



(an exploration and development stage company)

Condensed Consolidated Interim Financial Statements

August 31, 2013 and 2012

(Unaudited)
(Expressed in Canadian Dollars)

Victoria Gold Corp.

(an exploration and development stage company)
August 31, 2013 and February 28, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed consolidated interim financial statements and all other financial information included in this report is the responsibility of management. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
October 30, 2013

(signed) "Marty Rendall"
CFO
October 30, 2013

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	August 31, 2013	February 28, 2013
Assets			
Current assets			
Cash and cash equivalents		\$ 14,050,450	\$ 12,488,626
Marketable securities and warrants	5	7,873,032	6,577,381
HST and other receivables	17	10,048,029	14,265,407
Prepaid expenses		301,814	289,813
		<u>32,273,325</u>	<u>33,621,227</u>
Non-current assets			
Restricted cash		506,358	511,969
Investment in associate	6	97,469	59,620
Long-term receivable and accredited interest	17	-	9,163,174
Property and equipment	7	4,905,090	5,568,336
Resource properties	8	101,884,651	94,772,469
		<u>\$ 139,666,893</u>	<u>\$ 143,696,795</u>
Total assets			
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 4,960,575	\$ 6,087,034
Income taxes payable		415,135	-
		<u>5,375,710</u>	<u>6,087,034</u>
Non-current liabilities			
Deferred taxes		1,341,928	2,327,790
Asset retirement obligations ("ARO")	10	2,349,177	2,288,177
Total liabilities		<u>9,066,815</u>	<u>10,703,001</u>
Shareholders' Equity			
Share capital	11	151,618,587	151,618,587
Contributed surplus	12	13,180,830	12,820,726
Accumulated other comprehensive loss		(3,203,978)	(3,395,872)
Accumulated deficit		(30,995,361)	(28,049,647)
Total shareholder's equity		<u>130,600,078</u>	<u>132,993,794</u>
Total liabilities and equity		<u>\$ 139,666,893</u>	<u>\$ 143,696,795</u>

Nature of operations and going concern (Note 1)

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board
of Directors on October 30th, 2013
and signed on its behalf.

"T. Sean Harvey"

Director

"Chris Hill"

Director

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	For the three months ended August 31,		For the six month period ended August 31,	
		2013	2012	2013	2012
Operating expenses					
Salaries and benefits excluding share-based payments		\$ 293,835	\$ 434,374	\$ 893,659	\$ 797,667
Office and administrative		175,189	182,031	346,508	340,077
Share-based payments	12	101,015	185,821	264,346	471,849
Legal and accounting		49,943	146,282	202,518	307,578
Consulting		38,591	330,857	176,291	453,440
Marketing		79,766	26,770	157,234	58,277
Amortization		3,447	5,479	7,352	10,364
Foreign exchange loss (gain)		(95,230)	(1,476,373)	(71,125)	(1,512,278)
Loss on disposal of property and equipment		288,122	-	288,122	-
Gain on disposal of assets held for sale		-	(16,650,035)	-	(21,526,421)
		<u>934,678</u>	<u>(16,814,794)</u>	<u>2,264,905</u>	<u>(20,599,447)</u>
Finance (income) costs					
Unwinding of present value discount: ARO		7,553	4,322	15,036	9,403
Interest and bank charges		3,674	3,545	5,026	5,048
Interest income	17	(217,226)	(320,017)	(559,497)	(350,714)
Change in fair value of marketable securities and warrants		(372,923)	(96,886)	486,005	1,475,806
		<u>(578,922)</u>	<u>(409,036)</u>	<u>(53,430)</u>	<u>1,139,543</u>
Share of net (gain) loss of associate	6	<u>(104,761)</u>	<u>48,095</u>	<u>(66,410)</u>	<u>134,995</u>
Income (loss) before taxes					
		(250,995)	17,175,735	(2,145,065)	19,324,909
Current income taxes	18	(800,649)	(1,426,826)	(800,649)	(1,426,826)
Deferred tax provision	18	-	(2,797,859)	-	(2,797,859)
		<u>(1,051,644)</u>	<u>12,951,050</u>	<u>(2,945,714)</u>	<u>15,100,224</u>
Net income (loss)					
Other Comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation adjustment		118,763	(2,088,529)	220,455	(118,859)
Share of other comprehensive income (loss) of associate		(19,348)	(40,188)	(28,561)	(64,667)
Total items that may be reclassified subsequently to profit or loss		<u>99,415</u>	<u>(2,128,717)</u>	<u>191,894</u>	<u>(183,526)</u>
Total comprehensive income (loss) for the period					
		<u>\$ (952,229)</u>	<u>\$ 10,822,333</u>	<u>\$ (2,753,820)</u>	<u>\$ 14,916,698</u>
Income (loss) per share - basic and diluted					
	9	<u>\$ (0.003)</u>	<u>\$ 0.038</u>	<u>\$ (0.009)</u>	<u>\$ 0.044</u>
Weighted average number of shares					
Basic and diluted		340,073,973	339,467,621	340,073,973	339,416,110

