

**ETHOS GOLD CORP.**

(formerly Ethos Capital Corp.)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011**

**(Expressed in Canadian dollars)**

**(Unaudited)**

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim financial statements for the periods ended June 30, 2012 and 2011.

**ETHOS GOLD CORP.**  
**Condensed Balance Sheets**  
**(Expressed in Canadian Dollars)**

	<b>June 30, 2012 (unaudited)</b>	<b>December 31, 2011</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,787,480	\$ 14,291,378
Amounts receivable	148,747	277,496
Prepaid expenses	138,978	193,256
	12,075,205	14,762,130
Mineral interests (note 3)	2,828,000	1,716,000
Equipment (note 4)	39,644	44,969
	\$ 14,942,849	\$ 16,523,099
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 558,286	\$ 223,545
Due to related parties (note 6)	-	90,407
Flow-through share liability	23,990	109,766
	582,276	423,718
<b>Shareholders' Equity</b>		
Share capital (note 5)	22,149,822	21,337,822
Share option reserve	2,039,794	1,693,527
Share warrant reserve	3,065,932	3,065,932
Deficit	(12,894,975)	(9,997,900)
	14,360,573	16,099,381
	\$ 14,942,849	\$ 16,523,099

Approved by the Board of Directors and authorized for issue on August 27, 2012

“Chris Theodoropoulos” Director

“Gary Freeman” Director

**ETHOS GOLD CORP.****Condensed Statements of Loss and Comprehensive Loss****For the three and six months ended June 30, 2012 and 2011****(Unaudited)****(Expressed in Canadian Dollars)**

	<b>Three months ended June 30, 2012</b>	<b>Three months ended June 30, 2011</b>	<b>Six months ended June 30, 2012</b>	<b>Six months ended June 30, 2011</b>
<b>Expenses</b>				
Amortization of equipment	\$ 2,662	\$ 3,241	\$ 5,325	\$ 3,281
Bank charges	1,080	718	2,187	1,543
Consulting	59,538	114,219	118,038	215,715
Exploration and project evaluation	1,930,493	1,427,112	2,101,777	1,764,034
Investor relations	23,149	107,433	64,912	169,119
Listing and filing fees	16,825	37,330	41,473	66,037
Office and administrative	61,278	30,793	103,250	87,938
Professional fees	45,815	21,186	57,063	48,966
Rent	10,948	8,396	27,030	15,868
Salaries	59,773	28,433	114,864	42,802
Share-based compensation	160,036	334,236	346,267	342,692
Travel and expenses	32,364	53,553	85,290	85,870
Loss before the undernoted	(2,403,961)	(2,166,650)	(3,067,476)	(2,843,865)
<b>Other income (expenses)</b>				
Other income	85,776	-	85,776	-
Interest income	40,450	35,346	84,232	50,846
Foreign exchange gain (loss)	2,175	(1,235)	393	(9,036)
<b>Net loss and comprehensive loss for the period</b>	<b>(2,275,560)</b>	<b>(2,132,539)</b>	<b>(2,897,075)</b>	<b>(2,802,055)</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.05</b>	<b>\$ 0.06</b>	<b>\$ 0.07</b>	<b>\$ 0.09</b>
<b>Weighted average number of shares outstanding</b>	<b>42,947,911</b>	<b>35,017,413</b>	<b>42,782,801</b>	<b>30,252,371</b>

**ETHOS GOLD CORP.****Condensed Statements Changes in Shareholders' Equity****For the three and six months ended June 30, 2012 and 2011****(Unaudited)****(Expressed in Canadian Dollars)**

