ROMIOS GOLD RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2013 and 2012
(Expressed in Canadian $)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by and are the responsibility of the management of Romios Gold Resources Inc. (the "Company"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of the financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibility and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee. The consolidated financial statements have been audited by Wasserman Ramsay, an independent firm of chartered accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

(*signed*) "*Tom Drivas*"
Chief Executive Officer

(signed) "Michael D'Amico"
Chief Financial Officer

September 18, 2013

Wasserman Ramsay

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Romios Gold Resources Inc.**:**

We have audited the accompanying consolidated financial statements of Romios Gold Resources Inc. and its subsidiary, together (the "Company"), which comprise the statements of financial position as at June 30, 2013 and 2012, and the statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Romios Gold Resources Inc. and its subsidiary as at June 30, 2013 and 2012 and the results of its operations and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

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

Wasserman Ramsay

Markham, Ontario
September 18, 2013

Chartered Accountants
Licensed Public Accountants

Romios Gold Resources Inc.

Consolidated Statements of Financial Position

(Expressed in Cdn $)

As at	**June 30 2013 $**	June 30 2012 $
Assets		
Current		
Cash and cash equivalents (note 4)	**1,674,104**	2,601,758
Cash and cash equivalents for future exploration activities (note 4)	**-**	592,491
Accounts receivable	**14,687**	23,978
Prepaid expenses	**65,013**	298,363
Total current assets	**1,753,804**	3,516,590
Marketable securities	**-**	18,182
Exploration and evaluation assets (note 5)		
Acquisition costs	**4,202,775**	4,165,576
Deferred exploration and evaluation expenditures	**21,246,318**	20,219,589
Total assets	**27,202,897**	27,919,937
Liabilities		
Current		
Accounts payable and accrued liabilities	**81,516**	210,991
Deferred flow-through share premium liability	**-**	158,011
Deferred income tax	**2,270,522**	2,580,211
Total liabilities	**2,352,038**	2,949,213
Contingencies and commitments (note 12)		
Shareholders' equity		
Share capital (note 6(a))	**30,796,443**	30,796,443
Warrants (note 6(c))	**-**	198,403
Contributed surplus (note 7)	**3,758,933**	3,380,051
Deficit	**(9,704,517)**	(9,404,173)
Total shareholders' equity	**24,850,859**	24,970,724
Total liabilities and shareholders' equity	**27,202,897**	27,919,937

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

APPROVED ON BEHALF OF THE BOARD on September 18, 2013

"Signed"
Anastasios (Tom) Drivas

"Signed"
Frank van de Water

Romios Gold Resources Inc.

Consolidated Statements of Changes in Equity

(Expressed in Cdn $)

	Share Capital $	Warrants $	Contributed Surplus $	Deficit $	Total $
At June 30, 2011	24,853,488	3,659	3,093,790	(7,678,070)	20,272,867
Net loss and comprehensive loss for the period	-	-	-	(1,726,103)	(1,726,103)
Common shares issued, net	893,424	-	-	-	893,424
Shares issued for property acquisition	2,000,000	-	-	-	2,000,000
Flow-through shares issued, net	3,153,267	-	-	-	3,153,267
Valuation of compensation warrants	(198,403)	198,403	-	-	-
Contribution on exercise of warrants	3,659	(3,659)	-	-	-
Common shares issued on exercise of options and warrants	50,200	-			50,200
Contribution on exercise of options	40,808	-	(40,808)	-	-
Share-based compensation	-	-	327,069	-	327,069
At June 30, 2012	30,796,443	198,403	3,380,051	(9,404,173)	24,970,724
Net loss and comprehensive loss for the period	-	-		(300,344)	(300,344)
Adjustment of expired warrants		(198,403)	198,403	-	-
Share-based compensation	-	-	180,479	-	180,479
At June 30, 2013	30,796,443	-	3,758,933	(9,704,517)	24,850,859

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

Romios Gold Resources Inc.

