Grenville Gold Corp.

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended

June 30, 2012

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim 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 financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Grenville Gold Corp.
Condensed Interim Consolidated Statements of Financial Position
For the Six Month Period Ended June 30, 2012
(Expressed in Canadian dollars - Unaudited)

	Note		June 30, 2012		December 30, 2012
Assets					
Current assets					
Cash		$	156,334	$	62,209
Receivables			46,845		4,307
Prepaids			25,163		25,008
			228,342		91,524
Non-current assets					
Equipment	5		4,956		10,236
Exploration and evaluation assets	6		4,503,674		4,329,392
TOTAL ASSETS		$	4,736,972	$	4,431,152
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	7	$	61,805	$	107,149
Due to related parties	11		-		-
TOTAL LIABILIITES			61,805		107,149
SHAREHOLDERS' EQUITY					
Share capital	9		8,402,990		8,339,990
Subscriptions receivable			-		(11,910)
Reserves	10		4,195,227		3,808,228
Deficit			(7,923,050)		(7,812,305)
TOTAL EQUITY			(4,675,167)		4,324,003
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	4,736,972	$	4,431,152

Nature and continuance of operations (Note 1)
Commitment (Note 13)

Approved on Behalf of the Board on August 08, 2012

(Signed) Sonny Janda

Sonny Janda, Director

(Signed) Jack Bal Jack Bal,
Director

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

Grenville Gold Corp.
Condensed Interim Consolidated Statements of Comprehensive Income
Three and six months ended June 30, 2012 and 2011
(Expressed in Canadian dollars - Unaudited)

	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Expenses	$	$	$	**$**
Amortization	476	142	1,031	158
Filing and transfer fees	960	4,327	13,872	24,975
Management fees and administration	20,451	34,151	38,036	58,103
Office and miscellaneous	9,044	16,413	23,298	27,674
Professional fees	15,197	7,639	25,588	45,763
Rent	7,500	15,396	15,000	25,497
Stock-based compensation	-	-	-	383,400
	52,192	72,893	116,825	565,570
Other items				
Gain on liability adjustment	(23,822)	-	(23,822)	-
Mineral property impairment	-	-	-	18,999
Debt impairment	-	-	-	-
Other income	-	-	(2,051)	-
Foreign exchange gain	(8,073)	(91,420)	19,794	(105,843)
Net comprehensive income (loss) for period	(20,297)	18,527	(110,745)	(478,726)
Basic and diluted income				
Basic and diluted income (loss) per common share	(0.001)	(0.01)	(0.01)	**(0.07)**
Weighted average number of common Shares outstanding – basic and diluted	13,133,689	6,832,889	13,133,689	6,832,889

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

Grenville Gold Corp.
Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars - Unaudited)

	Notes	Number of shares	Amount	Subscription receivable	Stock option reserve	Warrant reserve	Deficit	Total
Balance at Dec 31, 2011		**11,604,926**	**$ 8,339,990**	**$ (11,910)**	**$ 3,083,400**	**$ 724,828**	**$ (7,812,305)**	**$ 4,324,003**
Comprehensive income (loss):								
Loss for the period					-	-	(110,745)	(110,745)
Other comp. income (loss)					-	-		
Total comprehensive loss for period					-	-	(110,745)	(110,745)
Private placement – issue for cash		4,500,000	450,000	11,910	-	-		450,000
Shares issued – option exercise					-	-		11,910
Warrants issued with PP			(387,000)			387,000		-
Shares issued – warrant exercise					-	-		
Stock-based compensation					-	-		
Balance at June 30, 2012		**16,104,926**	**$ 8,402,990**	**$ -**	**$ 3,083,400**	**$ 1,111,828**	**$ 7,923,050**	**4,675,168**

	Notes	Number of shares	Amount	Stock option reserve	Warrant reserve	Deficit	Total
Restated at Dec 31, 2010		**5,570,239**	**$ 7,698,655**	**$ 2,479,256**	**$ 210,997**	**$ (7,090,933)**	**$ 3,297,975**
Comprehensive income:							
Loss for the period				-	-	(478,726)	(478,726)
Other comprehensive income (loss)				-	-		
Total comprehensive loss for period				-	-	(478,726)	(478,726)
Private placement – issued for cash		5,050,000	1,340,000	-	-		1,340,000
Share issue costs			(198,754)		104,917		(93,837)
Warrants issued with private placement			(619,911)		619,911		
Shares issued – option exercise				-	-		-
Shares issued – warrant exercise				-	-		-
Stock-based compensation				393,147	-		393,147
Balance at June 30, 2011		**10,620,239**	**$ 8,617,498**	**$ 2,872,403**	**$ 935,825**	**$ (7,569,659)**	**4,065,412**

