Royal Monashee Gold Corp.

FINANCIAL STATEMENTS

September 30, 2011 and 2010

D+H Group LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Royal Monashee Gold Corp.

We have audited the accompanying financial statements of Royal Monashee Gold Corp., which comprise the balance sheets as at September 30, 2011 and 2010, and the statements of loss and comprehensive loss and deficit, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Royal Monashee Gold Corp. as at September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company incurred a net loss of $ 22,349 during the year ended September 30, 2011 and, as of that date, the Company's current liabilities exceeded its current assets by $ 26,640.

These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

"D&H Group LLP"

Vancouver, B.C
January 26, 2012

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Royal Monashee Gold Corp.
BALANCE SHEETS

		September 30, 2011		September 30, 2010
ASSETS				
CURRENT ASSETS				
Cash	$	5,012	$	17,322
Amounts receivable		2,041		420
	$	7,053	$	17,742
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 3)	$	33,693	$	22,033
SHAREHOLDERS' EQUITY (DEFICIENCY)				
SHARE CAPITAL (Note 4)		724,037		724,037
DEFICIT		(750,677)		(728,328)
		(26,640)		(4,291)
	$	7,053	$	17,742

GOING CONCERN AND NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENT (Note 8)

See accompanying summary of accounting policies and notes to the financial statements.

Approved by the Board ______________________ **Director** ______________________ **Director**

James Timms **Martin Woodward**

Royal Monashee Gold Corp.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS AND DEFICIT

	Years ended September 30, 2011	2010
EXPENSES		
Bank charges and interest	$ 7	$ 52
Office and miscellaneous	–	167
Professional fees	13,888	2,614
Regulatory fees	8,454	8,570
LOSS BEFORE OTHER ITEM	(22,349)	(11,403)
OTHER ITEM		
Interest income	–	9
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(22,349)	(11,394)
DEFICIT, beginning of year	(728,328)	(716,934)
DEFICIT, end of year	$ (750,677)	$ (728,328)
LOSS PER SHARE, basic and diluted	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	5,973,700	5,973,700

See accompanying summary of accounting policies and notes to the financial statements.

Royal Monashee Gold Corp.
STATEMENTS OF CASH FLOWS

	Years ended September 30, 2011	2010
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the year	$ (22,349)	$ (11,394)
Adjustments to reconcile net cash provided by operating activities		
Decrease (increase) in amount receivable	(1,621)	443
Increase (decrease) in accounts payable and accrued liabilities	11,660	(5,202)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(12,310)	(16,153)
CASH, beginning of year	17,322	33,475
CASH, end of year	$ 5,012	$ 17,322

See accompanying summary of accounting policies and notes to the financial statements.

1. **GOING CONCERN AND NATURE OF OPERATIONS**

The Company was incorporated in Alberta on March 10, 1997. On June 22, 2006 the Company moved its incorporation jurisdiction to British Columbia.

The Company has historically been a junior resource exploration company engaged in the acquisition and exploration of unproven mineral interests in Canada. As at September 30, 2011 the Company retained no mineral properties as the mineral property previously held was written off in 2007. The ability of the Company to acquire a mineral property and potentially realize future profitability from production is entirely dependent on obtaining the necessary financing to acquire and develop a suitable resource property.

As at September 30, 2011, the Company has a negative working capital of $ 26,640 (2010 – $ 4,291) and a deficit of $ 750,677 (2010 – $ 728,328). In light of negative cash flows from operating activities, recurring operating losses and a working capital deficiency, the ability of the Company to operate as a going concern is uncertain and is dependent on continued financial support from its shareholders, the ability to develop viable business opportunities, and the ability to obtain adequate financing to meet operating requirements and to commence profitable operations.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown in the financial statements, should the Company be unable to continue as a going concern. Failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis.

2. **ACCOUNTING POLICIES**

Basis of presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Earnings (loss) per share
Earnings (loss) per share is calculated using the weighted average number of common shares issued and outstanding during the year. Diluted earnings (loss) per share is presented using the treasury stock method and is calculated by dividing the net income (loss) applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

Impairment of long-lived assets
Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

Asset retirement obligations
Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at September 30, 2011 the Company does not have any asset retirement obligations.

2. **ACCOUNTING POLICIES** – continued

Income taxes
Income taxes are recorded on a tax allocation basis. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are recognized using substantively enacted and enacted income tax rates. The effect of changes in effective income tax rates is recognized in income in the period in which the change occurs. Future income tax assets are recognized with respect to deductible temporary differences and loss carry forwards only to the extent their realization is considered more likely than not.

