



Lions Gate Metals Inc.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2013
(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

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

The accompanying unaudited interim consolidated 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 of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants, for a review of interim consolidated financial statements by an entity's auditor.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes	March 31, 2013 \$	December 31, 2012 \$
Assets			
Current assets			
Cash and cash equivalents		668,155	1,004,834
Available-for-sale investments	4	61,296	151,667
Amounts receivable	5	50,865	44,124
Prepaid expenses		11,217	62,152
		<u>792,533</u>	<u>1,262,777</u>
Non-current assets			
Loan receivable	6	1	1
Reclamation deposits	7	89,089	89,089
Property, plant and equipment	8	33,319	35,947
Exploration and evaluation assets	9	5,404,054	5,144,328
		<u>5,526,463</u>	<u>5,269,365</u>
Total assets		<u>6,317,996</u>	<u>6,532,142</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		54,842	129,074
Due to related parties	10	5,203	2,203
		<u>60,045</u>	<u>131,277</u>
Equity			
Share capital	11	21,057,337	20,932,337
Share purchase warrants	11	718,179	1,863,972
Contributed surplus	11	4,983,828	3,838,035
Deficit		(20,501,393)	(20,233,479)
		<u>6,257,951</u>	<u>6,400,865</u>
Total liabilities and equity		<u>6,317,996</u>	<u>6,532,142</u>

Commitments ó Notes 9, 11 and 13
Event after the reporting date ó Note 11

Approved on behalf of the Board of Directors on May 24, 2013:

öArni Johannson Director

öMichael Sweatman, CAö

Director

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Loss
(Unaudited - Expressed in Canadian Dollars)

		For the three months ended	
		March 31, 2013	March 31, 2012
		\$	\$
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Operating expenses			
Accounting and audit	10	13,925	9,900
Advertising and promotion		11,702	74,788
Amortization		2,628	3,852
Financing fees and bank charges		176	735
Conferences and trade shows		-	7,663
Consulting and management fees	10	2,779	74,867
Director fees	10	3,000	6,500
Filing and transfer agent fees		13,747	7,377
General exploration		-	497
Insurance		2,920	8,415
Investor relations		-	12,760
Legal	10	8,845	16,738
Office, rent and telephone	10	42,526	44,265
Salaries and benefits		70,519	90,742
Share-based compensation		-	43,158
Travel and accommodation		5,360	23,283
Loss for the period before other items		(178,127)	(425,540)
Other income (expense)			
Interest		584	1,904
Impairment of available-for-sale investments		(90,371)	-
Foreign exchange		-	(690)
Net loss for the period		(267,914)	(424,326)
Other comprehensive income			
Fair value gain on available-for-sale investments		-	6,400
Total comprehensive loss for the period		(267,914)	(417,926)
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Weighted average number of shares outstanding,		25,925,604	24,480,448
Basic and diluted loss per share		(\$0.01)	(\$0.02)
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The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital \$	Share purchase warrants \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at December 31, 2011	23,491,826	20,224,650	3,166,114	2,297,441	(10,616)	(16,896,832)	8,780,757
Loss for the period	-	-	-	-	-	(424,326)	(424,326)
Private placement	2,000,000	860,000	-	-	-	-	860,000
Stock options issued	-	-	-	43,158	-	-	43,158
Warrants Issued	-	(106,207)	106,207	-	-	-	-
Mineral property interest issuances	50,000	16,500	-	-	-	-	16,500
Share issue costs	-	(67,196)	-	-	-	-	(67,196)
Change in fair value of investments	-	-	-	-	6,400	-	6,400
Shares held in treasury	(46,500)	(18,460)	-	-	-	-	(18,460)
Balance at March 31, 2012	25,495,326	20,909,287	3,272,321	2,340,599	(4,216)	(17,321,158)	9,196,833
Loss for the period	-	-	-	-	-	(2,912,321)	(2,912,321)
Stock options issued/forfeited	-	-	-	89,087	-	-	89,087
Expiry of warrants	-	-	(1,408,349)	1,408,349	-	-	-
Shares issued for acquisition of mineral property	54,000	31,350	-	-	-	-	31,350
Change in fair value of investments	-	-	-	-	4,216	-	4,216
Shares returned to treasury	(52,500)	(18,800)	-	-	-	-	(18,800)
Bridge loan share issuance	150,000	10,500	-	-	-	-	10,500
Balance at December 31, 2012	25,647,826	20,932,337	1,863,972	3,838,035	-	(20,233,479)	6,400,865
Loss for the period	-	-	-	-	-	(267,914)	(267,914)
Expiry of Warrants	-	-	(1,145,793)	1,145,793	-	-	-
Shares issued for acquisition of mineral property	2,500,000	125,000	-	-	-	-	125,000
Balance at March 31, 2013	28,147,826	21,057,337	718,179	4,983,828	-	(20,501,393)	6,257,951

