

EVERTON RESOURCES INC.

(An exploration stage Company)

Condensed Consolidated Interim Financial Statements

For the nine months ended July 31, 2013

(Unaudited)

(Expressed in Canadian Dollars)

Everton Resources Inc.
(An exploration stage Company)

Table of Contents

Management’s Responsibility for Financial Statements	3
Notice of no review or audit	4
Consolidated Financial Statements	
Condensed Consolidated Interim Statements of Financial Position	5
Condensed Consolidated Interim Statements of Comprehensive Loss	6
Condensed Consolidated Interim Statements of Changes in Equity	7
Condensed Consolidated Interim Statements of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Statements	9 – 31

Everton Resources Inc.
(An exploration stage Company)

Management's responsibility for financial statements

The unaudited condensed consolidated interim financial statements of Everton Resources Inc. are the responsibility of the Board of Directors. Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to these financial statements. Where necessary management has made informed judgements and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Established processes are in place to provide management with sufficient knowledge to support it in its representations in exercising reasonable diligence that: i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by, the consolidated financial statements, and: ii) the consolidated financial statements fairly present, in all material respects the financial condition, results of operations and cash flows of the Company as at the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to shareholders.

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

"Andre Audet"
Chief Executive Officer

"Sabino Di Paola"
Chief Financial Officer

September 27, 2013

Everton Resources Inc.
(An exploration stage Company)

Notice of no review or audit

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review or audit of these condensed consolidated interim financial statements.

Everton Resources Inc.

(An exploration stage Company)

Unaudited Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

As at	July 31 2013	October 31, 2012
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	934,528	1,358,737
Marketable securities and warrants	36,112	2,361,357
Accounts receivable	77,763	83,359
Prepaid expenses	108,710	210,488
	1,157,113	4,013,941
Non-current assets		
Option to acquire mineral exploration property (Note 7)	1,162,781	1,162,781
Property, plant and equipment	20,142	26,855
Mineral exploration properties (Note 6)	2,584,635	2,644,635
Exploration and evaluation assets (Note 6)	15,784,307	16,070,322
	20,708,978	23,918,534
Total assets	20,708,978	23,918,534
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	639,802	586,978
SHAREHOLDERS' EQUITY		
Share capital (Note 8)		
Warrants (Note 9)	37,593,346	37,493,346
Contributed surplus	839,350	888,362
	8,903,053	8,830,898
	47,335,749	47,212,606
Accumulated other comprehensive income		
Accumulated deficit	-	1,833,136
	(27,266,573)	(25,714,186)
	(27,266,573)	(23,881,050)
Total shareholders' equity	20,069,176	23,331,556
Total liabilities and shareholders' equity	20,708,978	23,918,534

Contingencies and commitments (Note 15)

Post reporting date events (Note 16)

Going concern (Note 2d)

On behalf of the Board

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Michael Farrant"
Michael Farrant, Director

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Everton Resources Inc.

(An exploration stage Company)

Unaudited Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	July 31	July 31	July 31	July 31
	2013	2012	2013	2012
	\$	\$	\$	\$
Operating expenses				
Management fees	30,000	28,062	135,500	111,665
Travel and promotion	62,503	88,906	213,789	182,871
Professional fees	73,116	51,193	243,637	214,562
General and administrative	84,477	143,444	267,599	429,440
Write-down of mineral exploration properties and exploration and evaluation assets	11,327	3,249,322	978,616	3,249,322
Impairment of intangible assets	-	-	111,044	-
Amortization	-	14,226	-	16,157
Stock-based compensation	-	142,765	12,098	190,389
	(261,423)	(3,717,918)	(1,962,283)	(4,394,406)
Other income (loss)				
Interest and other income	3,912	717	4,505	8,834
Gain on sale of long-term investment	-	600,580	423,136	1,009,014
Unrealized loss on financial assets at fair value through profit or loss	(2,828)	(14,556)	(18,800)	(50,920)
Gain (loss) on sale of marketable securities	-	-	1,055	(116,332)
	1,084	586,741	409,896	850,596
Net loss	(260,339)	(3,131,177)	(1,552,387)	(3,543,810)
Other comprehensive income loss				
Net loss	(260,339)	(3,131,177)	(1,552,387)	(3,543,810)
Reclassification of net realized (loss) gain on available-for-sale investments	-	(600,580)	424,191	(892,682)
Net unrealized (loss) gain on available-for-sale investments	(2,828)	(1,460,795)	(18,800)	127,626
Total comprehensive loss	(263,167)	(5,192,552)	(1,146,996)	(4,308,866)
Basic and diluted loss per common share	(0.002)	(0.028)	(0.011)	(0.032)
Basic and diluted weighted average number of common shares outstanding	148,654,225	111,691,725	147,679,866	111,691,725

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Everton Resources Inc.

(An exploration stage Company)

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Subtotal	Accumulated OCI	Accumulated Deficit	Total
	# of shares	\$						
Balance, October 31, 2011	111,691,725	35,084,315	1,436,482	7,840,441	44,361,238	2,602,275	(20,017,996)	26,945,517
Shares issued for cash (net of issue costs)	19,962,500	1,284,031	-	-	1,284,031	-	-	1,284,031
Shares issued for option agreement	15,000,000	1,125,000	-	-	1,125,000	-	-	1,125,000
Stock-based compensation	-	-	-	190,389	190,389	-	-	190,389
Warrants issued	-	-	251,948	-	251,948	-	-	251,948
Expiry of warrants	-	-	(800,068)	800,068	-	-	-	-
Transactions with owners	34,962,500	2,409,031	(548,120)	990,457	2,851,368	-	-	2,851,368
Net loss	-	-	-	-	-	-	(5,696,190)	(5,696,190)
Reclassification of net realized gain on available-for-sale investments	-	-	-	-	-	(1,145,208)	-	(1,145,208)
Net unrealized gain on available-for-sale investments	-	-	-	-	-	228,027	-	228,027
Taxes on other comprehensive loss	-	-	-	-	-	148,042	-	148,042
Comprehensive loss	-	-	-	-	-	(769,139)	(5,696,190)	(6,465,329)
Balance, October 31, 2012	146,654,225	37,493,346	888,362	8,830,898	47,212,606	1,833,136	(25,714,186)	23,331,556
Shares issued for Diagnos royalty	2,000,000	100,000	-	-	100,000	-	-	100,000
Stock-based compensation	-	-	-	23,143	23,143	-	-	23,143
Expiry of warrants	-	-	(49,012)	49,012	-	-	-	-
Transactions with owners	2,000,000	100,000	(49,012)	72,155	123,143	-	-	123,143
Net loss	-	-	-	-	-	-	(1,552,387)	(1,552,387)
Reclassification of net realized loss on available-for-sale investments	-	-	-	-	-	(1,833,136)	-	(1,833,136)
Comprehensive loss	-	-	-	-	-	(1,833,136)	(1,552,387)	(3,385,523)
Balance, July 31, 2013	148,654,225	37,593,346	839,350	8,903,053	47,335,749	-	(27,266,573)	20,069,176