Consolidated Statements of Loss, and Comprehensive Loss

(Expressed in Cdn $)

	For the years ended June 30	
	2013	2012
	$	$
Expenses		
Professional fees	**145,831**	309,645
Management fees and salaries	**215,163**	210,000
Office and general	**113,698**	131,440
Shareholder communication	**120,946**	209,938
Share-based compensation	**180,479**	327,069
Loss for the period before the following	**(776,117)**	(1,188,092)
Other gains	**-**	50,000
Writedown of carrying value of shares	**(18,182)**	(6,818)
Interest income	**26,255**	45,565
Net loss for the period	**(768,044)**	(1,099,345)
Deferred income tax recovery	**467,700**	(626,758)
Net profit/(loss) and comprehensive profit/(loss)	**(300,344)**	(1,726,103)
Basic and diluted loss per share	**0.00**	0.01
Weighted average number of shares outstanding	**156,762,001**	153,445,126

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

Romios Gold Resources Inc.

Consolidated Statements of Cash Flows

(Expressed in Cdn $)

Unaudited

	For the years ended June 30	
	2013	2012
	$	$
Operating activities		
Net loss for the period	**(300,344)**	(1,726,103)
Items not affecting cash:		
Share-based compensation	**180,479**	327,069
Writedown of carrying value of shares	**18,182**	6,818
Gain on sale of exploration and evaluation assets	-	(50,000)
Deferred income tax	**(467,700)**	626,758
	(569,383)	(815,458)
Net change in non-cash working capital		
Accounts receivable	**9,292**	212,491
Prepaid expenses	**233,350**	(126,024)
Accounts payable and accrued liabilities	**(129,476)**	(1,224,324)
Net cash used in operating activities	**(456,217)**	(1,953,315)
Investing activities		
Exploration and evlauation assets acquisition costs	**(37,199)**	(15,169)
Deferred exploration and evaluation expenditures (net of government assistance)	**(1,026,729)**	(4,369,912)
Cash proceeds on optioning of exploration property		25,000
Net cash used in investing activities	**(1,063,928)**	(4,360,081)
Financing activities		
Private placement of common shares	**-**	4,954,700
Exercise of options and warrants	**-**	50,200
Share issue expense	**-**	(341,369)
Net cash from financing activities	**-**	4,663,531
Change in cash and cash equivalents	**(1,520,145)**	(1,649,865)
Cash and cash equivalents, beginning of period	**3,194,249**	4,844,114
Cash and cash equivalents, end of period	**1,674,104**	3,194,249
Cash comprises:		
Cash and cash equivalents	**1,674,104**	2,601,758
Cash and cash equivalents for future exploration activities	**-**	592,491
	1,674,104	3,194,249
Non-cash financing and investing activities:		
Common shares issued for exploration and evaluation assets	-	2,000,000
Shares received on sale of exploration and evaluation assets	-	(25,000)

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

1. Nature of operations and going concern

Romios Gold Resources Inc. (“Romios” or "the Company") is a listed public Company incorporated in Ontario, Canada and has interests in resource properties which are being evaluated to determine their economic viability.

These consolidated financial statements (“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. As at June 30, 2013 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had working capital of $1,672,288 as at June 30, 2013, and has incurred losses since inception, resulting in an accumulated deficit of $10,014,206 as at June 30, 2013. The Company’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is doubt regarding the Company’s ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the “going concern” assumption is not appropriate. If the “going concern” assumption is not appropriate, adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from disposition thereof.

2. Basis of preparation and statement of compliance

The Statements of the Company as at and for the year ended June 30, 2013 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of June 30, 2013.

An explanation of the transition to IFRS with a transition date of July 1, 2010 has been provided in the Company’s audited annual consolidated financial statements for the year ended June 30, 2012.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the Statements and in preparing the opening IFRS statement of financial position at July 1, 2010 for the purpose of the transition to IFRS unless otherwise indicated.

