

ETHOS GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Stated in Canadian dollars)
(Unaudited)

NOTICE TO READER

These condensed interim financial statements have been prepared by the management of Ethos Gold Corp. and have not been reviewed by the auditors of Ethos Gold Corp.

ETHOS GOLD CORP.
Interim Statements of Financial Position
(Unaudited)
(Stated in Canadian Dollars)

	March 31 2014 (unaudited)	December 31 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,315,527	\$ 8,405,049
Amounts receivable	7,962	13,892
Prepaid expenses	31,191	37,724
	<u>8,354,680</u>	<u>8,456,665</u>
Mineral interests (note 3)	1	1
Equipment (note 4)	25,550	27,084
	<u>\$ 8,380,231</u>	<u>\$ 8,483,750</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,355	\$ 23,220
Due to related parties (note 6)	-	-
	<u>20,355</u>	<u>23,220</u>
Shareholders' Equity		
Share capital (note 5)	22,441,603	22,441,603
Share option reserve	2,154,693	2,133,793
Share warrant reserve	3,065,932	3,065,932
Deficit	(19,302,352)	(19,180,798)
	<u>8,359,876</u>	<u>8,460,530</u>
	<u>\$ 8,380,231</u>	<u>\$ 8,483,750</u>

See accompanying notes to the interim financial statements

Approved by the Board of Directors and authorized for issue on May 23, 2014

“Chris Theodoropoulos” Director

“Gary Freeman” Director

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

	Three Months ended March 31, 2014	Three Months ended March 31, 2013
Expenses		
Amortization of equipment	\$ 1,534	\$ 2,090
Bank charges	417	422
Consulting	48,731	63,000
Exploration and project evaluation	-	43,327
Investor relations	-	3,762
Listing and filing fees	14,561	21,799
Office and administrative	27,912	44,180
Professional fees	3,652	12,457
Rent	14,538	11,082
Salaries	7,965	37,654
Share-based compensation	20,900	11,635
Travel and expenses	6,787	19,800
Loss before the undernoted	(146,997)	(271,208)
Other income (expenses)		
Interest income	24,609	26,335
Foreign exchange gain	834	794
Net loss and comprehensive loss for the period	(121,554)	(244,079)
Basic and diluted loss per share	\$ 0.00	\$ 0.01
Weighted average number of common shares outstanding	43,458,911	43,458,911

See accompanying notes to the interim financial statements

ETHOS GOLD CORP.
Interim Statements Changes in Equity
(Unaudited)
(Stated in Canadian Dollars)

	Share Capital		Share Reserves			Total
	Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve	Deficit	
Balances, January 01, 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 year	-	-	-	-	(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
Balances, January 01, 2014	43,458,911	\$22,441,603	\$2,133,793	\$3,065,932	\$(19,180,798)	\$8,460,530
Share-based compensation	-	-	20,900	-	-	20,900
Net loss for the year	-	-	-	-	(121,554)	(121,554)
Balances, March 31, 2014	43,458,911	\$22,441,603	\$2,154,693	\$3,065,932	\$(19,302,352)	\$8,359,876

See accompanying notes to the interim financial statements

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

	Three Months ended March 31, 2014	Three Months ended March 31, 2013
Operating activities		
Net loss for the year	\$ (121,554)	\$ (244,079)
Item not affecting cash:		
Amortization of equipment	1,534	2,090
Share-based compensation	20,900	11,635
	(99,120)	(230,354)
Changes in non-cash working capital components		
Amounts receivable	5,930	94,907
Prepaid expenses	6,533	33,083
Accounts payable and accrued liabilities	(2,865)	(8,108)
Due to related parties	-	(1,560)
	(89,522)	(112,032)
Investing activities	-	-
Financing activities	-	-
Decrease in cash	(89,522)	(112,032)
Cash and cash equivalents, beginning of period	8,405,049	9,059,938
Cash and cash equivalents, end of period	\$ 8,315,527	\$ 8,947,906
Cash and cash equivalents, end of period, consisted of		
Cash on deposit with a Canadian Senior Bank	\$ 8,275,299	\$ 8,306,625
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank	40,228	641,281
	\$ 8,315,527	\$ 8,947,906

See accompanying notes to the interim financial statements
Supplemental Cash Flow Information (note 7)

ETHOS GOLD CORP.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Ethos Gold Corp. (the “Company”) was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2009, it began trading on the TSX Venture Exchange (“TSX-V”) as a Tier 2 company under the symbol ECC. Its registered office is located at 480 – 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 three months ended March 31, 2014 were primarily directed towards the search for mineral properties to acquire 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 Company has sufficient resources at this time to locate and explore a mineral property or properties with sufficient potential for further development. Should the Company succeed in identifying and exploring one or more mineral properties, it may need to obtain additional financing through the issuance of debt or equity. There is a risk that additional financing may not be available on a timely basis or on terms acceptable to the Company to complete the successful development of these properties.