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statement of Changes in Shareholder's Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	Share capital		Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total equity
		Number of shares	Amount				
Balance at March 1, 2012		339,364,598	\$ 151,388,890	\$ 11,501,792	\$ (3,358,803)	\$ (37,694,763)	\$ 121,837,116
Transactions with owners:							
Proceeds from stock options exercised		509,375	106,969				106,969
Fair values allocated upon exercise:							
Stock options			64,728	(64,728)			-
Share-based payments, expensed				471,849			471,849
Share-based payments, capitalized				235,282			235,282
Total transactions with owners:		509,375	171,697	642,403	-	-	814,100
Net income for the period						15,100,224	15,100,224
Other comprehensive income/(loss):							
Share of other comprehensive loss of associate					(64,667)		(64,667)
Currency translation adjustment					(118,859)		(118,859)
Balance at August 31, 2012	11	339,873,973	\$ 151,560,587	\$ 12,144,195	\$ (3,542,329)	\$ (22,594,539)	\$ 137,567,914
Balance at March 1, 2013		340,073,973	\$ 151,618,587	\$ 12,820,726	\$ (3,395,872)	\$ (28,049,647)	\$ 132,993,794
Transactions with owners:							
Share-based payments, expensed				264,346			264,346
Share-based payments, capitalized				95,758			95,758
Total transactions with owners:		-	-	360,104	-	-	360,104
Net loss for the period						(2,945,714)	(2,945,714)
Other comprehensive income/(loss):							
Share of other comprehensive loss of associate					(28,561)		(28,561)
Currency translation adjustment					220,455		220,455
Balance at August 31, 2013	11	340,073,973	\$ 151,618,587	\$ 13,180,830	\$ (3,203,978)	\$ (30,995,361)	\$ 130,600,078

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)

(Expressed in Canadian Dollars)

		For the six month period ended August 31,	
	Notes	2013	2012
Cash flows from operating activities			
Net income (loss) for the period		\$ (2,945,714)	\$ 15,100,224
Adjustments for:			
Share-based payments	12	264,346	471,849
Income taxes	18	848,980	4,145,753
Loss (gain) on disposal of property and equipment		288,122	(10,168)
Share of net (gain) loss of associate		(66,410)	134,995
Unwinding of present value discount: ARO	10	15,036	9,403
Gain on sale of assets held for sale		-	(21,581,009)
Change in fair value of marketable securities and warrants		(1,542,871)	1,475,806
Unwinding of present value discount: Receivables	17	(510,690)	(256,655)
Amortization		7,352	10,364
Net unrealized foreign exchange gain (loss)		(178,377)	(1,117,060)
		(3,820,226)	(1,616,498)
Working capital adjustments:			
(Increase) decrease in HST and other receivables		8,164,413	129,574
(Increase) decrease in marketable securities		247,220	-
(Increase) decrease in prepaid expenses		(40,549)	(194,929)
Increase (decrease) in accounts payables and accrued liabilities		133,342	398,922
		8,504,426	333,567
Net cash flows provided by (used in) operating activities		4,684,200	(1,282,931)
Cash flows used in investing activities			
Resource properties	8	(8,163,386)	(15,250,392)
Cash received from disposition of assets held for sale		5,000,000	21,168,253
Restricted cash		14,395	(21,295)
Purchase of property and equipment		(114,376)	(67,157)
Proceeds on disposition of property and equipment		37,026	14,285
Net cash flows provided by (used) in investing activities		(3,226,341)	5,843,694
Cash flows from financing activities			
Exercise of warrants and options	11 & 12	-	106,969
Net cash flows from financing activities		-	106,969
Foreign exchange gain on cash balances		103,965	(388)
Net increase in cash and cash equivalents		1,561,824	4,667,344
Cash and cash equivalents, beginning of the period		12,488,626	19,663,714
Cash and cash equivalents, end of the period		\$ 14,050,450	\$ 24,331,058

