NV GOLD CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2011

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
NV Gold Corporation

We have audited the accompanying consolidated financial statements of NV Gold Corporation which comprise the consolidated balance sheets as at August 31, 2011 and 2010 and the consolidated statements of operations, comprehensive loss and deficit, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of NV Gold Corporation as at August 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about NV Gold Corporation's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

December 19, 2011

NV GOLD CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT AUGUST 31

	2011	2010
ASSETS		
Current		
Cash	$ 939,896	$ 655,573
Accounts receivable	20,883	3,507
Prepaid expenses	8,225	2,389
	969,004	661,469
Reclamation bonds (Note 4)	49,732	23,490
Mineral properties and deferred exploration costs (Note 5)	1,263,645	481,819
	$ 2,282,381	$ 1,166,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 142,135	$ 57,921
Shareholders' equity		
Capital stock (Note 6)	3,716,659	1,868,229
Contributed surplus (Note 6)	314,517	276,998
Other comprehensive loss (Note 7)	(190)	(190)
Deficit	(1,890,740)	(1,036,180)
	2,140,246	1,108,857
	$ 2,282,381	$ 1,166,778

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

On behalf of the Board:

"John Watson" Director *"John Barnes"* Director

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

NV GOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
YEAR ENDED AUGUST 31

	2011	2010
EXPENSES		
Advertising and promotion	$ 43,689	$ 29,704
Bank charges and interest	1,336	1,044
Consulting	267,416	77,668
Office and general	73,129	23,745
Professional fees	154,947	142,699
Registration and filing	11,486	9,274
Shareholder costs	4,372	375
Stock-based compensation (Note 6)	20,827	192,547
Transfer agent	7,637	6,737
Travel and related	38,416	14,828
Loss before other items	(623,255)	(498,621)
OTHER ITEMS		
Foreign exchange loss	(35,462)	(20,202)
Interest income	5,439	1,648
Write-off of mineral property	(201,282)	(483,319)
	(231,305)	(501,873)
Loss and comprehensive loss for the year	(854,560)	(1,000,494)
Deficit, beginning of year	(1,036,180)	(35,686)
Deficit, end of year	$ (1,890,740)	$ (1,036,180)
Basic and diluted loss per common share	$ (0.05)	$ (0.08)
Weighted average number of shares outstanding	17,081,088	11,959,911

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

NV GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
AS AT AUGUST 31

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (854,560)	$ (1,000,494)
Items not affecting cash		
Foreign exchange on reclamation bond	-	367
Stock-based compensation	20,827	192,547
Write-off of mineral property	201,282	483,319
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(17,376)	15,285
(Increase) decrease in prepaid expenses	(5,836)	(2,389)
Increase (decrease) in accounts payable and accrued liabilities	2,992	12,666
Net cash used in operating activities	(652,671)	(298,699)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired on acquisition of NV Gold USA	-	672,586
Reclamation bond	(26,242)	(23,857)
Mineral property and deferred exploration costs	(821,726)	(515,114)
Net cash provided by (used in) investing activities	(847,968)	133,615
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issuance of capital stock	1,815,320	819,736
Share issue costs	(30,358)	(90,127)
Net cash provided by financing activities	1,784,962	726,609
Change in cash during the year	284,323	564,525
Cash, beginning of year	655,573	91,048
Cash, end of year	$ 939,896	$ 655,573

Supplemental disclosures with respect to cash flows (Note 10)

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. On November 23, 2009, the Company completed its qualifying transaction by acquiring all of the issued and outstanding common shares of NV Gold Corporation (USA) (“NV Gold USA”), a private exploration stage company. The Company began trading on the TSX Venture Exchange (“TSX-V”) on November 26, 2009 under the trading symbol NVX.

The Company is in the process of acquiring and exploring its mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future profitable production.

These consolidated financial statements have been prepared on a going-concern basis that presumes the realization of assets and discharge of liabilities in the normal course of operations rather than through a process of forced liquidation. The Company currently has no source of revenue and has incurred losses since inception. The ability of the Company to continue as a going-concern depends upon its ability to continue to raise adequate financing and attain future profitable operations. Management is continually targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business to ensure continuation of the Company’s operations and exploration programs. While this has been successful in the past, there is no assurance that such financing will be available in the future. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

	August 31, 2011	August 31, 2010
Working capital	$ 826,869	$ 603,548
Deficit	(1,890,740)	(1,036,180)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, NV Gold USA, incorporated in the state of Nevada on July 10, 2009. All inter-company balances and transactions have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates. Significant accounts that require estimates relate to the valuation allowances for future income tax assets, non-cash share consideration, valuation of warrants and shares issued as finders' fees, mineral property impairment and stock-based compensation.