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

Grenville Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
Three and six month periods ended June 30, 2012 and 2011
(Expressed in Canadian dollars)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June30, 2011**
Operating activities	$	$	$	$
Net loss (income) for the year	(20,297)	18,527	(110,745)	(478,726
Adjustments for non-cash items:				
Amortization	476	142	1,031	158
Stock-based compensation	-	-	-	383,400
Gain on liability adjustment	23,822	-	23,822	-
Changes in non-cash working capital				
Accounts receivable	(40,379)	13,246	(42,538)	5,864
Prepaid	1,062	(116,334)	(155)	(105,309)
Trade payables and accrued liabilities	(44,354)	65,243	(45,344)	(327,939)
Net cash flows from (used in) operating activities	(81,794)	(19,176)	(173,929)	(522,553)
Investing activities				
Expenditures on exploration and	(99,796)	(136,376)	(205,989)	(184,481)
Expenditures on equipment	4249	(5,704)	4,249	(6,037)
Net cash flows used in investing activities	(95,547)	(142,080)	(201,740)	(190,517)
Financing activities				
Proceeds on issuance of common shares, net of issue costs	-	-	450,000	1,256,970
Repayment to related parties	-	-	-	(67,136)
Net cash flows from (used in) financing activities	-	-	450,000	1,189,834
Effect of foreign exchange	34,217	(90,886)	19,794	(105,309)
Increase/(decrease) in cash	(143,124)	(252,142)	94,125	370,921
Cash, beginning of period	299,458	661,741	62,209	38,678
Cash, end of period	156,334	409,599	156,334	409,599

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

1. Nature and continuance of operations

Grenville Gold Corp. (the "Company") was incorporated under the laws of the province of Ontario by articles of incorporation effective November 17, 1994. By articles of amendment effective December 15, 1999, the private company restrictions were deleted from the articles. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V:GVG"), the Frankfurt Stock Exchange in Germany ("Frankfurt:F9I"), and a pink sheet listing in the United States ("OTCPP:GVLGF").

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its asset and discharge its liabilities in the normal course of operations. As at June 30, 2012, the Company had not advanced its exploration and evaluation asset to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities on its exploration and evaluation asset and its ability to attain profitable operations and generate funds there from and/or raise equity capital to meet current and future obligations. Management intends to finance exploration programs and operations over the next twelve months through private placements of common shares. The availability and timing of equity funding, on terms and conditions acceptable to management, represent material uncertainties to the going concern assumption. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

2. Statement of compliance and conversion to IFRS

These consolidated interim financial statements have been prepared in accordance with IAS 34 paragraph 19 Interim Financial Reporting, as issued by the International Accounting Standards Board. Accordingly, these consolidated 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. Results for the period ended June 30, 2012, are not necessarily indicative of future results.

The accounting policies applied by the Company in these consolidated interim financial statements are the same as those applied by the Company in its most recent annual financial statements for the year ended December 31, 2011 as filed on SEDAR at www.sedar.com

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved these financial statements.

3. Significant accounting policies

Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments which are disclosed as measured at fair value.

(Expressed in Canadian dollars)

Significant accounting policies (continued)

Consolidation

The Company consolidates all entities under its control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

	Country of domicile	June 30, 2012*	June 30, 2011*
Grenville Silveria Ltd.	Canada	100%	100%
Grenville Espanola Holdings Ltd.	Canada	100%	100%
Minera Grenville S.A.C.	Peru	100%	100%
Minera Espanola S.A.C.	Peru	100%	100%
Upper Canyon S.A.C.	Peru	100%	n/a

* Represents voting control.

Inter-company balances and transactions are eliminated on consolidation.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting periods. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and applied prospectively.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after acquisition expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income and loss when the new information becomes available.

3. Significant accounting policies (continued)

Other

Other areas where the Company is required to make judgments, estimates and assumptions are the determination of deferred income tax amounts and the assessment of whether deferred tax assets should be recognized, share based transactions and management's assumptions and estimates related to going concern considerations.

Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent company and each of the Company's subsidiaries is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars

On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction, whereas non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, are recognized in the statement of comprehensive income (loss) in the period in which they arise. When a gain or loss on a non-monetary items is recognized in other comprehensive income (loss), any exchange component of that gain or loss shall be recognized in other comprehensive income (loss). Conversely, when a gain or loss on a non-monetary items is recognized in the statement of comprehensive loss, any exchange component of that gain or loss is recognized in also recognized in the statement of comprehensive income (loss).

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring the right to explore, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

The Company's criterion for testing impairment includes, but is not limited to, when:

i) Exploration rights for a specific area expired or are expected to expire in the near future and these rights are not expected to be renewed;
ii) Substantive expenditures on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
iii) Exploration for and evaluation of mineral resources in the specific area have not led to the

discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area;

3. Significant accounting policies (continued)

iv) Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an impairment test is performed and, as a result of this test, it is determined that the carrying amount of an exploration and evaluation asset exceeds its recoverable amount, a provision is made for the decline in value and charged against operations in the year.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farms outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments

The fair value of share options granted to employees is measured at the grant date and recognized over the vesting period with a corresponding increase in equity. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

3. Significant accounting policies (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income (loss), except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets
The carrying amount of the Company's assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income (loss) and comprehensive income (loss).

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

3 Significant accounting policies (continued)

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income (loss) or equity is recognized in other comprehensive income (loss) or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all

or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

Restoration and environmental obligations (continued)

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Equipment

Equipment IS stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income (loss) and comprehensive income (loss) during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. Equipment is amortized at 30%.

4. Accounting standards issued by not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2012 or later periods.

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

- IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
- IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
- IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);

(Expressed in Canadian dollars)

- IFRS 12 Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31);
- IFRS 13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs);
- IAS 1 Presentation of Financial Statements, (Amendments regarding Presentation of Items of Other Comprehensive Income);
- IAS 19 Employee Benefits (Amended in 2011);
- IAS 27 Separate Financial Statements (Amended in 2011);
- IAS 28 Investments in Associates and Joint Ventures (Amended in 2011); and
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New).

5. Equipment

		Office			Office
Cost:			**Cost:**		
At Dec 31, 2011	$	59,802	At Dec 31, 2010	$	48,416
Additions		1,075	Additions		11,386
Disposals		(5,324)	Disposals		
At June 30, 2012		55,553	At Dec 31, 2011		59,802
Depreciation:			**Depreciation:**		
At Dec 31, 2011		49,566	At Dec 31, 2010		48,161
Charge for the period		1,031	Charge for the period		1,405
At June 30, 2012		50,597	At Dec 31, 2011		49,566
Net book value:			**Net book value:**		
At Dec 31, 2011		10,236	At Dec 31, 2010		255
At June 30, 2012	**$**	**4,956**	**At Dec 31, 2012**	**$**	**10,236**

(Expressed in Canadian dollars)

6. Exploration and evaluation assets

	Silveria	Espanola	Period ended June 30 2012	Silveria	Espanola	Year ended December 31 2011
Acquisition costs						
Balance, beginning of period	1,671,385	457,502	2,128,887	$ 1,661,197	$ 457,502	$ 2,118,699
Additions				10,188	-	10,188
Balance, end of year				$ 1,671,385	$ 457,502	$ 2,128,887
Exploration and evaluation costs						
Balance, beginning of period	1,943,453	257,052	2,197,505	$ 1,474,461	$ 110,377	$ 1,581,838
Additions	21,135	23,962	45,097	491,203	146,675	637,878
Impairment				(22,211)	-	(22,211)
				1,943,453	257,052	2,197,505
Balance, end of period	**$ 3,635,973**	**$ 738,516**	**$ 4,374,489**	**$ 3,614,838**	**$ 714,554**	**$ 4,329,392**

(Expressed in Canadian dollars)

6. Exploration and evaluation assets

	Mandarin	Silver Mountain	Period ended June 30 2012	Silveria	Espanola	Year ended December 31 2011
Acquisition costs						
Balance, beginning of period	64,535	31,722	96,257	-	-	-
Additions				-	-	-
Balance, end of period	64,535	31,722	96,257	-	-	-
Exploration and evaluation costs						
Balance, beginning of period	7,161	2,770	9,931	-	-	-
Additions	16,591	6,406	22,997	-	-	-
Impairment				-	-	-
Balance, end of period	**$88,287**	**$40,898**	**$ 129,185**	**$ -**	**$ -**	**$ -**
Total all projects	**$3,724,260**	**$779,414**	**$4,503,674**	**$ -**	**$ -**	**$ -**