	Share Capital		Share Reserves		Deficit	Total
	Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve		
Balances, January 1, 2011	24,065,540	\$6,778,671	\$662,465	\$1,627,040	\$(2,488,026)	\$6,580,150
Shares issued for warrants exercised	1,722,931	1,170,884	-	(563,815)	-	607,069
Shares issued for options exercised	39,000	22,269	(14,469)	-	-	7,800
Share-based compensation	-	-	8,456	-	-	8,456
Net loss for the period	-	-	-	-	(669,516)	(669,516)
Balances, March 31, 2011	25,827,471	7,971,824	656,452	1,063,225	(3,157,542)	6,533,959
Shares issued for cash	13,770,000	13,003,015	-	1,594,985	-	14,598,000
Share issuance cost	-	(1,056,772)	-	-	-	(1,056,772)
Fair value of finder's warrants	-	(505,642)	-	505,642	-	-
Shares issued for mineral interests	600,000	726,000	-	-	-	726,000
Shares issued for warrants exercised	477,592	633,262	-	(374,596)	-	258,666
Shares issued for options exercised	123,096	175,647	(124,430)	-	-	51,217
Share-based compensation	-	-	334,236	-	-	334,236
Net loss for the period	-	-	-	-	(2,132,539)	(2,132,539)
Balances, June 30, 2011	40,798,159	20,947,334	866,258	2,789,256	(5,290,081)	19,312,767
Shares issued for warrants exercised	1,259,752	413,668	-	276,676	-	690,344
Shares issued for options exercised	40,000	(23,180)	39,980	-	-	16,800
Share-based compensation	-	-	787,289	-	-	787,289
Net loss for the period	-	-	-	-	(4,707,819)	(4,707,819)
Balances, December 31, 2011	42,097,911	21,337,822	1,693,527	3,065,932	(9,997,900)	16,099,381
Shares issued for mineral interests	850,000	812,000	-	-	-	812,000
Share-based compensation	-	-	186,231	-	-	186,231
Net loss for the period	-	-	-	-	(621,515)	(621,515)
Balances, March 31, 2012	42,947,911	22,149,822	1,879,758	3,065,932	(10,619,415)	16,476,097
Share-based compensation	-	-	160,036	-	-	160,036
Net loss for the period	-	-	-	-	(2,275,560)	(2,275,560)
Balances, June 30, 2012	42,947,911	\$22,149,822	\$2,039,794	\$3,065,932	\$(12,894,975)	\$14,360,573

**ETHOS GOLD CORP.****Condensed Statements of Cash Flows****For the six months ended June 30, 2012 and 2011****(Unaudited)****(Expressed in Canadian Dollars)**

	<b>Six months ended June 30, 2012</b>	<b>Six months ended June 30, 2011</b>
<b>Operating activities</b>		
Net loss for the period	\$ (2,897,075)	\$ (2,802,055)
Item not affecting cash:		
Amortization of equipment	5,325	3,281
Share-based compensation	346,267	342,692
Other income	(85,776)	-
	(2,631,259)	(2,456,082)
Changes in non-cash working capital components		
Amounts receivable	128,749	(155,091)
Prepaid expenses	54,278	(190,364)
Accounts payable and accrued liabilities	334,741	1,103,091
Due to related parties	(90,407)	3,204
	(2,203,898)	(1,695,242)
<b>Investing activities</b>		
Equipment	-	(51,049)
Mineral interests	(300,000)	(225,000)
	(300,000)	(276,049)
<b>Financing activities</b>		
Private Placement of common shares	-	14,874,000
Exercise of options	-	59,017
Exercise of warrants	-	865,735
Share issue costs	-	(1,056,772)
	-	14,741,980
<b>(Decrease) increase in cash</b>	<b>(2,503,898)</b>	<b>12,770,689</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>14,291,378</b>	<b>5,707,569</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 11,787,480</b>	<b>\$ 18,478,258</b>
<b>Cash and cash equivalents, end of period, consisted of</b>		
Cash on deposit with a Canadian Senior Bank	\$ 10,136,018	\$ 15,722,177
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank	1,651,462	2,756,081
	<b>\$ 11,787,480</b>	<b>\$ 18,478,258</b>

# **ETHOS GOLD CORP.**

## **Notes to the Condensed Interim Financial Statements**

**For the three and six months ended June 30, 2012 and 2011**

**(Expressed in Canadian Dollars)**

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### **1. NATURE OF OPERATIONS**

Ethos Gold Corp., formerly known as Ethos Capital Corp., (the “Company”) was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2007, the Company completed an initial public offering (“IPO”) and was publicly listed as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “TSX-V” or “Exchange”). In 2008, the Company announced a proposed qualifying transaction (“Qualifying Transaction”). In 2009, the TSX-V accepted the Company’s Qualifying Transaction and filing statement, and the Company began trading on the TSX-V as a Tier 2 company under the symbol ECC. Its registered office is located at 680 – 789 West Pender Street, Vancouver, BC, V6C 1H2.