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading. Receivables are classified as loans and receivables and accounts payable and accrued liabilities are classified as other financial liabilities, all of which are measured at amortized cost.

The Company provides additional disclosure about the fair value measurements for financial instruments and liquidity risk disclosures using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of the fair value hierarchy are as follows:

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

Mineral properties and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable mineral reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. As at August 31, 2011 and 2010 the Company had no asset retirement obligations.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock-based compensation

Stock options and direct awards of stock granted to employees and non-employees are recorded at fair value on the date of grant and the associated expense is recognized over the related vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

Comprehensive income

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the years presented, this calculation proved to be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share (cont'd…)

Basic loss per share is calculated using the weighted average number of shares outstanding during the period.

Comparative figures

Certain comparative figures have reclassified to conform with the current year's presentation.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. The Company's subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Income and expense items are translated at rates approximating those in effect at the time of the transaction. Translation gains and losses are reflected in the loss and comprehensive loss for the year.

Effective November 23, 2009, the Company changed its primary functional and reporting currency from United States Dollars to Canadian Dollars. These consolidated financial statements reflect the reverse takeover of the Company by NV Gold USA (Note 3). The change was made as a result of obtaining a listing on the TSX Venture Exchange and obtaining financing and conducting other equity transactions in Canadian Dollars. Comparative assets and liabilities were translated using the closing rate at the balance sheet date. All resulting exchange differences were recognized in other comprehensive loss.

Recent accounting pronouncements

Business combinations, Non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning September 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent accounting pronouncements (cont'd…)

International financial reporting standards ("IFRS")

In 2006, Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011.

3. REVERSE TAKEOVER OF NV GOLD CORPORATION USA

Effective November 23, 2009, the Company completed its acquisition of all the issued and outstanding share capital of NV Gold USA. As consideration, the Company issued 4,600,000 common shares. The Company also issued 414,400 common shares as finder's fees.

As a result of the transaction, the former shareholders of NV Gold USA own approximately 59% of the issued and outstanding share capital of the Company upon the completion of the transaction. Legally, the Company is the parent of NV Gold USA, however, as a result of the share exchange described above, control of the combined companies passed to the former shareholders of NV Gold USA. This type of share exchange, accounted for in a manner similar to that referred to as a "reverse takeover," deems NV Gold USA to be the acquirer for accounting purposes.

The value of the 5,014,400 common shares issued pursuant to the acquisition agreement and finder's fees has been determined by the net assets of Company on the date of the acquisition, November 23, 2009.

The allocation of the purchase price is as follows:

Cash	$ 672,586
Accounts receivable	18,792
Accounts payable	(7,677)
Subscriptions received in advance	(473,375)
Total allocation of the purchase price	$ 210,326

These consolidated financial statements for the year ended August 31, 2010 reflect the results of operations of NV Gold USA, the legal subsidiary, prior to the reverse takeover on November 23, 2009 and the consolidated assets, liabilities and results of operations of NV Gold USA and the Company subsequent to the reverse takeover. The capital stock represents the authorized and issued shares of the legal parent and the dollar amount of the shareholders' equity is that of the legal subsidiary. These consolidated financial statements are a continuation of the financial statements of the legal subsidiary, NV Gold USA. The comparative figures as at August 31, 2009 are those of the legal subsidiary, NV Gold USA.

4. RECLAMATION BONDS

The Company has posted refundable reclamation bonds for $49,732 (US$50,275) relating its exploration activities in Nevada (2010 - $23,490 (US$22,600)).

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

The following mineral property and deferred exploration costs were incurred on the Company's mineral property.