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended	
	March 31, 2013	March 31, 2012
	\$	\$
Operating activities		
Net loss for the period	(267,914)	(424,326)
Amortization	2,628	3,852
Share-based compensation	-	43,158
Foreign exchange loss	-	690
Impairment of available-for-sale investments	90,371	-
Changes in non-cash operating working capital:		
Amounts receivable	(6,741)	158,489
Prepaid expenses	50,935	14,290
Accounts payable and accrued liabilities	(16,232)	72,692
Due to related parties	3,000	-
Net cash used in operating activities	(143,953)	(131,155)
Investing activities		
Acquisition of exploration and evaluation assets	(192,726)	(625,501)
Net cash used in investing activities	(192,726)	(625,501)
Financing activities		
Proceeds from common share issuance	-	400,000
Proceeds from flow-through share issuance	-	460,000
Repurchase of shares returned to treasury	-	(18,460)
Payments of share issuance costs	-	(67,196)
Net cash from financing activities	-	774,344
(Decrease) increase in cash and cash equivalents during the period	(336,679)	17,688
Cash and cash equivalents at beginning of period	1,004,834	784,382
Cash and cash equivalents at end of period	668,155	802,070
Non-cash items excluded from investing and financing activities:		
Accrued mineral property costs included in accounts payable and due to related party	285	50,844
Share-based payment on acquisition of mineral property	125,000	16,500

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

1. Nature of Operations

Lions Gate Metals Inc. (the "Company") was incorporated under the Canada Business Corporations Act on March 28, 1980, and is in the business of acquiring, exploring and developing mineral properties. The Company is listed on the TSX Venture Exchange and is currently in the exploration stage with mineral properties in Canada. The Company's registered and records office is located at #490 ó 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, future profitable production or disposition thereof, and the ability of the Company to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

These condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended March 31, 2013 the Company incurred a loss of \$267,914 (March 31, 2012: \$417,926) and as of that date the Company's deficit was \$20,501,393 (December 31, 2012: \$17,321,158). As at March 31, 2013 the Company had working capital of \$732,488. Management intends to finance operating costs over the next year with existing cash resources but these resources may not be sufficient to finance exploration over the next twelve months without additional funding.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The recoverability of the costs incurred for mineral property interests and their related deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. Basis of Preparation

The condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's audited consolidated financial statements for the year ended December 31, 2012 except as outlined in Note 3. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual consolidated financial statements for the year ended December 31, 2012.

These condensed interim consolidated financial statements were approved by the Company's Board of Directors for issue on May 24, 2013.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

2. Basis of Preparation (cont'd)

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The area involving a high degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be the assessment of carrying value, confirmation of title, and recoverability of mineral properties. Title to mineral property interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all are in good standing.

The process of estimating the recoverability of mineral properties involves both judgment and uncertainty as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices and exploration costs. As new data or information is received these estimates may change.

The condensed interim consolidated financial statements include the accounts of the Company and its inactive wholly owned subsidiary, Northern Canadian Metals Inc. and a newly incorporated inactive subsidiary Canadian Uranium Corp. a BC Company.

