NV GOLD CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

SIX MONTHS ENDED FEBRUARY 28, 2014 and 2013

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT

	February 28, 2014	August 31, 2013
ASSETS		
Current		
Cash	$ 26,911	$ 72,697
Accounts receivable	2,751	261
Prepaid expenses	4,976	-
	34,638	72,958
Reclamation bonds (Note 5)	35,596	33,848
Exploration and evaluation assets (Note 6)	1,172,080	1,172,080
	$ 1,242,314	$ 1,278,886
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 17,677	$ 35,121
Due to related parties (Note 9)	244,778	125,997
	262,455	161,118
Shareholders' equity		
Share capital (Note 8)	4,021,645	4,021,645
Share-based payments reserve (Note 8)	478,790	462,759
Deficit	(3,520,576)	(3,366,636)
	979,859	1,117,768
	$ 1,242,314	$ 1,278,886

Nature and continuance of operations (Note 1)
Basis of presentation (Note 2)
Subsequent events (Note 14)

Approved on behalf of the Board
on April 11, 2014

"John Watson" Director *"Wayne Yang"* Director

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

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended February 28, 2014	Three Months Ended February 28, 2013	Six Months Ended February 28, 2014	Six Months Ended February 28, 2013
EXPENSES				
Advertising and promotion	$ 76	$ -	$ 2,436	$ -
Bank charges and interest	247	161	539	423
Consulting	22,845	21,227	44,683	42,739
Office and general	5,250	4,958	11,874	10,330
Professional fees	23,339	27,300	34,812	38,489
Property investigation	1,834	1,854	15,036	10,650
Registration and filing	8,420	2,545	9,120	2,545
Shareholder costs	2,977	1,337	3,952	1,765
Share-based compensation (Note 8)	16,031	-	16,031	-
Transfer agent	1,212	887	1,843	1,933
Travel and related	6,013	-	20,888	26,225
Recovery of costs	(3,493)	-	(3,493)	-
Loss before other items	(84,751)	(60,269)	(157,721)	(135,099)
OTHER ITEMS				
Foreign exchange gain (loss)	3,356	(11,132)	3,729	(10,589)
Interest income	43	50	52	676
	3,399	(11,082)	3,781	(9,913)
Loss and comprehensive loss for the period	$ (81,352)	$ (71,351)	$ (153,940)	$ (145,012)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	25,144,964	21,788,136	25,144,964	21,564,989

NV GOLD CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT FEBRUARY 28, 2014

	Share Capital		**Share-based Payments**		**Total Shareholders'**
	No. of Shares	**Amount**	**Reserve**	**Deficit**	**Equity**
Balance, August 31, 2012	**21,344,294**	**$ 3,839,159**	**$ 462,759**	**$ (2,861,953)**	**$ 1,439,965**
Share issued in settlement of debt	1,125,670	50,655	-	-	50,655
Private placement	2,525,000	138,875	-	-	138,875
Share issue costs	-	(2,391)	-	-	(2,391)
Loss for the period	-	-	-	(145,012)	(145,012)
Balance, February 28, 2013	**24,994,964**	**$ 4,026,298**	**$ 462,759**	**$ (3,006,965)**	**$ 1,482,092**
Common shares for Swiss Permits' technical data	150,000	4,500	-	-	4,500
Share issue costs	-	(9,153)	-	-	(9,153)
Loss for the period	-	-	-	(359,671)	(359,671)
Balance, August 31, 2013	**25,144,964**	**$ 4,021,645**	**$ 462,759**	**$ (3,366,636)**	**$ 1,117,768**
Share-based compensation	-	-	16,031	-	16,031
Loss for the period	-	-	-	(153,940)	(153,940)
Balance, February 28, 2014	**25,144,964**	**$ 4,021,645**	**$ 478,790**	**$ (3,520,576)**	**$ 979,859**

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

NV GOLD CORPORATION
CONDENSED COSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT

	Six Months Ended February 28, 2014	Six Months Ended February 28, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (153,940)	$ (145,012)
Items not affecting cash		
Foreign exchange on reclamation bond	(1,748)	(1,451)
Share-based compensation	16,031	-
Change in non-cash working capital items:		
Increase in accounts receivable	(2,490)	(8,092)
Increase in prepaid expenses	(4,976)	-
Increase in accounts payable and accrued liabilities and due to related parties	101,337	60,976
Net cash used in operating activities	(45,786)	(93,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(5,015)
Net cash used in investing activities	-	(5,015)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement	-	138,875
Share issue costs	-	(2,391)
Net cash provided by financing activities	-	136,484
Change in cash during the period	(45,786)	37,890
Cash, beginning of period	72,697	123,136
Cash, end of period	$ 26,911	$ 161,026

Supplemental disclosures with respect to cash flows (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of the province of British Columbia on May 23, 2007. The Company is engaged in the identification, acquisition and exploration of mineral properties. The Company began trading on the TSX Venture Exchange ("TSX-V") on November 26, 2009 under the trading symbol NVX.

The address of the Company's corporate office is located at Suite 810 -609 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The Company expects its current capital resources will not be sufficient to complete its exploration and development plans and operations through its current operating period and will be required to raise additional funds through future equity issuances. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

	February 28, 2014	August 31, 2013
Working capital (deficiency)	$ (227,817)	$ (88,160)
Deficit	(3,520,576)	(3,366,636)

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the financial statements of the parent company, NV Gold Corporation, and its subsidiaries listed below:

	Jurisdiction	Natureof Operations	Equity Interest 2014	Equity Interest 2013
NV Gold Corporation(USA) Inc. ("NV Gold USA")	Nevada, USA	Exploration	100%	100%
SwissGold Exploration AG ("SwissGold")	Switzerland	Exploration	100%	100%

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions have been eliminated upon consolidation.

Financial instruments

Financial assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial liabilities

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

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

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

The Company has classified its cash as fair value through profit or loss. The Company's accounts receivable are classified as loans and receivables. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Mineral property assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd…)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Reclamation bonds

Cash which is subject to contractual restrictions on use is classified separately as reclamation bonds.

Income taxes

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

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

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

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

Share-based payment transactions

Where equity-settled share options are awarded to employees, the fair value of the options is measured on the date of grant using the Black-Scholes option pricing model and is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payment transactions (cont'd…)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based payments reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability-specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur. The Company had no rehabilitation obligations as at February 28, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions (cont'd…)

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Earning/Loss per share

Basic earnings / loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New Standards Not Yet Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting years beginning after January 1, 2013 or later years. Early adoption of either IFRS 10, 11 or 12 is permitted but requires the concurrent adoption of the other two standards.

IFRS 9, "Financial Instruments", is part of the IASB's wider project to replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 retains but simplifies the mixed measurement model and established two primary measurement categories for financial assets; amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company on or after January 1, 2015. The Company will continue to evaluate and monitor the developments of this new standard.

IFRS 10, "Consolidated Financial Statements", establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard builds on the existing principles of 'control' by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. There will be no significant impact on the Company upon implementation of the issued standard.

IFRS 11, "Joint Arrangements", provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The Company anticipates reviewing all existing arrangements for classification, particularly our mineral property agreements and may require assistance from its external advisors.

IFRS 12, "Disclosure of Interests in Other Entities", is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company anticipates reviewing all existing arrangements for classification, particularly our mineral property agreements and may require assistance from its external advisors.

IFRS 13, "Fair Value Measurements", is a new comprehensive standard on measuring and disclosing fair value and will supersede all other fair value guidance in IFRS. The Company anticipates reviewing all existing fair valued accounts and may require assistance from its external auditors.

IAS1, "***Presentation of other comprehensive income".*** In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New Standards Not Yet Adopted (cont'd…)

***IAS 28*, "*Investments in Associates and Joint Ventures (Amended in 2011)*"**, IAS 28 (2011), "Investments in Associates and Joint Ventures", supersedes IAS 28 "Investments in Associates" and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. The amended standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities" and IAS 27 (2011), "Separate Financial Statements".

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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

a) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd…)

c) Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 8.