2011	Shamrock Property	Afgan-Kobeh Property	Roberts Gold Property	Total
Acquisition costs				
Balance, beginning of period	$ 31,182	$ 316,314	$ -	$ 347,496
Additions	29,676	98,920	97,424	226,020
Total acquisition cost, end of period	60,858	415,234	97,424	573,516
Exploration costs				
Balance, beginning of period	41,944	67,398	24,981	134,323
Additions:				
Assays	-	62,514	616	63,130
Claim filing and registration	11,053	26,615	25,009	62,677
Drilling	-	335,070	7,555	342,625
Geological consulting	78,746	118,968	15,283	212,997
Land management	2,473	2,653	2,777	7,903
Materials and supplies	1,846	8,151	20	10,017
Meals and lodging	-	4,293	1,657	5,950
Reproduction, copying and mapping	359	202	-	561
Road and site development	-	10,654	-	10,654
Travel and transport	4,003	34,011	2,560	40,574
	98,480	603,131	55,477	757,088
Total exploration costs, end of period	140,424	670,529	80,458	891,411
Write-off of acquisition and exploration costs	(201,282)	-	-	(201,282)
Total mineral property and deferred exploration costs	$ -	$ 1,085,763	$ 177,882	$ 1,263,645

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd…)

2010	Fisher Canyon Property	Shamrock Property	Afgan-Kobeh Property	Roberts Gold Property	Total
Acquisition costs					
Balance, beginning of year	$ 52,409	$ -	$ -	$ -	$ 52,409
Additions	109,500	31,182	316,314	-	456,996
Total acquisition cost, end of year	161,909	31,182	316,314	-	509,405
Exploration costs					
Balance, beginning of year	77,298	-	-	-	77,298
Additions:					
Assays	48,920	-	-	-	48,920
Claim filing and registration	-	27,535	-	16,273	43,809
Drilling	128,266	-	-	-	128,266
Geological consulting	30,147	5,924	42,430	-	78,501
Land management	-	3,342	18,984	1,497	23,823
Materials and supplies	2,315	271	-	-	2,586
Reproduction, copying and mapping	-	83	1,601	-	1,684
Road development	19,599	-	-	-	19,599
Sample storage	836	-	-	-	836
Travel and transport	14,029	4,788	4,383	7,211	30,411
	244,112	41,944	67,398	24,981	378,435
Total exploration costs, end of year	321,410	41,944	67,398	24,981	455,733
Write-off of acquisition and exploration costs	(483,319)	-	-	-	(483,319)
Total mineral property and deferred exploration costs	$ -	$ 73,126	$ 382,712	$ 24,981	$ 481,819

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.

Shamrock (Cobre) Copper Property

During fiscal 2010, the Company entered into a ten year lease with MinQuest, Inc. of Reno, Nevada on the Shamrock (Cobre) copper project located in Grant County, New Mexico, USA pursuant to which the Company paid $60,858 (US$60,000) and incurred exploration expenditures of $140,424. During the year ended August 31, 2011, the Company determined that the project was not economically feasible and abandoned its plan to develop the project. As a result, it charged $201,282 in costs incurred on the project to operations.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd…)

Afgan-Kobeh Property

The Company has an agreement with Gold Standard Royalty (Nevada) Inc., ("Gold Standard") to acquire a 100% interest in the Afgan-Kobeh project 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 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 warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $0.60 for a period of 15 consecutive days. The property is subject to a 1% NSR.

Roberts Gold Property

The Company entered into a mining lease agreement for the Roberts Gold Property. The property is contiguous to and north of the Company's Afgan-Kobeh property located in Eureka County, Nevada. Pursuant to the terms of the mining lease agreement, the Company paid advance royalty payments of US$10,000 upon the lease agreement becoming effective on October 26, 1010, an is obligated to pay a further US$10,000 six months thereafter (paid March 14, 2011), US$20,000 on the first five anniversary dates of the effective date of the lease agreement thereafter, and US$30,000 on each such anniversary date thereafter. The Company is responsible for all property maintenance obligations and has granted the lessor a 3% NSR. The Company has the right to purchase 25% of the royalty at any time for US$1,000,000 and a further 25% for US$2,000,000 at any time. The Company issued 250,000 units valued at $57,500 to terminate certain area of interest obligations to a third party. Each unit consists of one common share and one warrant to purchase an additional common share at a price of $0.40 per share expiring October 26, 2012 with a fair value of $22,660 using the Black-Scholes option pricing method with a volatility of 100%, risk free interest rate of 1.42%, an estimated useful life of 2 years and 0% annual dividend rate. The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $0.60 for a period of 15 consecutive days.

