

EVERTON RESOURCES INC.
(An exploration stage Company)

Condensed Consolidated Interim Financial Statements

For the three and six months ended April 30, 2014

(Expressed in Canadian Dollars)

Everton Resources Inc.
(An exploration stage Company)

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Everton Resources Inc.
(An exploration stage Company)

Management's Responsibility for the condensed consolidated interim 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

June 27, 2014

Everton Resources Inc.
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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)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

As at	April 30, 2014 (Unaudited) \$	October 31, 2013 (Audited) \$
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	1,763,695	531,174
Marketable securities and warrants (Note 5)	39,500	68,200
Accounts receivable	28,129	28,813
Prepaid expenses	119,566	129,725
	1,950,890	757,912
Non-current assets		
Equipment	13,427	17,903
Option to acquire mineral exploration properties (Note 6)	1,335,327	1,162,781
Mineral exploration properties (Note 9)	3,648,105	2,282,355
Exploration and evaluation assets (Note 9)	13,659,228	13,872,843
	20,606,977	18,093,794
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	374,798	974,869
Non-current liabilities		
Accounts payable (Note 8)	275,000	-
	649,798	974,869
SHAREHOLDERS' EQUITY		
Share capital (Notes 3 & 10)	40,129,247	37,593,346
Warrants (Note 11)	545,707	521,707
Contributed surplus	9,466,396	9,220,696
	50,141,350	47,335,749
Accumulated deficit	(30,184,171)	(30,216,824)
	19,957,179	17,118,925
	20,606,977	18,093,794

Contingencies and commitments (Note 18)

Post reporting date events (Note 19)

Going concern (Note 2c)

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.

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Condensed Consolidated Interim Statements of Comprehensive (loss) Income

(Expressed in Canadian dollars)

	Three months ended April 30, 2014	Three months ended April 30, 2013	Six months ended April 30, 2014	Six months ended April 30, 2013
	\$	\$	\$	\$
Operating expenses				
Management fees	46,250	38,750	87,500	105,500
Salaries and benefits	12,792	-	25,424	-
Travel and promotion expense	27,036	76,664	54,878	151,286
Professional fees	4,783	50,916	110,788	170,521
General and administrative expense	61,249	124,334	127,377	183,122
Stock-based compensation	245,700	12,098	245,700	12,098
Settlement of royalty	-	111,044	-	111,044
Write-down of mineral exploration properties and exploration and evaluation assets (Note 9)	82	967,289	11,953	967,289
	(397,892)	(1,381,095)	(663,620)	(1,700,861)
Other income (loss)				
Interest and other income	1,921	(1,339)	19,124	592
Gain on sale of long-term investment	-	423,136	-	423,136
Unrealized loss on financial assets at fair value through profit or loss	(14,500)	(9,028)	(28,700)	(15,972)
Loss on sale of marketable securities	-	10,510	-	1,055
	(12,579)	423,279	(9,576)	408,812
Net loss before tax	(410,471)	(957,816)	(673,196)	(1,292,049)
Tax recovery (Note 13)	-	-	(705,849)	-
Net (loss) income after tax	(410,471)	(957,816)	32,653	(1,292,049)
Other comprehensive loss				
Reclassification of net realized gain on available-for-sale investments	-	433,646	-	424,191
Net unrealized gain (loss) on available-for-sale investments	-	139,583	-	(15,972)
Comprehensive loss	-	573,229	-	408,219
Total comprehensive (loss) income	(410,471)	(384,587)	32,653	(883,829)
Basic and diluted (loss) income per common share	(0.01)	(0.03)	0.00	(0.04)
Basic and diluted weighted average number of common shares outstanding	30,930,845	29,546,575	30,652,392	29,436,922

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

Everton Resources Inc.

(An exploration stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share capital (Note 3)		Warrants	Contributed surplus	Subtotal	Accumulated OCI	Accumulated Deficit	Total
	# of shares	\$						
Balance, October 31, 2012	29,330,845	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	400,000	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	400,000	100,000	(49,012)	72,155	123,143	-	-	123,143
Net loss	-	-	-	-	-	-	(1,292,049)	(1,292,049)
Reclassification of net realized loss on available-for-sale investments	-	-	-	-	-	(2,113,125)	-	(2,113,125)
Net unrealized loss on available-for-sale investments	-	-	-	-	-	279,989	-	279,989
Comprehensive loss	-	-	-	-	-	(1,833,136)	(1,292,049)	(3,002,042)
Balance, April 30, 2013	29,730,845	37,593,346	839,350	8,903,053	47,335,749	-	(27,006,235)	20,329,514
Expiry of warrants	-	-	(317,643)	317,643	-	-	-	-
Transactions with owners	-	-	(317,643)	317,643	-	-	-	-
Net loss	-	-	-	-	-	-	(3,210,589)	(3,210,589)
Reclassification of net realized loss on Comprehensive loss	-	-	-	-	-	-	(3,210,589)	(3,210,589)
Balance, October 31, 2013	29,730,845	37,593,346	521,707	9,220,696	47,335,749	-	(30,216,824)	17,118,925
Shares issued under Linear Gold SPA	1,200,000	240,000	-	-	240,000	-	-	240,000
Shares issued under 2342802 Ontario Inc. SPA	6,500,000	975,000	-	-	975,000	-	-	975,000
Shares issued for cash (net of issue costs)	6,895,000	1,320,901	24,000	-	1,344,901	-	-	1,344,901
Stock-based compensation	-	-	-	245,700	245,700	-	-	245,700
Transactions with owners	14,595,000	2,535,901	24,000	245,700	2,805,601	-	-	2,805,601
Net income	-	-	-	-	-	-	32,653	32,653
Balance, April 30, 2014	44,325,845	40,129,247	545,707	9,466,396	50,141,350	-	(30,184,171)	19,957,179

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

Everton Resources Inc.

