Golden Cariboo Resources Ltd.

FINANCIAL STATEMENTS(UNAUDITED)

For the nine months ended June 30, 2013

(Expressed in Canadian Dollars)

CONTENTS

Notice

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors. The Company's independent auditors have not performed an audit or a review of these financial statements.

Expressed in Canadian Dollars

		June 30, 2013		September 30, 2012
Assets				
Current assets:				
Cash	**$**	**511,618**	$	12
Amounts receivable		**-**		2,091
Prepaid expenses (note 11(d))		**3,995**		2,000
Total current assets		**515,613**		4,103
Non-current assets				
Mineral property (note 7)		**177,321**		-
Investments (note 6)		**2,266,020**		2,266,020
Total non-current assets	**$**	**2,443,341**	$	2,266,020
Total assets	**$**	**2,958,954**	$	2,270,123
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**506,138**	$	505,244
Due to related parties (note 11(c))		**3,593**		782,184
Total liabilities		**509,731**		1,287,428
Shareholders' equity				
Share capital (note 8)		**11,904,880**		10,227,559
Share-based payment reserve (note 9)		**1,494,997**		1,494,997
Accumulated other comprehensive loss		**659,949**		659,949
Accumulated deficit		**(11,610,603)**		(11,399,810)
Total shareholders' equity		**2,449,223**		982,695
Total liabilities and shareholders' equity	**$**	**2,958,954**	$	**2,270,123**

Approved on behalf of the board:

"J. Frank Callaghan" *"Andrew Rees"*

J. Frank Callaghan Director Andrew Rees Director

The accompanying notes form an integral part of these interim financial statements

Expressed in Canadian Dollars

	Three months ended June 30, 2013	Three months ended June 30, 2012	Nine months ended June 30, 2013	Nine months ended June 30, 2012
Expenses				
Consulting Fees	**4,450**	-	**11,950**	-
Finders Fee	**-**	-	**85,400**	-
Management fees (note 11)	**-**	15,000	**30,000**	45,000
Office and miscellaneous	**217**	144	**2,007**	888
Professional fees	**225**	16,000	**15,700**	28,618
Rent (note 11)	**545**	905	**2,566**	3,103
Public relations and advertising	**7,148**	-	**18,400**	2,957
Salaries and benefits (note 11)	**18,944**	6,734	**33,917**	20,692
Transfer agent and filing fees	**2,016**	2,914	**15,178**	6,865
Total expenses	**33,546**	41,697	**215,119**	108,123
Future Income Tax	**-**	116,087	**-**	(6,990)
Net Income (loss) after income tax	**$ (33,546)**	$ 74,390	**$ (215,119)**	$ (115,113)
Other comprehensive loss, net of tax				
Fair value gain on Marketable Securities	**4,325**	-	**4,325**	18,297
Total other comprehensive income (loss) for the period	**4,325**	**-**	**4,325**	18,297
Total comprehensive loss for the period	**(29,220)**	74,390	**(210,793)**	(96,816)
Loss per common share basic and diluted	**$ (0.00)**	**$** 0.01	**$ (0.02)**	(0.02)
Weighted average number of shares outstanding	**9,319,218**	7,085,969	**9,319,218**	7,085,969

The accompanying notes form an integral part of these condensed interim financial statements

Expressed in Canadian Dollars

	Number of Shares	Share Capital	Share based payments reserves	Accumulated other comprehensive loss	Deficit	Total
Balance at October 1, 2011	**7,085,969**	**$10,227,559**	**$1,494,997**	**$692,626**	**$(11,272,076)**	**$1,143,106**
Loss for the period	-	-	-	-	(96,816)	(96,816)
Realized gain on marketable securities	-	-	(171,855)	-	-	(171,855)
Unrealized gain (loss) on marketable securities	-	-	122,925	-	-	122,925
Balance at June 30, 2012	**7,085,969**	**$10,227,559**	**$1,446,067**	**$692,626**	**$(11,368,892)**	**$997,360**
Balance at October 1, 2012	**7,085,969**	**$10,227,559**	**$1,494,997**	**$659,949**	**$(11,399,810)**	**$982,695**
Loss for the period	-	-	-	-	(210,793)	(210,793)
Share capital issued	6,000,000	1,500,000	-		-	1,500,000
Shares issued pursuant to option agreement	770,961	177,321				177,321
Balance at June 30, 2013	**13,856,930**	**$11,904,880**	**$1,494,997**	**$659,949**	**$(11,610,603)**	**$2,449,223**