Fisher Canyon Property

A director of the Company entered into agreements to acquire a 100% interest in mineral claims located in Pershing County, Nevada. The Fisher Canyon Property consisted of two separate claim blocks comprising the Fisher Canyon Claims and the Cow Canyon North Claims. The agreements were assigned to the Company by the director during the period ended August 31, 2009. The Company paid US$32,500 and issued 438,000 common shares valued at $109,500 pursuant to the terms of the agreements.

During fiscal 2010, the Company relinquished its interests in the Fisher Canyon Property and wrote-off $483,319 in acquisition and exploration costs.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized:			
Unlimited common shares, without par value			
Issued:			
Balance as at August 31, 2009	3,221,000	$ 229,998	$ -
Shares issued pursuant to acquisition (Note 3)	5,014,400	210,326	-
Shares issued pursuant to brokered private placement	3,000,000	750,000	-
Shares issued pursuant to non-brokered private placement	2,093,500	523,375	-
Shares issued for finder's fees	141,080	35,270	-
Shares issued for exercise of warrants	98,680	19,736	-
Shares and warrants issued for mineral property (Note 5)	1,038,000	259,500	62,374
Stock-based compensation	-	-	192,547
Share issue costs	-	(159,976)	22,077
Balance as at August 31, 2010	14,606,660	1,868,229	276,998
Private placement	5,597,334	1,679,200	-
Exercise of warrants	270,000	108,000	-
Exercise of agent's warrants	70,300	28,120	-
Shares and warrants issued for mineral property (Note 5)	250,000	57,500	22,660
Contributed surplus on exercise of agent's warrants	-	5,968	(5,968)
Stock-based compensation	-	-	20,827
Share issue costs	-	(30,358)	-
Balance as at August 31, 2011	20,794,294	$ 3,716,659	$ 314,517

The Company issued the following common shares during year ended August 31, 2011:

Shares issued for private placement

On March 3, 2011, the Company completed the first tranche of a non-brokered private placement of 2,264,000 units (the "Units") at $0.30 per Unit for gross proceeds of $1,679,200. Each Unit is comprised of one common share and one-half of one non-transferable share purchase warrant which are exercisable at $0.40 per share until September 3, 2012. The Company paid a finder's fee of $3,000 in connection with certain subscriptions under the private placement. The second tranche was completed on May 9, 2011 for 3,333,334 Units for gross proceeds of $1,000,000. Each Unit is comprised of one common share and one-half of one non-transferable share purchase warrant exercisable at $0.40 per share until November 9, 2012.

Shares issued on exercise of warrants and agent's warrants

The Company issued 270,000 common shares pursuant to the exercise of warrants for gross proceeds of $108,000 and 70,300 common shares pursuant to the exercise of agent's warrants for gross proceeds of $28,120.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Shares issued for mineral property

Pursuant to mineral property option agreement for the Roberts Gold Property, the Company issued 250,000 common shares valued at $57,500 and 250,000 warrants allowing the holder to purchase an additional common share at a price of $0.40 per share expiring October 26, 2012 with a fair value of $22,660 using the Black-Scholes option pricing method with a volatility of 100%, risk free interest rate of 1.42%, an estimated useful life of 2 years and 0% annual dividend rate. The common shares and warrants making up the units and the common shares issuable upon exercise of the warrants were subject to a hold period which expired on February 27, 2011.

Shares held in escrow

As at August 31, 2011 there were 2,520,000 common shares held in escrow.

The Company issued the following common shares during year ended August 31, 2010:

Qualifying Transaction

The Company issued 5,014,400 common shares pursuant to the qualifying transaction completed on November 23, 2009 (Note 3).

Brokered private placement

The Company issued 3,000,000 units for gross proceeds of $750,000 pursuant to a brokered private placement. Each unit consists of one common share and one half of one warrant exercisable at $0.40 until May 23, 2011. The Company also issued 260,000 agent's warrants exercisable at $0.40 until May 23, 2011. The agent's warrants were valued at $22,077 using the Black-Scholes option pricing model with a volatility of 100%, expected life of 1.5 years, risk-free rate of 1.2% and a 0% annual dividend rate.