5. RECLAMATION BONDS

The Company's refundable reclamation bonds are comprised of the following:

		February 28, 2014		August 31, 2013
Afgan-Kobeh property	$	20,816	$	19,794
Fisher Canyon property		4,598		4,372
Roberts Gold property		10,182		9,682
Total	$	35,596	$	33,848

6. EXPLORATION AND EVALUATON ASSETS

The following exploration and evaluation assets expenditures were incurred on the Company's mineral properties.

For the six month period ended February 28, 2014		Swiss Permits		Afgan-Kobeh Property		Total
Acquisition costs						
Balance, February 28, 2014	$	1	$	415,234	$	415,235
Exploration costs						
Balance, August 31, 2013 and February 28, 2014		-		756,845		756,845
Total exploration and evaluation assets, February 28, 2014	$	1	$	1,172,079	$	1,172,080

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATON ASSETS (cont'd…)

For the year ended August 31, 2013	Swiss Permits	Afgan-Kobeh Property	Total
Acquisition costs			
Balance, August 31, 2012 and 2013	$ -	$ 415,234	$ 415,234
Exploration costs			
Balance, August 31, 2012	253,625	733,258	986,883
Additions:			
Claim filing and registration	12,974	18,055	31,029
Geological consulting	161	1,181	1,342
Land management	-	2,565	2,565
Maps and data	4,379	-	4,379
Sample storage	649	-	649
Travel and transport	-	1,786	1,786
	18,163	23,587	41,750
Total exploration costs, August 31, 2013	271,788	756,845	1,028,633
Less: write-down	(271,787)	-	(271,787)
Total exploration and evaluation assets, August 31, 2013	$ 1	$ 1,172,079	$ 1,172,080

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge title to all of its properties is in good standing.

Swiss Permits (Switzerland)

Exploration activities are currently on hold in Switzerland until the gold sector improves and until the communities, in which the Company previously conducted exploration activities, adopt a harmonized mining law. Due to these uncertainties, the Company wrote-down the carrying value of the Swiss Permits to a nominal value of $1 during the year ended August 31, 2013.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATON ASSETS (cont'd…)

Afgan-Kobeh Property (Nevada, USA)

During fiscal 2012, the Company entered into an agreement with Gold Standard Royalty (Nevada) Inc., ("Gold Standard") to acquire a 100% interest in the Afgan-Kobeh property located in Eureka County, Nevada. Under the terms of the agreement, the Company paid US$200,000 in cash and issued 600,000 common shares at a fair value of $150,000 and 600,000 share purchase warrants at an exercise price of $0.40 per share expiring June 14, 2012 (expired) with a fair value of $62,374 using the Black-Scholes option pricing method with a volatility of 100%, risk-free interest rate of 1.81%, an estimated useful life of 2 years and 0% annual dividend rate.The property is subject to a 1% NSR.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are comprised of the following:

	February 28, 2014	August 31, 2013
Accrued liabilities	$ -	$ 15,000
Trade payables	17,677	20,121
Total	$ 17,677	$ 35,121

8. SHAREHOLDERS' EQUITY

Authorized:

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

The Company did not issue any common shares during the six month period ended February 28, 2014.

Shares held in escrow

As at February 28, 2014, there were no common shares held in escrow.

(Expressed in Canadian Dollars)

8. SHAREHOLDERS' EQUITY (cont'd…)

During the year ended August 31, 2013 the Company issued:

i) 2,525,000 common shares at $0.055 per unit, for gross proceeds of $138,875 from a private placement. Each unit consists of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at $0.10 expiring February 26, 2015. The expiry date of each warrant is subject to acceleration such that, should the volume weighted average price of the common shares of the Company exceed $0.20 for 20 consecutive trading days, the Company may notify the holder in writing that the warrants will expire 20 trading days from receipt of such notice unless exercised by the holder before such date.

ii) 1,125,670 common shares at a fair value of $0.045 per share in settlement of US$84,425 in debts due to the President and CEO resulting in a gain on settlement of debt of $33,770.

iii) 150,000 common shares at a fair value of $0.03 per share pursuant to a Settlement Agreement related to the Swiss Permits (Note 6).