Principles of consolidation

The Statements include the accounts of 100% owned McLymont Mines Inc. All inter-company accounts and transactions have been eliminated on consolidation.

Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar ("$").

Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the Statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the Statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The more significant estimates and judgments are as follows:

Critical accounting estimates

The amounts recorded for share-based compensation transactions are based on estimates. The Black-Scholes model is based on subjective estimates of assumptions for expected volatility, expected number of option to vest, dividend rate, risk-free interest rate and expected life of the options.

The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economical reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

Management's opinion that there is no material restoration, rehabilitation and environmental obligation, is based on the existing facts and circumstances.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted to reflect the uncertainty of realization through profitable operations.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units; and
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage.

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:

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 amortized 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 Corporation'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 earnings in the period of determination.

Fair value through profit or loss - This category includes derivatives, and investments acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of comprehensive income (loss).

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale ("AFS"). They are carried at fair value with changes in fair value recognized directly in other comprehensive earnings. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive earnings and recognized in the statement of comprehensive income (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 are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

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

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

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period.

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash, Canadian Chartered Bank demand deposits and high-interest savings vehicles.

Foreign Currency Translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period-end exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction.

All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of loss and comprehensive loss.

Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management’s judgment that none of the Company’s exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Share-based Compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and services providers. The board of directors generally grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to exploration and evaluation assets as appropriate, with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense 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 assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred 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 deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

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

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill not deductible for tax purposes; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an interest in an exploration and evaluation asset. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either an unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense ("notional interest").

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

Impairment

Exploration and evaluation assets are reviewed on a quarterly basis and when changes in circumstances suggest their carrying value may become impaired. Management considers exploration and evaluation assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows from the use of the property and its related assets and their eventual disposition. If impairment is deemed to exist, the property and its related assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis. Management determined that there was no impairment of carrying value on its properties in the current period.

Accounting pronouncements issued but not yet adopted

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the Statements.

IFRS 9, Financial instruments, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 10, Consolidated financial statements, requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation – Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

IFRS 11, Joint arrangements, requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures.

IFRS 12, Disclosure of interests in other entities, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair value measurement, is a comprehensive standard for fair value measurement and disclosure requirements across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

International Accounting Standard 27, Separate Financial Statements ("IAS 27"), replaces IAS 27, Consolidated and Separate Financial Statements and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9.

International Accounting Standard 28, Investments in Associates and Joint Ventures ("IAS 28"), has been amended as a consequence of the issuance of IFRS 10, IFRS 11, and IFRS 12, and will further provide accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee.

IFRS Interpretations Committee Interpretation 20, Stripping costs in the production phase of a surface mine ("IFRIC 20"), sets out the criteria for the capitalization of production stripping costs to non-current assets, and states that stripping activity is recognized as a component of the larger asset to which it relates. In addition, IFRC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity.

International Accounting Standard 1, Presentation of Financial Statements ("IAS 1"), requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

International Accounting Standard 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) ("IAS 32"), clarifies the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) outlines new disclosure requirements that enable users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

4. Cash and cash equivalents

Cash and cash equivalents and cash and cash equivalents held for future exploration activities consist of cash and investments in Canadian Chartered Bank demand money market funds.

During the year ended June 30, 2013, the Company spent a total of $1,524,688 on exploration and evaluation activities, including the balance of all funds raised exclusively for Canadian Exploration Expenditures (“CEE”) in the current and prior fiscal years.

5. Exploration and evaluation assets

Acquisition costs

	British Columbia $	**Quebec** $	**Nevada, USA** $	**Total** $
Balance, June 30, 2011	2,036,944	74,997	38,466	2,150,407
Total additions for the period	2,015,169	-	-	2,015,169
Balance, June 30, 2012	4,052,113	74,997	38,466	4,165,576
Total additions for the period	37,199	-	-	37,199
Balance June 30, 2013	4,089,312	74,997	38,466	4,202,775

On August 27, 2012, the Company announced the acquisition of an additional 5,700 hectares of mineral tenures within the Golden Triangle area in northwestern British Columbia.

