

ETHOS GOLD CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 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)

	June 30 2014 (unaudited)	December 31 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,211,614	\$ 8,405,049
Amounts receivable	5,811	13,892
Prepaid expenses	24,665	37,724
	8,242,090	8,456,665
Mineral interests (note 3)	1	1
Equipment (note 4)	24,016	27,084
	\$ 8,266,107	\$ 8,483,750
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 11,939	\$ 23,220
Due to related parties (note 6)	2,800	-
	14,739	23,220
Shareholders' Equity		
Share capital (note 5)	22,441,603	22,441,603
Share option reserve	2,164,393	2,133,793
Share warrant reserve	3,065,932	3,065,932
Deficit	(19,420,560)	(19,180,798)
	8,251,368	8,460,530
	\$ 8,266,107	\$ 8,483,750

See accompanying notes to the interim financial statements

Approved by the Board of Directors and authorized for issue on August 28, 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 June 30, 2014		Three months ended June 30, 2013		Six months ended June 30, 2014		Six months ended June 30, 2013
Expenses							
Amortization of equipment	\$ 1,534		\$ 2,091		\$ 3,068		4,181
Bank charges	730		507		1,147		929
Consulting (note 6)	55,942		62,289		104,673		125,289
Exploration and project evaluation	-		33,747		-		77,074
Investor relations	-		(2,731)		-		1,031
Listing and filing fees	14,127		16,946		28,688		38,745
Office and administrative	23,263		26,083		51,175		70,263
Professional fees	12,896		7,500		16,548		19,957
Rent	13,278		8,461		27,816		19,543
Salaries	4,500		25,753		12,465		63,407
Share-based compensation	9,700		51,414		30,600		63,049
Travel and expenses	6,883		9,836		13,670		29,636
Loss before the undernoted	(142,853)		(241,896)		(289,850)		(513,104)
Other income (expenses)							
Interest income	24,687		27,203		49,296		53,538
Foreign exchange gain	(42)		1,303		792		2,097
Net loss and comprehensive loss for the period	(118,208)		(213,390)		(239,762)		(457,469)
Basic and diluted loss per share	\$ 0.00		\$ 0.00		\$ 0.01		\$ 0.01
Weighted average number of shares outstanding	43,458,911		43,458,911		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, December 31, 2012	43,458,911	\$22,441,603	\$1,974,487	\$3,065,932	\$(18,282,429)	\$9,199,593
Share-based compensation	-	-	63,049	-	-	63,049
Net loss for the period	-	-	-	-	(457,469)	(457,469)
Balances, June 30, 2013	43,458,911	\$22,441,603	\$2,037,536	\$3,065,932	\$(18,739,898)	\$8,805,173
Share-based compensation	-	-	96,257	-	-	96,257
Net loss for the year	-	-	-	-	(440,900)	(440,900)
Balances, December 31, 2013	43,458,911	\$22,441,603	\$2,133,793	\$3,065,932	\$(19,180,798)	\$8,460,530
Share-based compensation	-	-	30,600	-	-	30,600
Net loss for the period	-	-	-	-	(239,762)	(239,762)
Balances, June 30, 2014	43,458,911	\$22,441,603	\$2,164,393	\$3,065,932	\$(19,420,560)	\$8,251,368

See accompanying notes to the interim financial statements

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

	Six months ended June 30, 2014	Six months ended June 30, 2013
Operating activities		
Net loss for the period	\$ (239,762)	\$ (457,469)
Item not affecting cash:		
Amortization of equipment	3,068	4,181
Share-based compensation	30,600	63,049
Other income	-	-
	(206,094)	(390,239)
Changes in non-cash working capital components		
Amounts receivable	8,081	71,732
Prepaid expenses	13,059	23,534
Accounts payable and accrued liabilities	(11,281)	(5,990)
Due to related parties	2,800	(3,032)
Cash used in operating activities	(193,435)	(303,995)
Decrease in cash and cash equivalents	(193,435)	(303,995)
Cash and cash equivalents, beginning of period	8,405,049	9,059,938
Cash and cash equivalents, end of period	\$ 8,211,614	\$ 8,755,943
Cash and cash equivalents, end of year, consisted of		
Cash on deposit with a Canadian Senior Bank	\$ 8,171,308	\$ 8,112,778
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank	40,306	643,165
	\$ 8,211,614	\$ 8,755,943

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 Six Months Ended June 30, 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 six months ended June 30, 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 August 28, 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 Six Months Ended June 30, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS

	Yukon Canada		Total	
Acquisition Costs				
Balance, December 31, 2012	\$	1	\$	1
Additions		-		-
Write-off		-		-
Balance, December 31, 2013 and June 30, 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 June 30, 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		1,336		1,732		3,068
Balance, June 30, 2014	\$	13,245	\$	15,112	\$	28,357
Net book value, December 31, 2013	\$	8,906	\$	18,178	\$	27,084
Net book value, June 30, 2014	\$	7,570	\$	16,446	\$	24,016

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, 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 Six Months Ended June 30, 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 June 30, 2014, 3,303,570 share purchase options were outstanding.

A summary of the status of the Company's share purchase options outstanding as at June 30, 2014 and December 31, 2013 and changes during the six months ended June 30, 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 June 30, 2014	3,303,570	\$0.47

As at June 30, 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	0.24	100,000	\$0.25
Apr 1, 2015	25,000	\$0.39	0.75	25,000	\$0.39
May 4, 2015	80,000	\$0.43	0.84	80,000	\$0.43
Sep 22, 2015	638,570	\$0.42	1.23	638,570	\$0.42
Jun 22, 2016	250,000	\$0.83	1.98	250,000	\$0.83
Dec 19, 2016	610,000	\$0.69	2.47	610,000	\$0.69
May 16, 2018	1,600,000	\$0.36	3.88	1,600,000	\$0.36
	3,303,570	\$0.47	2.76	3,303,570	\$0.47

ETHOS GOLD CORP.

Notes to the Interim Financial Statements

For the Six Months Ended June 30, 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 six months ended June 30, 2014 and 2013:

- a) The Company paid \$94,200 (2013 - \$151,900) in consulting fees to private companies controlled by certain directors and officers of the Company.

Key management personnel compensation:

Key management personnel comprises directors and executive officers. The following compensation was paid to key management personnel:

	For the six months ended	
	June 30, 2014	June 30, 2013
Consulting fees	\$ 94,200	\$ 151,900
Directors fees	26,400	32,000
Share-based compensation	29,947	51,188
	<u>\$ 150,547</u>	<u>\$ 235,088</u>

7. SUPPLEMENTAL CASH FLOW INFORMATION

	For the six months ended June 30	
	2014	2013
<u>Interest received</u>	<u>\$ 49,296</u>	<u>\$ 40,450</u>

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	\$31,941
2015	\$ 5,324