	Share capital		Warrants	Contributed surplus	Subtotal	Accumulated OCI	Accumulated Deficit	Total
	# of shares	\$						
Comprehensive income	-	-	-	-	-	(416,250)	(1,739,710)	(2,155,960)
Balance, October 31, 2011	111,691,725	35,084,315	1,436,482	7,840,441	44,361,238	2,781,306	(20,197,027)	26,945,517
Expiry of warrants	-	-	(610,527)	610,527	-	-	-	-
Stock-based compensation	-	-	-	190,389	190,389	-	-	190,389
Transactions with owners	-	-	(610,527)	800,916	190,389	-	-	190,389
Net loss	-	-	-	-	-	-	(3,543,810)	(3,543,810)
Reclassification of net realized gain on available-for-sale investments	-	-	-	-	-	(892,682)	-	(892,682)
Net unrealized gain on available-for-sale investments	-	-	-	-	-	127,626	-	127,626
Comprehensive income	-	-	-	-	-	(765,056)	(3,543,810)	(4,308,866)
Balance, July 31, 2012	111,691,725	35,084,315	825,955	8,641,357	44,551,627	2,016,250	(23,740,837)	22,827,040

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Everton Resources Inc.

(An exploration stage Company)

Unaudited Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine months ended July 31,	
	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Net loss	(1,552,387)	(3,543,810)
Adjustments for:		
Stock-based compensation	12,098	190,389
Amortization	-	16,157
Interest income	-	1,033
Write-down of mineral exploration properties and exploration and evaluation assets	978,616	3,249,322
Impairment on royalties	111,044	-
Gain on sale of long-term investment	(423,136)	(1,009,014)
Unrealized loss on financial assets at fair value through profit and loss	18,800	50,920
(Gain) loss on sale of marketable securities	(1,055)	116,332
Unrealized gain on foreign exchange	(23,419)	(21,483)
Changes in working capital items (Note 11)	160,199	256,709
Net cash used in operating activities	(719,240)	(693,445)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	20,000	654,477
Proceeds from sale of long-term investment	900,000	1,099,014
Proceeds from sale of short-term investments	-	301,121
Deferred corporate transaction costs	-	(25,000)
Option payments received	60,000	50,000
Exploration and evaluation costs	(684,969)	(1,813,307)
Tax credits and mining duties received	-	4,624
Net cash provided by investing activities	295,031	270,929
Decrease in cash	(424,209)	(422,516)
Cash, beginning of period	1,358,737	946,964
Cash, end of period	934,528	524,448

Supplemental cash flow information is provided in Note 11

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Everton Resources Inc. ("Everton") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. Until June 2002, the Company was involved in an internet related business. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration and development of mineral resource properties. Everton and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the development of their properties. The address of the Company's corporate office is 2742 St. Joseph Blvd, Suite 205, Ottawa, Ontario, Canada, K1C 1G5. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "EVR" and on the OTCQX Exchange in the U.S. under the symbol "EVRRF".

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of July 31, 2013. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended October 31, 2012. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending October 31, 2013, could result in restatement of these unaudited condensed consolidated interim financial statements.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(c).

These Financial Statements were authorized for issue by the Board of Directors on September 27, 2013.

(b) Basis of measurement and functional currency

These Financial Statements have been prepared on a historical cost basis, except for the available-for-sale financial instruments and financial assets at fair value through profit or loss which are measured at fair value, and are expressed in Canadian dollars, which is the Company's functional and presentation currency. The functional currency for each consolidated entity is determined by the currency of the primary economic environment in which it operates.

(c) Critical accounting estimates, judgments and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the application of the Company's exploration and evaluation expenditure policy, recoverable value of mining assets (mineral exploration properties and exploration and evaluation assets), the valuation of stock-based compensation and warrants, assessment of contingencies and the ability of the Company to continue as a going concern.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves or resources. The determination of a resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Company defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: determining if the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcomes of future events.

(d) Going concern assumption

These Financial Statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

As at July 31, 2013, the Company had a working capital surplus of \$517,311, including \$934,528 in cash. The Company is currently seeking an arbitration process to have the Shoal Lake East option payments deferred to later periods.

On April 30, 2013, Everton settled the legal claim launched by Focus Graphite Inc. ("Focus") against the Company relating to a transaction in which Everton sold certain mining claims in the Labrador Trough in 2009 and 2010 to Focus. Everton as part of the settlement entered into an agreement to sell the 3.3 million common shares of Focus that are being released pursuant to the May 2010 escrow agreement entered into among Focus and Everton, to a third party for gross proceeds to Everton of \$900,000. Everton completed the first closing of the transaction by selling 900,000 common shares of Focus for gross proceeds of \$600,000. Everton received the balance of the Focus common shares on May 27, 2013, at which time Everton closed the second and final tranche of the transaction, which resulted in gross proceeds of \$300,000.

The Company anticipates having sufficient funds to discharge its current liabilities and meet its corporate administrative expenses for at least twelve months. However, the Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties and to meet its entire general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. This material uncertainty casts significant doubt regarding the Company's ability to continue as a going concern.

(e) Basis of consolidation

These Financial Statements incorporate the financial statements of the Company and its subsidiaries. Everton Resources Inc. is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity, and generally exists where more than 50% of the voting power of the entity is held by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

An associate is an entity in which the Company or its subsidiaries have significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in, without having control over, the financial and operating policy decisions of the entity, and generally exists where between 20% and 50% of the voting power of the entity is held by the Company. As at July 31, 2013, the Company does not have any associates.

