TEMBO GOLD CORP. (formally Lakota Resources Inc.)
Management Discussion & Analysis
As at and for the three months ended March 31, 2012

INTRODUCTION

Tembo Gold Corp. (formally Lakota Resources Inc.) (the "**Company**" or "**Tembo**") was incorporated on March 3, 1937 under the laws of the Province of Ontario, Canada. The principal business of Tembo is the acquisition, exploration and development of gold resource properties in Tanzania, East Africa. The company's flagship asset is the Tembo gold property located in the prolific Lake Victoria goldfield district, a geological terrain and mining belt hosting several multi-million ounce gold deposits.

Effective September 26, 2011, the Company changed its name from Lakota Resources Inc., to Tembo Gold Corp., and consolidated its common shares on the basis of one new common share for every eighteen common shares outstanding. All share and per share amounts prior to September 26, 2011 have been retroactively adjusted to reflect the share consolidation.

The following Management's Discussion and Analysis ("**MD&A**") of the Company is dated May 30, 2012, and provides an analysis of the Company's performance and financial condition for the three months ended March 31, 2012. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2012 together with the accompanying notes. Except as otherwise noted, all dollar figures included therein are quoted in Canadian dollars. The condensed consolidated interim financial statements, and additional information, including the Company's Certifications of Interim Filings and press releases, are available on SEDAR at www.sedar.com.

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and related interpretations issued by the International Financial Reporting Interpretations Committee. The condensed consolidated interim financial statements of the Company for the three months ended March 31, 2012 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

FORWARD-LOOKING INFORMATION

This MD&A may contain certain statements that may be deemed "forward-looking statements". All statements in this discussion other than statements of historical facts, that address future acquisitions and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Examples of factors that could cause actual results to differ materially from those in forward-looking statements are set out below under "Property and Financial Risk Factors". Investors are cautioned that any such statements are not guarantees of future performance, and that actual results or developments may differ materially from those projected in the forward-looking statements. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward looking statements.

OVERVIEW OF SIGNIFICANT CORPORATE EVENTS

In 2009 the Company was unable to complete its annual financial statements for the 2008 financial year, and on May 19, 2009, the Ontario Securities Commission ("**OSC**") imposed a cease trade order on the shares of Lakota and the TSX Venture Exchange delisted the shares from trading on July 13, 2009. Shortly after the OSC cease trade order, British Columbia Securities Commission and Alberta Securities Commission issued their cease trade orders.

On October 28, 2009, the Company announced that all of the directors and management resigned and were replaced by Mr. Paul Conroy, Mr. Raymond Hodgkinson and Mr. Derek Batorowski. Mr. Paul Conroy has been appointed President and Chief Executive Officer of Lakota.

The replacement of the board and management was completed in conjunction with the completion of a loan agreement between Lakota and BEC International Corporation ("**BEC**"), in order to allow Tembo to complete proposal proceedings pursuant to the Bankruptcy and Insolvency Act (Canada) (the "**BIA**"), and to allow the Company to continue its operations. The Company successfully completed restructuring proceedings under the BIA on October 8, 2009. BEC is a Saskatchewan-based investment firm that owned approximately 9% of the shares of Lakota. BEC advanced a total of $1,300,000 to the Company. This loan was repaid by issuance of Company's common shares.

Given its severe financial difficulties, on August 4, 2009, the Company initiated proposal proceedings pursuant to the BIA with the intention of selling all or substantially all of its assets to Whippoorwill Holdings Limited and utilizing the proceeds to advance a proposal to its creditors to compromise their claims (the "**Original Proposal**"). At the time the Original Proposal was advanced, Farber & Partners Inc. was appointed as proposal trustee (the "**Trustee**") of the Company pursuant to the BIA. The Original Proposal would have resulted in a significant loss for creditors and would have left the Company with no assets, effectively wiping out the shareholders.

In August, 2009, after learning of the Original Proposal, BEC offered to make the BEC Loans available to Lakota to enable it to make what BEC was certain was a superior BIA proposal (the "**BEC Proposal**") to Lakota's creditors. The BEC Proposal provided for, among other things, the completion of the BEC Loans in an amount sufficient to allow distributions to Lakota's creditors in an amount greater than that provided for in the Original Proposal. The BEC Proposal also contemplated the replacement of the board and management of the Company. Most importantly, it allowed Lakota to retain all of its assets.