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is Note 16.

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2013 and 2012

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Victoria Gold Corp. ("Victoria" or "the Company"), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company's common shares are listed on the TSX-V.

The Company is engaged in the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties and is considered to be an exploration and development stage company. The Company's registered office is located at 80 Richmond St. West, Suite 303, Toronto, Ontario, M5H 2A4, Canada.

The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permits to complete the development, and upon future profitable production or proceeds from disposition of these assets.

At August 31, 2013, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of \$26,897,615 (compared with a surplus of \$27,534,193 at February 28, 2013), reported a net loss of \$2,945,714 (August 31, 2012 net gain - \$15,100,224) and accumulated deficit of \$30,995,361 (\$28,049,647 at February 28, 2013). The Company's ability to meet its obligations and maintain operations is contingent upon successful completion of additional financing arrangements, securing all necessary permits and its ability to fulfil its planned exploration and development programs. The Company periodically seeks financing to continue the exploration and development of its resource properties and to meet its on-going administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that additional funding will be available in the future. These combined factors may lend significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These condensed consolidated interim financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations as they come due for the foreseeable future. These condensed consolidated interim financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the period ended August 31, 2013 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended February 28, 2013, which have been prepared in accordance with IFRSs.

These condensed consolidated interim financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- StrataGold Corporation, a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as "Gateway") were acquired by the Company on December 18, 2008.

Victoria Gold Corp.
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StrataGold Corporation ("StrataGold") was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on October 30, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except those noted below:

The Company has adopted the following new and revised standards, along with any consequential amendments, effective March 1, 2013. These changes were made in accordance with the applicable transitional provisions:

(i) *IFRS 10, Consolidated Financial Statements ("IFRS 10")* and *IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")* replace *IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation - Special Purpose Entities* and provide guidance on the consolidation model, which identifies the elements of control. These standards provide a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group assessed its consolidation conclusions on March 1, 2013 and determined that the adoption of IFRS 10 and IFRS 12 did not result in any change in the consolidation status of any of its subsidiaries and investees.

(ii) *IFRS 13, Fair Value Measurement ("IFRS 13")*, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on March 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at March 1, 2013.

(iii) *IAS 1, Presentation of Financial Statements ("IAS 1")* has adopted amendments to IAS 1 effective March 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income (loss) or comprehensive income (loss) on March 1, 2013.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended February 28, 2013.

Victoria Gold Corp.
 (an exploration and development stage company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended August 31, 2013 and 2012

(Unaudited)
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5. MARKETABLE SECURITIES AND WARRANTS

	August 31, 2013	February 28, 2013
Current investments		
Opening balance	\$ 6,577,381	\$ 404,350
Additions	5,006,038	8,862,029
Disposals	(5,253,258)	(859,434)
Change in fair value	1,542,871	(1,829,564)
	<u>\$ 7,873,032</u>	<u>\$ 6,577,381</u>
Financial assets at fair value through profit and loss		

6. INVESTMENT IN ASSOCIATE

	August 31, 2013	February 28, 2013
Takara Resources Inc. – 22,208,355 common shares	\$ 59,620	\$ 1,040,962
Share of net gain (loss)	66,410	(266,940)
Impairment of investment in associate	-	(611,770)
Share of other comprehensive loss	(28,561)	(102,632)
	<u>\$ 97,469</u>	<u>\$ 59,620</u>

At August 31, 2013, the Company held 23.42% of the issued and outstanding shares of Takara.

