ETHOS GOLD CORP.
(formerly Ethos Capital Corp.)

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012 AND 2011

(Stated in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Ethos Gold Corp. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements, the accompanying Management's Discussion and Analysis and for ensuring that management fulfils its financial reporting responsibilities. The Audit Committee of the Board of Directors meets with management as well as with the independent auditor to review the financial statements and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

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

These financial statements have been audited by Hay & Watson, Chartered Accountants, and their independent audit report follows.

"Gary Freeman"

Gary Freeman
Chief Executive Officer

"Peter G. Wong"

Peter G. Wong
Chief Financial Officer

April 23, 2013

HAY & WATSON | Chartered Accountants
900 – 1450 Creekside Drive, Vancouver BC V6J 5B3
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ethos Gold Corp.

We have audited the financial statements of the Ethos Gold Corp., which comprise the balance sheets as at December 31, 2012 and 2011 and statements of loss and comprehensive loss, changes in equity and cash flows 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 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 auditor considers 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2012 and 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Hay + Watson

Chartered Accountants
Vancouver, British Columbia
April 23, 2013

ETHOS GOLD CORP.
Balance Sheets
As at December 31, 2012 and 2011
(Stated in Canadian Dollars)

		December 31 2012		December 31 2011
Assets				
Current assets:				
Cash and cash equivalents	$	9,059,938	$	14,291,378
Amounts receivable		130,532		277,496
Prepaid expenses		65,775		193,256
		9,256,245		14,762,130
Mineral Interests (note 4)		1		1,716,000
Equipment (note 5)		35,445		44,969
	$	9,291,691	$	16,523,099
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	74,818	$	223,545
Due to related parties (note 7)		17,280		90,407
Flow-through share liability		-		109,766
		92,098		423,718
Shareholders' Equity				
Share capital (note 6)		22,441,603		21,337,822
Share option reserve		1,974,487		1,693,527
Share warrant reserve		3,065,932		3,065,932
Deficit		(18,282,429)		(9,997,900)
		9,199,593		16,099,381
	$	9,291,691	$	16,523,099

The accompanying notes are an integral part of the financial statements

Approved by the Board of Directors and authorized for issue on April 23, 2013

"Chris Theodoropoulos" **Director**

"Gary Freeman" **Director**

ETHOS GOLD CORP.
Statements of Loss and Comprehensive Loss
For the Years ended December 31, 2012 and 2011
(Stated in Canadian Dollars)

		2012		2011
Expenses				
Amortization of equipment	$	10,849	$	6,079
Bank charges		4,968		3,787
Consulting		249,400		397,882
Exploration and project evaluation		4,159,455		5,020,375
Investor relations		104,380		289,048
Listing and filing fees		60,224		106,549
Office and administrative		196,476		134,908
Professional fees		72,218		104,588
Rent		52,943		35,463
Salaries		194,964		147,870
Share-based compensation		470,541		1,129,981
Travel and expenses		132,203		218,813
Write-off of mineral interest acquisition costs		2,828,000		246,750
Loss before the undernoted		(8,536,621)		(7,842,093)
Other income (expenses)				
Other income		109,766		199,095
Interest income		144,521		140,499
Foreign exchange loss		(2,195)		(7,375)
Net loss and comprehensive loss for the year		(8,284,529)		(7,509,874)
Basic and diluted loss per share	$	0.19	$	0.21
Weighted average number of common shares outstanding		42,897,449		35,737,106

The accompanying notes are an integral part of the financial statements

ETHOS GOLD CORP.
Statements Changes in Equity
For the Years Ended December 31, 2012 and 2011
(Stated in Canadian Dollars)

	Share Capital		Share Reserves			
	Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve	Deficit	Total
Balances, January 1, 2011	24,065,540	$6,778,671	$662,465	$1,627,040	$(2,488,026)	$6,580,150
Shares and warrants issued for cash	13,770,000	13,003,016	-	1,594,985	-	14,598,001
Share issue costs	-	(1,056,773)	-	-	-	(1,056,773)
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	3,460,275	2,217,814	-	(661,735)	-	1,556,079
Shares issued for options exercised	202,096	174,736	(98,919)	-	-	75,817
Share-based compensation	-	-	1,129,981	-	-	1,129,981
Net loss for the year	-	-	-	-	(7,509,874)	(7,509,874)
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
Shares issued for options exercised	511,000	291,781	(189,581)	-	-	102,200
Share-based compensation	-	-	470,541	-	-	470,541
Net loss for the year	-	-	-	-	(8,284,529)	(8,284,529)
Balances, December 31, 2012	43,458,911	$22,441,603	$1,974,487	$3,065,932	$(18,282,429)	$9,199,593

The accompanying notes are an integral part of the financial statements

ETHOS GOLD CORP.

Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011
(Stated in Canadian Dollars)

		2012		2011
Operating activities				
Net loss for the year	$	(8,284,529)	$	(7,509,874)
Item not affecting cash:				
Amortization of equipment		10,849		6,079
Share-based compensation		470,541		1,129.981
Write-off of mineral interests		2,828,000		246,750
		(4,975,139)		(6,127,064)
Changes in non-cash working capital components				
Amounts receivable		146,964		(259,021)
Prepaid expenses		127,481		(74,578)
Accounts payable and accrued liabilities		(53,274)		94,593
Due to related parties		(90,407)		83,531
Items not affecting operating activities				
Other income		(109,766)		(199,096)
Exploration and project evaluation		4,159,455		5,020,375
		(794,686)		(1,461,260)
Investing activities				
Purchase of equipment		(1,325)		(51,048)
Acquisition and exploration of mineral property interests		(4,537,629)		(5,353,006)
		(4,538,954)		(5,404,054)
Financing activities				
Private placements of common shares		-		14,874,000
Exercise of options		102,200		75,817
Exercise of warrants		-		1,556,079
Share issue costs		-		(1,056,773)
		102,200		15,449,123
Increase (decrease) in cash		(5,231,440)		8,583,809
Cash and cash equivalents, beginning of year		14,291,378		5,707,569
Cash and cash equivalents, end of year	$	9,059,938	$	14,291,378
Cash and cash equivalents, end of year, consisted of				
Cash on deposit with a Canadian Senior Bank	$	8,416,266	$	12,645,584
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank		643,672		1,645,794
	$	9,059,938	$	14,291,278

The accompanying notes are an integral part of the financial statements
Supplemental Cash Flow Information (note 9)

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, 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 were unable to continue operations in the normal course of business.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements, including the comparative statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs"). These financial statements have been prepared in accordance with IFRS standards and interpretations effective as of December 31, 2012 with significant accounting policies as described in note 3.

Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for cash and cash equivalents classified as fair value through profit or loss which has been measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting estimates and judgments (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of amounts receivable and carrying values of minerals interest and equipment, the fair value of options and warrants issued, and the fair value of reclamation obligations. Actual results may differ from those estimates.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from property and equipment.

(b) Reporting and functional currencies

The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when acquired. All gains and losses on translation of these foreign currency transactions are included in the statement of loss.

(c) Financial instruments

Financial instruments, other than cash and cash equivalents, are classified into various categories. Held to maturity investments, and loans and receivables are measured at amortized cost, with amortization of premiums or discounts, losses and impairment included in current period interest income or expense. Financial assets and liabilities at fair value through profit or loss ("FVTPL") are classified as FVTPL when the financial instrument is held for trading or are designated as FVTPL. Financial instruments at FVTPL are measured at fair market value with all gains and losses included in operations in the period in which they arise. Available for sale financial assets are measured at fair market value with revaluation gains and losses included in other comprehensive income (see (j) below) until the asset is removed from the balance sheet, and losses due to impairment are included in operations. All other financial assets and liabilities, except for cash, are carried at amortized cost.

The Company's financial instruments are cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and amounts due to related parties. The Company has classified its cash and cash equivalents as held for trading, amounts receivable as loans and receivables and accounts payable and accrued liabilities and due to related parties as other financial liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

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

(d) Cash and cash equivalents

Cash and cash equivalents consist of balances on deposit and investments in highly liquid short-term deposits, which are readily convertible into known amounts of cash and which are subject to minimal risks of changes in fair value.

(e) Mineral interests

Mineral interests are recorded at cost less accumulated impairment losses. All direct costs related to the acquisition of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property and equipment. Upon commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

(f) Equipment

Equipment is recorded at cost and amortized over its estimated useful life. The Company records amortization on a declining balance basis at the following annual rates. The amortization rates are reduced by one-half in the years of acquisition and disposal.

Computer equipment	30%
Office equipment	20%

(g) Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment to determine whether there is an indication that those assets have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (in any).