Lakota was eventually persuaded that the BEC Proposal was both superior to the Original Proposal and capable of being implemented in a timely fashion. Lakota therefore terminated its arrangements with Whippoorwill Holdings Limited and agreed to take the BEC Proposal to Lakota's creditors. At a meeting of Lakota's creditors on August 27, 2009, a sufficient double majority (as required under the BIA) of the creditors of the Company voted in favour of the BEC Proposal. Approval of the BEC Proposal was obtained from the court on September 14, 2009.

The BEC Proposal contemplated a compromise of the claims of all creditors of Lakota (other than the BEC Loans, the claims of certain government creditors, and the claims of professionals for their fees associated with the proposal proceeding). All such creditors would be paid a distribution and their claims against Lakota will be extinguished. The BEC Loans are secured by all of the assets of Lakota, including the shares of its Tanzanian subsidiaries.

On October 8, 2009 the Trustee issued a Certificate of Full Performance on Proposal to certify that Lakota fully satisfied all of its requirements in the restructuring proceedings under the BIA. Following that date, the Trustee has been engaged in dealing with Lakota's creditors, and recently, has made significant distributions to all Lakota creditors with proven claims in the BIA restructuring.

On January 20, 2011, the Company filed its audited consolidated 2008 and 2009 annual financial statements together with the related interim reports up to and including September 30, 2010. The Company has also filed applications with the securities commissions of Alberta, British Columbia and Ontario to have the cease trade orders revoked. In addition, the Company has filed a technical report pursuant to National Instrument 43-101, Standard of Disclosure for Mineral Projects.

On June 10, 2011, the Company announced that all cease trade orders previously issued against the Company have been revoked by the relevant provincial securities regulators.

On July 15, 2011, the Company announced that its directors and officers resigned and Messrs. David Scott, David Anthony, Marc Cernovitch, Pierre Jullien, Robert Sedgemore and Colin Taylor were appointed to the Board of Directors. The new Board of Directors appointed Mr. David Anthony as Chairman, Mr. David Scott as President and CEO, Mr. John Seaman as CFO, Mr. Nick DeMare as Corporate Secretary and Mr. Marc Cernovitch as Vice President, Business Development. The shareholders of the Company approved these appointments at the Annual and Special Meeting held on August 31, 2011. The new team brings years of Tanzanian gold exploration and operations to the Company. In conjunction with the appointment of the new management, the Company also completed a private placement of 9,595,000 of its common shares to new management and other investors at a price of $0.18 per common share for gross proceeds of $1,727,100.

On July 28, 2011, the Company announced the completion of shares for debt settlement. As a result of this settlement, the Company settled $1,545,000, including the $1,300,000 owed to BEC, of its liabilities in exchange for the issuance of an aggregate of 8,583,333 common shares.

On September 16, 2011, the Company completed a private placement financing of 4,351,889 units ("**Units**") at $0.54 per Unit for total gross proceeds of $2,350,020. Each Unit is comprised of one common share and one-half of one common share purchase warrant (a "**Warrant**"). One full warrant entitles the holder to purchase one additional common share at a price of $0.81 per common share for a period of two years. In conjunction with this financing, the Company issued 259,053 finder's fee units (a "**FF Unit**") to certain related parties. Each FF Unit is comprised of one common share and one-half of one common share purchase warrant (a "**FF Warrant**"). In addition, the Company issued 259,053 FF Warrants to the related parties. All warrants are exercisable into common shares at a price of $0.81 per common share for a period of two years.

On November 22, 2011, the Company completed a non-brokered private placement, and in addition on December 29, 2011, the Company completed the brokered portion of the same private placement. In total, the private placement consisted of 11,601,500 units ("**Units**") at $1.00 per Unit for total gross proceeds of $11,601,500. Each Unit is comprised of one common share and one-half of one common share purchase warrant (a "**Warrant**"). One full warrant entitles the holder to purchase one additional common share at a price of $1.75 per common share for a period of three years. In conjunction with this financing, the Company issued 608,707 finder's fee units (a "**FF Unit**") to certain related parties. Each FF Unit is comprised of one common share and one-half of one common share purchase warrant (a "**FF Warrant**"). One full FF Warrant entitles the holder to purchase one additional common share at a price of $1.00 per share for a period of 2 years from the closing of the financing.