The accompanying notes form an integral part of these condensed interim financial statements

Expressed in Canadian Dollars

		Nine months ended June 30, 2013		2012
Cash flows from operating activities				
Income/(Loss) for the period	$	(210,793)	$	(96,816)
Items not involving cash				
Future income tax		-		6,990
Gain on disposal of marketable securities		-		(18,297)
Changes in non-cash working capital:				
Amounts receivable		97		4,883
Accounts payable and accrued liabilities		894	-	2,519
Total cash inflows (outflows) from operating activities	$	(209,802)	$	(105,759)
Cash flows from investing activities				
Proceeds fron sale of marketable securities, net of cost		-		343,010
Investment		-		(343,485)
Due to related parties		(778,592)		-
Total cash inflows (outflows) from investing activities	$	(778,592)	$	(475)
Cash flows from financing activities				
Shares issued for cash, net of issue cost		1,500,000		99,483
Total cash inflows from financing activities	$	1,500,000		99,483
Total increase in cash during the period		511,606	$	(6,751)
Cash at the beginning of the period		12	$	7,772
Cash at the end of the period	$	511,618		1,021

The accompanying notes form an integral part of these condensed interim financial statements.

1. CORPORATE INFORMATION

The Company was incorporated on October 6, 1988 under the Company Act (British Columbia). Its principal business activities are the exploration and development of resource properties. The Company is listed on the NEX Board of the TSX Venture Exchange, under the symbol GCC-H.

The address of the Company's corporate office and principal place of business is 1500-675 West Hastings Street, Vancouver British Columbia, Canada.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

The financial statements were authorized for issue by the Board of Directors on August 29, 2013.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

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 4.

c) Going Concern of Operations

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the ordinary course of business. At June 30, 2013, the Company has a working capital of $5,882 (September 30, 2012: Deficiency of $1,283,325), has an accumulated deficit of $11,610,603 (September 30, 2012: $11,399,810) and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Continuing operations are also dependant on the Company being able to dispose of its marketable securities, which are currently subject to a cease trade order, in an orderly manner. Management plans to complete the exploration and development of its mineral properties to ensure the Company can generate sustainable, long-term profitability, and obtain additional financing. Management believes the Company will be successful at securing additional funding, and, with its exploration and development program, it will be able to continue to operate as a going concern for the foreseeable future. There can, however, be no assurance that such plans will be successful.

If the Company is unable to obtain adequate additional financing, the continued support of related parties, or dispose of its marketable securities, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

The underlying value and the recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production from or the proceeds from the disposition of its mineral properties.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The Company has early adopted the amendments to IFRS 1 which replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs'. This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRSs. The amendment is effective for year-ends beginning on or after July 1, 2011; however, the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations, that have not been early adopted in these financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

- IFRS 11 Joint Arrangements

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption so long as IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (2011) and IAS 28 Investments in Associates and Joint Ventures (2011) are also early applied. The Company is in the process of assessing the impact that the adoption of this standard may have on its financial statements.

- IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

- Amendment to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 revise the presentation of other comprehensive income (OCI). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit or loss. The standard is effective for annual periods beginning on or after July 1, 2012. The Company is in the process of evaluating the impact of the amendments on the presentation of the income statement.

- Amendment to IAS 32 Financial Instruments: Presentations

The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The standard is effective for annual periods beginning on or after January 1, 2014. The Company is in the process of evaluating the impact that the adoptions of this standard may have on its financial statements.

3. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- Amendment to IFRS 7, Financial Instruments Disclosure

Amended standard IFRS 7 Financial Instruments: Disclosures outlines the disclosures required when initially applying IFRS 9 Financial Instruments. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact that the adoptions of this standard may have on its financial statements.

