

ETHOS GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(Stated 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 three and six months ended June 30, 2013 and 2012.

ETHOS GOLD CORP.
Condensed Balance Sheets
(Unaudited and Stated in Canadian Dollars)

	June 30 2013	December 31 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,755,943	\$ 9,059,938
Amounts receivable	58,800	130,532
Prepaid expenses	42,241	65,775
	<u>8,856,984</u>	<u>9,256,245</u>
Mineral Interests (note 3)	1	1
Equipment (note 4)	31,264	35,445
	<u>\$ 8,888,249</u>	<u>\$ 9,291,691</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 68,828	\$ 74,818
Due to related parties (note 6)	14,248	17,280
	<u>83,076</u>	<u>92,098</u>
Shareholders' Equity		
Share capital (note 5)	22,441,603	22,441,603
Share option reserve	2,037,536	1,974,487
Share warrant reserve	3,065,932	3,065,932
Deficit	(18,739,898)	(18,282,429)
	<u>8,805,173</u>	<u>9,199,593</u>
	<u>\$ 8,888,249</u>	<u>\$ 9,291,691</u>

Approved by the Board of Directors and authorized for issue on August 22, 2013

“Chris Theodoropoulos” Director

“Gary Freeman” Director

ETHOS GOLD CORP.**Condensed Statements of Loss and Comprehensive Loss
(Unaudited and Stated in Canadian Dollars)**

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Expenses				
Amortization of equipment	\$ 2,091	\$ 2,662	\$ 4,181	5,325
Bank charges	507	1,080	929	2,187
Consulting	62,289	59,538	125,289	118,038
Exploration and project evaluation	33,747	1,930,493	77,074	2,101,777
Investor relations	(2,731)	23,149	1,031	64,912
Listing and filing fees	16,946	16,825	38,745	41,473
Office and administrative	26,083	61,278	70,263	103,250
Professional fees	7,500	45,815	19,957	57,063
Rent	8,461	10,948	19,543	27,030
Salaries	25,753	59,773	63,407	114,864
Share-based compensation	51,414	160,036	63,049	346,267
Travel and expenses	9,836	32,364	29,636	85,290
Loss before the undernoted	(241,896)	(2,403,961)	(513,104)	(3,067,476)
Other income (expenses)				
Other income	-	85,776	-	85,776
Interest income	27,203	40,450	53,538	84,232
Foreign exchange gain	1,303	2,175	2,097	393
Net loss and comprehensive loss for the period	(213,390)	(2,275,560)	(457,469)	(2,897,075)
Basic and diluted loss per share	\$ 0.00	\$ 0.05	\$ 0.01	\$ 0.07
Weighted average number of shares outstanding	43,458,911	42,947,911	43,458,911	42,782,801

ETHOS GOLD CORP.**Condensed Statements Changes in Equity****For the three and six months ended June 30, 2013 and 2012****(Unaudited and Stated in Canadian Dollars)**

	Share Capital		Share Reserves			Total
	Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve	Deficit	
Balances, January 1, 2012	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
Balances, January 1, 2013	43,458,911	\$22,441,603	\$1,974,487	\$3,065,932	\$(18,282,429)	\$9,199,593
Share-based compensation	-	-	11,635	-	-	11,635
Net loss for the period	-	-	-	-	(244,079)	(244,079)
Balances, March 31, 2013	43,458,911	\$22,441,603	\$1,986,122	\$3,065,932	\$(18,526,508)	\$8,967,149
Share-based compensation	-	-	51,414	-	-	51,414
Net loss for the period	-	-	-	-	(213,390)	(213,390)
Balances, June 30, 2013	43,458,911	\$22,441,603	\$2,037,536	\$3,065,932	\$(18,739,898)	\$8,805,173

ETHOS GOLD CORP.
Condensed Statements of Cash Flows
(Unaudited and Stated in Canadian Dollars)