To date, the Company has not generated revenues from operations and is considered to be in the exploration stage. The Company’s operations, during the fiscal year ended December 31, 2011 and the three and six months ended June 30, 2012, were primarily directed towards the exploration of the Company’s property interests located in Canada.

These financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing and, if required, through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company was unable to continue operations in the normal course of business.

### **2. BASIS OF PREPARATION**

#### **Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended December 31, 2011. The accounting policies applied in these condensed interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of August 27, 2012, the date the Board of Directors approved these condensed interim financial statements and they are consistent with those disclosed in the annual audited financial statements.

#### **Basis of measurement**

These condensed interim financial statements have been prepared on a historical cost basis, except for cash and cash equivalents and other financial instruments classified as fair value through profit or loss or available-for-sale that have been measured at fair value, and are presented in Canadian dollars.

## ETHOS GOLD CORP.

### Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

### 3. MINERAL INTERESTS

	Santa Teresa Mexico	Corrales Mexico	Yukon Canada	Total
<b>Acquisition Costs</b>				
Balance, January 1, 2011	\$ 123,375	\$ 123,375	\$ 765,000	\$ 1,011,750
Additions	-	-	-	-
Balance, March 31, 2011	123,375	123,375	765,000	1,011,750
Additions	-	-	951,000	951,000
Write-off	(123,375)	(123,375)	-	(246,750)
Balance, December 31, 2011	-	-	1,716,000	1,716,000
Additions	-	-	1,112,000	1,112,000
Balance, March 31 and June 30, 2012	\$ -	\$ -	\$ 2,828,000	\$ 2,828,000

#### Santa Teresa and Corrales Option Agreement, Mexico

Pursuant to a number of agreements and amendments, the Company had an exclusive option (the "Option") to earn an undivided seventy percent (70%) right, title and working interest in two of Cardero Resource Corp.'s ("Cardero") mineral properties in Mexico, the Santa Teresa and Corrales properties (the "Mineral Properties") respectively, by:

(a) Paying to Cardero the sum of \$300,000, as follows:

- i. \$100,000 on the Acceptance Date (completed on July 20, 2009)
- ii. an additional \$75,000 on or before December 15, 2010 (completed December 10, 2010); and
- iii. an additional \$125,000 on or before July 17, 2011 (not completed);

(b) delivering to Cardero 1,000,300 fully-paid and non-assessable common shares of the Company as follows:

- i. 150,000 common shares of the Company on or before December 15, 2010 (completed December 3, 2010);
- ii. an additional 250,000 common shares of the Company by July 17, 2011 (not completed); and
- iii. an additional 600,300 common shares of the Company on or before July 17, 2012 (not completed);

(c) assuming all of the liabilities and performing, in a timely manner, all of the obligations pursuant to each of the third-party agreements to which Cardero or its subsidiaries hold their rights in and title to the Mineral Properties during the Option period.

The Company surrendered and terminated its right to acquire from Cardero the Santa Teresa property during 2011 and the Corrales property during the first quarter of 2012.



# ETHOS GOLD CORP.

## Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

### 3. MINERAL INTERESTS (continued)

#### Betty & Wolf Option Agreements, Yukon

On December 21, 2010, the TSX-V accepted for filing two option agreements dated November 30, 2010 between the Company and Shawn Ryan (“Ryan”) and Wildwood Exploration Inc. (“Wildwood”) whereby the Company has the option to acquire a 100% interest in the Betty and Wolf properties, located in the White Gold area, west-central Yukon by completing the following:

#### Cash Payments

Property	Within 5 business days of TSXV Acceptance (Completed December 23, 2010)	On or before January 15, 2012 (Completed January 15, 2012)	On or before November 30, 2012	On or before November 30, 2013	On or before November 30, 2014
Wolf	\$100,000	\$100,000	\$100,000	\$100,000	\$150,000
Betty	\$150,000	\$100,000	\$100,000	\$100,000	\$150,000
Totals	\$250,000	\$200,000	\$200,000	\$200,000	\$300,000
Cumulative	\$250,000	\$450,000	\$650,000	\$850,000	\$1,150,000

#### Required Expenditures

Property	On or before January 15, 2012	On or before October 15, 2012	On or before October 15, 2013	On or before October 15, 2014	On or before October 15, 2015
Wolf	\$200,000	\$300,000	\$500,000	\$750,000	\$750,000
Betty	\$200,000	\$300,000	\$500,000	\$750,000	\$750,000
Totals	\$400,000	\$600,000	\$1,000,000	\$1,500,000	\$1,500,000
Cumulative	\$400,000	\$1,000,000	\$2,000,000	\$3,500,000	\$5,000,000

#### Share Payments

Property	Within 5 business days of TSXV Acceptance (Completed December 23, 2010)	On or before January 15, 2012 (Completed January 15, 2012)	On or before November 30, 2012	On or before November 30, 2013	On or before November 30, 2014
Wolf	250,000	250,000	250,000	250,000	250,000
Betty	250,000	250,000	250,000	250,000	250,000
Totals	500,000	500,000	500,000	500,000	500,000
Cumulative	500,000	1,000,000	1,500,000	2,000,000	2,500,000

## **ETHOS GOLD CORP.**

### **Notes to the Condensed Interim Financial Statements**

**For the three and six months ended June 30, 2012 and 2011**

**(Expressed in Canadian Dollars)**

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#### **3. MINERAL INTERESTS (continued)**

##### **Betty & Wolf Option Agreements, Yukon (continued)**

The Company will also issue and deliver to Ryan 500,000 common shares upon the Company having incurred expenditures of a total of \$4,000,000 on each of the Betty and Wolf properties, and issue and deliver to Ryan an additional 500,000 common shares upon the Company having incurred expenditures of a total of \$7,500,000 on each of the Betty and Wolf properties.

In addition, the Company has the option to accelerate all of the above obligations and upon fulfilling all of these obligations, under both option agreements, the Company will make annual cash advance royalty payments of \$30,000 to Ryan and Wildwood commencing October 30, 2015 and continuing each year thereafter until commencement of commercial production of each of the respective mineral properties. These advance royalty payments will be deducted from the royalty payable upon commencement of commercial production.

Each of the properties will be subject to a 2% Net Smelter Return (“NSR”) royalty in favour of Ryan and Wildwood, with an option in favour of the Company to buy out 1% of the NSR royalty for CDN\$2,500,000 per property.

##### **Bridget & Hen Option Agreements, Yukon**

In May 2011, the TSX-V accepted for filing two option agreements dated March 2, 2011 between the Company, Ryan and Wildwood whereby the Company has the option to acquire a 100% interest in the Bridget and Hen properties, located in the White Gold area. In February 2012, the Company, Ryan and Wildwood amended the terms of these two option agreements to consolidate them into the Bridget Option Agreement. The effect of this consolidation was to terminate the Hen agreement by dropping a total of 476 claims, and consolidating remaining claims from both agreements into the updated Bridget Option Agreement now covering approximately 2,000 claims.

# ETHOS GOLD CORP.

## Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

### 3. MINERAL INTERESTS (continued)

#### Bridget & Hen Option Agreements, Yukon (continued)

Following are the requirements to fulfill the option as amended in February 2012:

##### Cash Payments

Property	Within 5 business days of TSXV Acceptance (Completed May 31, 2011)	On or before March 2, 2012 (Completed March 13, 2012)	On or before March 2, 2013	On or before March 2, 2014	On or before March 2, 2015
Bridget	\$100,000	\$100,000	\$100,000	\$100,000	\$150,000
Hen	\$125,000	N/A	N/A	N/A	N/A
Totals	\$225,000	\$100,000	\$100,000	\$100,000	\$150,000
Cumulative	\$225,000	\$325,000	\$425,000	\$525,000	\$675,000