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Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Six months ended April 30, 2014 \$	Six months ended April 30, 2013 \$
OPERATING ACTIVITIES		
Net income (loss) for the period	32,653	(1,292,049)
Adjustments for:		
Stock-based compensation	245,700	12,098
Withholding tax reversal	(705,849)	-
Interest income	(568)	(592)
Amounts included in other income	(16,000)	-
Write-down of mineral exploration properties and exploration and evaluation assets	11,953	967,289
Settlement of royalty	-	111,044
Gain on sale of long-term investment	-	(423,136)
Unrealized loss on financial assets at fair value through profit and loss	28,700	15,972
Gain on sale of marketable securities	-	(1,055)
Changes in working capital items (Note 13)	(308,379)	(31,685)
Net cash used in operating activities	(711,790)	(642,114)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	-	20,000
Proceeds from sale of long-term investment	-	600,000
Cash realized on acquisition of subsidiaries	566	-
Interest and other income received	568	592
Exploration and evaluation costs	(280,390)	(344,734)
Net cash (used in) provided by investing activities	(279,256)	275,858
FINANCING ACTIVITIES		
Common shares issued (net of share issue costs)	1,322,901	-
Long-term payables	275,000	-
Deferred corporate transaction costs	(85,327)	-
Option payments received	760,000	60,000
Option payments made	(50,000)	-
Net cash provided by financing activities	2,222,574	60,000
Effect of exchange rate fluctuations on cash and cash equivalents	993	17,450
Increase (decrease) in cash and cash equivalents	1,232,521	(288,806)
Cash and cash equivalents, beginning of the period	531,174	1,358,737
Cash and cash equivalents, end of the period	1,763,695	1,069,931

Supplemental cash flow information is provided in Note 13

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

Everton Resources Inc.

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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".

2. BASIS OF PRESENTATION

(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 April 30, 2014. 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, 2013. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending October 31, 2014, 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 June 27, 2014.

(b) Basis of measurement and functional currency

These consolidated 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) Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable

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Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Cont'd)

under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company and have the most significant effect on the consolidated financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgements. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These consolidated 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 April 30, 2014, the Company had a working capital surplus, excluding marketable securities and warrants of \$1,536,592 (deficit at October 31, 2013 - \$285,157), including \$1,763,695 (October 31, 2013 - \$531,174) in cash and cash equivalents. The Company is seeking arbitration to have the Shoal Lake East option payments deferred to later periods.

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Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Cont'd)

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. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

Contingencies

By their nature, contingencies will be resolved only 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 judgements and the use of estimates regarding the outcome of future events.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgements to determine whether 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.

Functional currency

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of exploration and evaluation assets

Management determines at each reporting period whether there are any indicators of impairment. If there are indicators, the carrying value of the investment in mining property is compared to the recoverable amount to calculate the amount of impairment. If no indicators of impairment are identified, no impairment test is performed.

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

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Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Cont'd)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expense will be recovered from either future exploration or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

See note 9 for exploration and evaluation assets impairment analysis.

The total write-off of the exploration and evaluation assets recognized in profit or loss for the three and six months ended April 30, 2014, were \$82 (2013 – \$967,289) and \$11,953 (2013 - \$967,289) respectively. No reversal of impairment losses has been recognized for the reporting periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's share price, 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 (Note 12).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These consolidated 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.

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 April 30, 2014, and October 31, 2013, the Company did not have any associates.

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Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The subsidiaries of the Company at April 30, 2014, 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
Everton Dominicana (2014) Inc.	Canada	100%	Exploration Company
Linear Gold Caribe S.A.	Dominican Republic	100%	Exploration Company
Hays Lake Gold Inc.	Canada	100%	Exploration Company

On March 19, 2014, the Company received final approval from the TSX-V to acquire the outstanding shares of Linear Gold Caribe S.A. (Note 7)

On March 28, 2014, Everton entered into an amalgamation agreement which resulted in the acquisition of all of the issued and outstanding securities of 2342802 Ontario Inc. The amalgamation between 2392923 Ontario Inc. (a wholly-owned subsidiary of Everton) and the 2342802 Ontario Inc. resulted in the creation of Everton Dominicana (2014) Inc. (Note 8).

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the year ended October 31, 2013.

During the six months ended April 20, 2014, the Company adopted the following accounting policy:

Flow-through placements

Issuance of flow-through units represents in substance an issue of common shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through units are allocated between share capital, warrants and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and then to warrants according to the fair value of the warrants at the time of issuance and any residual in the proceeds is allocated to other liability. The fair value of the warrants is established using the residual valuation model. When eligible expenses are incurred and the Company has the intention to renounce its right to tax deductions to the investors, the amount recognized in other liabilities is reversed and is recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

(b) Share consolidation

On February 25, 2014, the Company, announced that the TSX-V had approved the consolidation of the Company's common shares on a basis of one (1) post-consolidation Common Share for each five (5) pre-consolidation Common Shares. All share capital, share option and warrant data, including number and price, give retroactive effect to reflect the share consolidation in these condensed consolidated interim financial statements (see Note 10).