The recoverable amount used for this purpose is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assignments of the time value of money and the risks specific to the

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets (continued)

asset. If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(h) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(i) Reclamation obligations

Liabilities related to environmental protection and reclamation costs are recognized when the obligation is incurred and the fair value of the related costs can be reasonably estimated. This includes future site restoration and other costs as required due to environmental law or contracts. At December 31, 2012, there were no reclamation liabilities.

(j) Share capital

Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Flow-through shares
The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share 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 expenditures being incurred, the Company derecognizes the liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery from issuance of flow-through shares. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Share capital (continued)

expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(k) Income recognition

Interest from cash and short term investments is recorded on an accrual basis when collection is reasonably assured.

(l) Comprehensive income or loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the balance sheet. At present, the Company has no other comprehensive income or loss.

(m) Share-based payments

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

(n) Income taxes

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the period, adjusted for amendments to tax payable for previous years.
Deferred tax assets and liabilities are computed using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values, using the enacted or substantially enacted, income tax rates at each statement of financial position date. Deferred tax assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The number of additional shares is calculated by assuming that outstanding share options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. Common share equivalents have been excluded from the computation of diluted loss per share for the periods presented as including them would have been anti-dilutive.

(p) New accounting standards and interpretations

The following is a summary of new standards, amendments and interpretations that have been issued but not yet adopted in these annual financial statements. The Company is currently evaluating the impact of that these changes will have on its financial instruments; however, the impact, if any, is not expected to be significant.

(i) IFRS 7, Financial Instruments: Disclosures ("IFRS 7") – amendments

In December 2011, the IASB issued new disclosure requirements for financial assets and liabilities that (1) are offset in the statement of financial position; or (2) subject to master netting agreements or similar arrangements. These new disclosure requirements are effective for annual periods beginning on or after January 1, 2013 and are to be applied retrospectively.

(ii) IFRS 9, Financial Instruments ("IFRS 9"):

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015,.

(iii) IFRS 13, Fair Value Measurement ("IFRS 13")

In May 2011, the IASB issued guidance establishing a single source for fair value measurement. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another standard requires or permits the item to be measured at fair value, with limited exceptions. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

(iv) IAS 32, Financial Instruments: presentation ("IAS 32")

In December 2011, the IASB issued amendments to IAS 32. The amendments clarify that an entity currently has a legally enforceable right to set-off financial assets and liabilities if that right is (1) not contingent on a future event; and (2) enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively.

(Expressed in Canadian Dollars)

4. MINERAL INTERESTS

Acquisition Costs	Santa Teresa Mexico	Corrales Mexico	Yukon Canada	Total
Balance, January 1, 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	-	-	1,112,001	1,112,001
Write-off	-	-	(2,828,000)	(2,828,700)
Balance, December 31, 2012	$ -	$ -	$ 1	$ 1

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 had the option to acquire a 100% interest in the Betty and Wolf properties, located in the White Gold area, west-central Yukon.

During the year ended December 31, 2012, the Company made cash payments of $200,000 (2011 – Nil) and issued 500,000 common shares with a fair value of $455,000 (2011 – Nil) pursuant to the option agreements.

In February 2013, the Company terminated its option to acquire a 100% interest in the Betty and Wolf properties. Accordingly, the Company has written off the capitalized acquisition costs as at December 31, 2012.

Bridget & Hen Option Agreements, Yukon

The Company entered into two option agreements dated March 1, 2011 between the Company and Ryan and Wildwood, whereby the Company had the option to acquire a 100% interest in the Bridget and Hen properties, located in the White Gold area. The TSXV approved this transaction during the second quarter of 2011. In February, 2012, the Company and Ryan and Wildwood amended the terms of these two option agreements. 1,633 claims were removed from the Hen Agreement and added to the Bridget Agreement, and 476 former Hen claims were determined not to be required for the Company's exploration objectives, and were returned to Ryan and Wildwood. Consequently, the revised claim package was all covered under the Bridget agreement and the Hen agreement had been terminated.

During the year ended December 31, 2012, the Company made cash payments of $100,000 (2011 – $225,000) and issued 350,000 common shares with a fair value of $357,000 (2011 – 600,000 common shares with a fair value of $726,000) pursuant to the option agreements.

In March 2013, the Company terminated its option to acquire a 100% interest in the Bridget and Hen properties. Accordingly, the Company has written off the capitalized acquisition costs as at December 31, 2012.