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, 2013. The policies applied in these condensed interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and effective as of May 22, 2014, 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 except the Company has adopted the following new IFRS standards, along with any consequential amendments, effective January 1, 2014.

IAS 32: Offsetting Financial Assets and Financial Liabilities (Amended)

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarifies the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The Company adopted the amendments on January 1, 2014 and there was no impact on the condensed interim financial statements.

IAS 19: Employee Benefits (Amended)

Employee benefits (Amendments to IAS 19) introduces a relief (practical expedient) that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When employee contributions are eligible for relief, a company is permitted (but not required) to recognize them as a reduction of the service cost in the period in which the related service is rendered. The Company adopted this standard on January 1, 2014 and there was no impact on the condensed interim financial statements.

ETHOS GOLD CORP.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS

	Yukon Canada		Total	
Acquisition Costs				
Balance, January 1, 2013	\$	1	\$	1
Additions		-		-
Write-off		-		-
Balance, December 31, 2013 and March 31, 2014	\$	1	\$	1

During the year ended December 31, 2012, the Company staked 44 mineral property claims near the Betty property in the White Gold area, west-central Yukon. These claims are 100% owned by the Company and will remain in good standing for five years to 2018 with no further expenditures required.

4. EQUIPMENT

	Computer Equipment		Office Equipment		Total	
Cost						
Balance, January 1, 2013	\$	20,815	\$	31,558	\$	52,373
Additions		-		-		-
Balance, December 31, 2013 and March 31, 2014	\$	20,815	\$	31,558	\$	52,373
Accumulated amortization						
Balance, January 1, 2013	\$	8,092	\$	8,836	\$	16,928
Amortization		3,817		4,544		8,361
Balance, December 31, 2013	\$	11,909	\$	13,380	\$	25,289
Amortization		668		866		1,534
Balance, March 31, 2014	\$	12,577	\$	14,246	\$	26,823
Net book value, December 31, 2013	\$	8,906	\$	18,178	\$	27,084
Net book value, March 31, 2014	\$	8,238	\$	17,312	\$	25,550

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 March 31, 2014 and December 31, 2013, the Company had 43,458,911 common shares issued and outstanding.

ETHOS GOLD CORP.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

(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 March 31, 2014, 3,303,570 share purchase options were outstanding.

A summary of the status of the Company's share purchase options outstanding as at March 31, 2014 and December 31, 2013 and changes during the three months ended March 31, 2014 is presented below:

	Number of Share Options	Weighted Average Exercise Price
Outstanding at December 31, 2013	3,453,570	\$0.47
Granted	-	-
Cancelled	(150,000)	\$0.47
Outstanding at March 31, 2014	3,303,570	\$0.47

As at March 31, 2014, 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	0.48	100,000	\$0.25
Apr 1, 2015	25,000	\$0.39	1.00	25,000	\$0.39
May 4, 2015	80,000	\$0.43	1.09	80,000	\$0.43
Sep 22, 2015	638,570	\$0.42	1.48	638,570	\$0.42
Jun 22, 2016	250,000	\$0.83	2.23	250,000	\$0.83
Dec 19, 2016	610,000	\$0.69	2.72	610,000	\$0.69
May 16, 2018	1,600,000	\$0.36	4.13	1,200,000	\$0.36
	3,303,570	\$0.47	3.01	2,903,570	\$0.48

ETHOS GOLD CORP.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed to by the parties. The Company entered into the following transactions with related parties during the three months ended March 31, 2014 and 2013:

- a) The Company paid \$47,100 (2013 - \$63,000) in consulting fees to private companies controlled by certain directors and officers of the Company.

Key management personnel compensation

	For the three months ended	
	March 31, 2014	March 31, 2013
Salaries	\$ -	\$ 33,000
Consulting fees	47,100	63,000
Directors fees	13,600	15,000
Share-based compensation	20,247	11,635
	<u>\$ 80,947</u>	<u>\$ 122,635</u>

7. SUPPLEMENTAL CASH FLOW INFORMATION

	For the nine months ended September 30	
	2013	2012
Interest received	\$ 24,609	\$ 26,335

8. 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:

2014	\$47,912
2015	\$ 5,324