The following new standards, amendments and interpretations, that have not been early adopted in these financial statements, will not have a foreseeable effect on the Company's results and financial position:

- IFRS 10 Consolidated Financial Statements (Effective for periods beginning on or after January 1, 2013)
- IFRS 12 Disclosure of Interests in Other Entities (Effective for periods beginning on or after January 1, 2013)
- IAS 27 Separate Financial Statements (Effective for periods beginning on or after January 1, 2013)
- IAS 28 Investments in Associates and Joint Ventures (Effective for periods beginning on or after January 1, 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (Effective for periods beginning on or after January 1, 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (Effective for periods beginning on or after January 1, 2013)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Golden Cariboo Resources Ltd. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made 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 the profit or loss in the period the new information becomes available.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Expressed in Canadian Dollars

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

ii) Valuation of Investment

The Company's available-for-sale investment consists of an investment in common shares of Barkerville Gold Mines Ltd. ("Barkerville"). On August 14, 2012, Barkerville was subject to a cease trade order which prevents the Company from selling shares. The last trading price of Barkerville was $1.22 per share. Management has reviewed the share price as at June 30, 2013 for indications of impairment and fair value. Based on this analysis the fair value of $1.22 per share was considered appropriate. Note 7.

iii) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

6. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment consists of an investment in common shares of Barkerville Gold Mines Ltd. (formerly International Wayside Gold Mines Ltd.) ("Barkerville"), and therefore has no fixed maturity date or coupon rate.

	Barkerville Gold Mines Ltd.	
	Number of Shares	Fair Value
September 30, 2011	1,857,393	2,284,593
Disposal	(404,100)	(343,485)
Addition	404,100	343,485
Revaluation	-	(18,573)
September 30, 2012 and June 30, 2013	1,857,393	2,266,020

On December 5, 2011 the Company entered into an agreement to sell 404,100 common shares at $0.85, at a price equal to a concurrent private placement being completed by Barkerville Gold Mines Ltd. ("Barkerville"). The proceeds from the sale of the shares were applied to purchase 404,100 units at $0.85 in Barkerville through the concurrent private placement, with each unit comprising of one common share and one half of one common share purchase warrant. The Company's shareholding in Barkerville is unchanged, however the Company has obtained 202,050 warrants exercisable at $1.10 per share until July 17, 2013. This transaction resulted in the realization of a previously unrealized gain included in accumulated other comprehensive income of $172,330 (2011: $Nil) and resulted in a gain of $18,297 (2011: $Nil) in comprehensive loss.

At September 30, 2012, the fair value of a Barkerville share was $1.22 per share (2011:$1.23 quoted market per share), which represents an unrealized mark-to-market gain of $139,653 (2011: $129,451) net of future income tax expense of $4,669 (2011: $19,000 gain), recorded in other comprehensive loss.

As at August 14, 2012, Barkerville was subject to a cease trade order which prevents the Company from selling shares. The last trading price of Barkerville was $1.22 per share. Management has reviewed the share price as at June 30, 2013 for indications of impairment and fair value. Based on this analysis the fair value of $1.22 per share was considered appropriate.

7. MINERAL PROPERTIES

During the year ended September 30, 2009, the Company entered into an asset sale agreement with Barkerville Gold Mines Ltd. (formerly International Wayside Gold Mines Ltd.) ("BGM"), a related party by common directors. The company agreed to sell its interest in the Cariboo Properties located near Barkerville, BC for a total consideration of $2,300,000. During the year ended September 30, 2011 the Company received the final consideration of $450,000 worth of BGM's common shares, under the purchase agreement.

On January 18, 2012 the Company entered into an option agreement with Golden Valley Mines Ltd. ("Golden Valley") and Integra Gold Corp. ("Integra") in respect of a portfolio consisting of twelve properties located in the Abitibi Greenstone Belt. Regulatory approval was received in April 2013.

Under the Agreement the Company can acquire a 70% interest in certain properties (the "GZZ Option") located in the Abitibi Greenstone Belt of northwestern Québec and northeastern Ontario (the "GZZ Properties") held by Golden Valley.

Subject to net smelter return royalty interests and advance royalty interests in favour of the original vendors (one of which is a director and officer of Golden Valley), the Company can acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Québec (the "GZZ-I Option"); these properties are subject to a 30% interest held by Integra pursuant to a joint venture agreement between Integra and Golden Valley (the "GZZ-I Properties"). Golden Valley will be operator during the option phase.