Other Claims, Yukon

During the year ended December 31, 2012, the Company staked an additional 44 mineral property claims near the Betty property in the White Gold area, west-central Yukon. These claims are 100% owned by the Company.

(Expressed in Canadian Dollars)

5. EQUIPMENT

Cost	Computer Equipment	Office Equipment	Total
Balance, January 1, 2011	$ -	$ -	$ -
Additions	19,490	31,558	51,049
Balance, December 31, 2011	$ 19,490	$ 31,558	$ 51,048
Additions	1,325	-	1,325
Balance, December 31, 2012	$ 20,815	$ 31,558	$ 52,373
Accumulated amortization			
Balance, January 1, 2011	$ -	$ -	$ -
Amortization	2,923	3,156	6,079
Balance, December 31, 2011	$ 2,923	$ 3,156	$ 6,079
Amortization	5,169	5,680	10,849
Balance, December 31, 2012	8,092	8,836	16,928
Net book value, December 31, 2011	$ 16,567	$ 28,402	$ 44,969
Net book value, December 31, 2012	$ 12,723	$ 22,722	$ 35,445

6. 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 December 31, 2012, 43,458,911 common shares were issued and outstanding.

At December 31, 2012, the Company had nil (December 31, 2011 – 436,500) 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 were released every 6 months thereafter. Refer to the statements of changes in equity for movement in share capital for the fiscal year ended December 31, 2012 and 2011.

(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

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

(c) Private placements

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 was $14,874,000. Each Unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitled 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 was 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 was 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 had 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 December 31, 2012, 1,853,570 share purchase options were outstanding.

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

	2012		2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	4,175,070	$0.69	1,860,000	$0.36
Granted	-	-	2,570,500	$1.01
Exercised	(511,000)	$0.20	(202,096)	$0.38
Cancelled	(1,810,500)	$0.95	(53,334)	$0.43
Outstanding at end of year	1,853,570	$0.56	4,175,070	$0.69

The weighted average share price on the date of exercise for share purchase options exercised during the year ended December 31, 2012 was $0.20 (2011 - $0.38)

(Expressed in Canadian Dollars)

6. SHARE CAPITAL (continued)

(d) Share purchase options (continued)

As at December 31, 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
Sep 24, 2014	100,000	$0.25	1.73	100,000	$0.25
Apr 1, 2015	25,000	$0.39	2.25	25,000	$0.39
May 4, 2015	80,000	$0.43	2.34	80,000	$0.43
Sep 22, 2015	638,570	$0.42	2.73	638,570	$0.42
Jun 22, 2016	250,000	$0.83	3.48	250,000	$0.83
Sep 30, 2016	100,000	$0.53	3.75	100,000	$0.53
Sep 30, 2013	50,000	$0.53	0.75	50,000	$0.53
Dec 19, 2016	610,000	$0.69	3.97	457,500	$0.69
	1,853,570	$0.56	3.16	1,701,070	$0.74

The Company did not grant any share purchase options during the fiscal year ended December 31, 2012. The weighted average grant-date fair value of share purchase options granted during the fiscal year ended December 31, 2011 was $0.68 per share option. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to employees. The Company determines the fair value of share purchase options issued to non-employees using the value of services provided by the non-employees.

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the years to directors, officers and employees:

	2012	2011
Weighted average share price	n/a	$0.90
Weighted average exercise price	n/a	$0.90
Risk-free interest rate	n/a	2.0%
Expected volatility	n/a	124%
Expected years of option life	n/a	2.95
Expected dividends	n/a	Nil

Volatility is based on historical share price volatility. Expected option lives were estimated at 2.95 years. Other features of the option grants were not considered relevant for the calculation of grant date fair value.

(e) Share purchase warrants

During the year ended December 31, 2012, 6,934,059 share purchase warrants with a weighted average exercise price of $1.32 expired unexercised.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed to by the parties. Related party transactions not otherwise disclosed in these financial statements are:

a) The Company paid $nil (2011 - $62,613) to a publicly listed company with a common Chief Executive Officer, for office rent and reimbursement of certain office costs.

b) During 201, the Company paid $57,238 for option agreement payments and reimbursement for certain mineral exploration costs, of which $68,820 was payable at December 31, 2011 to a company of which one of the directors is the President and Chief Executive Officer.

c) The Company paid $234,000 (2011 - $270,357) in consulting fees to private companies controlled by certain directors and officers of the Company, of which Nil (2011 - $21,587) was payable at December 31, 2012.

d) $17,280 in Director fees was payable at December 31, 2012 (2011 – Nil).