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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes the following:

	April 30, 2014	October 31, 2013
	\$	\$
Cash	1,589,324	357,939
Investment savings accounts	174,371	173,235
Total cash and cash equivalents	1,763,695	531,174

As at April 30, 2014, and October 31, 2013, cash includes amounts held in investment saving accounts with interest rates ranging from 1.20% to 1.50%. As at April 30, 2014, United States dollars, USD\$2,412 (October 31, 2013 - \$NIL) was included in the cash of the Company. This amount has been translated into USD using the closing exchange rate on April 30, 2014.

On March 7, 2014, the company raised \$1,000,000 in a private placement which is subject to the restrictions imposed by flow through financing arrangement. As at April 30, 2014, the Company had not yet incurred eligible expenditures according to the restrictions imposed by this financing arrangement and had an obligation of \$1,000,000 which has to be incurred no later than December 31, 2015. The flow through shares were issued at \$0.20 on the TSX-V and the residual value was \$NIL. As a result, no premium liability was recognized for the tax benefit related to the exploration expenditure renunciation.

5. MARKETABLE SECURITIES AND WARRANTS

All of the listed securities held by Everton, with the exception of the common shares and warrants in Majescor Resources Inc. ("Majescor"), were acquired through prior year's property option and sales transactions with the below listed companies. The Company does not normally purchase shares of publically listed companies on the open market. As at April 30, 2014, the following securities were included in marketable securities and warrants:

	Fair value
	\$
Augyva Inc. - 25,000 common shares	2,500
Electra Gold Limited - 3,300,000 common shares	16,500
Majescor Resources Inc. - 250,000 common shares	17,500
Marketable securities	36,500
Majescor - 250,000 warrants	3,000
Warrants	3,000
Marketable securities and warrants	39,500

On November 7, 2013, Majescor, completed a consolidation of its common shares on a 10:1 basis, as a result of the consolidation Everton's investment in Majescor common shares and warrants both decreased from 2,500,000 to 250,000.

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5. MARKETABLE SECURITIES AND WARRANTS (Cont'd)

The Company did not dispose of or acquire any marketable securities or warrants during the six months ended April 30, 2014.

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

	Fair value
	\$
Augyva Inc. - 25,000 common shares	2,500
Electra Gold Limited - 3,300,000 common shares	33,000
Majescor Resources Inc. - 2,500,000 common shares	25,000
Marketable securities	60,500
Majescor - 2,500,000 warrants	7,700
Warrants	7,700
Marketable securities and warrants	68,200

6. OPTION TO ACQUIRE MINERAL EXPLORATION PROPERTIES

	April 30, 2014	October 31, 2013
	\$	\$
Option to acquire Linear Gold Caribe S.A. (note 7)	-	1,162,781
Option to acquire mining concessions (note 8)	1,335,327	-
Total	1,335,327	1,162,781

7. ACQUISITION OF LINEAR GOLD CARIBE S.A.

Option Agreement

On September 26, 2012, Everton, Primero Mining Corp. (formerly Brigus Gold Corp.) ("Primero"), Brigus Gold ULC and Linear Gold Caribe SA. ("Linear Gold"), 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 Primero's remaining interest in the APV (Note 9.b), Ponton (Note 9.c) and La Cueva (Note 9.a) concessions ("the Concessions"). The exercise price of the Option was 3,000,000 common shares of Everton (the "Shares") which were placed in trust Company's lawyers on that date.

On October 23, 2012, Everton gave notice to Primero under the option agreement that it had elected to exercise the option and issued the shares in favor of Primero.

Everton Resources Inc.

(An exploration stage Company)

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

7. ACQUISITION OF LINEAR GOLD CARIBE S.A. (Cont'd)

Initial Share Purchase Agreement

Prior to the November 21, 2013 amendment (discussed below), the purchase price agreed to by the parties was \$1,000,000 payable in two (2) equal installments of \$500,000. The first installment was payable upon the receipt of the final approval of the TSX-V and was payable in cash. The second installment was 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 October 31, 2012 both parties agreed that the second payment would be delayed until approval of the transaction was received by the TSX-V and the renewal of certain concessions in the Dominican Republic.

Primero will also receive a sliding scale net smelter royalty ("NSR") 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 Primero a promissory note equal to the greater of \$5 million or the value of 1,000,000 common shares of Everton. The promissory note will be subject to completion of a National Instrument 43-101 ("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 an 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.

Amended Share Purchase Agreement

On November 21, 2013, pursuant to a share purchase agreement entered into by the parties, Everton has reduced the purchase price from \$1,000,000 payable in two (2) equal installments of \$500,000 to \$175,000 in cash and 1,200,000 common shares of Everton (issued December 13, 2013 and valued at \$240,000) to acquire 100% of the common shares of Linear Gold.

On December 13, 2013, the promissory note was amended to state that it would be for an amount equal to the greater of CAD\$5 million or the value of 1,000,000 common shares of Everton payable in cash. Everton no longer has the option to pay the note in common shares.

On March 19, 2014, the Company received final approval from the TSX-V for the acquisition of Linear Gold.

Total consideration paid by the Company for all outstanding common shares of Linear Gold was as follows:

	Number	\$
Common shares issued (1)	4,200,000	1,365,000
Cash payment	-	12,781
Related acquisition costs	-	25,000
Balance payable per the share purchase agreement	-	150,000
	<u>4,200,000</u>	<u>1,552,781</u>

(1) The weighted average fair value of the shares issued to acquire Linear Gold was \$0.33, based on the market price immediately prior to the date the common shares were issued.