On May 30, 2013 the Company announced the acquisition of two claims totalling approximately 2,900 hectares (7,200 acres) in the Golden Triangle area in northwestern British Columbia. These additional claims bring the Company’s total holdings in the Golden Triangle area to approximately 80,000 hectares (198,000 acres).

Deferred exploration and evaluation expenditures

	British Columbia **$**	**Quebec** **$**	**Ontario** **$**	**Total** **$**
Balance, June 30, 2011	14,954,158	895,519	-	15,849,677
Additions:				
Assessment filings	103,815	1,331	-	105,146
Assaying	298,543	59,323	-	357,866
Contract flying	1,265,404	-	-	1,265,404
Drilling	980,003	-	-	980,003
Field communications	37,803	-	-	37,803
Contract labour	864,437	35,836	-	900,273
Subcontract labour	228,443	-	-	228,443
Camp costs	414,476	-	-	414,476
Other	76,906	3,592	-	80,498
Total additions for the period	4,269,830	100,082	-	4,369,912
Balance, June 30, 2012	19,223,988	995,601[1]	[2]-	20,219,589

Additions:				
Assessment filings	6,680	-	53	6,733
Assaying	120,676	3,552	11,071	135,299
Contract flying	421,473	-	-	421,473
Drilling	390,472	-	-	390,472
Field communications	7,533	-	192	7,725
Contract labour	298,551	5,638	68,774	372,963
Subcontract labour	36,724	-	-	36,724
Camp costs	48,575	-	10,654	59,229
Other	89,871	2,653	1,546	94,070
Total additions for the period	1,420,555	11,843	92,290	1,524,688
British Columbia refund	(441,053)	-	-	(441,053)
Quebec refund	-	(56,906)	-	(56,906)
Balance, June 30, 2013	20,203,490	950,538	92,290	21,246,318

(1) Amounts shown are net of refunds totalling $365,349 received from the province of Quebec (2011 - $20,021 and 2010 - $345,328).

(2) During the current year, the Company carried out exploration activities on an Ontario property which was previously written down to $0.

British Columbia

In 2005, the Company acquired, through an exchange of shares, a 100% interest in McLymont Mines Inc., a company whose only significant asset is an interest in the Newmont Lake Property in British Columbia.

In 2006, the Company acquired a 100% interest in 5 land tenures (2,693 hectares) located in the Liard Mining Division of British Columbia, known as the Trek Property from the Galore Creek Staking Syndicate, 2003 (Galore Creek Syndicate).

By September 27, 2012, the Company had earned, from Gulf International Minerals Inc. (“Gulf”), a 100% interest in the Newmont Lake property in British Columbia, which consists of 18 mineral claims (6,175 hectares) in the Liard Mining Division of British Columbia, subject to a 1.5% Net Smelter Returns Royalty (“Gulf NSR”) in favour of Gulf. The Company has the option to purchase 1/3 of the Gulf NSR for $1,000,000.

Under an option agreement with Roca Mines Inc. (“Roca”) the Company earned a 50% interest in 8 exploration and evaluation assets (4,000 hectares) known as the Seagold Property in the Liard Mining Division of British Columbia and entered into a joint venture with Roca for the further exploration and development on the properties. Upon reaching commercial production the Company is required to issue a further 200,000 shares to Roca. The joint venture agreement calls for a 50/50 sharing of costs incurred for exploration and maintenance of the property. In the current fiscal year, $509,139 was spent on exploration; however, Roca notified the Company that it will not be contributing its proportionate share. Consequently, the Company’s share of the joint venture has increased to 56% in accordance with the joint venture agreement.