On February 17, 2012, the Company completed a private placement financing of 1,382,000 units ("**Units**") at $1.00 per Unit for total gross proceeds of $1,382,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant (a "**Warrant**"). One full warrant entitles the holder to purchase one additional common share at a price of $1.75 per common share on or before December 29, 2014. In conjunction with this financing, the Company issued 127,660 finder's fee units (a "**FF Unit**") to certain related parties. Each FF Unit is comprised of one common share and one-half of one common share purchase warrant (a "**FF Warrant**"). One full FF Warrant entitles the holder to purchase one additional common share at a price of $1.00 per share for a period of 2 years from the closing of the financing. On February 17, 2012, the Company also issued 66,296 common shares, and 10,000 common share purchase warrants for aggregate proceeds of $45,000. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.81 per common share on or before September 16, 2013.

Having met all the requirements of the TSX Venture Exchange's ("TSXV") conditional listing approval issued on December 21, 2011, the Company's common shares were listed on the TSXV on February 22, 2012 under the symbol "TEM". The TSXV issued its Final Exchange Bulletin on February 21, 2012, confirming the Company status as a Tier 1 Mining Issuer.

EXPLORATION ACTIVITIES

The Company's main asset is the Tembo Gold Project in northwest Tanzania that comprises 42 contiguous Prospecting Licenses and licence applications covering approximately 110 square kilometers. The Company's wholly owned Tanzanian registered subsidiaries are the sole licence holders. The project is located directly northwest of and adjacent to African Barrick Gold's Bulyanhulu mine (having a total resource of 20 million ounces of gold). Geologically, the Tembo Gold Project is situated in the Sukumaland greenstone belt, an Archean age succession of volcanics and sediments that have been intruded by a variety of Archean granitic plutons as well as younger dolerite dykes and possible kimberlites.

On February 20, 2012, the Company filed a NI 43-101 compliant report, "Report on the Tembo Gold Project", revision dated January 18, 2012, available on SEDAR at www.sedar.com. The report recommended that a staged, success contingent, gold focussed exploration program be implemented in order to test the Bulyanhulu shear and to further test other gold anomalous zones on the property. The estimated cost of the first stage drilling program is $US 6,421,000.

During the fourth quarter of 2011, the Company initiated the proposed work program as contemplated in the NI 43-101 report, by collating, re-processing and re-interpreting of all earlier data; airborne magnetics, soil geochemistry, pitting, RAB/aircore, reverse circulation and diamond drilling. While this was underway, initial follow-up reconnaissance mapping was initiated and a Laser Imaging, Detection and Ranging ("**LIDAR**") survey was contracted to provide a better understanding and definition of the extent of artisanal mining activity within the property boundary. To support the Company's own technical team, Mineral Corporation, an experienced and trustworthy exploration contractor, was recruited in order to provide the geological personnel and expertise for the project, including database management.

RC and diamond drilling programs conducted prior to 2009 returned excellent results, confirming the presence of high-grade, potentially economic mineralization. These results confirmed the presence of gold in many northwest trending structures that correspond to magnetic lineaments. It is clear that the geology of the adjacent Bulyanhulu mining licence continues to the northwest into the Tembo Project area, and is associated with abundant evidence of gold mineralization.

LIDAR SURVEY

The survey was conducted during fourth quarter of 2011 by AOC Geomatics Pty Limited, Tembo Gold's geological contractors, The Mineral Corporation, completed the interpretation and final processing. The survey provided high-resolution color ortho-rectified imagery and a digital elevation model with a 10 cm ground resolution of the area. The purpose of the survey was to provide the project with a baseline dataset of the topography and infrastructure, define the extent of artisanal workings, and assist in the identification of individual pits and shafts within the mining areas.

The outputs of the LIDAR survey reveal the full extent of the artisanal mining on the Tembo project. Comparisons with earlier data clearly demonstrates a close spatial relationship between gold in soils and surface regolith, linear magnetic structures and extensive artisanal mining. The lateral extent of hard rock mining activity is no less than 11km, with individual workings generally extending 500 m to 1,500 m in strike length. This hard rock mining activity is present along approximately 10% of the potential target structures corresponding with and reflected in the magnetic lineaments. Most importantly the artisanal activity is also focused along northeast and east-west trending structures.