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7. ACQUISITION OF LINEAR GOLD CARIBE S.A. (Cont'd)

As the promissory note will be subject to establishing an NI 43-101 compliant measured and indicated resource estimate on the Concessions or actual gold production from the Concessions no amount has been recorded in consideration of the above, as there is currently no mineral resource estimate on the concessions.

The Company has accounted for the transaction as an asset acquisition under the scope of IFRS 2, Share Based Payments. Consideration consisted of \$175,000 in cash and 4,200,000 of shares of the Company which were measured at the fair value of the Everton's shares at the date of issuance.

The net assets acquired had a fair value of \$1,552,781:

	\$
Cash	566
Mineral property acquisition costs	1,552,215
Net assets acquired	1,552,781

8. ACQUISITION OF 2342802 ONTARIO INC.

On March 28, 2014, Everton acquired all of the issued and outstanding common shares of 2342802 Ontario Inc., which has the exclusive right to acquire six mining concessions located in the Dominican Republic.

On October 25, 2013, Everton entered into an amalgamation agreement with 2392923 Ontario Inc. (a wholly-owned subsidiary of Everton) and 2342802 Ontario Inc. As a result of the amalgamation, the Company owns all of the outstanding shares of Everton Dominicana (2014) Inc. (the amalgamated company). All of the concessions are currently under renewal with the Dominican Republic Government.

As consideration for the acquisition, Everton issued 6,500,000 common shares and agreed to reimburse historic expenditures of \$350,000. The Company has two years to make the repayment of the \$350,000 expenditures. However, should the Company be successful in completing non-flow through private placements by of a minimum of \$1,500,000 during the two year period then the Company must make a reimbursement of the remaining \$275,000 in proportion to the \$1,500,000 raised. For further clarity if the Company were to raise the \$1,500,000 during the current year then they would be required to reimburse the \$275,000 in the current year. Given the uncertainty of the Company completing a financing in the current year the \$275,000 has been show as a long term payable on the statements of financial position. As at April 30, 2014, Everton has reimbursed \$75,000 of the required expenditures.

The shares are held in trust and released to the shareholders of 2342802 Ontario Inc. in three separate tranches: (i) 2,500,000 common shares on March 28, 2014, (released); (ii) 2,000,000 common shares on September 28, 2014; and (iii) 2,000,000 Shares on March 28, 2015.

In addition, Everton has reserved a total of 4,000,000 common shares, 2,000,000 of which will be issued to the shareholders of 2342802 Ontario Inc., on a pro rata basis, on September 28, 2015 and March 28, 2016, or earlier if the concessions are granted prior to those dates. The total number of reserved shares to be issued may be reduced in the event that a concession is denied or Everton opts to drop the concession.

As there is no certainty that the concessions will be granted to Everton Dominicana (2014) Inc. no amount has been recorded in consideration of the above. The above shares will be recognized as mineral property acquisition costs and attributed to the properties acquired when and if the shares are issued.

8. ACQUISITION OF 2342802 ONTARIO INC. (Cont'd)

Everton Resources Inc.

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(Expressed in Canadian dollars)

Total consideration paid by the Company for all outstanding common shares of 2342802 Ontario Inc. was as follows:

	Number	\$
Common shares issued (1)	6,500,000	975,000
Cash payment	-	75,000
Related acquisition costs	-	10,327
Expenditure reimbursement payables	-	275,000
	<u>6,500,000</u>	<u>1,335,327</u>

(1) The fair value of the shares issued to acquire 2342802 Ontario Inc. was \$0.15, based on the market price immediately prior to the date the common shares were issued.

The net assets acquired had a fair value of \$1,335,327, which was allocated to the option to acquire the mining concessions.

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	April 30, 2014		October 31, 2013	
	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	\$	\$	\$	\$
<u>Dominican Republic</u>				
a) La Cueva (Loma El Mate)	421,981	996,380	183,836	994,719
b) Ampliacion Pueblo Viejo	2,469,404	7,227,003	1,258,460	6,945,450
b) La Lechoza	-	929,056	-	929,056
c) Ponton (Loma Hueca)	300,325	673,935	197,198	670,428
d) Pun	74,944	395,830	24,944	383,996
e) Other	-	11,366	-	-
	<u>3,266,654</u>	<u>10,233,569</u>	<u>1,664,438</u>	<u>9,923,649</u>
<u>Canada</u>				
<u>Quebec</u>				
f) Opinaca	380,452	2,754,707	440,452	2,754,707
g) Wildcat	-	601,855	176,465	1,125,390
<u>British Columbia</u>				
h) Hot Springs	1,000	69,097	1,000	69,097
	<u>381,452</u>	<u>3,425,659</u>	<u>617,917</u>	<u>3,949,194</u>
TOTAL	<u>3,648,105</u>	<u>13,659,228</u>	<u>2,282,355</u>	<u>13,872,843</u>

Dominican Republic

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

On December 8, 2003, the Company entered into an earn-in agreement with Primero 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 40,000 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.

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

Everton Resources Inc.

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(Expressed in Canadian dollars)

On September 26, 2012, the Company signed an option agreement with Primero whereby Everton can acquire Primero's remaining interest in the property. On November 21, 2013, the Company signed an amended share purchase agreement. The Terms of the agreements are described in Note 7.