##### Required Expenditures

Property	On or before October 15, 2011	On or before October 15, 2012	On or before October 15, 2013	On or before October 15, 2014	On or before October 15, 2015
Bridget	\$200,000	\$300,000	\$500,000	\$750,000	\$750,000
Hen	\$300,000	N/A	N/A	N/A	N/A
Totals	\$500,000	\$300,000	\$500,000	\$750,000	\$750,000
Cumulative	\$500,000	\$800,000	\$1,300,000	\$2,050,000	\$2,800,000

##### Share Payments

Property	Within 5 business days of TSXV Acceptance (Completed May 31, 2011)	On or before March 2, 2012 (Completed March 13, 2012)	On or before March 2, 2013	On or before March 2, 2014	On or before March 2, 2015
Bridget	250,000	350,000	350,000	350,000	350,000
Hen	350,000	N/A	N/A	N/A	N/A
Totals	600,000	350,000	350,000	350,000	350,000
Cumulative	600,000	950,000	1,300,000	1,650,000	2,000,000

## ETHOS GOLD CORP.

### Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

#### 3. MINERAL INTERESTS (continued)

##### Bridget & Hen Option Agreements, Yukon (continued)

The Company will also issue and deliver to Ryan 350,000 common shares upon the Company having incurred expenditures of a total of \$4,000,000 on the Bridget property, and issue and deliver to Ryan an additional 350,000 common shares upon the Company having incurred expenditures of a total of \$7,500,000 on the Bridget property.

The Bridget property will be subject to a 2% NSR royalty in favour of Ryan and Wildwood, with an option in favour of the Company to buy out 1% of the NSR royalty exercisable for CDN\$2,500,000.

#### 4. EQUIPMENT

	Computer Equipment	Office Equipment	Total
<b>Cost</b>			
Balance, January 1, 2011	\$ -	\$ -	\$ -
Additions	1,063	-	1,063
Balance, March 31, 2011	1,063	-	1,063
Additions	18,428	31,558	49,986
Balance, December 31, 2011 and June 30, 2012	\$ 19,491	\$ 31,558	\$ 51,049
<b>Accumulated amortization</b>			
Balance, January 1, 2011	\$ -	\$ -	\$ -
Amortization	40	-	40
Balance, March 31, 2011	40	-	40
Amortization	2,884	3,156	6,040
Balance, December 31, 2011	2,924	3,156	6,080
Amortization	2,485	2,840	5,325
Balance, June 30, 2012	\$ 5,410	\$ 5,996	\$ 11,405
Net book value, December 31, 2011	\$ 16,567	\$ 28,402	\$ 44,969
Net book value, June 30, 2012	\$ 14,082	\$ 25,562	\$ 39,644

#### 5. SHARE CAPITAL

##### (a) Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

##### (b) Common shares – Issued and outstanding

At June 30, 2012, 42,947,911 common shares were issued and outstanding (December 31, 2011 – 42,097,911).

## **ETHOS GOLD CORP.**

### **Notes to the Condensed Interim Financial Statements**

**For the three and six months ended June 30, 2012 and 2011**

**(Expressed in Canadian Dollars)**

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#### **5. SHARE CAPITAL (continued)**

##### (b) Common shares – Issued and outstanding (continued)

At June 30, 2012, the Company had 363,750 (December 31, 2011 – 727,500) common shares issued and under escrow. Pursuant to an escrow agreement, in July 2009, the initial 10% of the original 2,425,000 escrowed common shares was released from escrow on the acceptance by TSX-V of a Qualifying Transaction completed by the Company. A total of 15% of the original number of escrowed common shares are released every 6 months thereafter. Please refer to the statements of changes in equity for movement in share capital.

##### (c) Private placements

In May 2011, the Company completed a brokered private placement of 5,800,000 units (the “Units”) at a price of \$1.00 per Unit and 4,920,000 flow-through shares (the “FT Shares”) at a price of \$1.20 per FT Share for aggregate gross proceeds of \$11,704,000 (the “Brokered Offering”). The Brokered Offering was completed by a syndicate of agents led by Canaccord Genuity Corp. and including Fraser Mackenzie Limited and Salman Partners Inc. (collectively the “Agents”). In addition, the Company completed a non-brokered private placement (the “Non-Brokered Offering”) of 2,450,000 Units and 600,000 FT Shares on the same terms as the Brokered Offering for gross proceeds of \$3,170,000. The total gross proceeds of the Brokered Offering and the Non-Brokered Offering were \$14,874,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$1.35 per share until November 5, 2012.