3. Changes in accounting policies including initial adoption

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

- IFRS 10 "*Consolidated Financial Statements*"
- IFRS 11 "*Joint Arrangements*"
- IFRS 12 "*Disclosure of Interests in Other Entities*"
- IFRS 13 "*Fair Value Measurement*"
- IAS 1 "*Presentation of Financial Statements*" amendments

The following new standard has been issued but not yet applied:

IFRS 9 "Financial Instruments" was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

3. Changes in accounting policies including initial adoption (cont'd)

clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This new standard is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. The Company has not assessed the impact of this standard.

4. Available-For-Sale Investments

Available-for-sale investments consist of investments in quoted equity shares. The fair value of the listed quoted equity shares has been determined directly by reference to published price quotations in an active market. For the year ended December 31, 2012, the Company noted a significant or prolonged decline in the fair value of investments below cost. As a result of this objective evidence of impairment, the cumulative loss was removed from other comprehensive income and recognized as impairment. A further impairment was recognized for the three months ended March 31, 2013.

	March 31, 2013		December 31, 2012	
	# of shares	Cost and Fair Value \$ ²	# of shares	Cost and Fair Value \$ ²
Quoted equity shares				
Copper One Inc.	20,000	2,000	20,000	1,300
Crescent Resources Corp (formerly Coventry Resources Inc.). ¹	17,600	3,696	88,000	3,520
Catalyst Copper Corp.	167,000	8,350	167,000	9,185
Ferro Iron Ore Corp.	416,667	19,250	416,667	81,250
Touchstone Gold Ltd.	400,000	28,000	400,000	56,412
		61,296		151,667

¹ On January 8, 2013 Crescent Resources Corp and Coventry Resources completed a business combination resulting in Coventry becoming a wholly-owned subsidiary of Crescent Resources Corp. Prior to the transaction there was a share consolidation on a 5:1 basis, thus changing the Company's holdings from 88,000 shares to 17,600 shares.

² Cost includes original cost less any impairments recognized.

5. Amounts Receivable

Amounts receivable consists primarily of recoverable HST balances as well as receivables from the METC. The METC allows the Company to recover a percentage of its exploration and evaluation expenditures that are incurred within British Columbia. Amounts receivable includes the following:

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

5. Amounts Receivable (cont'd)

	March 31, 2013	December 31, 2012
	\$	\$
HST Recoverable	20,335	6,469
METC Receivable	28,638	28,638
Other Receivables	1,892	9,017
Total	50,865	44,124

6. Loan Receivable

In November, 2008, the Company loaned \$400,000 U.S. (the "Principal Sum") to a third party borrower. As security, the borrower provided a promissory note which acknowledged itself indebted to the Company. In subsequent years the Company received total repayments of US\$200,000 from the borrower but, given concerns with regards to collectability, the remaining loan is recorded at nominal value. The Company continues to retain its rights to collect the remaining outstanding balance of US\$200,000 plus interest.

7. Reclamation Deposits

The Company is required to provide reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary in connection with the permits required for exploration activities by the Company. The ROK-Coyote reclamation deposit will continue to be held pending future work permit application by another entity. The reclamation deposits are held in guaranteed investment certificates with a reputable Canadian financial institution and are allocated to the properties as follows:

Property	March 31, 2013	December 31, 2012
	\$	\$
Poplar	60,389	60,389
ROK-Coyote	28,700	28,700
Total	89,089	89,089

8. Property, Plant and Equipment

	Computer Equipment \$
Cost at December 31, 2012 and March 31, 2013	56,594
Accumulated Amortization	
At December 31, 2012	20,647
Amortization charge	2,628
At March 31, 2013	23,275
Net book value	
At December 31, 2012	35,947
At March 31, 2013	33,319