On March 19, 2014, the Company received final TSX-V approval to acquire the outstanding shares of Linear Gold Caribe. Through the acquisition Everton now holds 100% of the La Cueva concession.

The exploration licenses are currently in the process of being renewed from the Ministry of Industry and Commerce in Dominican Republic.

b) Ampliacion Pueblo Viejo, La Lechoza, Dominican Republic

In April 2007, the Company obtained an option to acquire from Primero 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 240,000 common shares over a three-year period. During 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 Primero 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 October 31, 2013 remains at 50%.

The exploration licenses are currently granted by the Ministry of Industry and Commerce, with expiration date on April 7, 2014. The Company intends to extend the exploration license after expiration.

On September 26, 2012, the Company signed an option agreement with Primero whereby Everton can acquire Primero's remaining interest in the property. On November 21, 2013, the Company signed an amended share purchase agreement. The Terms of the agreements are described in Note 7.

On March 19, 2014, the Company received final TSX-V approval to acquire the outstanding shares of Linear Gold Caribe. Through the acquisition Everton now holds 100% of the APV concession.

c) Ponton (Loma Hueca), Dominican Republic

In April 2007, the Company obtained an option to acquire from Primero 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 40,000 common shares over a three-year period. The Company has made the US\$100,000 and issued the 40,000 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 Primero US\$250,000 (CAD\$247,000) and issuing 60,000 additional common shares.

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

Everton Resources Inc.

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(Expressed in Canadian dollars)

On September 26, 2012, the Company signed an option agreement with Primero whereby Everton can acquire Primero's remaining interest in the property. On November 21, 2013, the Company signed an amended share purchase agreement. The Terms of the agreements are described in Note 7. The Company has applied for a new concession covering the same area, which is in the renewal process.

On March 19, 2014, the Company received final TSX-V approval to acquire the outstanding shares of Linear Gold. Through the acquisition Everton now holds 100% of the Ponton concession.

d) 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 (paid) and third anniversaries of the option (not yet paid). 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.

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.

e) Other

Other properties consist of several eastern Dominican Republic concessions. During the period ended January 31, 2014, management had decided to write-down minor exploration properties as they no longer fit the Company's strategic plan. As of April 30, 2014 the Company incurred \$11,953 (2013 - \$NIL) write-downs on other properties.

Canada

f) Opinaca, Quebec

On December 9, 2004, Everton signed an option agreement with Azimut Exploration ("Azimut") to initially earn a 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 and Azimut executed an option agreement with Hecla Mining Company, formerly Aurizon Mines Ltd., ("Hecla") whereby Hecla can acquire an initial 50% ownership interest in the Opinaca property, in which Everton and Azimut Exploration each hold an undivided 50% interest, by making total cash payments of \$580,000, (\$290,000 to Everton), and incurring exploration expenditures of \$9,000,000. Hecla 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.

On November 1, 2013, Everton signed an amendment to the option agreement dated November 15, 2011.

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

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Under the amended terms to earn its 50% interest in the property, Hecla must make cash payments totaling \$240,000 (\$120,000 to Everton) and incur exploration expenditures of \$6,000,000 over four years, including 3,800 meters of drilling by the November 15, 2013 and 1,200 meters of drilling by November 15, 2014.

Date	Cash payments	Exploration expenditures	Meters of drilling
On approval from the TSX Venture Exchange (received)	\$ 50,000	\$ -	-
On November 15, 2012 (received and expenses incurred)	\$ 60,000	\$ 1,000,000	-
On November 15, 2013 (received and expenses incurred)	\$ 60,000	\$ 2,190,000	3,800
On November 15, 2014	\$ 60,000	\$ 350,000	1,200
On November 15, 2015	\$ 60,000	\$ 820,000	-
On November 15, 2016	\$ -	\$ 820,000	-
On November 15, 2017	\$ -	\$ 820,000	-
	<u>\$ 290,000</u>	<u>\$ 6,000,000</u>	<u>5,000</u>

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.

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.

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 6.0 g/t Au, are estimated with at least 1,000,000 ounces as measured or indicated, Hecla shall make a payment of \$1,500,000 (\$750,000 to Everton), payable in Hecla common shares, subject to regulatory approval. So far, approximately \$3,200,000 has been spent on Opinaca and \$1,800,000 on Wildcat. The program consists of surface sampling, geochemical analysis and geochemical surveys at the Opinaca-Wildcat properties.

g) 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 60,000 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 undivided 65% interest in Everton's wholly-owned Wildcat property, by making total cash payments of \$300,000 and incurring expenditures of \$6,250,000.

Hecla can earn 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.

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

Everton Resources Inc.

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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 6.0 g/t Au, are estimated with at least 1,000,000 ounces classified as measured or indicated, 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, geochemical analysis, and geochemical surveys at the Opinaca-Wildcat properties.

On November 1, 2013, Everton signed an amendment to the option agreement dated October 13, 2010.