In connection with the Brokered Offering, the Company paid to the Agents cash commissions in the aggregate amount of \$702,240 and issued 591,744 broker warrants. Each broker’s warrant is exercisable until November 5, 2012 to acquire one additional Unit at a price of \$1.00 per Unit (the “Broker’s Warrant Units”). Each Broker’s Warrant Unit has the same terms as the Units under the Brokered Offering. In connection with the Non-Brokered Offering, the Company paid to five registered dealers finder’s fees in the aggregate amount of \$160,320 and issued 154,800 finder’s warrants. Each finder’s warrant is exercisable to acquire one additional Unit until November 5, 2012 at a price of \$1.00 per Unit (the “Finder’s Warrant Units”). Each Finder’s Warrant Unit has the same terms as the Units under the Non-Brokered Offering.

##### (d) Share purchase options

Share purchase options are granted at an exercise price equal to the estimated fair value of the Company’s common shares on the date of the grant.

On June 22, 2010, the Company implemented a new Share Option Plan for the benefit of directors, employees, management company employees and consultants of the Company. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is 10% of the issued and outstanding common shares of the Company at the time of grant. At June 30, 2012 4,054,570 (December 31, 2011 - 4,175,070) share purchase options were outstanding.

## ETHOS GOLD CORP.

### Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

#### 5. SHARE CAPITAL (continued)

##### (d) Share purchase options (continued)

A summary of the status of the Company's share purchase options outstanding as at June 30, 2012 and December 31, 2011 and changes during the periods ended on those dates is presented below:

	June 30, 2012		December 31, 2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of period	4,175,070	\$0.69	1,860,000	\$0.36
Granted	-	-	2,570,500	\$0.90
Exercised	-	-	(202,096)	\$0.38
Cancelled	(120,500)	\$0.65	(53,334)	\$0.43
Outstanding at end of period	4,054,570	\$0.69	4,175,070	\$0.69

As at June 30, 2012, the following share purchase options were outstanding:

Expiry Date	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining contractual life (in years)	Exercisable Options	Weighted Average Exercise Price
Dec 12, 2012	611,000	\$0.20	0.45	611,000	\$0.20
Sep 30, 2013	50,000	\$0.53	1.25	37,500	\$0.53
Sep 24, 2014	100,000	\$0.25	2.24	100,000	\$0.25
Apr 1, 2015	25,000	\$0.39	2.75	25,000	\$0.39
May 4, 2015	80,000	\$0.43	2.84	80,000	\$0.43
Sep 22, 2015	638,570	\$0.42	3.23	638,570	\$0.42
Nov 23, 2015	100,000	\$0.90	3.40	100,000	\$0.90
Feb 2, 2016	750,000	\$0.93	3.59	562,500	\$0.93
Jun 22, 2016	740,000	\$1.15	3.98	555,000	\$1.15
Jun 22, 2016	250,000	\$0.83	3.98	187,500	\$0.83
Sep 30, 2016	100,000	\$0.53	4.25	75,000	\$0.53
Dec 19, 2016	610,000	\$0.69	4.47	305,000	\$0.69
	4,054,570	\$0.69	3.22	3,277,070	\$0.65

## ETHOS GOLD CORP.

### Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

#### 5. SHARE CAPITAL (continued)

##### (e) Warrants

A summary of the status of the Company's warrants outstanding as at June 30, 2012 and December 31, 2011 and changes during the periods ended on those dates is presented below:

	June 30, 2012		December 31, 2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	6,934,059	\$1.30	5,149,519	\$0.68
Issued	-	-	5,244,815	\$1.28
Exercised	-	-	(3,460,275)	\$0.45
Expired	-	-	-	-
Outstanding at end of year	6,934,059	\$1.30	6,934,059	\$1.30