The subsidiaries of the Company at July 31, 2013, and their principal activities are described below:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Everton Minera Dominicana S.A.	Dominican Republic	100%	Exploration Company
Tropical Resources S.A.	Dominican Republic	100%	Exploration Company
Pan Caribbean Metals Inc.	British Virgin Islands	100%	Holding Company
Dominican Metals Inc.	British Virgin Islands	100%	Holding Company
Hays Lake Gold Inc.	Canada	100%	Exploration Company

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the consolidated financial statements are listed below, none of which have been early adopted by the Company. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

- IFRS 9 'Financial Instruments' is a new financial instruments standard effective for annual periods beginning on or after January 1, 2015, that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.
- IFRS 10 'Consolidated Financial Statements' is a new standard effective for annual periods beginning on or after January 1, 2013, that replaces consolidation requirements in IAS 27 (as amended in 2008) and SIC-12.
- IFRS 11 'Joint Arrangements' is a new standard effective for annual periods beginning on or after January 1, 2013, that replaces IAS 31 and SIC-13.
- IFRS 12 'Disclosure of Interests in Other Entities' is a new standard effective for annual periods beginning on or after January 1, 2013, that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.
- IFRS 13 'Fair Value Measurement' is a new standard effective for annual periods beginning on or after January 1, 2013, that replaces fair value measurement guidance in other IFRSs.
- IAS 1 (Amendment) 'Presentation of Financial Statements' is effective for annual periods beginning on or after January 1, 2013, and includes amendments regarding presentation of items of other comprehensive income and clarification of the requirements for comparative information.
- IAS 19 (Amendment) 'Employee Benefits' is effective for annual periods beginning on or after January 1, 2013, and revises recognition and measurement of post-employment benefits.
- IAS 27 (Amendment) 'Separate Financial Statements' is effective for annual periods beginning on or after January 1, 2013, that prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 (Amendment) 'Investments in Associates and Joint Ventures' is effective for annual periods beginning on or after January 1, 2013, that prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

- IAS 32 (Amendment) 'Financial Instruments: Presentation' is effective for annual periods beginning on or after January 1, 2014, and January 1, 2013, that includes amendments that clarify the application of offsetting requirements and presentation of interest, dividends, losses and gains.
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' is a new interpretation effective for annual periods beginning on or after January 1, 2013, that prescribes the accounting for stripping costs in the production phase of a surface mine.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes the following:

	July 31, 2013	October 31, 2012
	\$	\$
Cash	761,604	1,187,476
Investment savings accounts	172,924	171,261
Total cash and cash equivalents	934,528	1,358,737

As at July 31, 2013, and October 31, 2012, cash includes amounts held in investment saving accounts with interest rates ranging from 1.20% to 1.50%.

5. MARKETABLE SECURITIES AND WARRANTS

As at July 31, 2013, the following securities were included in marketable securities and warrants:

	Cost	Cumulative impairment	Fair value adjustment	Fair value
	\$	\$	\$	\$
Augyva Inc. - 25,000 common shares	17,250	(15,625)	375	2,000
Electra Gold Limited - 3,300,000 common shares	33,000	-	-	33,000
Marketable securities	50,250	(15,625)	375	35,000
Nemaska - 250,000 warrants	38,098	-	(36,986)	1,112
Warrants	38,098	-	(36,986)	1,112
Marketable securities and warrants	88,348	(15,625)	(36,611)	36,112

On January 7, 2013, 500,000 warrants in Nemaska Exploration Inc. ("Nemaska") expired unexercised. The warrants had an exercise price of \$0.60. The Company recorded a realized loss on the expiry of the warrants of \$9,445.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES AND WARRANTS (Continued)

On March 5, 2013, Everton sold 700,000 shares of Electra Gold for gross proceeds of \$20,000. The Electra shares had a cost of \$7,000, the Company also paid transaction fees of \$250.

On April 30, 2013, Everton as part of the settlement entered into an agreement to sell the 3.3 million common shares of Focus that are being released pursuant to the May 2010 escrow agreement entered into among Focus and Everton, to a third party for gross proceeds to Everton of \$900,000. Everton completed the first closing of the transaction by selling 900,000 common shares of Focus for gross proceeds of \$600,000. The Focus shares had a cost of \$54,000.

On May 27, 2013, Everton received the balance of the Focus common shares and closed the second and final tranche of the settlement transaction, which resulted in gross proceeds of \$300,000. The Focus shares had a cost of \$144,000.

On July 17, 2013, Everton received 2,000,000 shares of Electra Gold as part of the option agreement on Hot Springs (refer to note 6n). The shares had an initial value of \$0.10 per share and were recognized as a decrease in deferred exploration expenditures of the Hot Spring property.

On August 9, 2013, Everton purchased 2,500,000 units of Majescor Resources Inc. A unit consists of one common share and one common share purchase warrant. The shares were acquired for \$0.01 per share for a total cost of \$25,000. The warrants have an exercise price of \$0.05 if exercised prior to August 9, 2014 and an exercise price of \$0.10 thereafter. The warrants have an expiry date of August 9, 2015 (refer to note 16).

As at October 31, 2012, the following securities were included in marketable securities and warrants:

	Cost	Cumulative impairment	Fair value adjustment	Fair value
	\$	\$	\$	\$
Augyva Inc. - 25,000 common shares	17,250	(15,625)	1,125	2,750
Electra Gold Limited - 2,000,000 common shares	20,000	-	-	20,000
Focus Graphite - 3,300,000 common shares	198,000	-	2,112,000	2,310,000
Marketable securities	235,250	(15,625)	2,113,125	2,332,750
Nemaska - 500,000 warrants	123,025	-	(113,580)	9,445
Nemaska - 250,000 warrants	38,098	-	(18,936)	19,162
Warrants	161,123	-	(132,516)	28,607
Marketable securities and warrants	396,373	(15,625)	1,980,609	2,361,357

During the year ended October 31, 2012, the Company sold 398,000 shares of Nemaska for net proceeds of \$147,962 realizing a loss of \$3,347.

The Company received 25,002 common shares of Monarques Resources Inc. as part of a spinoff of Nemaska Exploration Inc. The shares were sold for gross proceeds of \$3,525 and realized a gain of \$3,525.

During the year ended October 31, 2012, the Company sold 5,700,000 shares of Strike Minerals Inc. for net proceeds of \$506,515, realizing a gain of \$136,015.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES AND WARRANTS (Continued)

For presentation, the Company reclassified its investment in Focus Graphite Inc. ("Focus"), formerly Focus Metals Inc., from long term investments to marketable securities as the final escrow period came due on May 27, 2013, which was less than a full financial year from the date of the last audited financial statements.

Investment in Focus

The Company held common shares in Focus, which were classified as available-for-sale financial assets and were measured at fair value. The Company did not exercise significant influence over Focus.