Key management personnel compensation

	For the year ended December 31, 2012	For the year ended December 31, 2011
Salaries	$132,000	$147,870
Consulting fees	$234,000	$336,000
Directors fees	$70,500	-
Share-based compensation	$317,569	$819,361
	$754,069	$1,303,231

8. MULTI-EMPLOYER PENSION PLAN (CPP)

The Company contributes to the Canada Pension Plan, a national multi-employer, defined contribution pension plan in Canada on behalf of its employees. During the fiscal year ended December 31, 2012, the Company made contributions totaling $13,127 (2010 - $5,858).

9. SUPPLEMENTAL CASH FLOW INFORMATION

	2012	2011
Interest received	$ 151,743	$ 149,449
Interest paid	-	-
Non-cash activities		
Acquisition of mineral property through issue of shares	812,000	726,000
Payment of finder's fees through issue of broker warrants	-	505,642
Transfer of reserve amounts upon exercise of warrants and options	189,581	760,654
Reserve for warrants and options issued	470,541	1,594,985

(Expressed in Canadian Dollars)

10. SEGMENT INFORMATION

a) The Company operates in one industry segment (note 1).

b) At December 31, 2012 and December 31, 2011, the Company's mineral interests were located as follows:

	2012	2011
Mineral interests assets		
Mexico	$ -	$ -
Canada	1	1,716,000
	$ 1	$1,716,000

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

11. INCOME TAXES

The income tax expense or recovery reported by the Company differs from the amounts obtained by applying statutory rates to the net loss before income tax. A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is:

	2012	**2011**
Net loss	8,284,529	7,509,874
Combined statutory income tax rate	25%	26.5%
Income tax recovery at combined statutory tax rate	2,071,132	1,990,117
Non-deductible or non-taxable items, net	(1,844,928)	(299,445)
Deductible costs	67,279	-
Unrecognized tax benefits	(293,483)	(1,690,672)
Provision for income taxes	$ -	$ -

The change in the combined statutory tax rate is due to a reduction in federal and provincial corporate income tax rates during the year ended December 31, 2012.

The Company's deferred tax assets and liabilities at December 31, 2012 and 2011 are:

	2012	**2011**
Deferred tax assets		
Mineral interests	$ 1,721,665	$ 1,646,470
Equipment	4,408	1,610
Unused investment tax credits	166,308	110,312
Share issue costs	194,892	264,861
Tax loss carry-forwards	915,227	519,255
Total deferred tax assets	3,002,500	2,542,508
Valuation allowance	(3,002,500)	(2,542,508)
Net deferred tax assets	$ -	$ -

The Company estimates that the realization of income tax benefits related to these deferred tax assets is uncertain and accordingly no deferred tax asset has been recognized.

(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

As at December 31, 2012, the Company had non-capital tax losses that may be carried forward and used to reduce taxable income of future years. These losses will expire as follows:

Year of origin	Year of expiry	Amount
2007	2027	56,637
2008	2028	77,150
2009	2029	231,098
2010	2030	442,899
2011	2031	1,538,390
2012	2032	1,173,930

As at December 31, 2012, the Company has unused income tax credits of $166,308 that may be carried forward and used to reduce taxable income of future years. These income tax credits expire in 2031 and 2032.

12. COMMITMENT AND CONTINGENCIES

The Company's exploration activities in the Yukon Territory and in Mexico 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 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:

2013	$63,752
2014	$63,927
2015	$ 5,327

13. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to pursue its objectives. The Company measures its capital as its shareholders' equity. The Company's primary source of capital is the issuance of equity.

The Company manages and adjusts its capital structure whenever changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company may require additional funding to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required, but recognizes there will be risks involved that may be beyond its control.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through at least the next twelve months. There are no external restrictions on the Company's capital.

14. FINANCIAL INSTRUMENTS

The Company is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments which include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The Company is not exposed to significant market or other price risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at a major financial institution. Accounts receivable consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable, accrued liabilities and amounts due to related parties, which are all due on demand. The Company uses cash forecasts to ensure as far as possible that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

As at December 31, 2012, the Company estimates that a 1% change in prevailing interest rates would change the fair value of future cash flows from the Company's financial instruments by approximately $6,000.