The restrictions inherent in the largely covered nature of the terrain, up to 10m in places, dictates drilling as the primary exploration tool to test those structures that have been currently and historically mined, as well as their extensions and the many unmined and untested sub-parallel and conjugate structures.

The survey interpretation and follow-up field mapping has revealed two prominent domains of identifiable artisanal gold mining;

- North of Nyakagwe Hill
- Between Nyakagwe Hill and the Bulyanhulu River

Within each of these domains there are at least three distinct orientations of gold mineralized structures;

- 060-075°, northeast-southwest
- 290-315°, northwest-southeast
- 080-115°, east-west.

A total of 11,100 pits and shafts have been identified of greater than 20 cm in depth, with 2,868 of these shafts down to bedrock and having workings varying in depth to 90 m. Average depth of mining is understood to be between 30 m and 50 m, the most important constraint being the ground water level and seasonal flooding.

Resulting from the collation of this LIDAR imagery and the historical exploration results, seven principle targets have been identified for drilling during 2012. These are:

- **Ngula 1**. A southern and northern area of east-west trending workings set 300 m apart having a combined strike length of more than 2 km.

- **Ngula 2**. Three separate artisanal workings all on a northeast trend with a combined 900 m of strike.

- **Nyakagwe East**. Four close-spaced (within 90 m of each other) parallel workings with a combined strike of approximately 1.7km.

- **Nyakagwe Village**. A single zone with semi-continuous mining over a strike 1.7 km along an east-west trend and a second area of mining of about 300 m along a possible north-south trend.

- **Mgusu**. A complex of east-west, northeast and southeast trending intersecting structures totaling 3.1 km.

- **Buly Trend**. The northwest trending Bulyanhulu structure magnetic lineament, host to Reef 1, extends for 1.3 km onto the Tembo project and has approximately 250 m of artisanal mining in hard rock associated with it.

- **Iyenze**. This Buly parallel structure has a 500 m artisanal working straddling the Bulyanhulu-Tembo boundary with a magnetic lineament that extends for some 1.5 km onto the Tembo project.

The information generated by the data review and LIDAR interpretation has provided the motivation for an extensive drilling program for the 2012 exploration year. A combined 90,000 meters of reverse circulation and diamond drilling on seven primary targets is planned. Drilling is currently underway with five diamond drill rigs and three reverse circulation drill rigs deployed. The Company is confident that it is targeting mineralization from the outset and anticipates conducting orebody modeling and gold deportment studies at key milestones throughout the year.

GRAB SAMPLES

A total of 32 artisanal shafts from various areas on current drill target areas were accessed and sampled in September 2011. A 20 kg sample was taken across the full width of the current working face and sent to SGS Johannesburg for QEMSCAN analysis. The sampling was restricted to only safe and accessible shafts and there was no geological control as to whether the face was on ore or not. As these samples were not physically taken under controlled conditions, they must be considered as grab samples. Grades ranged from less than 0.5 g/t gold to 58.47g/t gold, providing confidence in the information that artisanal miners are extracting ore at grades between 5 g/t gold and 25 g/t gold.

Study of the material being removed from the artisanal workings suggests the nature of the geology of the zones being mined as mineralized brittle-ductile style shear structures with gold hosted in sulphide disseminations, stringers and masses within smokey black to white quartz veins, and sheared country rock consisting of mafic metavolcanics. This is very similar in nature to the ore mined at the neighboring Bulyanhulu Mine of African Barrick Gold. The nature of these structures and the style of deformation, veining and mineralization provide encouraging indications that the mineralized zones at the Tembo Project are robust structures with strike lengths from 500 - 1,500 m (11 km in total), as evidenced by the extent of artisanal mining activity.

The samples are currently undergoing gold deportment testing to better understand the local metallurgy, completion of which is expected in the coming months.

FIRST ASSAY RESULTS

On March 13, 2012 the Company announced the first assay results from its initial drilling at the Tembo Project. Drilling at the first target consisted of 12 drill-holes, 6 reverse circulation and 6 diamond drilling on alternate section lines 100 m apart along a 500 m strike length. The goal of the drill program was to test for multiple mineralized structures at 50 and 100m depths beneath artisanal workings.