Under a Surplus Security Escrow agreement, the 6,000,000 common shares of Focus, received by the Company in May 2010 further to the sale of certain properties, were subject to a 36 month staged release escrow, and will be/ have been released according to the following schedule:

	Number of shares	Date of release from escrow
Shares issued under escrow agreement	6,000,000	
	(300,000)	May 27, 2010
	(300,000)	November 27, 2010
	(600,000)	May 27, 2011
	(600,000)	November 27, 2011
	(900,000)	May 27, 2012
Shares released as at October 31, 2012	(2,700,000)	
	900,000	November 27, 2012
	2,400,000	May 27, 2013
Shares escrowed as at October 31, 2012	3,300,000	
	(900,000)	April 30, 2013
	(2,400,000)	May 27, 2013
Shares escrowed as at July 31, 2013	-	

On April 30, 2013, Everton entered into a settlement agreement to sell the 3.3 million common shares of Focus that are being released pursuant to the May 2010 escrow agreement entered into among Focus and Everton, to a third party for gross proceeds to Everton of \$900,000. Of the \$900,000, the Company received \$600,000 on April 30, with the balance of \$300,000 received on May 27, 2013. As part of the settlement agreement, Everton acquired the Labrador Trough Gold royalty and subsequently cancelled it (refer to Note 8).

During the year ended October 31, 2012, the Company sold 1,500,000 shares of Focus for net proceeds of \$1,099,014, realizing a gain of \$1,009,014.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	July 31, 2013		October 31, 2012	
	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	\$	\$	\$	\$
<u>Dominican Republic</u>				
a) Cuance	-	1,054,415	-	1,025,517
a) Los Hojanchos	-	332,719	-	325,776
b) La Cueva (Loma El Mate)	183,836	988,337	183,836	974,573
c) Jobo Claro	302,280	550,714	302,280	537,530
d) Maimon Copper	-	-	-	873,003
e) Ampliacion Pueblo Viejo	1,258,460	6,831,746	1,258,460	6,503,442
e) La Lechoza	-	924,056	-	919,056
f) Ponton (Loma Hueca)	197,198	664,560	197,198	506,685
g) Pun	24,944	342,033	24,944	269,342
h) Other	-	146,533	-	166,204
	<u>1,966,718</u>	<u>11,835,113</u>	<u>1,966,718</u>	<u>12,101,128</u>
<u>Canada</u>				
<u>Quebec</u>				
l) Opinaca	440,452	2,754,707	500,452	2,754,707
m) Wildcat	176,465	1,125,390	176,465	1,125,390
<u>British Columbia</u>				
n) Hot Springs	1,000	69,097	1,000	89,097
	<u>617,917</u>	<u>3,949,194</u>	<u>677,917</u>	<u>3,969,194</u>
TOTAL	<u>2,584,635</u>	<u>15,784,307</u>	<u>2,644,635</u>	<u>16,070,322</u>

Dominican Republic

a) Cuance and Los Hojanchos, Dominican Republic

On August 18, 2003, Everton entered into an option agreement with Perilya Limited, formerly Globestar Mining Corporation ("Perilya") to earn up to a 70% interest in three gold and base metals concessions, namely Cuance, Los Hojanchos and Loma de Payabo concessions. The concessions, collectively known as the Everton Concession Group, are located in the Central Cordillera of the Dominican Republic within the Maimon Copper and Los Ranchos Formations. The above agreement was amended on August 25, 2005, August 22, 2006, December 28, 2006, August 14, 2007, February 20, 2008, September 29, 2008 and September 3, 2009.

Everton agreed to incur exploration expenditures totaling US\$1,170,000 (CAD\$1,184,000) by July 31, 2010 to earn a 50% interest in two of these properties, Cuance and Los Hojanchos (a minimum of US\$585,000 (CAD\$592,000) per concession). The Company has earned its undivided 50% interest in the two properties, and a joint venture has been formed with Perilya effective March 31, 2009, with Everton acting as the operator.

The exploration licenses are currently being renewed.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Continued)

b) La Cueva (Loma El Mate), Dominican Republic

On December 8, 2003, the Company entered into an earn-in agreement with Brigus Gold Corp. (“Brigus”) for the La Cueva (Loma El Mate) Project, located in the Dominican Republic, which is contiguous to the southeast corner of the Pueblo Viejo Gold Mine concession. The Company had the option to acquire a 50% interest in the property by incurring cumulative expenditures of US\$500,000 (CAD\$567,000) over a two year period, issuing 200,000 common shares and paying an option fee of US\$70,000 (CAD\$79,000). All of the above conditions were met and the Company acquired its 50% interest.

On September 26, 2012 the Company signed an option agreement with Brigus whereby Everton can acquire Brigus’ remaining interest in the property. The terms of the agreement are described below (Note 6.e).

The exploration licenses are currently being renewed.

c) Jobo Claro, Dominican Republic

The Company holds a 100% interest in the Jobo Claro concession which it acquired from a local concession holder in 2007. The property is adjacent to the Pueblo Viejo Mine in the Dominican Republic.

The exploration licenses are currently being renewed.

d) Maimon Copper, Dominican Republic

In January 2005, five polymetallic concessions were granted to the Company: Miranda, Loma Blanca, Caballero, Los Naranjos and Tocoa. These five concessions which are located within the Maimon Formation in the Dominican Republic were held 100% by the Company. In November 2005, the Company was granted another three polymetallic concessions in the same area: La Sidra, El Llano and La Yautia.

During the year ended October 31, 2009, the Company wrote down the cost of the Loma Blanca, Caballero and Los Naranjos concessions to \$Nil (\$120,318 in exploration and evaluation costs) as the projects no longer fit the Company’s strategy.

Maimon Copper consists of 3 properties: La Sidra, El Llano and La Yautia. During the nine month period ended July 31, 2013, management has reviewed the status of the Maimon property and due to current economic conditions as well as a lower ranking priority an impairment of \$889,698 was recorded on these properties.

The exploration licenses are currently being renewed.

e) Ampliacion Pueblo Viejo, La Lechoza, Dominican Republic

In April 2007, the Company obtained an option to acquire from Brigus an undivided 50% interest in the Ampliacion Pueblo Viejo (“APV”) (which includes the La Lechoza prospect) concession.

APV and La Lechoza

To earn its 50% interest in the APV Concession, which includes the La Lechoza prospect, the Company was required to make cash payments totaling US\$700,000 (CAD\$818,460), incur US\$2,500,000 (CAD\$2,660,000) in exploration work and issue 1,200,000 common shares over a three-year period. During

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Continued)

the year ended October 31, 2010, all remaining conditions were met and the Company earned its initial 50% interest in the property.

On February 14, 2011, the Company signed an amended agreement with Brigus whereby Everton could earn an additional 20% interest in the concession by incurring an additional US\$2,500,000 (CAD\$2,471,000) in exploration work by April 10, 2012. Everton's interest in the property at January 31, 2013 remains at 50%.

The exploration licenses are currently being renewed.