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

9. Exploration and Evaluation Assets

	Balance at March 31, 2013			
	Province of British Columbia		Province of Saskatchewan	
	Poplar	Copperline,	Whitford Lake	Total
	\$	\$	\$	\$
Deferred Acquisition Costs				
Balance at December 31, 2012	1,261,692	1	-	1,261,693
Paid by issue of shares	-	-	125,000	125,000
Paid in cash	-	-	100,000	100,000
Balance at March 31, 2013	1,261,692	1	225,000	1,486,693
Deferred Exploration Expenditures				
Balance at December 31, 2012	3,882,635	-	-	3,882,635
Consulting	4,280	-	-	4,280
Geophysical	2,326	-	-	2,326
Mineral tenure	27,822	-	-	27,822
Telecommunications	84	-	-	84
Travel and Accommodation	213	-	-	213
Balance at March 31, 2013	3,917,361	-	-	3,917,361
Total at March 31, 2013	5,151,231	1	225,000	5,404,054

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

9. Exploration and Evaluation Assets (cont'd)

Balance at December 31, 2012				
	Balance December 31, 2011	2012 Costs Incurred	Write-Down for Valuation	Balance December 31, 2012
	\$	\$	\$	\$
Canadian Mineral Property Interests				
Province of BC				
Deferred Acquisition Costs				
Poplar mineral property - 100% interest	1,036,486	225,206	-	1,261,692
Hudson Bay Mountain mineral property	1,175,575	-	(1,175,575)	-
Copperline mineral property - 60%	1	-	-	1
ROK ó Coyote mineral property - 75%	234,000	72,012	(306,012)	-
	1,261,693	297,218	(1,481,588)	1,261,693
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	55,953	18,820	-	74,773
Camp costs	796,727	2,123	-	798,850
Consulting	700,441	207,661	-	908,102
Drilling	1,766,392	-	-	1,766,392
Environmental	122,849	16,279	-	139,128
Field expenditures and personnel	693,082	16,400	-	709,482
Geophysical/I.P. magnetic survey	449,831	100,093	-	549,924
Maps and reports	3,071	4,813	-	7,884
Miscellaneous	65,758	4,723	-	70,481
Telecommunications	11,726	4,035	-	15,761
Community Relations/Traditional use	67,295	17,500	-	84,795
Travel and accommodation	88,632	-	-	88,632
Mining exploration tax credits claimed	(702,334)	(21,364)	-	(723,698)
Cash deposits received	-	(942,000)	-	(942,000)
	4,453,552	(570,917)	-	3,882,635
Hudson Bay Mountain				
Consulting	41,816	6,415	(48,231)	-
Camp costs	25,862	-	(25,862)	-
Field expenditures and personnel	62,532	-	(62,532)	-
Geological	27,302	771	(28,073)	-
Miscellaneous	3,479	104	(3,583)	-
Mining exploration tax credits claimed	(27,645)	27,645	-	-
ROK ó Coyote				
Consulting & Community Relations	61,248	36,461	(97,709)	-
Camp costs	15,667	-	(15,667)	-
Field expenditures and personnel	95,188	410	(95,598)	-
Geophysical	39,107	2,580	(41,687)	-
Mining exploration tax credits claimed	(17,921)	17,701	220	-
	4,780,187	(478,830)	(418,722)	3,882,635
Total at December 31, 2012	7,226,250	(181,612)	(1,900,310)	5,144,328

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

9. Exploration and Evaluation Assets (cont'd)

Poplar mineral property

By an agreement dated April 20, 2004 and later amended on July 30, 2007, the Company was granted an option to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest (öPoplar 1ö), situated in the Omineca Mining Division of B.C. The Company has met all required cash payments and share issuances related to the acquisition of Poplar 1.

The Poplar 1 agreement included an underlying 2% net smelter return royalty (öNSRö) on the property including minimum annual advance royalties of \$75,000. During the 2012 fiscal year the Company fully terminated the minimum advance royalties obligation.

On April 29, 2009 the Company entered into an option agreement to acquire a 100% interest in mineral claims south of Poplar Lake (öPoplar 2ö) in exchange for 100,000 common shares which were subsequently issued. The property is subject to a 1% NSR which can be purchased by the Company for \$1,000,000 less any NSR amounts previously paid.