To maintain its Option the Company has to:

i. Issue to Golden Valley 9.9% of Company's issued share capital (the "Share Interest"); (Issued 770,961 common shares on May 1, 2013)
ii. Incur expenditures in an aggregate amount of $4,500,000 over a 6 year period from the initial date of signing of the option agreement (the "Expenditures") to be allocated between the GZZ Properties and the GZZ-I Properties as the Company may determine provided that no more than $4,000,000 of the Expenditures shall be incurred with respect to the GZZ Properties and at least $500,000 of the Expenditures shall be incurred with respect to the GZZ-I Properties; and
iii. Reimburse Golden Valley for all costs related to the preparation of any technical reports. Golden Valley has the right, but not the obligation to participate in future financings of the Company in order to maintain its Share Interest.

Upon the GZZ Option being exercised, Golden Valley shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, Golden Valley and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley/7.5% Integra).

8. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, without par value.

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

On December 14, 2012 ,the Company close a private placement of 6,000,000 units at a price of $0.25 per unit for total proceeds of $1,500,000 of which $35,000 is recorded as subscriptions receivable. Each unit consists of one common share and one half share purchase warrant. Total proceeds were allocated to common shares and $nil to warrants.

On May 1, 2013, the Company issued 770,961 common shares pursuant to option agreement which is equivalent to 9.9% of the outstanding common shares in equity of the Company as at January 31, 2012 to Golden Valley. These shares were valued at $177,321.

b) **Share Purchase warrants**

During nine months ended June 30, 2013, the Company issued 6,000,000 half warrants at a price of $0.35 per share for a period of one year from the date of closing on December 14, 2012.

c) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Share-based payment reserve', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Share-based payment reserve' is used to recognize the value of stock option grants and share warrants prior to exercise.

'Accumulated Other Comprehensive Loss/Income' includes an available-for-sale reserve. This reserve is used to recognize fair value changes on available-for-sale investments.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

9. SHARE-BASED PAYMENTS

a) Option Plan Details

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. TSX-V policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual (maximum of 2% to any consultant). The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing price of the Company's shares on the trading day immediately preceding the date on which the option is granted and publicly announced, less an applicable discount, and may not otherwise be less than $0.10 per share. Options have a maximum term of five years and terminate 90 days following the termination of the optionee's employment, except in the case of retirement, death or disability, in which case they terminate one year after the event. Vesting periods of options is determined at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

Expressed in Canadian Dollars

9. SHARE-BASED PAYMENTS (CONTINUED)

The following is a summary of changes in options from September 30,2011 to June 30, 2013:

	June 30, 2013		September 30, 2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	663,597	$0.285	708,597.00	0.285
Cancelled	-	-	(45,000)	$0.285
Balance, end of period	663,597	$0.285	663,597	$0.285
Vested and Exercisable	663,597		663,597	

These options will expire on February 15, 2016 and have weighted average remaining contractual life of 2.63 years as at June 30, 2013.

b) Escrow Shares

At June 30, 2013, a total of 6,250 (2012 – 6,250) of the issued and outstanding shares are held in escrow and may not be released without the consent of the regulatory authorities.

c) Flow-through Shares

The Canada Revenue Agency ("CRA") has reviewed Canadian exploration expenditures ("CEE") incurred by the Company that were renounced on certain flow-through shares issued for taxation years 2000 through 2003. During the year ending September 30, 2008, upon completion of the review, the Company was assessed and has recorded in the financial statements approximately $49,000 in additional Part XII.6 tax and accrued interest relating to flow-through share issuances for these fiscal years. The CRA has not indicated to Management it will be conducting an examination for taxation years after 2003. Between taxation years 2004 and 2008, the Company has estimated $1.32 million flow-through share proceeds were raised in excess of qualifying flow-through share expenditures incurred over this period. The Company has failed to incur these expenditures within the time period required during the 2004 – 2008 fiscal years.

The Company did not issue any flow through shares during the period ending June 30, 2013 and the fiscal years ending September 30, 2012, 2011 and 2010. Per the flow-through subscription agreements with investors, the Company was to incur CEE by December 31, 2007 equal to the amount that was renounced. During the nine months ended June 30, 2013 the Company paid $Nil (2011: $180,000) to the CRA for part payment of penalties and interest outstanding, and accrued an additional $Nil in penalties and interest in 2012 (2011: $Nil) , as a result, management has estimated and recorded interest and penalties related to Part XII.6 taxes payable and unremitted amounts owing to the CRA of $375,888 (2011:$375,888). The Company is continuing to review its compliance with respect to flow through shares issuances and has filed voluntary disclosure with the CRA.