On September 26, 2012, Everton, Brigus Gold Corp., Brigus Gold ULC and Linear Gold Caribe SA., executed an option agreement (the "Option Agreement") pursuant to which Everton was granted an option to have the sole and exclusive right to acquire all of the issued and outstanding common shares of Linear Gold Caribe SA. (the "Option") in order to purchase Brigus' remaining interest in the APV, Ponton (Note 6.f) and La Cueva (Note 6.b) concessions ("the Concessions"). The exercise price of the Option was 15,000,000 common shares of Everton (Note 7).

The above transaction is subject to regulatory approval.

f) Ponton (Loma Hueca), Dominican Republic

In April 2007, the Company obtained an option to acquire from Brigus an undivided 50% interest in the Ponton (Loma Hueca) concession.

Under the initial option agreement, the Company could earn a 50% interest in the Ponton (Loma Hueca) Concession by making cash payments totaling US\$100,000, completing work commitments of US\$600,000 and issuing 200,000 common shares over a three-year period. The Company has made the US\$100,000 and issued the 200,000 common shares in accordance with the agreement, and has earned a 50% interest in the Ponton (Loma Hueca Concession).

Furthermore, the Company could increase its interest in the concession to 65% by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Brigus US\$250,000 (CAD\$247,000) and issuing 300,000 additional common shares.

On September 26, 2012 the Company signed an option agreement with Brigus whereby Everton can acquire Brigus' remaining interest in the property. The terms of the agreement are described in Note 7.

g) Pun

In September 2011 the Company entered into a purchase agreement for the Pun exploration concession adjacent to Ponton. The Pun concession covers an area of 3,675 Ha.

The Company is required to make a payment of US\$50,000 on the first (paid), second (USD\$25,000 was paid in March 2013 with the remaining USD\$25,000 to be paid on or before September 20, 2013) and third anniversaries of the option. Everton may opt to acquire 100% ownership of the concession for a payment of US\$200,000. Everton can at any time without penalty drop the option or transfer the rights to a third party after giving the optionor a right of first refusal.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Continued)

The optionor retains a 1% NSR if Everton opts to acquire the concession. Everton is the operator and has complete discretion on how to conduct the exploration activities without any limitations as to minimum expenditures or work commitment.

h) Other

Other properties consist of several eastern Dominican Republic concessions. During the nine month period ended July 31, 2013, management had decided to write-down minor exploration properties as they no longer fit the Company's strategic plan. As of July 31, 2013 the Company incurred \$88,918 write-downs on other properties.

Canada

i) Shoal Lake West (Duport), Ontario

Under an option agreement, dated October 7, 2008, between the Company and Halo Resources Ltd. ("Halo"), the Company can acquire a 51% interest in mining claims located in Glass Township, Shoal Lake Ontario, by issuing 5,438,400 HLG common shares (converted to 2,012,208 Everton shares on September 17, 2009), making cash payments totalling \$770,000 over 4 years and incurring \$1,500,000 in exploration work by May 1, 2010.

On July 5, 2012, the Company signed a mutual release and quitclaim deed with Halo Resources in which the Company released all of its claims in the Shoal Lake West (Duport) property. Under the quitclaim deed the Company no longer has any commitments or obligations with respect to Halo Resources and the Shoal Lake West (Duport) property.

j) Shoal Lake East (Machin), Ontario

Under an option agreement, dated September 19, 2008, between the Company and Machin Mines Ltd. ("Machin"), the Company can acquire a 100% interest in 15 patents and 8 claims located in Glass Township, Shoal Lake Ontario, for cash consideration of \$1,517,000 over 4 years and the issuance of 500,000 HLG common shares (converted to 185,000 Everton shares on September 17, 2009).

As at July 31, 2013, the remaining commitments are as follows:

	<u>Cash payments</u>
	\$
2 quarterly payments of \$27,000 ending September 30, 2012	54,000
On or before September 30, 2012	<u>1,114,000</u>
	<u>1,168,000</u>

Machin retains a 1.5% NSR on the first 500,000 ounces of gold produced and 2% on all gold produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for \$1,000,000.

In October 2012 the Company sought arbitration to have the amounts and timing of the remaining option payments adjusted. As at July 31, 2013, no arbitration meeting date has yet been set.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Continued)

k) Shoal Lake East (KPM), Ontario

On December 19, 2008, the Company signed an agreement with Kenora Prospectors & Miners Ltd ("KPM") to acquire a 100% interest in the Kenora property, located in Glass Township, Ontario, for cash consideration of \$3,260,000 over 4 years.

As at July 31, 2013, the remaining commitments are as follows:

	<u>Cash payments</u>
	\$
3 quarterly payments of \$30,000, ending December 31, 2012	90,000
On or before December 31, 2012	<u>2,242,684</u>
	<u><u>2,332,684</u></u>

KPM retains a 1.5% NSR on the first 500,000 ounces of gold and silver produced and 2% on all gold and silver produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for \$1,000,000.

In October 2012 the Company sought arbitration to have the amounts and timing of the remaining option payments adjusted. As at July 31, 2013, no arbitration meeting date has yet been set.

l) Opinaca, Quebec

On December 9, 2004, Everton signed an option agreement with Azimut Exploration to initially earn 50% undivided interest in the Opinaca property by incurring a minimum \$2,800,000 in exploration work and making cash payments totaling \$180,000 over 5 years. Everton has earned 50% of the property to date.

On November 15, 2011, the Company executed an option agreement with Helca Mining Company, formerly Aurizon Mines Ltd., ("Helca") whereby Helca can acquire an initial 50% ownership interest in the Opinaca property, in which Everton and Azimut Exploration ("Azimut") each hold an undivided 50% interest, by making total cash payments of \$580,000, \$290,000 payable to Everton, and incurring exploration expenditures of \$9,000,000. Helca may then elect to earn an additional interest of 10%, for a total interest of 60%, by making cash payments totaling \$300,000 (\$150,000 to Everton) over three years from the election date, incurring exploration expenditures totaling \$3,000,000 over three years from the election date, and delivering an independent pre-feasibility study on or before the fourth anniversary of the second option.

Helca to earn its 50% interest in the property must make cash payments totaling \$360,000 (\$180,000 to Everton) and incur exploration expenditures of \$6,000,000 over four years, including 5,000 meters of drilling by the second anniversary.

Helca will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are estimated with at least 1,000,000 ounces classified in the indicated category or higher, Helca shall make a payment of \$1,500,000 (\$750,000 to Everton), payable in Helca common shares, subject to regulatory approval. During the summer of 2012 Helca spent approximately \$1,300,000 (combined on Opinaca-Wildcat

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

*(Expressed in Canadian dollars)***6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Continued)**

properties) in exploration. The program consists of surface sampling and geochemical analysis, geochemical surveys at the Opinaca-Wildcat properties.