	Six months ended June 30, 2013	Six months ended June 30, 2012
Operating activities		
Net loss for the period	\$ (457,469)	\$ (2,897,075)
Item not affecting cash:		
Amortization of equipment	4,181	5,325
Share-based compensation	63,049	346,267
Other income	-	(85,776)
	(390,239)	(2,631,259)
Changes in non-cash working capital components		
Amounts receivable	71,732	128,749
Prepaid expenses	23,534	54,278
Accounts payable and accrued liabilities	(5,990)	334,741
Due to related parties	(3,032)	(90,407)
	(303,995)	(2,203,898)
Investing activities		
Acquisition and exploration of mineral property interests	-	(300,000)
	-	(300,000)
Financing activities		
	-	-
Decrease in cash and cash equivalents	(303,995)	(2,503,898)
Cash and cash equivalents, beginning of period	9,059,938	14,291,378
Cash and cash equivalents, end of period	\$ 8,755,943	\$ 11,787,480
Cash and cash equivalents, end of year, consisted of		
Cash on deposit with a Canadian Senior Bank	\$ 8,112,778	\$ 10,136,018
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank	643,165	1,651,462
	\$ 8,755,943	\$ 11,787,480

Supplemental cash flow information (note 7)

ETHOS GOLD CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited and Stated in Canadian Dollars)

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 and was publicly listed as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “TSX-V”). 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. In March 2011, the Company began trading on the OTCQX under the symbol ETHOF. The Company’s registered office is located at 480 – 789 West Pender Street, Vancouver, BC, V6C 1H2.

The Company’s principal business activities are the identification, exploration and development of economically viable mineral properties. 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 three and six months ended June 30, 2013 were primarily directed towards the evaluation of mineral properties to potentially acquire, explore and develop.

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 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

- (a) These condensed interim financial statements, including the comparative statements, have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These 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 financial statements for the year ended December 31, 2012. The policies applied in these condensed interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and effective as of August 22, 2013, the date the Board of Directors approved the financial statements.
- (b) The significant accounting policies applied in preparing these condensed interim financial statements are consistent with those disclosed in the annual financial statements. Several new standards and amendments came into effect on January 1, 2013; however, they do not impact the condensed interim financial statements and are not anticipated to impact the Company’s annual financial statements.

ETHOS GOLD CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited and Stated in Canadian Dollars)

3. MINERAL INTERESTS

	Yukon Canada	Total
Acquisition Costs		
Balance, January 1, 2012	\$ 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
Additions	1	1
Write-off	(2,828,000)	(2,828,000)
Balance, December 31, 2012 and June 30, 2013	\$ 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 pursuant to the option agreements (2011 – nil).

In February 2013, the Company terminated its option to acquire a 100% interest in the Betty and Wolf properties. Accordingly, the Company wrote off the capitalized acquisition costs 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. 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 wrote off the capitalized acquisition costs 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.

ETHOS GOLD CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited and Stated in Canadian Dollars)

4. EQUIPMENT

Cost	Computer Equipment	Office Equipment	Total
Balance, January 1, 2012	\$ 19,490	\$ 31,558	\$ 51,048
Additions	-	-	-
Balance, March 31, 2012	\$ 19,490	\$ 31,558	\$ 51,048
Additions	1,325	-	1,325
Balance, December 31, 2012 and June 30, 2013	\$ 20,815	\$ 31,558	\$ 52,373
Accumulated amortization			
Balance, January 1, 2012	\$ 2,923	\$ 3,156	\$ 6,079
Amortization	5,169	5,680	10,849
Balance, December 31, 2012	\$ 8,092	\$ 8,836	\$ 16,928
Amortization	1,909	2,272	4,181
Balance, June 30, 2013	10,001	11,108	21,109
Net book value, December 31, 2012	\$ 12,723	\$ 22,722	\$ 35,445
Net book value, June 30, 2013	\$ 10,814	\$ 20,450	\$ 31,264

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 December 31, 2012 and June 30, 2013, 43,458,911 common shares were issued and outstanding.

(c) 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 and June 30, 2013 respectively, 1,853,570 and 3,633,570 share purchase options were outstanding.