6. Exploration and evaluation assets

(continued) *Silveria property*

On January 17, 2007, the Company acquired four mines through its subsidiary, Minera Grenville S.A.C., in the San Mateo Mining District, Province of Huarochiri, Department of Lima, Peru, directly from the Peruvian government agency responsible for mining. The four mines, Pacococha, Millotingo, Silveria and Germania have all been grouped into one property, Silveria. Additional claims have been purchased and added to this property. On August 28, 2007 a 43–101 Technical Report for Silveria was filed on Sedar.

In January 2009, also through its subsidiary, Minera Grenville S.A.C., the Company purchased all the common shares of Sociedad Minera de Responsabilidad Limitada Bella Rubia ("Bella Rubia"). During the year, the Peruvian courts nullified the Bella Rubia agreement and the purchase price of the shares of $22,211 which was previously capitalized was impaired.

On February 11, 2011 it was announced that the Company and Newton Gold Corp. agreed to end the litigation between them.

On June 9th, 2011 the Company announced that it had completed the construction of a camp at Silveria and that detailed mapping along with rock chip sampling was underway. In addition, the Company has been working on compiling several generations of previous work programs from the Silveria Concession Group and has contracted Exploration Alliance Ltd. to provide a current NI43-101 report

Espanola/Rosa Maria property

On July 20, 2006, the Company, through its subsidiary, Minera Grenville S.A.C., acquired a parcel of land in the Province of Canete, Peru known as the Espanola Copper Project.

On February 24th, 2012 the Company filed on SEDAR a 43 – 101 Technical Report on the 100% owned Espanola Copper Project. The property is situated in the District of Lima in the Republic of Peru: approximately 100km south-east of the capital Lima and 13km from the Condestable Mine which operates at a rate of 6,000 tonnes per day producing copper-silver-gold concentrates.

Maps and photos for the Silveria and Espanola Projects are available at Grenvillegold.com.

Mandarin (Josefina) property

On March 02, 2012 the Company entered into an agreement with Lucky Minerals Inc to acquire a 100% interest in the Josefina silver and base metals concessions located in the Huarochiri Province of Lima, Peru. The project consists of licenses covering 5,871 hectares of terrain in a region with significant deposits and mineralization.

Silver Mountain property

On March 02, 2012, the Company entered into an agreement with Lucky Minerals Inc to acquire a 100% interest in the Silver Mountain concessions located in the Huarochiri Province of Lima, Peru. These five concessions cover 2,271 hectares of terrain.

The Company acquired the 100% interest in Josephina and Silver Mountain with a payment of $131,000 to Lucky Minerals Inc. Lucky Minerals retained a 1% NSR on both the Josephina and Silver Mountain claims.

(Expressed in Canadian dollars)

7. Trade payables and accrued liabilities

	Jun 30, 2012	December 31, 2011
Trade payables and accruals	29,898	68,904
Taxes payable	31,907	38,245
	61,805	107,149

8. Income tax and deferred tax assets and liabilities

The tax pools relating to these deductible temporary differences expire as follows:

		Canadian non-capital losses		Peruvian loss pools
2014	$	76,771	$	-
2026		991,940		-
2027		1,456,801		-
2028		751,260		-
2029		207,204		-
2030		3,463		-
2031		347,690		-
No expiry		-		139,139
	$	3,835,129	$	139,139

9. Share capital

Authorized share capital:

An unlimited number of common shares without par value

Financing:

On January 04, 2012 the Company announced that a private placement of 4,500,000 units at a price of $0.10 per unit had been completed and the Company has raised $450,000.00 CDN to be used for general working capital purposes. Each unit consisted of one common share in the equity of Grenville and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.13 per share for a period of two years from the date of completion of the private placement. The FV of a warrant using the Black Scholes calculation was determined to be $0.086 and thus, $387,000 was allocated to the warrants.