Date	Cash payments	Exploration expenditures
On approval from the TSX Venture Exchange (received)	\$ 50,000	\$ -
On November 15, 2012 (received)	\$ 60,000	\$ 1,000,000
On November 15, 2013	\$ 60,000	\$ 1,300,000
On November 15, 2014	\$ 60,000	\$ 1,700,000
On November 15, 2015	\$ 60,000	\$ 2,000,000
	\$ 290,000	\$ 6,000,000

The cash payments in the table relate to the cash payments to be made by Hecla to Everton and do not include cash payments made by Hecla to Azimut.

m) Wildcat, Quebec

On January 25, 2005, Everton acquired a 100% interest in claims grouped in 7 different blocks. These claims were acquired from an independent prospector for a cash consideration of \$100,000 and the issuance of 300,000 shares of Everton for a value of \$120,000.

On October 13, 2010, the Company executed an option agreement with Hecla whereby Hecla can acquire up to an initial 50% interest in the property by incurring expenditures of \$3,250,000 over four years, including 3,000 meters of drilling within two years. Hecla will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

After earning its initial 50% interest in the property, Hecla may then elect to earn an additional interest of 15%, for a total interest of 65%, by making cash payments totaling \$300,000 over three years from the election date, incurring exploration expenditure of \$1,000,000 by each of the first, second and third anniversary dates (\$3,000,000 in total) of the second option election deadline, and delivering an independent pre-feasibility study by the end of the fourth anniversary of the of the second option.

In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are estimated with at least 1,000,000 ounces classified in the indicated category or higher, Hecla shall make a payment of \$1,500,000 payable in Hecla common shares, subject to regulatory approval. During the summer of 2012 Hecla spent approximately \$1,300,000 in exploration (combined on Opinaca-Wildcat properties). The program consists of surface sampling and geochemical analysis, geochemical surveys at the Opinaca-Wildcat properties.

Date	Exploration expenditures
On approval from the TSX Venture Exchange	\$ -
By September 14, 2011	\$ 500,000
By September 14, 2012	\$ 750,000
By September 14, 2013	\$ 1,000,000
By September 14, 2014	\$ 1,000,000
	\$ 3,250,000

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Continued)

n) Hot Springs, British Columbia

By agreement dated April 11, 1997 the Company acquired a 100% interest in certain claims in British Columbia from four directors in exchange for 417,143 shares of the Company.

Hot Springs property is located in the New Westminster Mining Division in British Columbia, Canada. The property is owned 100% by the Company.

Option agreement with Electra Gold Ltd.

On June 5, 2012, Everton signed an option agreement with Electra Gold Ltd. ("Electra"), whereby Electra can acquire a 100% interest in the Company's Hot Springs property. Everton has retained a 2% NSR.

Under the terms of the agreement, Electra has the right to acquire a 100% interest in the property by issuing 20,000,000 common shares of Electra, making cash payments totaling \$1,900,000 to Everton and incurring exploration expenditures totaling \$500,000, in accordance with the following timeline:

Date	Common shares	Cash payments	Exploration expenditures
On approval from the TSX Venture Exchange (received)	2,000,000	\$ 25,000	\$ -
On June 5, 2013	2,000,000	\$ 25,000	\$ 100,000
On June 5, 2014	2,000,000	\$ 50,000	\$ 200,000
On June 5, 2015	2,000,000	\$ 100,000	\$ 200,000
On June 5, 2016	2,000,000	\$ 200,000	\$ -
On June 5, 2017	10,000,000	\$ 500,000	\$ -
On completion of a feasibility study	-	\$ 1,000,000	\$ -
	20,000,000	\$ 1,900,000	\$ 500,000

On June 17, 2013, the Company received 2,000,000 common shares of Electra Gold Ltd., pursuant to the June 5, 2012, option agreement. As at July 31, 2013 the cash payment of \$25,000 has not yet been received and as a result the option agreement is in default. The Company has not issued Electra a default notice.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

*(Expressed in Canadian dollars)***6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Continued)**

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets between July 31, 2013, and October 31, 2012:

	Nine months ended July 31, 2013	Year ended October 31, 2012
Balance, beginning of the period	\$ 18,714,957	\$ 21,965,570
Additions		
Drilling	-	593,318
Project consulting	19,200	24,368
Geophysical survey	-	49,973
Geological survey	486,505	544,343
Geochemical survey	47,459	170,906
Report preparation	34,073	69,345
Resource estimate	-	6,101
Renewal of licenses and permits	60,802	40,350
General field expenses	64,563	87,672
	712,601	1,586,376
Acquisition of mineral exploration properties	-	234,000
Write-down of mineral exploration properties and exploration and evaluation assets	(978,616)	(4,975,989)
Option payments received	(80,000)	(95,000)
	(1,058,616)	(4,836,989)
Balance, end of the period	\$ 18,368,942	\$ 18,714,957
Mineral exploration properties	\$ 2,584,635	\$ 2,644,635
Exploration and evaluation assets	15,784,307	16,070,322
Balance, end of the period	\$ 18,368,942	\$ 18,714,957

7. OPTION TO ACQUIRE MINERAL EXPLORATION PROPERTY

	July 31, 2013	October 31, 2012
Option to acquire Linear Gold Caribe SA.	\$ 1,162,781	\$ 1,162,781
Total	\$ 1,162,781	\$ 1,162,781

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

7. OPTION TO ACQUIRE MINERAL EXPLORATION PROPERTY (Continued)

On September 26, 2012, Everton, Brigus Gold Corp., Brigus Gold ULC and Linear Gold Caribe SA., executed an option agreement (the "Option Agreement") pursuant to which Everton was granted an option to have the sole and exclusive right to acquire all of the issued and outstanding common shares of Linear Gold Caribe SA. (the "Option") in order to purchase Brigus' remaining interest in the APV (Note 6.e), Ponton (Note 6.f) and La Cueva (Note 6.b) concessions ("the Concessions"). The exercise price of the Option was 15,000,000 common shares of Everton (the "Shares"). Everton placed the Shares in trust with the Company's corporate lawyers.

On October 23, 2012, Everton proceeded with the issuance of the Shares in favour of Brigus Gold ULC thereby exercising the Option. The 15,000,000 shares were valued at \$0.075 per share, the fair value on that day. On the same day, Everton delivered an Acquisition Notice to Brigus Gold under Section 4.3 of the

Option Agreement confirming that Everton has elected to exercise its right to acquire all of the issued and outstanding shares of Linear Gold Caribe SA.