Non-brokered private placement

The Company issued 2,093,500 units for gross proceeds of $523,375 pursuant to non-brokered private placement. Each unit consists of one common share and one half of one warrant exercisable at $0.40 until May 23, 2011. The Company also issued 141,080 common shares as finder's fees with a fair value of $35,270 recognized as share issuance costs.

Shares held in escrow

As at August 31, 2010 there were 4,200,000 common shares held in escrow.

Exercise of agent's warrants

The Company issued 98,680 common shares pursuant to the exercise of agent's warrants at $0.20 per share for gross proceeds of $19,736.

Shares issued for mineral property

Pursuant to mineral property option agreements, the Company issued 438,000 common shares valued at $109,500 to Evolving Gold and 600,000 common shares valued at $150,000 and 600,000 warrants valued at $62,374 to Gold Standard (Note 5).

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

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:

	2011		2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,265,000	$ 0.24	300,000	$ 0.20
Exercised	-	-	-	-
Granted	100,000	0.35	1,025,000	0.25
Expired/cancelled	(50,000)	0.25	(60,000)	0.20
Outstanding, end of year	1,315,000	$ 0.25	1,265,000	$ 0.24
Exercisable, end of year	1,240,000	$ 0.25	1,265,000	$ 0.24

Stock options outstanding at August 31, 2011 are as follows:

Number Of Options	Exercise Price	Expiry Date
240,000	$ 0.20	April 14, 2014
975,000	0.25	November 23, 2014
100,000	0.35	March 1, 2016

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Warrants

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

	2011			2010		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of year	3,146,750	$	0.40	-	$	-
Exercised	(270,000)		0.40	-		-
Granted	3,048,667		0.40	3,146,750		0.40
Expired/cancelled	(2,276,750)		0.40	-		-
Outstanding, end of year	3,648,667	$	0.40	3,146,750	$	0.40
Exercisable, end of year	3,648,667	$	0.40	3,146,750	$	0.40

Warrants outstanding at August 31, 2011 are as follows:

Number of Warrants		Exercise Price	Expiry Date
600,000 [A]	$	0.40	May 14, 2012
1,132,000		0.40	September 3, 2012
250,000 [A]		0.40	October 26, 2012
1,666,667		0.40	November 9, 2012

(A) The warrants are subject to an accelerated exercise provision in the event the volume weighted average trading price exceeds $0.60 for a period of 15 consecutive days.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Agent's warrants

Agent's warrants transactions and the number of agent's warrants outstanding are summarized as follows:

	2011			2010		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of year	260,000	$	0.40	100,000	$	0.20
Exercised	(70,300)		0.40	(98,680)		0.20
Granted	-		-	260,000		0.40
Expired/cancelled	(189,700)		0.40	(1,320)		0.20
Outstanding, end of year	-	$	-	260,000	$	0.40
Exercisable, end of year	-	$	-	260,000	$	0.40

There are no agent's warrants outstanding at August 31, 2011.

Stock-based compensation

During the year ended August 31, 2011, the Company granted 100,000 (2010 – 1,025,000) stock options to employees, directors, officers and a consultant exercisable at $0.35 per share expiring on March 1, 2016. The estimated fair value of these options, using the Black-Scholes option pricing model, is $0.26 (2010 - $0.19). The estimated total fair value of vested stock options during the period was $20,827 (2010 - $192,547). This amount has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity.

Stock-based compensation

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

	2011	2010
Risk-free interest rate	2.61%	2.32%
Expected life of options	5.0 years	5.0 years
Annualized volatility	100.00%	100.00%
Dividend rate	0.00%	0.00%

7. ACCUMULATED OTHER COMPREHENSIVE LOSS

		2011		2010
Accumulated other comprehensive loss, beginning and end of year	$	(190)	$	(190)

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the year ended August 31, 2011:

i) Paid or accrued $84,810 (2010 - $75,787) in consulting fees and $10,151 (2010 - $7,134) in office and general costs to a director of the Company.

ii) Paid or accrued $18,000 (2010 - $Nil) in consulting fees to a company controlled by a director of the Company.

iii) Paid or accrued $Nil (2010 - $1,800) in consulting fees to a director of the Company.

iv) Paid or accrued $34,315 (2010 - $28,373) in professional fees to a company controlled by an officer of the Company.

v) Paid or accrued $22,356 (2010 - $10,610) in geological consulting fees and $5,539 (2010 - $Nil) in property investigation costs to a director of the Company.