To date assay results from 7 holes (3 reverse circulation and 4 diamond drill), have been received and are reported below, assays for the remaining 5 holes are pending and will be reported on as soon as they become available.

Highlights Include:

- **TDD0004: 3.13g/t Au over 25.89m** including **8.87g/t Au over 3.89m**;
- **TDD0005: 10.76g/t Au over 4.00m**, including **93.3 g/t Au over 0.38m and;**
- **TRC0013 16.10g/t Au over 3.00m** and **4.01g/t Au over 3.00m**.

The initial drilling targeted a southern dominant east-west structure at 50 m and 100 m depths, with all holes being extended to between 200 m and 300 m in order to intersect a second east-west structure and test for potential deeper structures. All drill holes were drilled at -60° inclination to the north as initial interpretation of artisanal workings suggested that mineralization dips steeply to the south.

At this locality drilling core structural analysis suggests that three structural directions (east-west, northwest, and northeast) are mineralized, with two sub-parallel east-west zones of artisanal mining intersecting northwest and northeast zones within the target area. Multiple intersections indicate that many of the identified structures are gold bearing. The wide mineralization (3.13g/t Au over 25.89 m of core length) encountered in TDD0004 reinforces the possibility of encountering wide lower grade potentially open pittable resources in addition to the high grade narrow structures typical of the nearby Bulyanhulu mine of African Barrick Gold.

All drill core is being oriented using a Reflex instrument to facilitate structural logging and analysis. Preliminary indications are that mineralization may be associated with north and south dipping structures and as such additional diamond drill-holes have been planned from the north to improve the intersection angle through structures with a northern dip and provide additional 3-D information.

Drill-holes completed **	Depth From (m)	Depth To (m)	Width * (m)	Au (g/t)	Comments
TDD0004	**41.00**	**66.89**	**25.89**	**3.13**	Mineralised zones characteristically containing disseminated and stringers of pyrrhotite and pyrite associated with quartz veins, evidence of shearing and chlorite, carbonate and silicic alteration.
Including	41.60	44.50	2.90	4.15	
	47.50	49.00	1.50	2.22	
	60.00	62.00	2.00	12.71	
Including	**60.50**	**61.00**	**0.50**	**36.30**	
	63.00	66.89	3.89	8.78	
Including	**63.50**	**64.00**	**0.50**	**20.10**	
	65.00	**65.23**	**0.23**	**17.20**	
	65.74	**66.30**	**0.56**	**15.80**	
TD00005	**152.86**	**158.00**	**5.14**	**8.50**	Smokey grey quartz veining with associated disseminated and stringer pyrite and pyrrhotite, and carbonate and sericitic alteration in foliated metabasalt, possible visible Au.
Including	154.00	158.00	4.00	10.76	
Including	**155.32**	**155.70**	**0.38**	**93.30**	
TDD0010	**189.50**	**191.50**	**2.00**	**4.48**	Strongly foliated sheared metabasalt with quartz veins and disseminated pyrite and pyrrhotite.

Including	190.60	191.00	0.40	8.23	
	257.80	258.40	0.60	1.69	Sheared and fractured with quartz vein and minor sulphide.
TDD0011	189.50	191.50	2.00	4.48	Quartz carbonate vein with pyrite and pyrrhotite.
TDD0012					Results pending
TRC0013	19.00	22.00	3.00	16.10	
	85.00	91.00	6.00	2.18	Quartz veining and sulphide in weathered to fresh sheared metabasalt.
	103.00	106.00	3.00	4.01	
	248.00	250.00	2.00	2.86	
TRC004					No significant results
TRC005	156.00	159.00	3.00	1.80	

* Widths represent down hole core lengths, and true widths are unknown at this time, no high grades cut has been applied.
** TDD = Diamond Drill and TRC = Reverse Circulation

ADDITION OF PROSPECTING LICENSES

On March 22, 2012, the Company announced that the Acting Commissioner of Minerals at the Ministry of Energy and Minerals in Tanzania had granted the Company an additional eleven Prospecting Licenses ("**PL**") within the Tembo Project area. The total area that has been granted is 26.33 km^2 bringing the total active area to 113.31 km^2. The license applications had been in pending status and all are now active. The Company has paid the preparation fees for these PLs that are now being prepared for issue. Most importantly, most of the greenstone geological area within the project boundary and all of the Company's priority targets for the 2012 exploration program and future potential targets are now included in the active PL area.