Subsequently on February 7, 2014, Everton signed a second amendment to the Wildcat option agreement. The amendment changes the timing and the amount of the exploration expenditures, in accordance with the following schedule:

(a) \$500,000 on or before October 13, 2011;

(b) \$1,280,000 of work expenditures (including a minimum of 2,093 meters of drilling) on or before October 13, 2012;

(c) \$1,000,000 of work expenditures (including a minimum 907 meters of drilling) on or before October 13, 2014. The work expenditures would be incurred by Everton and deemed to have been spent by Hecla. In regards to funding these expenditures Everton completed a flow through financing on March 7, 2013 (refer to note 10). In consideration Everton agreeing to incur the expenditures, Hecla made an option payment of \$700,000; and

The option to earn an additional 15% undivided interest ("second option"), for an aggregate 65% undivided interest in the Property, upon the completion has been replaced by the following:

- Making annual cash payments of \$100,000 over a period of 3 years from the Election Date, for a total of \$300,000;
- Incurring minimum aggregate expenditures of \$2,500,000 over a period of 3 years from the Election Date, a minimum of \$500,000 to be incurred in the first year and a minimum of \$1,000,000 in both years two and three; and
- Delivering a preliminary feasibility study prepared by an independent qualified person (within the meaning ascribed to such terms in NI 43-101) on or before the fourth anniversary of the Election Date.

h) 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.

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

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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 (exploration expenses incurred)	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., with a total value of \$20,000, pursuant to the June 5, 2012, option agreement. As at January 31, 2014 the cash payment of \$25,000 has not yet been received and as a result the option agreement is in default. Electra is in the process of trying to remedy this default. If remedy cannot be settled between the Company and Electra, the Company will re-evaluate its future exploration plans on this property.

On March 14, 2014, the Company amended the terms of the option agreement with Electra Gold. The adjustment of payments requires the Optionee (1) to issue an addition 2,000,000 of its Common Shares as at the respective 5th and 6th anniversaries of the Hot Springs Agreement of June 5, 2012, (2) to adjust the cash payments to a total of \$1,775,000 as set out in the Amending Agreement and (3) to adjust the expenditures to amounts totalling \$400,000 as set out in the Amending Agreement.

The Option Agreement as amended continues Electra's right to explore and acquire the Hot Springs property subject to Electra's issuing common shares, making cash payments and incurring expenditures on the property as follows:

Date	shares	payments	expenditures
On approval from the TSX Venture Exchange (received & incurred)	2,000,000	\$ 25,000	\$ 50,000
On June 5, 2013 (received & incurred)	2,000,000	\$ -	\$ 50,000
On June 5, 2014 (or sooner upon financing)	2,000,000	\$ 25,000	\$ 50,000
On June 5, 2015	2,000,000	\$ 25,000	\$ 150,000
On June 5, 2016	2,000,000	\$ 50,000	\$ 100,000
On June 5, 2017	2,000,000	\$ 50,000	\$ -
On June 5, 2018	2,000,000	\$ 100,000	\$ -
On June 5, 2019	10,000,000	\$ 500,000	\$ -
On completion of a feasibility study	-	\$ 1,000,000	\$ -
	24,000,000	\$ 1,775,000	\$ 400,000

9. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

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The following table reflects the changes to mineral exploration properties and exploration and evaluation assets between April 30, 2014, and October 31, 2013:

	\$	\$
Balance, beginning of the period	16,155,198	18,714,957
Additions		
Drilling	113,793	-
Assaying	17,886	-
Project consulting	3,900	19,200
Geophysical survey	89,999	48,262
Geological survey	69,205	588,892
Geochemical survey	156	47,459
Report preparation	17,300	81,040
Renewal of licenses and permits	217	60,802
General field expenses	9,417	70,557
	321,873	916,212
Acquisition of mineral exploration properties	1,602,215	-
Write-down of mineral exploration properties and exploration and evaluation assets	(11,953)	(3,395,971)
Option payments received	(760,000)	(80,000)
	830,262	(3,475,971)
Balance, end of the period	17,307,333	16,155,198
Mineral exploration properties	3,648,105	2,282,355
Exploration and evaluation assets	13,659,228	13,872,843
Exploration properties and evaluation assets	17,307,333	16,155,198

10. 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 shareholder meetings. All shares are ranked equally with regards to the Company's residual assets.

10. SHARE CAPITAL (Cont'd)

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Share Consolidation

On February 25, 2014, the Company, announced that the TSX-V had approved the consolidation of the Company's common shares on a basis of one (1) post-consolidation common share for each five (5) pre-consolidation common shares. The Company's shares began trading on a post-consolidated basis effective at the opening of market on February 25, 2014 under the new CUSIP number 300410305. All share capital, option and warrant data have been retroactively restated to reflect the share consolidation in these consolidated financial statements (see Note 3).

Issued

	Common shares	\$
Balance, October 31, 2012	29,330,845	37,493,346
Shares issued for the Labrador Trough royalty	400,000	100,000
Balance, October 31, 2013	29,730,845	37,593,346
Shares issued under the Linear Gold SPA	1,200,000	240,000
Shares issued for the acquisition of 2342802 Ontario Inc.	6,500,000	975,000
Shares issued in private placements (net of share issue costs)	6,895,000	1,320,901
	14,595,000	2,535,901
Balance, April 30, 2014	44,325,845	40,129,247

- (1) On December 13, 2013, pursuant to the Linear Gold share purchase agreement entered into with Primero, Everton issued 1,200,000 in common shares as part of the purchase price to acquire 100% of the common shares of Linear Gold (Note 7).
- (2) On March 7, 2014, the Company completed the following private placements:
 - (i) 5,000,000 "flow-through" common shares at an issue price of \$0.20 per share, for aggregate gross of \$1,000,000. This private placement had no warrants or finders' fees associated with the issuance of the shares.
 - (ii) 379 "hard dollar" units ("Units") at an issue price of \$1,000 per Unit, for aggregate gross proceeds of \$379,000. Each Unit consists of 5,000 common shares at an issue price of \$0.20 per share and 5,000 common share purchase warrants, each warrant entitling the holder thereof to acquire one additional common share of Everton at a price of \$0.35 per share for a period of 24 months. The warrants issued in connection to the private placement have been recorded at a fair value of \$NIL based on the proportional method and finders' fees have been recorded at a value of \$24,000 based on the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate of 1.06%, expected life of warrants of 2 years, annualized volatility of 162% and dividend rate of 0%.