Victoria Gold Corp.

(an exploration and development stage company)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2013 and 2012

(Unaudited)

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

	Other assets	Buildings/ structure	Field & automotive equipment	Leasehold improvements	Land	Total
Cost						
March 1, 2012	\$ 307,638	\$ 5,939,519	\$ 186,047	\$ 139,542	\$ 307,855	\$ 6,880,601
Additions	237,644	24,833	11,856	169,987	-	444,320
Disposals	-	-	(12,397)	-	-	(12,397)
February 28, 2013	545,282	5,964,352	185,506	309,529	307,855	7,312,524
Additions	57,219	57,157	-	-	-	114,376
Disposals	(20,288)	-	(11,856)	-	(307,855)	(339,999)
August 31, 2013	\$ 582,213	\$ 6,021,509	\$ 173,650	\$ 309,529	\$ -	\$ 7,086,901
Accumulated amortization						
March 1, 2012	\$ 117,605	\$ 654,573	\$ 68,857	\$ 13,954	\$ -	\$ 854,989
Additions	124,442	704,811	23,321	44,906	-	897,480
Disposals	-	-	(8,281)	-	-	(8,281)
February 28, 2013	242,047	1,359,384	83,897	58,860	-	1,744,188
Additions	51,814	359,239	10,253	30,953	-	452,259
Disposals	(10,560)	-	(4,076)	-	-	(14,636)
August 31, 2013	\$ 283,301	\$ 1,718,623	\$ 90,074	\$ 89,813	\$ -	\$ 2,181,811
Net book value						
March 1, 2012	\$ 190,033	\$ 5,284,946	\$ 117,190	\$ 125,588	\$ 307,855	\$ 6,025,612
February 28, 2013	\$ 303,235	\$ 4,604,968	\$ 101,609	\$ 250,669	\$ 307,855	\$ 5,568,336
August 31, 2013	\$ 298,912	\$ 4,302,886	\$ 83,576	\$ 219,716	\$ -	\$ 4,905,090

During the period ended August 31, 2013, the Company capitalized depreciation related to resource properties of \$444,906 (\$351,680 – August 31, 2012).

Victoria Gold Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2013	\$ 10,792,182	\$ 83,290,459	\$ 689,828	\$ 94,772,469
Acquisition	-	(4,500)	(311)	(4,811)
Salaries and benefits	57,002	1,405,732	-	1,462,734
Amortization	-	444,906	-	444,906
Office and administration	67,317	676,430	-	743,747
Land claims and royalties	44,917	73,993	41,680	160,589
Environmental and permitting	32,236	893,933	-	926,169
Government and community relations	-	451,822	-	451,822
Site operations	-	884,871	-	884,871
Engineering and design	-	1,535,804	-	1,535,804
Assaying	-	30,398	-	30,398
Drilling and indirects	-	19,101	-	19,101
Other exploration	-	170,552	-	170,552
Asset retirement obligation adjustment	-	-	-	-
Exploration and development costs for the period	201,472	6,587,541	41,680	6,830,693
Currency translation	286,300	-	-	286,300
Write-off of mineral interests	-	-	-	-
Balance August 31, 2013	\$ 11,279,954	\$ 89,873,500	\$ 731,197	\$ 101,884,651

** Other properties include interests in Wattabaeg and Russell Creek in Ontario and Donjek, Aurex, Eureka, Canalask, Clear Creek and Hyland in Yukon Territory and Island Mountain in Nevada.