SELECTED ANNUAL AND QUARTERLY INFORMATION

The following tables show selected financial information related to the Company for the periods indicated. The information contained in these tables should be read in conjunction with the Company's consolidated financial statements.

Selected Annual Information

($)	**Year ended Dec. 31, 2011**	**Year ended Dec. 31, 2010**	**Year ended Dec. 31, 2009**
Total revenues	82,897	30,628	45,126
Total expenses	1,612,918	727,007	1,057,636
Net loss and comprehensive loss	1,530,021	713,379	882,283
Loss per share (basic and fully diluted)	0.11	0.22	0.01
Cash	11,922,560	3,364	30,309
Total assets	14,301,246	991,627	1,057,135
Total liabilities	826,293	2,641,735	1,993,864
Shareholders' equity (deficiency)	13,474,953	(1,650,108)	(936,729)

In 2011 the Company had other income of $82,897 compared to $30,628 during 2010. The Company's only source of income was option payments in respect of its Tembo property. Included in 2011 other income, is a $39,552 non-cash gain on disposal of Company's property and equipment to a director of one of its Tanzanian subsidiary in order to settle US$45,000 owing to said director.

The total expenses for 2011 were $1,612,918 compared to $727,007 for 2010. During 2010 the Company had limited operations, as its management worked towards re-listing of Company's commons shares. During second half of 2011, the Company successfully completed necessary steps to achieve its re-listing in the first quarter of 2012, and ultimately to continue with its exploration program on the Tembo Project. The $885,911 increase in total expenses from 2010 to 2011 is attributed to the increased activities related to this process. Significant items contributing to the increase in expenses were as follows:

- Professional fees incurred during 2011 were $308,017 (2010 - $123,279). These include legal fees and auditors fees.
- Management fees of $456,901 were incurred during 2011 (2010 - $277,396).
- The Company increased activity in 2011 resulted in office overhead expenses of $159,384 (2010 - $57,474). Transfer agent fees associated with financing activities during 2011 were $57,105 (2010 - $NIL)
- During the fiscal 2011, the Company recorded $191,092 in stock based compensation (2010 - $NIL).

During the second half of 2011, the Company completed three separate financings for total net proceeds of $14,873,990 (2010 - $NIL). The Company also incurred a total of $858,373 (2010 - $8,153) on mineral properties and property and equipment expenditures related to its Tembo project exploration activities.

The company holds a property of merit and a substantial work program has been recommended in a NI 43-101 report and as the Company has sufficient funding to implement the program no impairment charge was considered necessary.

Selected Quarterly Information

		Net Loss and Comprehensive Loss			
Quarter Ended	**Net Revenue**	**Total**	**Per Share (Basic and fully diluted)**	**Cash**	**Working Capital (Deficiency)**
Mar. 31, 2012	$ 45,000	$ (2,123,235)	$ (0.05)	$ 10,326,686	$ 9,684,154
Dec. 31, 2011	39,552	(823,026)	(0.02)	11,922,560	11,338,953
Sept. 30, 2011	-	(482,429)	(0.04)	2,664,028	1,796,674
June 30, 2011	-	(59,386)	(0.02)	23,910	(2,817,142)
Mar. 31, 2011	43,048	(165,180)	(0.03)	87,861	(2,757,757)
Dec. 31, 2010	-	(408,625)	(0.13)	3,364	(2,592,577)
Sept.30, 2010	-	(117,313)	(0.03)	78,875	(2,194,269)
June 30, 2010	-	(104,830)	(0.03)	40,837	(2,076,956)

During the first quarter of 2012, the Company had a net and comprehensive loss of $2,123,235 (2011 - $165,180). The higher loss is a result of increased general and administrative expenses related to re-activation of the Company's exploration activities. Contributing to the total loss during the first quarter was $1,176,667 in currency translation adjustment which was based on historical advances to the Company's foreign subsidiary.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of 2012, the Company's continued to improve its financial position by completing additional financing for gross proceeds of $1,382,000. Warrant exercises during the quarter contributed approximately $697,000 to the Company's cash position. As at March 31, 2012, the Company had a net working capital of approximately $9,684,000.