The purchase price agreed to by the parties is \$1,000,000 payable in two (2) equal installments of \$500,000. The first installment is payable upon the receipt of the final approval of the TSX Venture Exchange and is payable in cash. The second installment is payable in cash, in shares or a combination of both at the sole discretion of Everton, and payable on or before November 15, 2012. Subsequent to year end both parties agreed that the both payments would be delayed until approval of the transaction was received by the TSX Venture and the renewal of certain concessions.

Brigus will also receive a sliding scale NSR royalty on the Concessions equal to 1.0% when the price of gold is less than US\$1,000 per ounce, 1.5% when the price of gold is between US\$1,000 and US\$1,400 per ounce, and 2.0% when the price of gold is above US\$1,400 per ounce.

Everton will also issue Brigus a promissory note equal to the greater of \$5 million or 5,000,000 common shares of Everton. The promissory note will be subject to completion of a NI 43-101 compliant measured and indicated resource estimate on the Concessions of a minimum 1 million ounces of gold equivalent ("AuEq") (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) or actual gold production from the Concessions plus a NI 43-101 compliant measured and indicated resource estimate on the Concessions (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) exceeding 1 million ounces of gold equivalent.

In connection with the acquisition of the outstanding shares of Linear Gold Caribe SA., the parties need to execute a share purchase agreement to confirm the transaction.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

8. SHARE CAPITAL

Authorized

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends (if any) which are declared from time to time, and are entitled to one vote per share at Everton's meetings. All shares are ranked equally with regards to the Company's residual assets.

2013 issuances

On March 13, 2013, the Company issued 2,000,000 common shares and 500,000 common share purchase options subject to the February 28, 2013, Royalty Purchase Agreement with Diagnos Inc., to acquire all of Diagnos' rights, title and interest to the royalty on the Labrador Trough gold, nickel, copper and zinc properties. The shares were issued with a deemed value of \$0.05 per share for an aggregate cost of \$100,000.

9. WARRANTS

2013 activity

On November 12, 2012, 504,000 share purchase warrants with an average exercise price of \$0.38 expired unexercised. The warrants had a Black Scholes value of \$49,012.

On August 15, 2013, the Company announced that the TSX Venture Exchange granted its acceptance to extend the expiry date on 3,491,920 warrants issued in connection with a non-brokered private placement completed in August 2011. The original expiry date of August 25, 2013 was extended to August 25, 2015. The exercise price will remain at \$0.35. The Company elected to not revalue the warrants that were extended in accordance with its accounting policies (refer to note 16).

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		\$
Balance, October 31, 2011	17,590,660	0.36
Granted	21,030,875	0.15
Expired	(9,560,940)	0.38
Balance, October 31, 2012	29,060,595	0.36
Granted	-	-
Expired	(504,000)	0.38
Balance, July 31, 2013	28,556,595	0.36

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

9. WARRANTS (Continued)

As at July 31, 2013, the following warrants were issued and outstanding:

Number of warrants	Fair value	Exercise price	Expiry date
	\$	\$	
19,962,500	149,719	0.15	August 24, 2014
1,068,375	102,230	0.08	August 24, 2014
3,633,000	277,790	0.40	October 29, 2013
3,491,920	269,760	0.35	August 25, 2013 ¹
400,800	39,851	0.25	August 25, 2013 ¹
28,556,595	839,350		

(1) The 3,491,920 warrants, exercisable at \$0.35 and expiring on August 25, 2013 were extended by the Company for a two year period with a new expiry date of August 25, 2015. The 400,800 warrants exercisable at \$0.25 and expiring on August 25, 2013 were not extended by the Company and have expired unexercised.

10. STOCK OPTIONS

Under the terms of the Company's stock option plan (the "Plan") all options are granted with an exercise price equal to the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors and is typically three or five years with a maximum term of 10 years. Options issued to consultants who perform investor relations activities will be subject to a vesting schedule whereby no more than 25% of the options granted may vest in any three month period. The maximum number of options authorized for issue shall be 10% of the outstanding shares in issue at the date of the option grant.

On August 31, 2012, the Company announced that its Stock Option plan has been amended to increase the time allowed for directors, officers, consultants, or employees to exercise their options from 60 days to 12 months from the date they cease to be a director, officer, consultant, or employee of the company.

The company increased the maximum number of common shares reserved for issuance under its stock option plan from 10,277,629 to 13,152,922, representing 10% of the outstanding common shares as at August 31, 2012. These options may be granted to the Company's employees, officers, directors and persons providing ongoing services to the Company, subject to regulatory approval.

On November 30, 2012, the Board of Directors approved the grant of 400,000 stock options with an exercise price of \$0.10 expiring March 21, 2018 to consultants of the Company. The value to the stock-based compensation was \$12,098.

On March 21, 2013, the Board of Directors approved the grant of 500,000 stock options with an exercise price of \$0.10 expiring March 21, 2018 to acquire all of Diagnos' rights, title and interest to the royalty on the Labrador Trough gold, nickel, copper and zinc properties. The value to the stock-based compensation was \$11,044.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

10. STOCK OPTIONS (Continued)

As at July 31, 2013, the following stock options were outstanding and exercisable:

Exercise price	Outstanding			Exercisable		
	Options	Remaining contractual life (in years)	Weighted average outstanding exercise price	Options vested	Weighted average vested exercise price	Expiry date
\$ 0.10	640,000	0.19	\$ 0.008	640,000	\$ 0.008	10/8/2013
\$ 0.10	425,000	0.61	\$ 0.005	425,000	\$ 0.005	3/9/2014
\$ 0.15	50,000	0.84	\$ 0.001	50,000	\$ 0.001	6/1/2014
\$ 0.22	360,000	1.31	\$ 0.010	360,000	\$ 0.010	11/20/2014
\$ 0.27	140,000	1.78	\$ 0.005	140,000	\$ 0.005	5/11/2015
\$ 0.25	650,000	1.94	\$ 0.021	650,000	\$ 0.021	7/9/2015
\$ 0.25	607,000	2.24	\$ 0.019	607,000	\$ 0.019	10/27/2015
\$ 0.32	1,265,000	2.55	\$ 0.052	1,265,000	\$ 0.052	2/15/2016
\$ 0.34	210,000	2.67	\$ 0.009	210,000	\$ 0.009	4/4/2016
\$ 0.35	550,000	2.81	\$ 0.025	550,000	\$ 0.025	5/24/2016
\$ 0.20	1,100,000	3.92	\$ 0.028	1,100,000	\$ 0.028	7/30/2017
\$ 0.10	900,000	3.92	\$ 0.012	900,000	\$ 0.012	7/30/2017
\$ 0.10	400,000	4.33	\$ 0.005	400,000	\$ 0.005	11/30/2017
\$ 0.10	500,000	4.70	\$ 0.006	500,000	\$ 0.006	3/21/2018
	7,797,000	2.69	\$ 0.207	7,797,000	\$ 0.207	