Unproven mineral interests
Mineral interests costs and exploration, development and field support costs directly relating to unproven mineral interests are deferred until the interests to which they relate are placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the mineral interest is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific mineral interest are expensed as incurred.

Although the Company had no unproven mineral interests as at September 30, 2011; should any be acquired in the future, management will periodically review the carrying values of its deferred mineral interests with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest.

Financial instruments
Under Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement and Section 3861, Financial Instruments – Disclosure and Presentation, all financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale or other financial liabilities. All financial instruments are included on the balance sheet and are measured at fair value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held for trading financial instruments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available for sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financings will be expensed in the period incurred.

The Company has designated its cash as held for trading, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

2. **ACCOUNTING POLICIES** – continued

Section 3862, *Financial Instruments – Disclosures*, requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manage those risks. Section 3862 requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value. The three levels of the fair value hierarchy are:

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

The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. Disclosure requirements pertaining to Section 3862 are contained in Note 5.

Section 3863, *Financial Instruments – Presentation*, enhances financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Effective interest method
The Company uses the effective interest method to recognize interest income, which includes transaction costs or fees premiums, or discounts earned or incurred for financial instruments.

Stock-based compensation
Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense over the period earned, with offsetting amounts recognized as contributed surplus.

Impaired loans and allowance for loan impairment
The Company recognizes a loan impairment when there is a deterioration in credit quality to the extent that the Company no longer has reasonable assurance of timely collection of the full amount of principal and interest. When a loan is deemed impaired, its carrying amount is reduced to its estimated realizable amount which is measured by discounting the expected future cash flows at the effective interest rate inherent to the loans. The amount initially recognized as an impaired loan, together with any subsequent change, is charged to the allowance as an adjustment.

Comprehensive income
Section 1530, *Comprehensive Income*, provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles.

2. **ACCOUNTING POLICIES** – continued

Capital disclosures
Section 1535, *Capital Disclosures*, establishes standards for the disclosing information about an entity's capital and how it is managed. Disclosure requirements pertaining to Section 1535 are contained in Note 7.

3. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company received an amount of $ 15,000 US on November 17, 2008, in relation to a non-brokered private placement of 180,000 common shares. The Company also received an amount of $ 10,000 on August 5, 2011, in relation to another non-brokered private placement of 200,000 common shares. These shares were issued subsequent to year-end (Note 8).

4. **SHARE CAPITAL**

Authorized
100,000,000 common shares without par value

Issued and outstanding	Shares		Amount
Balance at September 30, 2011 and 2010	5,973,700	$	724,037

See Note 8.

5. **FINANCIAL INSTRUMENTS**

Financial instruments consist of cash and accounts payable and accrued liabilities. The recorded amounts for cash, accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's carrying value of cash under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk
The Company attempts to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is available on demand. See also Note 1.

Fair value
The carrying amount for cash, and accounts payable and accrued liabilities in the balance sheet approximate fair value because of the short-term nature of these instruments

Credit risk
Cash is exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on all financial instruments is equal to the carrying amount of those items. The Company holds its cash with financial institutions that are believed to be credit worthy.

6. INCOME TAXES

The provision for income taxes differs from the result which would have been obtained by applying the statutory income tax rate of 26.5% (2010 – 30%) to the Company's net loss before income taxes. The difference results from the following items:

		2011		2010
Expected income tax recovery	$	(5,922)	$	(3,418)
Addition to unrecognized income tax loss carryforwards		7,319		7,493
Other		(1,397)		(4,075)
Provision for income taxes	$	–	$	–

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

		2011		2010
Future income tax assets				
Income tax loss carryforwards	$	65,000	$	58,000
Other tax pools		22,000		25,000
Valuation allowance		(87,000)		(83,000)
Net future income tax asset (liability)	$	–	$	–

As at September 30, 2011, the Company has accumulated non-capital losses of approximately $ 261,000 and cumulative resource and other tax pools of approximately $ 87,000 carried forward for Canadian income tax purposes and is available to reduce taxable income of future years. The non-capital losses expire commencing in 2012 through 2030. The cumulative resource and other tax pools can be carried forward indefinitely.

7. CAPITAL MANAGEMENT

The Company's objective when managing capital, defined as equity, is to safeguard the entity's ability to continue as a going concern, so that it can acquire and explore mineral interests. As the Company presently has no revenue, the Company funds all administration and exploration programs from the sale of common shares, generally through private placements. If the Company is unsuccessful in raising sufficient capital, exploration programs are extended, delayed, or cancelled.

8. SUBSEQUENT EVENT

Subsequent to year-end, the Company issued 880,000 common shares pursuant to the subscription of shares. 180,000 common shares were issued at $ 0.10 per share, and 700,000 common shares were issued at $0.05 per share.