The Company believes that it currently has sufficient capital resources to meet anticipated corporate administration costs for the upcoming twelve month period and to fulfill exploration as budgeted in the Company's 43-101 Report. However, exploration plans may change due to ongoing exploration results, or due to the addition of new properties, which may entail significant funding or exploration commitments. In any event, the Company will be in need of additional capital to carry out its long term exploration and development plans. While the Company has been successful in raising the required capital in recent past, there can be no assurance that it will be able to do so in the future.

Share capital

The following table summarizes the outstanding securities issued by the Company for the periods indicated.

	May 30, 2012	December 31, 2011	December 31, 2010
Common shares	40,252,012	38,774,882	3,291,665
Stock options	4,084,000	2,655,000	400,000
Warrants	8,563,257	8,669,627	-
Total equity instruments outstanding	52,899,269	50,099,509	3,691,665

INTEREST IN MINERAL EXPLORATION PROPERTIES

The Company's carrying values of its mineral property was $3,585,009 as of March 31, 2012 and $1,799,548 as of December 31, 2011.

	Tembo Project
Balance, December 31, 2010	**$ 941,175**
Additions:	
Exploration	69,951
Technical services	256,957
Drilling	566,332
Travel	46,507
Field office	40,208
Total additions	$ 858,373
Balance, December 31, 2011	**$ 1,799,548**
Additions:	
Acquisition	842,500
Technical services	172,435
Drilling	670,472

Travel	31,589
Field office	68,465
Total additions	$ 1,785,461
Balance, March 31, 2012	**$ 3,585,009**

In addition to its Tembo Project, the Company continues to hold interest in the following property.

Ikungu, Tanzania

Located 17 km southwest of Musoma and 135 km northeast of Mwanza, Tanzania's second largest city, Ikungu consists of 2 prospecting permits totalling 17.92 km^2. It is centered on the Forest Reef underground mine that produced 23,600 oz. of gold from ore at an average grade of 12 g/t Au from 1933-1942. To date MDN Inc. has drilled a 2.5 kilometre long gold bearing quartz vein system that is open to the west, with 21 diamond drill holes to depths of 100 metres. MDN Inc. intends to continue drilling the Ikungu property in order to test the vertical continuity of the gold mineralized structure there.

JOINT VENTURE AND OPTION AGREEMENTS

Tembo Project, Bulyanhulu Area, Tanzania

On October 1, 2004 the Company entered into an option agreement with a Tanzanian national, whereby the Company has the right to acquire a 100% interest in PL's 2296, 4576, 3343, and 4080 by making payments of US$78,000 over three years (US$78,000 paid), a payment of US$100,000 on commencement of commercial production and production payments equal to 1% NSR. The Company has an option to purchase the NSR interest for US$1,000,000.

On July 19, 2006 the Company entered into an agreement with Nyati Resources Ltd. for the purchase of three Primary Mining Licenses ("**PML**"'s) for a total consideration of US$75,000 (paid) and 100,000 (issued) common shares of the Company. Nyati Resources Ltd. is owned by a director of the Company's Tanzanian subsidiary, Lakota Resources (T) Limited.

The Company, through one of its Tanzanian subsidiaries, Bemuda Limited, holds a 100% interest in PL 2178/2003 at Tembo. A previous royalty agreement between the Company and a third party was terminated in consideration of the following cash payments: US$50,000 (paid), US$250,000 upon a production decision being made, and a total of US$4,750,000 in staged cash payments based on actual gold production - US$250,000 on an aggregate of 250,000 ounces, US$1,000,000 at 1.0mm ounces, US$1,500,000 at 1.5mm ounces, and US$2,000,000 at 2.0mm ounces. There are no current mining operations on this PL.

On January 29, 2007 the Company entered into an arms-length option agreement with a Tanzanian national, whereby the Company has the right to acquire a 100% interest in one PML (PML#1081) by payments of US$11,000 and the issuance of 10,000 common shares of the Company over a period of three years, subject to regulatory approval. Once the Company has made payments and issued the shares, the vendor will deliver documents to allow the PML to be surrendered to the Company. The terms of the agreement called for a payment of US$2,000 on signing (paid) and payments of US$2,500 (paid), US$3,000 and US$3,500 on the first, second and third anniversary dates. Also, the Company was required to issue, upon regulatory approval, 3,000 common shares of the Company (issued) at a deemed price of $0.23 and to issue on the first, second and third anniversary dates 2,000 (issued), 2,500 and 2,500 common shares respectively.