On May 25, 2009 the Company entered into an option agreement to acquire a 100% interest on additional mineral claims south of Poplar Lake (öPoplar 3ö) in exchange 30,000 common shares which were subsequently issued. This property is subject to a 1% NSR which can be purchased by the Company for \$100,000 less any NSR amounts previously paid.

In December 2011 and July 2012, the Company staked additional claims (öPoplar 4ö) resulting in a total Poplar 1 through Poplar 4 inclusive land position of approximately 199 claims covering 77,914 hectares.

During the year ended December 31, 2008, the Company staked 44,963 additional hectares in the area adjacent to the Poplar mineral property. These mineral claim holdings are 100% owned by the Company and all mineral claims are current and in good standing.

The Company's Poplar Copper Gold & Silver Project ("Poplar") mineral property is located in traditional Wetøuwetøen territories. On August 20, 2009 the Company signed a Memorandum of Understanding (öMoUö) with the Office of the Wetøuwetøen (the öOWö) which represents the interests of five Clans and thirteen Houses. The MoU recognized that both parties to the MoU are committed to a respectful and consultative relationship with respect to the mineral property and the Company has committed to make annual cash payments of \$10,000 until such time as the MoU is terminated by either party.

The MoU was renewed and formalized in a Communications and Engagement Agreement on December 15, 2010 and this agreement was later extended on May 1, 2012. This agreement will be effective until such time as an Accommodation Agreement can be entered into between the parties. Either party may terminate the agreement by providing ninety days notice in writing.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

9. Exploration and Evaluation Assets (cont'd)

The deferred acquisition costs of the Poplar property include the following:

Year	Cash Payment \$	Shares issued in payment		Property	Land Tenure & Other Fees \$	Written down against operations \$	Total \$
		#	\$				
2004	37,777	50,000	17,500	Poplar 1	5,923	-	76,200
2005	30,000	464,286	163,500	Poplar 1	6,654	(200,923)	75,431
2006	115,000	100,000	24,000	Poplar 1	-	(24,000)	190,431
2007	115,000	190,000	102,600	Poplar 1	4,077	-	412,108
2008	75,000	-	-	Poplar 1	14,871	-	501,979
2009	75,000	-	-	Poplar 1	-	-	576,979
2009	-	10,000	9,500	Poplar 2	-	-	586,479
2009	-	2,500	2,000	Poplar 3	-	-	588,479
2009	-	-	-	Poplar 1-3	72,735	-	661,214
2010	75,000	-	-	Poplar 1	-	-	736,214
2010	-	20,000	11,200	Poplar 2	-	-	747,414
2010	-	5,000	2,800	Poplar 3	-	-	750,214
2010	-	-	-	Poplar 1-3	36,991	-	787,205
2011	-	30,000	24,000	Poplar 2	-	-	811,205
2011	-	7,500	5,625	Poplar 3	-	-	816,830
2011	200,000	-	-	Poplar 1	-	-	1,016,830
2011	-	-	-	Poplar 4	19,656	-	1,036,486
2012	150,000	-	-	Poplar 1	-	-	1,186,486
2012	-	40,000	24,000	Poplar 2	-	-	1,210,486
2012	-	15,000	7,350	Poplar 3	-	-	1,217,836
2012	-	-	-	Poplar 1-4	43,856	-	1,261,692

On October 16, 2012, the Company entered into a binding Letter of Intent (the "LOI") with Canadian Dehua International Mines Group Inc. ("Dehua"), whereby the Company will grant Dehua an option (the "Option") to acquire a one hundred percent (100%) interest in the Poplar Project in exchange for the following:

Non-refundable cash payments required:

- 1) \$1,000,000 upon execution of the LOI (received)
- 2) An additional \$1,000,000 on October 16, 2013
- 3) An additional \$13,000,000 on October 16, 2014

Exploration expenditures required to be incurred:

- 1) 10,000 meters of drilling to be completed by Dehua irrespective of whether the Option is exercised

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

9. Exploration and Evaluation Assets (cont'd)

Other commitments required:

- 1) Fulfilling all environments, permitting, and other maintenance costs
- 2) Ensuring Poplar is kept in good standing, including the completion or payment of the assessment fees and filing of applicable assessment reports with the Mineral Titles Branch for the Province of British Columbia
- 3) Payment of any rates, taxes, duties, royalties, assessments or fees with respect to Poplar, including payments relating to the MoU

A consultant fee of \$58,000 was paid with respect to this LOI.