Victoria Gold Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended August 31, 2013 and 2012

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	Santa Fe (Nevada)	Big Springs (Nevada) *	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 29, 2012	\$ 4,338,657	\$ 6,767,596	\$ 57,905,142	\$ 796,275	\$ 69,807,670
Acquisition	4,045,520	-	20,000	(149,376)	3,916,144
Salaries and benefits	143,846	277,410	3,225,750	-	3,647,005
Amortization	-	-	876,161	-	876,161
Office and administration	65,363	76,006	1,695,528	-	1,836,897
Land claims and royalties	43,580	199,557	64,940	-	308,077
Environmental and permitting	40,112	64,662	4,320,076	-	4,424,850
Government and community relations	-	-	466,407	-	466,407
Site operations	-	-	4,843,634	-	4,843,634
Engineering and design	-	39,696	3,086,906	6,588	3,133,190
Assaying	2,205	-	1,151,459	-	1,153,664
Drilling and indirects	-	-	4,880,522	-	4,880,522
Other exploration	34,116	242,370	816,664	6,487	1,099,637
Asset retirement obligation adjustment	1,714,766	(216,026)	(62,729)	-	1,436,011
Exploration and development costs for the period	2,043,988	683,676	25,365,317	13,075	28,106,056
Currency translation	364,017	213,933	-	-	577,950
Write-off of mineral interests	-	(2,188,775)	-	29,854	(2,158,921)
Transfers	-	(5,476,430)	-	-	(5,476,430)
Balance February 28, 2013	\$ 10,792,182	\$ -	\$ 83,290,459	\$ 689,828	\$ 94,772,469

* Big Springs includes the Golden Dome, Dorsey Creek and Mac Ridge properties.

** Other properties include interests in Wattabaeg and Russell Creek in Ontario and Donjek, Aurex, Eureka, Canalask, Clear Creek and Hyland in Yukon Territory and Island Mountain in Nevada.

9. INCOME (LOSS) PER SHARE

(a) Basic

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	For the three months ended August 31,		For the six months ended August 31,	
	2013	2012	2013	2012
Net income (loss)	\$ (1,051,644)	\$ 12,951,050	\$ (2,945,714)	\$ 15,100,224
Weighted average number of common shares issued	340,073,973	339,467,621	340,073,973	339,416,110
Basic earnings (loss) per share	\$ (0.003)	\$ 0.038	\$ (0.009)	\$ 0.044

(b) Diluted

The fully diluted earnings per share is calculated using the common share balance increased by the number of common shares that could be issued under outstanding in the money warrants and options of the Company.

Victoria Gold Corp.
 (an exploration and development stage company)
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended August 31, 2013 and 2012

(Unaudited)
 (Expressed in Canadian Dollars)

	For the three months ended August 31,		For the six months ended August 31,	
	2013	2012	2013	2012
Net income (loss) attributable to common shareholders	\$ (1,051,644)	\$ 12,951,050	\$ (2,945,714)	\$ 15,100,224
Weighted average number of common shares issued	340,073,973	339,467,621	340,073,973	339,416,110
Adjustment for:				
Stock options	-	-	-	1,680,000
Weighted average number of ordinary shares for diluted earnings per share	340,073,973	339,467,621	340,073,973	341,096,110
Diluted earnings (loss) per share	\$ (0.003)	\$ 0.038	\$ (0.009)	\$ 0.044

As a result of the loss for the period ended August 31, 2013, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

10. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and have been measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into Resource properties dependent on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations may result in actual reclamation costs differing from the estimate. The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Santa Fe and Dublin Gulch properties. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date using the following assumptions:

- total undiscounted amount of inflation adjusted future reclamation costs was determined to be \$552,912 for Dublin Gulch and \$1,819,126 for Santa Fe;
- weighted average risk-free interest rate at 1.1% and a long-term inflation rate of 2.0%; and
- expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2026 for Dublin Gulch and through 2014 for Santa Fe.