Stock options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares. The options can be granted for a maximum of 5 years and vest as determined by the board of directors. The exercise price of each option may not be less than the fair market value of the common shares.

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

	Number of Options	Weighted Average Exercise Price
Outstanding, August 31, 2013	1,690,000	$ 0.30
Granted	820,000	0.05
Outstanding, February 28, 2014	2,510,000	0.22
Exercisable, August 31, 2013	1,690,000	0.30
Exercisable, February 28, 2014	2,510,000	$ 0.22

(Expressed in Canadian Dollars)

8. SHAREHOLDERS' EQUITY (cont'd…)

Stock options outstanding at February 28, 2014 are as follows:

Number Of Options	Exercise Price	Expiry Date
240,000	$ 0.20	April 14, 2014
800,000	0.25	November 23, 2014
650,000	0.40	October 27, 2016
820,000	0.05	January 20, 2019

Warrants

Warrants transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, August 31, 2013 and February 28, 2014	1,387,500	$ 0.18
Exercisable, August 31, 2013 and February 28, 2014	1,387,500	$ 0.18

Warrants outstanding at February 28, 2014 are as follows:

Number of Warrants	Exercise Price	Expiry Date
125,000 (A)	$ 1.00	October 21, 2014
1,262,500 (B)	0.10	February 26, 2015

(A) The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $2.00 for a period of 20 consecutive days.

(B) The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $0.20 for a period of 20 consecutive days.

(Expressed in Canadian Dollars)

8. SHAREHOLDERS' EQUITY (cont'd…)

Share-based compensation

During the six month period ended February 28, 2014, the Company granted 820,000 (2012 – nil) stock options with a fair value of $16,031 (2012 - $Nil). The Company recognized $16,031 (2013 - $Nil) in share-based compensation on stock options that vested during the period. The fair value of share-based compensation was calculated using the Black-Scholes option-pricing model.

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

	February 28, 2014	February 28, 2013
Risk-free interest rate	1.67%	-
Expected life of options	5 years	-
Annualized volatility	124.73%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the six month period ended February 28, 2014:

i) Paid or accrued $44,683 (2013 - $42,220) in consulting fees and $4,641 (2013 - $5,100) in office and general costs to a director of the Company.

ii) Paid or accrued $22,135 (2013 - $15,505) in professional fees to a companies controlled by officers of the Company.

iii) Paid or accrued $11,439 (2013 - $Nil) in fees to a company controlled by a director of the Company of which $11,439 (2013 - $Nil) have been expensed as property investigation.

iv) Issued nil (2013 – 1,125,670) common shares at a deemed price of $Nil (2013 – US$0.075) per share in settlement of $Nil (2013 - US$84,425) in debts due to the CEO of the Company.

Included in due to related parties as of February 28, 2014 is $244,778 (August 31, 2013 - $125,997) due to a director, a company controlled by a director and companies controlled by officers.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

During the six month period ended February 28, 2014, 820,000 (2013 – nil) were granted to directors and officers. The fair value of $16,031 (2013 - $Nil) was recorded as share-based compensation.

Other than disclosed above, there was no other compensation paid to key management during the six month period ended February 28, 2014 and 2013.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

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

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

As at February 28, 2014, the Company's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial risk factors

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. The Company's receivables consist of GST recoverable from the Canadian Government.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at February 28, 2014, the Company had a cash balance of $26,911 to settle current liabilities of $262,455. All of the Company's financial liabilities are subject to normal trade terms.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

(b) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(c) Foreign currency risk

The Company has two foreign subsidiaries whose operations are in the United States and Switzerland respectively, which exposes the Company to foreign exchange risk. The Company is subject to currency risk due to the fluctuations of exchange rates between the Canadian dollar, United States dollar and the Swiss Franc. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration 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 Company's management to sustain future development of the business. The Company defines capital that it manages as share capital.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions during the six month period ended February 28, 2014 and 2013.

13. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. The Company has mineral properties located geographically as follows:

Exploration and evaluation assets	February 28, 2014	August 31, 2013
United States of America	$ 1,172,079	$ 1,172,079
Switzerland	1	1
Total	$ 1,172,080	$ 1,172,080

14. SUBSEQUENT EVENTS

Rattlesnake Hills Property Transaction

The Company announced on March 17, 2014 that it entered into an option agreement (the "Agreement") with Evolving Gold Corp. ("EVG") under which the Company has been granted an option to acquire a 100% interest in the Rattlesnake Hills Project ("Rattlesnake Hills" or the "Property"). Rattlesnake Hills is located in Natrona County, Wyoming, USA. The Project land package is comprised of 644 lode mining claims covering approximately 5,235 hectares and Wyoming State leases covering an additional 533 hectares.

In order to exercise its option and acquire a 100% interest in Rattlesnake Hills, the Company must pay to EVG's subsidiary, Rattlesnake Mining (Wyoming) Company ("EVG US") US$3,500,000 and issue 3,000,000 common share purchase warrants of the Company ("Warrants") and 1,000,000 common shares of the Company ("Shares") in aggregate as follows:

(i) on execution of the Agreement, US$100,000 as a non-refundable deposit (the "Deposit") and US$300,000 (the "Down Payment") to EVG US' counsel for forwarding to EVG US upon TSX-V acceptance or return to the Company if TSX-V acceptance of the Agreement is not issued within 45 days of March 14, 2014;

(ii) upon TSX-V acceptance, US$100,000 and 1,000,000 Warrants, each such Warrant exercisable to acquire one Share at CDN$0.10 per Share for 36 months from the date of issue;

(iii) on or before August 1, 2014, US$200,000;

(iv) on or before September 15, 2014, 1,000,000 Warrants, each such Warrant exercisable to acquire one Share at CDN$0.10 per Share until September 15, 2016;

14. SUBSEQUENT EVENTS (cont'd…)

Rattlesnake Hills Property Transaction (cont'd…)

(v) on or before November 1, 2014, US$800,000;

(vi) on or before the first anniversary of TSX-V acceptance, US$1,000,000 and 1,000,000 Warrants, each such Warrant exercisable to acquire Share at CDN$0.10 per Share for a period of 18 months from the date of issue; and

(vii) on or before the second anniversary of execution, US$1,000,000 and 1,000,000 Shares.

The Company and EVG are at arm's length.

Private Placements

In order to fund the initial payments due under the Agreement and other expenses, the Company completed two non-brokered private placements for aggregate proceeds of $670,000 (the "Placements") on April 3, 2014.

The Placements are comprised of 2,221,000 units (the "Units) at $0.05 per Unit for proceeds of $111,050 and 11,179,000 special warrants (the "Special Warrants") for gross proceeds of $558,950. Each Unit consists of one Share and one-half of one Warrant exercisable at CDN$0.10 per share until October 3, 2015. Each Special Warrant will be automatically converted into a unit (a "SW Unit") for no additional consideration upon receipt of TSX-V acceptance of the Agreement on or before April 28, 2014. If TSX-V acceptance of the Agreement is not received, the Special Warrants will automatically be retracted and the subscription proceeds returned to the subscribers. The SW Units consist of one Share and one-half of one Warrant exercisable at CDN$0.10 per share until October 3, 2015. The Issued Units, the SW and any shares issued on conversion of the SW or on exercise of the Warrants forming part of the Issued Units or the SW Units are subject to a hold period expiring on August 4, 2014.

The Agreement is subject to the approval of the TSX-V.

New Private Placement

On April 3, 2014, the Company also announced a New Private Placement offering of 6,500,000 units (the "Offered Units) at $0.10 per Offered Unit. Each Unit will consist of one Share and one-half of one Warrant exercisable at CDN$0.20 per share for three years from issue of the Units. The expiry date of each Warrant is subject to acceleration such that, should the volume weighted average price of the common shares of the Company exceed CDN$0.30 for twenty consecutive trading days, the Company may notify the holder in writing that the Warrants will expire 20 trading days from receipt of such notice unless exercised by the holder before such date. John E. Watson, the President and CEO and a director of the Company, is purchasing 1,000,000 Offered Units.

The New Private Placement is subject to the approval of the TSX-V.