ETHOS GOLD CORP.
Schedule of Exploration Expenditures
For the Years Ended December 31, 2012 and 2011
(Expressed in Canadian Dollars)

2012	**Corrales Mexico**	**Betty Yukon**	**Wolf Yukon**	**Bridget Yukon**	**Hen Yukon**	**Betty WC Yukon**	**Cripple Yukon**	**Other Yukon**	**Other**	**Total**
Assay/Sampling	$ -	$ 353,306	$ -	$ -	$ -	$ -	$ -	$ -	$ 138	$ 353,444
Drilling and Analysis	-	689,529	-	-	-	-	-	-	-	689,529
Field Costs	-	29,706	-	-	-	-	-	-	-	29,706
Fuel	-	358,702	-	-	-	-	-	-	-	358,702
Geochemistry	-	224,055	-	-	-	-	-	-	-	224,055
Helicopter/Air Transportation	-	1,350,375	-	2,592	-	-	16,005	-	-	1,368,972
Mapping	-	27,407	15,984	18,814	4,529	-	-	-	-	66,734
Mining Rights	13,910	-	-	-	-	-	-	-	-	13,910
Personnel	-	572,040	527	13,147	-	-	-	(4,917)	-	580,797
Property Rent	-	67,785	-	-	-	-	-	-	-	67,785
Regulatory	-	57	-	-	-	-	-	300	246	603
Staking	-	7,900	-	-	-	4,599	16,500	-	-	28,999
Storage	-	180	-	-	-	-	-	540	-	720
Supplies	-	222,241	1,178	589	-	-	-	-	-	224,008
Telecommunications	-	6,871	-	-	-	-	-	73	-	6,944
Travel	-	33,446	-	-	-	-	-	-	-	33,446
Trenching	-	103,907	-	3,430	-	-	-	-	-	107,337
Vehicle Rental	-	-	-	-	-	-	-	(692)	-	(692)
Other	4,094	361	-	-	-	-	-	-		4,455
	$ 18,005	**$4,047,868**	**$ 17,689**	**$ 38,572**	**$ 4,529**	**$ 4,599**	**$ 32,505**	**($4,696)**	**$ 384**	**$4,159,454**

ETHOS GOLD CORP.
Schedule of Exploration Expenditures
For the Years Ended December 31, 2012 and 2011
(Expressed in Canadian Dollars)

2011

	Santa Teresa Mexico	Corrales Mexico	Betty Yukon	Wolf Yukon	Bridget Yukon	Hen Yukon	Hayes Yukon	Other	Total
Assaying	$ -	$ -	$ 571,480	$ 99,779	$ 420,291	$ 93,686	$ 150,516	$ -	$ 1,335,752
Drilling	-	-	32,621	-	-	-	-	-	32,621
Field expenses	-	4,112	28,395	12	12	12	-	373	32,916
Fuel	-	-	127,793	5,972	59,913	12,249	22,375	7,001	235,303
Geophysical	-	60,514	145,389	38,260	298,429	76,520	206,605	-	825,717
Helicopter	-	-	582,762	35,940	359,032	77,949	129,889	-	1,185,572
Mapping	-	-	67,625	6,625	54,745	13,745	-	18	142,758
Mining rights	598	25,990	-	-	-	-	-	-	26,588
Personnel	30,723	28,907	107,271	8,284	44,139	6,827	4,367	7,109	237,627
Property rent	8,820	-	-	-	-	-	-	-	8,820
Prospecting	-	-	60,150	-	-	-	-	-	60,150
Regulatory	-	-	36,817	6,111	54,665	12,573	19,125	-	129,291
Staking	-	-	13,500	-	33,250	316,161	132,200	-	495,111
Storage	-	-	-	-	-	-	-	1,440	1,440
Supplies	-	-	9,758	6,745	3,603	1,868	-	1,599	23,573
Travel	-	-	11,156	1,098	365	1,252	-	63,491	77,362
Trenching	-	-	134,218	-	15,605	-	-	-	149,823
Vehicle rental	-	-	1,199	-	-	-	-	4,000	5,199
Other	-	-	164	-	-	-	-	14,588	14,752
	$ 40,141	**$ 119,523**	**$1,930,298**	**$ 208,826**	**$ 1,344,049**	**$ 612,842**	**$ 665,077**	**$ 99,619**	**$ 5,020,375**