The following is an analysis of the Company's asset retirement obligation:

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	August 31, 2013	February 28, 2013
Balance, beginning of period	\$ 2,288,177	\$ 1,072,453
Unwinding of discount: ARO	15,036	17,299
Currency translation	45,964	53,354
ARO recognized for additional interest in Santa Fe	-	1,714,766
ARO released due to disposal of properties	-	(503,039)
ARO change due to change in estimates	-	(66,656)
Balance, end of period	2,349,177	2,288,177
Less: Current portion	-	-
Long-term liability	\$ 2,349,177	\$ 2,288,177

11. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares

Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 340,073,973 and 339,873,973 shares as at August 31, 2013 and 2012, respectively.

12. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. One-eighth of options granted under the plan vest immediately; a further one-eighth vest after each three month period thereafter, with the final one-quarter vesting eighteen months from the date of grant. At August 31, 2013, 13,633,647 (10,682,365 as at February 28, 2013) additional stock options were available for grant under the Company's stock option plan.

A summary of the status of the Plan as at August 31, 2013 and as at February 28, 2013, and changes during the periods ended on those dates is presented below:

	August 31, 2013			February 28, 2013		
	Number of stock options	Weighted average exercise price	Fair Value Assigned	Number of stock options	Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the period	23,324,980	\$ 0.44	\$5,772,389	19,951,157	\$ 0.59	\$6,695,104
Granted	-	\$ -	-	9,375,000	\$ 0.25	1,337,198
Exercised	-	\$ -	-	(509,375)	\$ 0.21	(64,728)
Expired	(1,802,480)	\$ 0.34	(303,239)	(4,221,802)	\$ 0.75	(1,829,840)
Forfeited	(1,148,750)	\$ 0.24	(155,225)	(1,270,000)	\$ 0.47	(365,345)
Outstanding, end of the period	20,373,750	\$ 0.43	\$5,313,925	23,324,980	\$ 0.44	\$5,772,389

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As at August 31, 2013, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
September 29, 2008	280,000	280,000	\$ 0.34	September 29, 2013
December 17, 2008	1,680,000	1,680,000	\$ 0.21	December 17, 2013
July 2, 2009	250,000	250,000	\$ 0.40	July 2, 2014
July 13, 2009	75,000	75,000	\$ 0.36	July 13, 2014
September 21, 2009	550,000	550,000	\$ 0.38	September 21, 2014
December 18, 2009	1,560,000	1,560,000	\$ 0.70	December 18, 2014
October 8, 2010	255,000	255,000	\$ 1.25	October 8, 2015
February 9, 2011	1,565,000	1,565,000	\$ 1.05	February 9, 2016
May 18, 2011	210,000	210,000	\$ 0.74	May 18, 2016
August 22, 2011	550,000	550,000	\$ 0.65	August 22, 2016
September 8, 2011	600,000	600,000	\$ 0.69	September 8, 2014
September 8, 2011	110,000	110,000	\$ 0.57	September 8, 2016
January 20, 2012	4,828,750	4,828,750	\$ 0.40	January 20, 2017
May 28, 2012	767,500	610,000	\$ 0.27	May 28, 2017
September 3, 2012	67,500	52,500	\$ 0.22	September 3, 2017
January 11, 2013	7,025,000	2,903,125	\$ 0.25	January 11, 2018
	<u>20,373,750</u>	<u>16,079,375</u>		

The September 29, 2008 granted options have since expired without being exercised.

The fair value of each option is accounted for in the statement of comprehensive loss or capitalized to resource properties over the vesting period of the options, and the related credit is included in contributed surplus.

13. RELATED PARTIES

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

The remuneration of directors and key management of the Company who are not independent for the six months ended August 31, 2013 and 2012 was as follows:

	2013	2012
Salaries and other short term employment benefits	\$ 643,116	\$ 776,833
Share based compensation	\$ 195,215	\$ 318,582

The amounts above have been awarded solely to officers of the Company for work performed in their full-time capacity for the Company.

