial assets. At December 31, 2011, the Company had receivable from its joint venture partner that was past due. The Company has not taken a provision against the balance and in the event it is uncollectible, the balance will be transferrable to mineral property interests, since the Company's interest in the respective mineral property will increase.

The credit risk on cash and cash equivalents is considered by management to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the consolidated financial statements represents the Group's maximum exposure to credit risk.

**Financial assets**

Fixed rate financial assets are cash held on fixed term deposit. Cash at bank is held to finance the Group's short-term cash requirements. The Group invests its available cash in bank deposits only.

**Fair value of financial assets and liabilities**

All financial assets and financial liabilities are recorded at amortised cost in the consolidated financial statements. Management believes that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to their short-term nature.

**14. RELATED PARTY TRANSACTIONS**

The parent and ultimate controlling party of the Group is Tigris Resources Limited. No individual party had overall control of the Company or Group during the periods being presented. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Group and other related parties are disclosed below.

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The Company contracted with Rocklore Exploration Services Ltd., a company controlled by one of the Company's Directors for consultancy services. During the period ended December 31, 2010 and the year ended December 31, 2011 payments to Rocklore were \$45,000 and \$37,721; respectively.

The directors and key management are the directors of Tigris Resources Limited. During the period May 6, 2010 and the year ended December 31, 2011 there have been no salaries or benefits paid to directors and key management.



**15. OPERATING LEASE AND PURCHASE COMMITMENTS**

Non-cancellable operating lease commitments are disclosed below:

	<b>December 31, 2011</b>
	\$
Up to one year	<b>31,871</b>
More than one year and no later than five years	<b>581</b>
More than five years	-
	<u><u><b>32,452</b></u></u>

**16. SUBSEQUENT EVENTS**

The consolidated financial statements for the year ended December 31, 2011 have been approved for issue by the board of directors on September 28, 2012 and subsequent events were evaluated through that date.