During the year ended June 30, 2006, the Company entered into an option agreement with Galore Creek Syndicate to acquire a 100% interest, subject to a 2% net smelter returns royalty, in 2 land tenures (1,321 hectares) located in the Liard Mining Division of British Columbia, known as the RP Property. The agreement was amended in 2010 to require a payment of $115,000 cash of which $15,000 has been paid with the remaining $100,000 due December 1, 2014. In addition, the Company was required to issue a total of 800,000 common shares of which 400,000 have been issued and the remaining 400,000 were to be issued as follows: 50,000 shares on each of March 31, 2012 and December 1, 2012 with the remaining 300,000 common shares to be issued December 1, 2013. The revised expenditure commitments included optional expenditure commitments on the property totalling $900,000, with

$100,000 to be spent before December 1, 2012; an additional $300,000 before December 1, 2013; and an additional $500,000 before December 1, 2014. The amendment agreement also required the expansion of the size of the property to a minimum of 248 contiguous cells (claim units) from the current 75 cells (claim units) prior to March 31, 2012. By March 31, 2012 the Company had not fulfilled its obligations; however it received notification that the Galore Creek Syndicate will not issue a default notice at the present time but reserves the right to do so at any time in the future unless the Company fulfills all of its obligations under the revised agreement.

In 2006, the Company entered into an option agreement with Galore Creek Syndicate to acquire a 100% interest, subject to a 2% net smelter returns royalty, in 1 land tenure (614 hectares) located in the Liard Mining Division of British Columbia, known as the JW Property. The agreement was amended in 2010 to require the payment of $115,000 cash, of which $15,000 has been paid with the remaining $100,000 due December 1, 2014. In addition, the Company was required to issue a total of 700,000 common shares of which 300,000 common shares have been issued and the remaining 400,000 common shares were to be issued as follows: 50,000 shares on each of March 31, 2012 and December 1, 2012; with the remaining 300,000 common shares to be issued December 1, 2013. The revised expenditure commitments included optional expenditure commitments on the property totalling $1,400,000; with $100,000 to be spent before December 1, 2012; an additional $250,000 to be spent before December 1, 2013; an additional $450,000 before December 1, 2014; and an additional $600,000 before December 1, 2015. The amendment agreement also required the expansion of the size of the property to a minimum of 220 contiguous cells (claim units) from the current 35 cells (claim units) prior to March 31, 2012. By March 31, 2012 the Company had not fulfilled its obligations; however it received notification that the Galore Creek Syndicate will not issue a default notice at the present time but reserves the right to do so at any time in the future unless the Company fulfills all of its obligations under the revised agreement.

The Company also holds a 100% interest in 318 mineral claims in the Liard Mining Division of British Columbia.

Quebec

During the year ended June 30, 2009 the Company acquired a molybdenum property that was the site of the former producing La Corne molybdenum mine approximately 30 kilometres from the town of Val d'Or, Quebec. The property is subject to a 3% Net Smelter Return (NSR) retained by the vendors, of which half (1.5%) can be repurchased for $500,000. The total amount expended to June 30, 2013 before refunds received from the Province of Quebec is $1,372,793.

Ontario and Nevada

At June 30, 2009, the Company wrote down the carrying value of its Ontario and Nevada properties to a nominal amount as the Company's focus is currently on its BC and Quebec properties. Amounts expended on exploration in the current fiscal year have been included in deferred exploration and evaluation expenditures.

On January 11, 2012, the Company signed an option agreement with Mexivada Mining Corp. ("Mexivada") pursuant to which Mexivada could earn up to 60% interest in the mining rights to the Company's Timmins Hislop property in Hislop Township in the Matheson gold camp, Ontario, Canada. Under the terms of the agreement, the Company received the first option payment of $25,000 in cash and 454,545 Mexivada shares valued at $25,000, and retains all surface rights. As at June 30, 2012, the Company marked to market the value of the Mexivada shares resulting in a fair value of $18,182. At December 20, 2012 Mexivada reported that a general Cease Trade Order had been issued against Mexivada by the British Columbia Securities Commission. As a result, the remaining value of the Mexivada shares was written down to $0. As Mexivada did not fulfill the terms of the agreement, the Company now has an unrestricted ownership of the property.

6. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at June 30, 2012 and June 30, 2013 is 156,762,001 with a share capital value of $30,796,443.

	Number	***Amount***
	#	$
Balance, June 30, 2011	141,950,196	24,853,488
Common shares issued on exercise of broker warrants	60,000	7,200
Flow through common shares issued, net	8,332,997	3,433,260
Common shares issued July 28, 2011	480,769	250,000
Common shares issued on exercise of options	300,000	43,000
Common shares issued for property acquisition	4,282,655	2,000,000
Common shares issued August 9, 2011	1,355,384	704,800
Contribution on exercise of options	-	40,808
Contribution on exercise of warrants	-	3,659
Share issue costs	-	(539,772)
Balance, June 30, 2012 and June 30, 2013	156,762,001	30,796,443

(b) Common share purchase options

The Company has a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at June 30, 2013, 7,125,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

The following table provides the details of changes in the number of issued common share purchase options during the period:

	Options	**Weighted-average exercise price**
	#	$
Outstanding at June 30, 2011	7,543,000	0.32
Granted	3,400,000	0.20
Expired	(1,518,000)	0.65
Exercised	(300,000)	0.14
Outstanding at June 30, 2012	9,125,000	0.23
Granted	250,000	0.10
Expired	(2,250,000)	0.32
Outstanding at June 30, 2013	7,125,000	0.18
Options exercisable at June 30, 2013	7,000,000	0.18

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
500,000	500,000	6.7 months	$0.15	January 22, 2014
150,000	150,000	12.8 months	$0.15	July 24, 2014
1,750,000	1,750,000	21.3 months	$0.14	April 9, 2015
1,000,000	1,000,000	28.3 months	$0.15	November 8, 2015
250,000	250,000	10.3 months	$0.53	May 10, 2014
325,000	325,000	11.2 months	$0.20	June 7, 2014
2,900,000	2,900,000	47.4 months	$0.20	June 12, 2017
250,000	125,000	57.3 months	$0.10	April 9, 2018
7,125,000	7,000,000			

(c) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company grants warrants as consideration for services associated with the placement of such common share issues. By August 9, 2012, all warrants expired unexercised.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	***Price Range*** $
Balance June 30, 2011	3,786,666	0.12 to 0.40
Private placement warrants issued	5,432,301	0.52 to 1.00
Warrants exercised	(60,000)	0.12
Expired	(3,726,666)	0.30 to 0.40
Balance June 30, 2012	5,432,301	0.52 to 1.00
Expired	(5,432,301)	0.52 to 1.00
Balance June 30, 2013	Nil	

7. Contributed surplus

A summary of changes in contributed surplus is:

	Amount $
Balance, June 30, 2011	3,093,790
Share-based compensation	327,069
Exercise of options	(40,808)
Balance, June 30, 2012	3,380,051
Common shares purchase warrants expired	198,403
Share-based compensation	180,479
Balance, June 30, 2013	3,758,933

The number of common shares outstanding on June 30, 2013 was 156,762,001. Taking into account outstanding share purchase options and 1,000,000 shares reserved for property transactions, the fully diluted common shares that could be outstanding on June 30, 2013 was 164,887,001.

8. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined Federal and Provincial statutory tax rate of 26.25% (2012 - 30.00%) to the net loss for the year for reasons noted below:

	June 30 2013 $	June 30 2012 $
Income tax recovery based on statutory rate	**201,612**	329,800
Actual provision per financial statements	**(467,700)**	(626,758)
Non-deductible items for tax purposes	**(52,914)**	(86,300)
Tax effect of tax rate change	**113,526**	515,701
Tax effect of losses recognized	**205,476**	527,157
	(201,612)	329,800

The Company has incurred tax losses of $4,158,500 (2012 - $3,597,000) which may be used to reduce future taxable income. The potential benefit of these losses will expire in the fiscal years ended June 30, if unused, as follows:

	Amount $
2027	642,000
2029	642,000
2030	595,000
2031	910,000
2032	901,500
2033	468,000
	4,158,500

In addition to the above losses the Company has available CEE of approximate $7.8 million, CDE of $2.7 million and FDEE $1.6 million which can be used to offset future taxable income.