10. SHARE CAPITAL (Cont'd)

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In connection with the private placement of Units, the Company paid a cash finder's fee of \$26,530, equal to 7% of the gross proceeds raised pursuant to the private placement of the Units and issued 151,600 non-transferable finder's warrants equal to 8% of the number of common shares issued under the private placement of Units. Each finder's warrant will entitle the holder to purchase one finder's unit of the Company at a price of \$0.20 per finder's unit for a period of 24 months following the closing of the private placement. The finder's units issued upon the exercise, if any, of the finder's warrants shall consist of one common share of the Company and one common share purchase warrant entitling the holder thereof to acquire one additional common share of Everton at a price of \$0.35 per share for a period of 24 months.

11. WARRANTS

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		\$
Balance, October 31, 2012	5,812,119	1.80
Expired	(907,560)	(1.89)
Balance, October 31, 2013	4,904,559	0.90
Issued as part of a private placement	1,895,000	0.35
Finder's warrants	151,600	0.20
Balance, April 30, 2014	6,951,159	0.62

As at April 30, 2014, the following warrants were issued and outstanding:

Number of warrants	Carrying Value	Exercise price	Expiry date
	\$	\$	
3,992,500	149,717	0.75	August 24, 2014
213,675	102,230	0.40	August 24, 2014
698,384	269,760	1.75	August 25, 2015
1,895,000	-	0.35	March 6, 2016
151,600	24,000	0.20	March 6, 2016
6,951,159	545,707		

12. STOCK OPTION PLAN

Under the terms of the Company's stock option plan (the "Plan") all options are granted with an exercise price not lower than 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 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.

12. STOCK OPTION PLAN (Cont'd)

Everton Resources Inc.

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(Expressed in Canadian dollars)

Options have a maximum term of five years and terminate 12 months following the termination of the optionee's employment, office, directorship or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

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 2,055,526 to 2,630,584, 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 March 9, 2014, 85,000 stock options expired, with an exercise price of \$0.50.

On March 11, 2014, the Company granted options to purchase up to 1,365,000 common shares of the Company to its Officers, Directors, and an employee at a price of \$0.20 per share for a period of five years ending March 11, 2019.

On June 1, 2014, 10,000 stock options expired, with an exercise price of \$0.33.

The following table shows the stock options which were outstanding and exercisable as at April 30, 2014:

Outstanding			Exercisable	
Exercise price	Options	Remaining contractual life (in years)	Options vested	Expiry date
\$ 0.75	10,000	0.09	10,000	6/1/2014
\$ 1.10	70,000	0.56	70,000	11/20/2014
\$ 1.35	20,000	1.04	20,000	5/11/2015
\$ 1.25	130,000	1.19	130,000	7/9/2015
\$ 1.25	121,400	1.50	121,400	10/27/2015
\$ 1.60	241,000	1.80	241,000	2/15/2016
\$ 1.75	110,000	2.07	110,000	5/24/2016
\$ 1.00	220,000	3.17	220,000	7/30/2017
\$ 0.50	160,000	3.17	160,000	7/30/2017
\$ 0.50	80,000	3.59	80,000	11/30/2017
\$ 0.50	100,000	3.95	100,000	3/21/2018
\$ 0.20	1,365,000	4.86	1,305,000	3/11/2019
\$ 0.53	2,627,400	3.65	2,567,400	

The Company records a charge to the statement of comprehensive loss using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to historic traded daily closing share prices at the date of issuance.

Option pricing models require the inputs of highly subjective assumptions including the expected price volatility. Changes to the subjective input assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

12. STOCK OPTION PLAN (Cont'd)

Everton Resources Inc.

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(Expressed in Canadian dollars)

The following table reflects the related Black-Scholes option pricing model inputs that were used in the calculation for the stock options granted March 11, 2014:

	March 11, 2014	
Stock options granted		1,365,000
Weighted average fair value	\$	0.18
Weighted-average exercise price	\$	0.20
Weighted-average market price at date of grant	\$	0.18
Expected life of stock options		5.00
Expected stock price volatility		228%
Risk-free interest rate		1.09%
Expected dividend yield		0%

The underlying expected stock price volatility is based on historical data of the Company's shares over a three year period.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended	
	April 30, 2014	April 30, 2013
	\$	\$
Changes in working capital are as follows:		
Accounts receivable	685	(330,529)
Prepaid expenses	10,159	54,066
Accounts payable and accrued liabilities	(319,223)	244,779
	(308,379)	(31,684)
Exploration and evaluation costs included in accounts payable and accrued liabilities	24,638	445,118

13. SUPPLEMENTAL CASH FLOW INFORMATION (Cont'd)

Everton Resources Inc.

(An exploration stage Company)

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

Non Cash Transactions

On December 13, 2013, pursuant to the Linear Gold share purchase agreement entered into with Primero, Everton issued 1,200,000 in common shares, with a deemed value of \$240,000 as part of the purchase price to acquire 100% of the common shares of Linear Gold (Note 7 & 9). The shares issued were accounted for as part the deferred transaction cost have been included in the purchase price of Linear Gold upon receiving TSX-V final approval.