As at June 30, 2012, the following share purchase warrants were outstanding:

<u>Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,549,998	\$1.40	Dec. 23, 2012
139,246	\$1.05	Dec. 23, 2012
4,124,999	\$1.35	Nov. 05, 2012
746,544	\$1.00	Nov. 05, 2012
373,272	\$1.35	Nov. 05, 2012
6,934,059		

#### 6. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed to by the parties.

During the three and six month period ended June 30, 2012, the Company paid \$87,000 and \$174,000 respectively (2011 - \$58,000 and \$118,000 respectively) in consulting fees to private companies controlled by officers and Directors of the Company. During the six months ended June 30, 2011, the Company paid \$56,590 to a publicly listed company with a common Director, for reimbursement of exploration costs.

##### Key management personnel compensation

	For the six months ended	
	June 30, 2012	June 30, 2011
Consulting fees	\$ 174,000	\$ 168,000
Share-based compensation	234,997	83,200
	\$ 408,997	\$251,200

## ETHOS GOLD CORP.

### Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

#### 7. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2012</u>	<u>2011</u>
Interest received	\$ 84,232	\$ 50,846
Interest paid	-	-
Non-cash activities		
Acquisition of mineral property through issue of shares	812,000	-

#### 8. SEGMENT INFORMATION

- a) The Company operates in one industry segment (note 1).
- b) At June 30, 2012 and June 30, 2011, the Company's mineral interests were located in:

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
Mexico	\$ -	\$ 246,750
Canada	2,828,000	1,758,000
	<u>\$2,828,000</u>	<u>\$2,004,750</u>

The Company's other assets and liabilities and net expenses are attributable to its corporate office activities in Canada.

#### 9. COMMITMENT AND CONTINGENCIES

The Company's exploration activities in the Yukon Territory are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment, and believes its operations are materially in compliance with all applicable laws and regulations. The Company makes, and expects to make in the future, expenditures to comply with such laws and regulations, including any reclamation at its mineral properties, on a continuous basis.

The Company's option agreements with Wildwood and Ryan require that the Company make all of the necessary payments to maintain the mineral properties titles in good standing. Minimum required exploration expenditures for 2012 are \$509,500. The Company has already incurred \$4,761,088 in 2011. Hence 2012 required exploration expenditures have been met.

The Company leases its premises in Vancouver, British Columbia and the minimum annual rent in each of the next five years until the lease agreement's expiry on January 31, 2015 are as follows:

2012	\$30,910
2013	\$63,752
2014	\$63,927
2015	\$ 5,327



**ETHOS GOLD CORP.****Notes to the Condensed Interim Financial Statements****For the three and six months ended June 30, 2012 and 2011****(Expressed in Canadian Dollars)**

	<b>June 30, 2012</b>			<b>June 30, 2011</b>		
	<b>Yukon</b>	<b>Mexico</b>	<b>Total</b>	<b>Yukon</b>	<b>Mexico</b>	<b>Total</b>
Assaying	\$88,342	-	\$88,342	\$472,603	-	\$472,603
Drilling	305,335	-	305,335	-	-	-
Fuel	239,822	-	239,822	75,329	-	75,329
Field costs	60,005	-	60,005	47	4,112	4,159
Geophysical	-	-	-	99,299	60,514	159,813
Helicopter	762,814	-	762,814	529,540	-	529,540
Mapping	66,734	-	66,734	37,758	-	37,758
Mining rights	-	13,910	13,910	-	13,634	13,634
Personnel	304,748	-	304,748	62,503	(1,816)	60,687
Regulatory	546	-	546	618	-	618
Staking	29,000	-	29,000	383,012	-	383,012
Storage & rent	32,316	-	32,316	360	-	360
Supplies	176,530	-	176,530	15,642	-	15,642
Travel	17,580	-	17,580	10,879	-	10,879
Other	-	4,095	4,095	-	-	-
	<b>\$1,983,772</b>	<b>\$18,005</b>	<b>\$2,101,777</b>	<b>\$1,687,590</b>	<b>\$76,444</b>	<b>\$1,764,034</b>