The Company has agreed to retain responsibility for payment of the Poplar 1 and 2 NSR.

Hudson Bay Mountain mineral property

In May 2005, the Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest. On July 29, 2010, the Company entered into a second purchase agreement to acquire additional claims, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. On December 17, 2012, the Company released the Hudson Bay Mountain property and accordingly the total carrying cost of the property of \$1,175,575 was recorded as a loss from operations during the 2012 fiscal year.

Copperline mineral property

On July 17, 2010 the Company entered into a purchase agreement to acquire a 60% interest in the Copperline mineral property in British Columbia and, in exchange issued 2,700,000 common shares and undertook to assume all of the vendor's rights and obligations with respect to the property. The Copperline property surrounds Skutsil Knob at the south end of the Driftwood Range, 25 km northwest of Takla Lake, and approximately 120 km northeast of Smithers, B.C.

The Copperline property is subject to an underlying NSR of 1.25% for part of the property and 2.0 % for the remainder. The Company can repurchase 1.25% and .5% respectively of these royalties with a \$500,000 cash payment.

The Company's interest in this property is carried at a nominal value based on Management's assessment of current recoverable value. The Company continues to ensure that all mineral claims are current and remain in good standing with such costs being charged to operations in the period incurred.

ROK-Coyote mineral property

On January 5, 2011, the Company entered into an Option Agreement with Firesteel Resources Inc. to acquire a 75% interest in the ROK-Coyote mineral property. On January 2, 2013, the Company

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

9. Exploration and Evaluation Assets (cont'd)

returned the ROK-Coyote property to Firesteel and accordingly the total carrying cost of the property of \$306,012 was recorded as a loss from operations during the 2012 fiscal year.

Whitford Lake

On February 18, 2013 the Company entered into an Option Agreement with St. Jacques Mineral Corp. to acquire an undivided 100% interest in the Whitford Lake Property located in the Athabasca Basin in Saskatchewan in exchange for the following:

Non-refundable cash payments required:

- 1) \$25,000 due February 18, 2013 (paid)
- 2) An additional \$75,000 due within five days of receipt of regulatory approval (approval date) (paid)
- 3) An additional \$300,000 due by October 18, 2013. The Company can elect in writing to defer this payment until February 18, 2014 provided it pays additional cash of \$100,000 at that date.
- 4) An additional \$750,000 due by February 18, 2017

Share issuances required:

- 1) 2,500,000 common shares to be issued within five days of the approval date (issued). 1,500,000 of these shares are held in escrow to be released in equal 500,000 increments every six months from the approval date.

Exploration expenditures required:

- 1) \$3,000,000 of qualifying exploration expenditures to be incurred on the property before February 18, 2017 or the equivalent amount to be paid to the Vendor in cash.

This property is subject to a 1% NSR one half of which can be purchased by the Company for \$750,000 less any NSR amounts previously paid.

10. Related Party Transactions

Related party transactions for the three months ended March 31, 2013 and 2012 are as follows:

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

10. Related Party Transactions (cont'd)

	March 31, 2013	March 31, 2012
Accounting	3,600	15,000
Administrative	-	59,594
Consulting	-	76,913
Director fees	3,000	6,500
Management fees	45,000	45,000
Total	51,600	203,007

Key management of the Company includes the President, CFO and the Directors. For the three months ended March 31, 2013, compensation in respect of services provided by key management consists of management fees paid to the President, director fees and accounting fees paid to a Company in which the CFO is an associate.

Related party transactions incurred in the prior period are comprised of management fees paid to the President, director fees paid to current and former directors and fees for other services paid to the former CEO, CFO, directors and VP's of Exploration and Operations, or companies controlled or significantly influenced by these individuals. Included in share-based payments are \$17,203 attributed to options issued to related parties during the three months ended March 31, 2012. There was no other compensation paid or payable to key management for employee services. Administrative expenses included cost sharing arrangements related to office administration personnel, rent, telephone and other office expenses.