The Company anticipates that it will settle the remaining $375,888 to the flow through share investors once the CRA has completed its review of the Company's flow through renunciations. The Company has estimated the flow through renunciations. The Company has estimated the flow through investor liability at the maximum marginal tax rate of the investors, which is calculated by management to be 43.7%. The final outcome of the voluntary disclosure is unknown at the date of the financial statements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Process:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest risk, and equity price risk.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investment in the common shares of Barkerville Gold Mine Ltd. is monitored by Management with decisions on sale taken at Board level. A 10% decrease in the fair value of Barkerville Gold Mines Ltd. would result in a $226,602 decrease in equity.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be immaterial.

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Expressed in Canadian Dollars

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Liquidity Risk (continued)

Typically, the Company ensures that it has sufficient cash on demand to meet short term expected operational expenses. To achieve this objective expenditures are monitored as necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company is reliant on the continued support of related parties to meet short-term financing requirements and to meet obligations as they become due.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Book Value at June 30, 2013	Within 1 Year	2 to 5 years	Over 5 Years	Total
Accounts Payable	506,138	506,138	-	-	506,138
Due to related parties	3,593	3,593	-	-	3,593

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, amounts receivable, trade and other payables, and due to related parties approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The available-for-sale investment was previously based on quoted prices and was therefore considered to be Level 1. On August 13, 2012, this investment was transferred to Level 3 as discussed below.

Expressed in Canadian Dollars

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Liquidity Risk (continued)

Fair value measurements at

	Level 1		Level 2		Level 3	
	June 30		June 30		June 30	
	2013	2012	2013	2012	2013	2012
Financial Assets						
Investments	-	-	-	-	2,266,020	-
	-	-	-	-	2,266,020	-

Level 3 fair value measurements at June 30,

	CTO available-for-sale Investments	
	2013	2012
Opening balance	2,266,020	
Transfer into Level 3 from Level 1 dut to CTO on BGM Shares	-	2,266,020
	2,266,020	2,266,020

The fair value of the cease traded securities is adjusted for systematic market changes occurring up to September 30, 2012 and discounted for illiquidity of the securities brought on by the cease trade order ("CTO").

Expressed in Canadian Dollars

11. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statements.

a) Key Management Compensation

	Note		**June 30, 2013**		June 30, 2012
Management Fees	(i)	**$**	**45,000**	$	45,000
		$	**45,000**	$	**45,000**

(i) The Company has entered into a management agreement with the Company's president whereby the Company agreed to pay a management fee of $5,000 per month until the agreement is terminated. The agreement can be terminated by providing two months notice.

b) Other Related Party Transactions

		June 30, 2013		June 30, 2012
Salaries and Wages	**$**	**33,917**	$	20,692
Rent	**$**	**2,566**	$	3,103

c) Receivable and Payable

		June 30, 2013		June 30, 2012
Due to directors	**$**	**3,593**	$	222,977
Due to companies with common directors	**$**	**-**	$	533,802
	$	**3,593**	$	756,779

These amounts are unsecured and non-interest bearing.

d) Prepaid expenses

As at June 30, 2013, included in prepaid expenses is $2,000 (2011 and 2010 - $2,000) for rent to a company with a common director.

Expressed in Canadian Dollars

12. CAPITAL MANAGEMENT

The Company monitors its cash, common shares and stock options as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future exploration and business development.

	June 30, 2013		September 30, 2013	
Cash	$	511,618	$	12
Common Shares	$	11,904,880	$	10,227,559
Stock options	$	1,494,997	$	1,494,997

The Company is not exposed to any externally imposed capital requirements and there have been no changes in the Company's capital management objectives.

13. SEGMENTAL REPORTING

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition, exploration, development of mineral properties, all of which occurs within Canada. The Company's corporate head office earns nominal revenue that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment.

14. GAIN (LOSS) PER SHARE

	June 30, 2013	
Loss attributed to oridinary shareholders	$	(215,119)
Weighted average number of common shares		9,319,218
Basic and diluted gain (loss) per share	$	(0.02)

The number of shares potentially issuable at June 30, 2013 that were not included in the computation of income / (loss) per share totaled 663,597 options (2012: 663,597). These were excluded from the calculation of diluted income / (loss) per share as the effect would be anti-dilutive.