Included in accounts payable and accrued liabilities is $6,999 (August 31, 2010 - $5,000) due to the above related parties.

The related party transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related party.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Cash is carried at fair value using a level 1 fair value measurement.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets		Level 1		Level 2		Level 3		Total
Cash	$	939,896	$	-	$	-	$	939,896
Reclamation bonds		49,732		-		-		49,732
Total	$	989,628	$	-	$	-	$	989,628

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

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 are mainly 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 August 31, 2011, the Company had a cash balance of $939,896 to settle current liabilities of $142,135. All of the Company's financial liabilities are subject to normal trade terms.

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's operations are currently primarily in the United States 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 and United States dollars. The Company does not enter into derivative financial instruments to mitigate foreign exchange risk.

10. 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, and cash.

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.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2011	2010
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

Significant non-cash transactions during the year ended August 31, 2011 included:

a) mineral property and deferred exploration costs of $97,965 are accrued in accounts payable and accrued liabilities;

b) the issuance of 250,000 common shares valued at $57,500 and 250,000 warrants valued at $22,660 for the acquisition of a mineral property.

Significant non-cash transactions during the year ended August 31, 2010 included:

a) the issuance of 5,014,400 common shares pursuant to the terms of the reverse take over of NV Gold;

b) the issuance of 260,000 agent's warrants valued at $22,077;

c) the issuance of 141,080 as finder's fee shares values at $35,270 in connection with the non-brokered private placement; and

d) mineral property and deferred exploration costs of $16,743 are accrued in accounts payable and accrued liabilities.

e) the issuance of 1,038,000 common shares valued at $259,500 and 600,000 warrants valued at $62,374 for the acquisition of a mineral property.

f) the reclassification of $12,502 in deferred acquisition and financing fees to share issuance costs.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2011	2010
Loss for the year	$ (854,560)	$ (1,000,494)
Expected income tax recovery	$ (247,213)	$ (316,835)
Non-deductible items	74,094	220,959
Share issue costs	(18,279)	(17,751)
Unrecognized benefit of non-capital losses	191,398	113,627
Total income tax recovery	$ -	$ -

Details of future income tax assets are as follows:

	2011	2010
Future income tax assets:		
Share issue costs	$ 50,358	$ 59,590
Resource properties	269,452	148,204
Non-capital loss carryforwards	331,593	103,919
	651,403	311,713
Less: valuation allowance	(651,403)	(311,713)
Net future income tax assets	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $1,230,000. These losses, if not utilized, will expire in 2031. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

13. SUBSEQUENT EVENTS

Subsequent to August 31, 2011, the Company:

i) Incorporated a wholly owned subsidiary, SwissGold Exploration AG (“SwissGold”), on September 28, 2011, in Switzerland.

13. SUBSEQUENT EVENTS (cont'd…)

ii) Completed a purchase and sale agreement on October 21, 2011, originally dated August 31, 2011, for the Medel Exploration Permit ("Medel Permit") located within the community of Medel/Lucmagn, in the Canton of Graubunden, Switzerland. The vendor has a 100% interest in and to an exploration permit for gold, precious metals and other ores (the "Permit"), subject to 1% net smelter returns royalty. The vendor transferred the Permit to the Company's wholly owned Swiss subsidiary, SwissGold. As consideration, the Company issued 250,000 units to the vendor, where each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share at $1.00 per common share until October 21, 2014. The expiry of the warrants are subject to acceleration such that, should the volume weighted average price of the common shares of the Company exceed $2.00 for twenty consecutive trading day, the Company may notify the holder that the warrants will expire 30 trading days from receipt of such notice unless exercised before such date.

iii) Received regulatory approval for a data acquisition and finder's fee agreement with regards to the Medel Permit. The Company issued 265,000 common shares and paid 40,000 Swiss francs for all data related to the Medel Permit. The Company also issued 35,000 common shares as a finder's fee regarding the Medel Permit.

iv) Granted 775,000 stock options to directors, officers and consultants. The stock options are exercisable at $0.40 per share expiring October 27, 2016.