ETHOS GOLD CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited and Stated in Canadian Dollars)

5. SHARE CAPITAL (continued)

(c) Share purchase options (continued)

A summary of the status of the Company's share purchase options outstanding as at June 30, 2013 and December 31, 2012 and changes during the six months ended June 30, 2013 is presented below:

	Number of Share Options	Weighted Average Exercise Price
Outstanding at December 31, 2012	1,853,570	\$0.56
Granted on May 15, 2013	1,780,000	\$0.36
Outstanding at June 30, 2013	3,633,570	\$0.56

As at June 30, 2013, 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	1.24	100,000	\$0.25
Apr 1, 2015	25,000	\$0.39	1.75	25,000	\$0.39
May 4, 2015	80,000	\$0.43	1.84	80,000	\$0.43
Sep 22, 2015	638,570	\$0.42	2.23	638,570	\$0.42
Jun 22, 2016	250,000	\$0.83	2.98	250,000	\$0.83
Sep 30, 2016	100,000	\$0.53	3.25	100,000	\$0.53
Sep 30, 2013	50,000	\$0.53	0.25	50,000	\$0.53
Dec 19, 2016	610,000	\$0.69	3.47	610,000	\$0.69
May 16, 2018	1,780,000	\$0.36	4.88	-	-
	3,633,570	\$0.46	3.75	1,853,570	\$0.56

The weighted average grant-date fair value of share purchase options granted during the six months ended June 30, 2013 was \$0.09 per share option. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to its directors, officers and employees. The following weighted-average grant date assumptions were used in valuing the share purchase options:

Weighted average share price	\$0.19
Weighted average exercise price	\$0.36
Risk-free interest rate	1.04%
Expected volatility	97%
Expected years of option life	3 years
Expected dividends	Nil

ETHOS GOLD CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited and Stated in Canadian Dollars)

5. SHARE CAPITAL (continued)

(d) Share purchase options (continued)

Volatility is based on historical share price volatility. Expected share option lives were estimated at 3 years. Other features of the share option grants were not considered relevant for the calculation of grant date fair value.

6. 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 as follows:

- a) During the three and six months ended June 30, 2013, the Company paid \$50,400 and \$151,900 respectively (2012 - \$87,000 and \$174,000 respectively) in consulting fees to private companies controlled by certain officers of the Company.
- b) \$14,248 in director fees was payable at June 30, 2013 (December 31, 2012 – \$17,280).

Key management personnel compensation

	For the six months ended	
	June 30, 2013	June 30, 2012
Consulting fees	\$151,900	\$174,000
Directors fees	\$32,000	\$36,000
Share-based compensation	\$51,188	\$234,997
	<u>\$235,088</u>	<u>\$444,997</u>

7. SUPPLEMENTAL CASH FLOW INFORMATION

	For the six months ended	
	June 30, 2013	June 30, 2012
Interest received	\$ 40,450	\$ 84,232
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, 2013 and December 31, 2012, the Company's mineral interests were located as follows:

	June 30, 2013	June 30, 2012
Canada	<u>\$ 1</u>	<u>\$ 2,828,000</u>

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

ETHOS GOLD CORP.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited and Stated in Canadian Dollars)

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 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	\$31,964
2014	\$63,927
2015	\$ 5,327

10. EXPLORATION EXPENSES

	June 30, 2013			June 30, 2012		
	Yukon	Mexico	Total	Yukon	Mexico	Total
Assaying	\$1,224	-	\$1,224	\$88,342	-	\$88,342
Drilling	-	-	-	305,335	-	305,335
Fuel	(10,905)	-	(10,905)	239,822	-	239,822
Field costs	285	-	285	60,005	-	60,005
Helicopter	-	-	-	762,814	-	762,814
Mapping	-	-	-	66,734	-	66,734
Mining rights	-	-	-	-	13,910	13,910
Personnel	57,950	-	57,950	304,748	-	304,748
Regulatory	28,520	-	28,520	546	-	546
Staking	-	-	-	29,000	-	29,000
Storage & rent	-	-	-	32,316	-	32,316
Supplies	-	-	-	176,530	-	176,530
Travel	-	-	-	17,580	-	17,580
Other	-	-	-	-	4,095	4,095
	\$77,074	\$ -	\$77,074	\$1,983,772	\$18,005	\$2,101,777