Ikungu, Tanzania

The Ikungu project is in the fourth year of an option agreement with MDN Inc., where by MDN Inc. can earn up to a 70% interest in the project by making cash payments totaling US$215,000 and spending US$4,000,000 on the property within seven years. The first US$2,000,000 of exploration expenditures earns MDN Inc. a 60% interest and the second US$2,000,000 may earn an incremental 1% for each US$200,000 spent to a maximum of 70% interest in the property.

In October of 2010 MDN advised the Company that an initial expenditure in the amount of US$2,000,000 had been incurred, and on August 12, 2011 advised that a further US$2,000,000 had been expended and that MDN has therefore earned a 70% undivided interest in the property. The Company has elected not to participate in a joint venture on the property and contribute to further proposed exploration. In terms of the agreement with MDN, should MDN continue to explore the property and incur expenditure, the Company's interest will be diluted. Once this dilution has reduced the Company's interest to less than 10% the Company will be deemed to have withdrawn from the agreement and the remaining interest will be converted a Net Proceeds of Production royalty interest of 3%.

COMMITMENTS AND CONTINGENT LIABILITIES

According to a royalty agreement related to the Tembo property, a US$250,000 payment is due upon a production decision being made, a US$250,000 payment upon production of 250,000 ounces, a US$1,000,000 payment upon production of 1.0mm ounces, a US$1,500,000 payment upon production of 1.5mm ounces, and a final payment of US$2,000,000 upon production of 2.0mm ounces. At September 30, 2011 the property does not contain any mining operations.

Based on an option agreement related to the Tembo property, the Company has an option to acquire 100% interest in one PML. In order to complete the agreement, the Company is required to make aggregate payment of US$6,500 and issue 5,000 common shares at a deemed price of $0.23.

RELATED PARTY TRANSACTIONS

a) Related party expenses

The Company's related parties include directors and officers and companies which have directors in common. Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended December 31, 2011, the Company received loan advances from BEC of $200,000 (2010 - $287,698). The aggregate loans advances of $1,300,000 were settled during the year ended December 31, 2011 through the issuance of 7,222,222 of the Company's common shares, see note 6(a)(2).

During the year ended December 31, 2011, the Company settled US$65,000 debt owing to a director of its Tanzanian subsidiary. This debt was settled through the assignment of three used vehicles and office equipment as well as a US$25,000 cash payment. This transaction was measured at fair value.

During the period ended March 31, 2012, the Company incurred US$842,500 in acquiring Primary Mining Licenses from a company of which the Company's officer is a shareholder.

b) Key management personnel compensation

Key management are directors and officers of the Company and their remuneration earned and paid includes the following:

	Three months ended March 31, 2012	Three months ended March 31, 2011
Salaries and other employment benefits	**$ 34,389**	$ -
Consulting fees	**9,596**	25,150
Management fees	**67,730**	-
Director's fees	**15,000**	-
Stock based compensation	**300,260**	-
Total compensation	**$ 426,975**	$ 25,150

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

POST-REPORTING DATE EVENTS

Subsequent to March 31, 2012, 40,700 of Company's warrants were exercised for gross proceeds of $34,430.

RISKS AND UNCERTAINTIES

The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains only to conditions currently known to management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Risks Inherent in the Exploration and Development Business

Exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable. Availability of skilled people, equipment and infrastructure (including road, posts, power supply) can constrain the timely development of a mineral deposit. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground controls problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse governmental action. Insurance coverage against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry. In addition, insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Company.

Competition for Mining Properties

The mining industry in which the Company is engaged is in general, highly competitive. Competitors include well-capitalized mining companies, independent mining companies and other companies having financial and other resources far greater than those of the Company. The Company competes with other mining companies in connection with the acquisition of mineral properties. In general, properties with a higher grade of recoverable mineral that is more readily minable, afford the owners a competitive advantage in that the cost of production of the final mineral product is lower. Thus, a degree of competition exists between those engaged in the mining industry to acquire the most valuable properties. As a result, the Company may eventually be unable to acquire attractive mining properties.

Financing

Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. Financing through the issuance of common shares is often affected by market conditions including the price of metals and as such the Company could experience difficulty raising sufficient capital to fund operations including exploration.