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14. COMMITMENTS AND CONTINGENCIES

Operating Leases

At August 31, 2013, the Company has future minimum annual operating lease commitments for vehicles and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon, as follows:

to February 28, 2014	\$	266,142
to February 28, 2015		550,087
to February 28, 2016		520,303
to February 29, 2017		226,854
to February 28, 2018 and thereafter		150,448
Total	\$	1,713,834

15. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 8*.

In millions of Cdn \$	Canada	USA	Corporate	Total
As at August 31, 2013				
Property and equipment	4.9	-	-	4.9
Resource properties	90.6	11.3	-	101.9
HST and other receivables	-	10.0	-	10.0
Long-term receivables and accredited interest	-	-	-	-
Total Assets	97.1	23.3	19.3	139.7
As at February 28, 2013				
Property and equipment	5.6	-	-	5.6
Resource properties	83.9	10.9	-	94.8
HST and other receivables	0.2	14.0	0.1	14.3
Long-term receivables and accredited interest	-	9.2	-	9.2
Total Assets	90.8	33.5	19.4	143.7
Period ended August 31, 2013				
Gain on sale of assets held for sale - Quarter	-	-	-	-
Net loss/(income) - Quarter	-	0.8	0.2	1.0
Period ended August 31, 2012				
Gain on sale of assets held for sale - YTD	-	-	-	-
Net loss/(income) - YTD	0.2	0.5	2.2	2.9
Period ended August 31, 2012				
Gain on sale of assets held for sale - Quarter	-	(16.7)	-	(16.7)
Net loss/(income)-Quarter	0.1	(12.7)	(0.4)	(13.0)
Period ended August 31, 2012				
Gain on sale of assets held for sale - YTD	-	(21.5)	-	(21.5)
Net loss/(income) - YTD	0.2	(17.6)	2.3	(15.1)

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16. SUPPLEMENTARY CASH FLOW INFORMATION

	August 31, 2013	February 28, 2013
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to resource property expenditures	\$ 924,745	\$ 2,952,587
Stock-based compensation, capitalized to resource properties (Note 12)	\$ 95,758	\$ 624,740
Non cash proceeds on sale of assets held for sale	\$ -	\$34,135,243
Income taxes paid	\$ -	\$ 1,450,735
Interest paid	\$ -	\$ -

17. RECEIVABLES

Following the completion of the Cove sale during the February 28, 2013 year end, the Company received a non-interest bearing promissory note from Premier. The nominal amount of the promissory note of \$20,000,000 (the present value of the promissory note, using a discount rate of 7% is \$18,080,181 as at June 14, 2012) was to be received over the next two years from date of sale. The value of the receivable is being accreted to the face value of the promissory note at its maturity date, with recognition through the statement of comprehensive income as a form of interest income over the term of the note.

Anniversary Date	Total receivable	August 31, 2013	
		Discounted Principal	Accredited interest
June 13, 2013	\$ -	\$ -	\$ -
June 13, 2014	10,000,000	9,478,461	521,539
Total	\$ 10,000,000	\$ 9,478,461	\$ 521,539

During the period ended August 31, 2013, \$5 million cash and \$5 million in Premier common stock was received by the Company to settle the June 13, 2013 promissory note and \$510,690 was accreted to interest income as a result of the unwinding of the discount (\$256,655 for the quarter ended August 31, 2012). There was an additional \$48,807 of interest income earned on cash balances during the year (\$94,059 for the quarter ended August 31, 2012).

Total HST and other receivables are comprised of the \$9.5 million above for Cove and \$0.5 million related to the Big Springs sale.

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18. INCOME TAXES

	For the three months ended August 31,		For the nine months ended August 31,	
	2013	2012	2013	2012
Current	\$ 800,649	\$ 1,426,826	\$ 800,649	\$ 1,426,826
Deferred	-	2,797,859	-	2,797,859
Provision for income taxes	\$ 800,649	\$ 4,224,685	\$ 800,649	\$ 4,224,685

On an interim basis, income tax expense is recognized based on management's estimate of the corporate annual income tax rate expected for the full financial year applied to the taxable instalment received from the Cove sale (Note 17).