The amounts due to related parties were measured by the value of the services provided, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are non-interest bearing and payable on demand and are comprised of \$3,000 (March 31, 2012: \$4,617) of director fees payable, \$4,071 (March 31, 2012: Nil) payable to a company of which the CFO is an associate and \$Nil (March 31, 2012: \$7,863) payable for administrative expenses to a Company which was significantly influenced by a director.

11. Share Capital

(a) Common Shares

- i) Authorized - unlimited number of common shares without par value
- ii) Issued and outstanding 6 28,147,826 (December 31, 2012: 25,647,826) common shares

Pursuant to the Whitford Lake Property Option Agreement the Company issued 2,500,000 common shares on March 22, 2013. As at March 31, 2013, 1,500,000 of these shares are subject to escrow provisions.

(b) Flow-through Obligation

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

11. Share Capital (cont'd)

Flow through share arrangements involve resource expenditure deductions for income tax purposes which are renounced to purchasers of common shares in accordance with income tax legislation. Each flow through share entitles the holder to a 100% tax deduction in respect of qualifying Canadian Exploration Expenses (öCEEö) as defined. The Company is required to incur a total of \$459,000 of eligible CEE by December 31, 2013 with respect to the flow through shares issued for the period ended December 31, 2012. As at March 31, 2013, the Company has incurred \$258,200 of the CEE pertaining to this commitment.

(c) Share Purchase Warrants

The following is a summary of changes in warrants from December 31, 2011 to March 31, 2013:

	Number of Warrants	Weighted Average Exercise Price \$
Balance December 31, 2011	9,769,769	.90
Issued	1,000,000	.80
Expired	(5,269,019)	.41
Balance December 31, 2012	5,500,750	1.19
Expired	(3,144,500)	1.50
Balance as at March 31, 2013	2,356,250	0.77

As at March 31, 2013 the Company had outstanding warrants as follows

Number of Warrants	Exercise Price	Expiry Date
1,200,000	0.72	May 23, 2013
1,000,000	0.80	October 22, 2013
156,250	1.00	July 13, 2015
2,356,250		

Subsequent to March 31, 2013, 1,200,000 of these warrants expired.

(d) Stock options

The following is a summary of changes in stock options from December 31, 2011 to March 31, 2013.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013

11. Share Capital (cont'd)

	Number of Options	Weighted Average Price \$	Weighted Average Remaining Contractual Life
Balance, December 31, 2011	1,854,000	.87	
Granted	585,000	.74	
Cancelled	(828,000)	.86	
Balance December 31, 2012	1,611,000	.83	
Cancelled	(150,000)	.80	
Granted	-	-	
Balance, March 31, 2013	1,461,000	.83	2.87 years

Details of stock options outstanding as at March 31, 2013 are as follows:

Number of Options	Exercise Price \$	Expiry Date	Vesting Provisions
50,000	1.12	June 23, 2013	Vested
25,000	.72	April 1, 2014	Vested
25,000	1.07	September 18, 2014	Vested
150,000	1.10	January 15, 2015	Vested
639,000	.80	January 3, 2016	Vested
100,000	.90	April 11, 2016	Vested
100,000	.80	July 5, 2016	Vested
20,000	.80	January 5, 2017	Vested
150,000	.80	January 31, 2017	Vested
202,000	.66	April 4, 2017	Vested
1,461,000			

Subsequent to March 31, 2013, a total of 128,000 options were cancelled.

12. Segmented Reporting

The Company operates in one reportable operating and geographic segment, being the exploration and evaluation of mineral properties for development in Canada.

13. Commitment

Effective January 1, 2013, the Company is committed to a two and one half year office lease. Payments pursuant to the terms of this lease together with cost sharing arrangements currently in place are expected to approximate \$18,100, \$18,100 and \$9,050 for the 2013, 2014 and 2015 fiscal years respectively.