The components of future income tax asset (liability) are as noted below:

	June 30 2013 $	June 30 2012 $
Non-capital losses	**1,039,556**	899,507
Capital assets	**4,708**	4,708
Exploration and evaluation assets	**(3,314,786)**	(3,484,426)
Net deferred income tax liability	**(2,270,522)**	(2,580,211)

9. Related party transactions

During the year ended June 30, 2012, the Company incurred related party expenses of $244,725 (2012 – $246,725). These expenses related to salary and consulting fees paid to the Company's key senior officers, Tom Drivas, President and Chief Executive Officer, Frank van de Water, Chief Operating Officer (effective April 2013), Thomas Skimming, V.P. Exploration and Michael D'Amico Chief Financial Officer and Mel de Quadros, Director. As at June 30, 2013 $20,371 (2012 - $6,085) is due and payable to these related parties.

Share based compensation to key management and directors for the year ended June 30, 2013 was $166,336 (2012 - $200,039).

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended June 30, 2013 and 2012.

During the year ended June 30, 2013, the Company incurred expenses of $39,690 (2012 - $109,742) for legal fees to a law firm related to a Director of the Company, William R. Johnstone. At June 30, 2013, $4,345 (2012 - $21,496) was due and payable.

During the year ended June 30, 2013, the Company incurred expenses of $23,000 (2012 - $25,000) related to directors' fees to independent directors. At June 30, 2013, $ 6,000 was due and payable.

These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts paid and owing are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

These transactions are recorded at exchange amount which is the amount established and agreed to by the related parties.

10. Financial instruments and risk management

Categories of financial assets and liabilities

Under IFRS, financial instruments are classified into one of the following five categories: Fair value through profit and loss ("FVTPL"), held to maturity investments, loans and receivables, AFS financial assets and other financial liabilities. The carrying values of the Company's financial instruments, including those held for sales are classified into the following categories:

	June 30 2013 $	June 30 2012 $
FVTPL [(1)]	**1,674,104**	3,194,249
Loans and receivables [(2)]	**5,206**	23,978
Other financial liabilities [(3)]	**72,035**	210,991

(1) Includes cash, committed cash and short-term investments.
(2) Includes accounts receivable related to HST tax refunds.
(3) Includes accounts payable and bank overdraft.

Financial Instruments

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

(i) Cash and cash equivalents and cash and cash equivalents held for future exploration are designated as FVTPL financial assets and are recorded at market value. The interest on deposits is insignificant.
(ii) HST receivable is designated as loans and receivables and is recorded at cost.
(iii) Accounts payable is designated as other financial liabilities and is recorded at cost.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its properties for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for gold, copper, silver and molybdenum, planned production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that there is no impairment of carrying value on its British Columbia and Quebec properties.

(a) Market risk

(i) Price risk
Commodity price risk

The price of gold and base metals may have an impact on the Company's exploration projects.

Sensitivity price risk

Anticipated changes in the value of gold and base metals would not, in management's opinion, change the recognized value of any of the Company's financial instruments.

(ii) Cash flow fair value interest rate risk

The Company does not have interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the balance of the bank accounts.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and deposits with Canadian Chartered Banks as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the Statements are at cost.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives.

11. Capital disclosures

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, exploration and development of exploration and evaluation assets. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and will raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 is not subject to externally imposed capital requirements.

12. Contingencies and commitments

As at June 30, 2013:

a) the Company has a lease commitment to December 31, 2015 for its principle office location which totals $87,000, and
b) the Company has $40,894 on deposit as property reclamation bonds with various governmental agencies. These amounts are included with prepaid expenses.