On March 28, 2014, pursuant to the 2342802 Ontario Inc. share purchase agreement, Everton issued 6,500,000 in common shares, with a deemed value of \$975,000 as part of the purchase price (Note 8). The shares issued were accounted for as part the deferred transaction cost have been included in the purchase price of 2342802 Ontario Inc. upon receiving TSX-V final approval.

During the three months ended January 31, 2014, the Company reversed an accrual for \$705,849 of self-assessed withholding taxes on funds transferred to its Dominican subsidiaries. The Company received a report from a Dominican tax specialist in which it was determined that Everton was not subject to withholding taxes on funds transferred to subsidize the operations of its subsidiaries.

The Company made the cash payments for interest of \$Nil (2013: \$Nil) and income taxes of \$Nil during the three and six months ended April 30, 2014 (2013: \$Nil).

14. 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>April 30, 2014</u>	October 31, 2013
Canada	\$	\$
Mineral exploration properties	381,452	617,917
Exploration and evaluation assets	3,425,659	3,949,194
Total	3,807,111	4,567,111
	<u>April 30, 2014</u>	October 31, 2013
Dominican Republic	\$	\$
Option to acquire mineral exploration property	1,335,327	1,162,781
Property, plant and equipment	13,427	17,903
Mineral exploration properties	3,266,654	1,664,458
Exploration and evaluation assets	10,233,569	9,923,649
Total	14,848,977	12,768,791

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

15. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Everton Resources Inc.

(An exploration stage Company)

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

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 and cash equivalents and accounts 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 surplus, excluding marketable securities totals \$1,536,592 as at April 30, 2014 (deficit of \$285,157 as at October 31, 2013), including \$1,763,695 in cash and cash equivalents as at April 30, 2014 (\$531,174 as at October 31, 2013) and current liabilities totalling \$374,798 (\$974,869 as at October 31, 2013). The Company's financial liabilities are all due within 12 months. The Company anticipates having sufficient funds to discharge its current liabilities. 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. During the six months ended April 30, 2014, the Company was able to complete two private placements for \$1,000,000 in flow-through funds and \$379,000 in non-flow-through financing. The Company was also able to amend the Wildcat option agreement with Hecla and received an option payment of \$700,000 in March 2014. The Company also received \$60,000 option payment from Hecla as part of the Opinaca option agreement.

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. The Company currently does not have 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 income.

15. RISK MANAGEMENT AND CAPITAL MANAGEMENT (Cont'd)

Everton Resources Inc.

(An exploration stage Company)

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

(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. As at April 30, 2014, cash and cash equivalents total \$1,763,695 (\$531,174 as at October 31, 2013) and interest income derived from these investments during the six months ended April 30, 2014 was \$3,228 (April 30, 2013 - \$4,047). A reasonably possible change in interest rates with all other variables held constant would not have a material impact on the net income.

(v) Market risk

The Company holds shares of publicly listed companies in the mineral exploration industry. The Company is exposed to market risk in the value of these shares and unfavourable market conditions could result in the disposal at less than their value at April 30, 2014. At April 30, 2014, the value of these publicly listed shares is \$39,500 (\$68,200 as at October 31, 2013). At April 30, 2014, had the bid price for these shares been 10% lower, the comprehensive income for the period would have been approximately \$3,950 lower (\$6,820 at October 31, 2013). Conversely, had the bid price been 10% higher, the comprehensive income for the period would have been approximately \$3,950 higher (\$6,820 at October 31, 2013).

(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.

16. FINANCIAL INSTRUMENTS

Everton Resources Inc.

(An exploration stage Company)

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

The Company's financial instruments consist of cash and cash equivalents, marketable securities and warrants, accounts receivable, and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value of available-for-sale marketable securities are classified as level 1 and warrants are classified as level 3 and valued using the Black-Scholes option pricing model. There were no transfers between levels during the period ended April 30, 2014.

The classification of financial instruments is as follows:

	April 30, 2014	October 31, 2013
	\$	\$
Financial assets		
Available-for-sale		
Marketable securities (non-derivative)	36,500	60,500
Financial assets at FVTPL		
Warrants	3,000	7,700
Loans and receivables		
Cash and cash equivalents	1,763,695	531,174
Accounts receivable	28,128	28,813
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	(649,798)	(974,869)
Net financial instruments	1,181,525	(346,682)

17. RELATED PARTY TRANSACTIONS

Everton Resources Inc.

(An exploration stage Company)

Notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

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 April 30,		Six months ended April 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Salaries (including bonuses) (1)	46,250	49,500	87,500	128,000
Benefits	1,500	1,500	3,000	3,000
Share-based compensation	228,600	-	228,600	-
	276,350	51,000	319,100	131,000

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

18. CONTINGENCIES & COMMITMENTS

The Company’s operations are governed by governmental laws and regulations regarding environmental protection. 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 consolidated financial statements only when they will be reasonably estimated and will be charged to the exploration and evaluation assets at the time.

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company’s exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

On March 7, 2014, the Company raised \$1,000,000 of restricted funds through a flow through placement. Management is required to fulfil its commitments within the stipulated deadline of December 31, 2015.

19. POST-REPORTING DATE EVENTS

There were no significant post-reporting date events as at the date the financial statements were issued.