During the nine months ended July 31, 2013, 500,000 stock options with an average exercise price of \$0.29 expired unexercised. During the nine months ended July 31, 2013, 1,115,000 stock options were forfeited. Of the 1,115,000 forfeited options: 160,000 had an exercise price of \$0.27, 100,000 had an exercise price of \$0.22, 100,000 had an exercise price of \$0.32, 500,000 had an exercise price of \$0.20, and 225,000 had an exercise price of \$0.10.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended	
	July 31 2013	July 31 2012
	\$	\$
Changes in working capital are as follows:		
Accounts receivable	5,596	107,340
Amount due from related party	-	18,355
Prepaid expenses	101,779	122,849
Accounts payable and accrued liabilities	52,824	8,165
	160,199	256,709
Exploration and evaluation costs included in accounts payable and accrued liabilities	482,031	187,573

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

On March 13, 2013, the Company issued 2,000,000 common shares and 500,000 common share purchase options subject to the February 28, 2013, Royalty Purchase Agreement with Diagnos Inc., to acquire all of Diagnos' rights, title and interest to the royalty on the Labrador Trough gold, nickel, copper and zinc properties. The shares were issued with a deemed value of \$0.05 per share. The acquisition of the royalty was valued at \$111,044 (refer to notes 8 and 10).

On July 17, 2013, Everton received 2,000,000 shares of Electra Gold as part of the option agreement on Hot Springs (refer to note 6n). The shares had an initial value of \$0.10 per share and were recognized as a decrease in deferred exploration expenditures of the Hot Spring property. The option payment was valued at \$20,000.

The Company made the cash payments for interest of \$Nil and income taxes of \$Nil during the nine months ended July 31, 2013, and 2012.

12. SEGMENT REPORTING

The Company has one reportable operating segment, being that of acquisition and exploration and evaluation activities. The Company has the following noncurrent assets located in the Dominican Republic and in Canada:

	<u>July 31, 2013</u>	<u>October 31, 2012</u>
Dominican Republic		
Option to acquire mineral exploration property	\$ 1,162,781	\$ 1,162,781
Property, plant and equipment	20,142	26,855
Mineral exploration properties	1,966,718	1,966,718
Exploration and evaluation assets	11,835,113	12,101,128
Total	<u>\$ 14,984,754</u>	<u>\$ 15,257,482</u>
	<u>July 31, 2013</u>	<u>October 31, 2012</u>
Canada		
Mineral exploration properties	\$ 617,917	\$ 677,917
Exploration and evaluation assets	3,949,194	3,969,194
Total	<u>\$ 4,567,111</u>	<u>\$ 4,647,111</u>

All Dominican Republic exploration mineral claims are held by the Company's Dominican Republic subsidiaries with all costs incurred in the subsidiaries capitalized to exploration and evaluation properties.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

13. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, foreign currency risk, interest rate risk, market risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash, short-term investments, accounts receivable, amount due from related party and long-term receivable and maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions. It is management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. The Company's working capital totals \$517,311 as at July 31, 2013, (\$1,065,606 as at October 31, 2012), including \$934,528 in cash and cash equivalents and current liabilities totalling \$639,802 (\$586,978 as at October 31, 2012). The Company's financial liabilities are all due within 12 months. The Company anticipates having sufficient funds to discharge its current liabilities and meet its corporate administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties and to meet its entire general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds.

All current liabilities are due on demand.

(iii) Foreign currency risk

The Company has exposure to financial risk arising from fluctuations in exchange rates (US dollars and Dominican Peso "DOP") and the degree of volatility of these rates. Although the Company may incur significant future commitments denominated in foreign currencies, the Company does not use forward exchange contracts to reduce exposure to foreign currency risk. A reasonably possible change in US dollars or DOP's with all other variables held constant would not have a material impact on the net loss.

(iv) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as investment savings accounts and guaranteed investment certificates) with maturities of 360 days or less from the original date of acquisition. The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash and short-term investments and the volatility of these rates.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

13. RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

As at July 31, 2013, cash and short-term investments total \$934,528 (\$1,358,737 as at October 31, 2012) and interest income derived from these investments during the period ended July 31, 2013, was \$8,088 (2012 - \$2,884). A reasonably possible change in interest rates with all other variables held constant would not have a material impact on the net loss.

(v) Market risk

The Company holds shares of publicly listed companies in the mineral exploration industry. The Company is exposed to market risk in trading these shares and unfavourable market conditions could result in the disposal at less than their value at July 31, 2013. At July 31, 2013, the value of these publicly listed shares is \$36,112 (\$2,361,357 as at October 31, 2012). At July 31, 2013, had the bid price for these shares been 10% lower, the comprehensive loss for the period would have been approximately \$3,611 higher (\$236,136 at October 31, 2012). Conversely, had the bid price been 10% higher, the comprehensive loss for the period would have been approximately \$3,611 lower (\$236,136 at October 31, 2012).

(vi) Political risk

The Company carries out some of its exploration activities in the Dominican Republic. These activities may be subject to political, economic or other risks that could influence the Company's exploration activities and future financial situation.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the

Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Everton Resources Inc.

(An exploration stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS

Key management compensation

The following table reflects compensation of key management personnel, including the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and Directors:

	Three months ended		Nine months ended	
	July 31,		July 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries (including bonuses) (1)	41,250	90,385	158,750	264,384
Benefits	1,500	1,850	4,500	4,579
Office rent (2)	1,050	-	3,150	-
Share-based compensation	-	51,000	-	51,000
	43,800	143,235	166,400	319,963

(1) Includes directors’ fees which have been included in *Management and consulting fees* in the consolidated statements of comprehensive loss.

(2) During the period Everton subleased office space from a company controlled by one of the officers of the Company.

15. CONTINGENCIES & COMMITMENTS

The Company’s operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, in term of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the exploration and evaluation assets at the time;

16. POST REPORTING DATE EVENTS

On August 9, 2013, Everton purchased 2,500,000 units of Majescor Resources Inc. (refer to note 5).

On August 15, 2013, the Company announced that the TSX Venture Exchange granted its acceptance to extend the expiry date on 3,491,920 warrants issued in connection with a non-brokered private placement completed in August 2011. The original expiry date of August 25, 2013 was extended to August 25, 2015. The exercise price will remain at \$0.35. The Company elected to not revalue the warrants that were extended, in accordance with its accounting policies.