On December 21, 2011 the Company completed a private placement of 1,000,000 units at a price of $0.12 per unit for gross proceeds of $120,000. Each unit is consists of one common share and one share purchase warrant exercisable to purchase one additional share at $0.16 for a two year period. A fair value of $50,119 was allocated to these warrants. Share issuance costs of $1,350 was paid.

The warrants issued were valued using the Black-Scholes model with the following assumptions:

	January 30, 2012	December 21, 2011
Market price	$0.13	$0.15
Risk free interest	1.36%	1.18%
Volatility	134%	134%
Fair value	$0.086	$0.098

(Expressed in Canadian dollars)

6. Share capital (cont'd)

Stock options

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the board of directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the TSX Venture Exchange. Vesting periods are determined by the board of directors.

On April 20, 2011, the Company issued 900,000 options to directors of the Company. The options are exercisable at $0.50 for a period of five years, and were fully vested upon grant. The fair value of the options are $393,147. The fair value of the options was determined using the Black-Scholes pricing model and the following assumptions: estimated volatility of 160%, expected life of 5 years and risk free interest rate of 2.72%.

Option transactions are summarized as follows:

	June 30, 2012			December 31, 2011	
	Number of options		**Wt. avg. exercise price**	**Number of options**	**Wt. avg. exercise price**
Options outstanding, beginning	1,122,000	$	0.88	233,000	$2.48
Granted	-		-	900,000	0.50
Expired	(22,000)		-	(11,000)	-
Options outstanding, ending	1,100,000	$	0.88	1,122,000	$0.88

Number of options	Exercise price	Expiry date
13,000	6.00	August 27, 2012
72,000	3.00	January 14, 2013
45,000	1.00	August 8, 2013
45,000	1.00	December 8, 2013
25,000	1.00	April 20, 2014
900,000	0.50	April 20, 2016
1,100,000		

The weighted average life remaining of options outstanding as at June 30, 2012 is 3.27 years.

Warrants

Warrants transactions are summarized as follows:

	June 30, 2012			December 31, 2011	
	Number of warrants		**Wt. avg. exercise price**	**Number of warrants**	**Wt. avg. exercise price**
Balance at beginning of period	6,411,000	$	0.31	1,002,222	$1.00
Granted	4,500,000		0.05	6,411,000	0.31
Expired	-		-	(1,002,222)	1.00
Warrants outstanding, ending	10,911,000	$	0.36	6,411,000	$0.31

As at June 30, 2012 the Company had outstanding warrants as follows:

(Expressed in Canadian dollars)

Number of warrants	Exercise price	Expiry date
4,361,000	0.31	January 21, 2013
1,050,000	0.47	March 25, 2014
1,000,000	0.16	December 21, 2013
4,500,000	0.13	January 30, 2014
10,911,000		

At June 30, 2012, the weighted average life remaining of warrants outstanding is 1.37 years

10. Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded remains in the account.

Option reserve		
December 31, 2011	$	3,083,399
Additions		-
June 30, 2012	$	3,083,399

Warrant reserve

The warrant option reserve records items recognized as warrants until such time that they are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded remains in the account.

Warrant reserve		
December 31, 2011	$	724,828
Additions		387,000
June 30, 2012	$	1,109,503

11. Related party transactions

During the three month period ended June 30, 2012, the Company incurred rent expense of $7,500 to a company controlled by a relative of the president of the Company (2010 – $Nil) and accounting fees of $2,505 included in management and administration fees to the Company's Chief Financial Officer (2010 - $2,070).

As at June 30, 2012, there was $nil owing to related parties (June 30, 2011 - $Nil).

12. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors reviews and monitors the risk management processes. The nature of the risk exposure and management thereof is as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government valued added taxes. All of the Company's other receivables are current and expected to be recovered.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Peruvian subsidiaries are exposed to currency risk as they incur expenditures that are denominated in United States Dollars and well as the Peruvian Nuevo Sol. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Canadian dollar equivalent of the Company's current monetary assets and liabilities denominated in the Peruvian Nuevo Sol are as follows:

		June 30, 2012	December 30, 2011
Cash	$	1,651	12,233
Accounts payable		(52,046)	(83,023)
	$	(50,395)	(70,790)

Based on the above net exposures, as at June 30, 2012, a 10% decrease in the Peruvian currency would impact the Company's net loss by $5,039 (December 2011 - $7,079).

(Expressed in Canadian dollars)

12. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on cash equivalents that it may hold from time to time as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. At June 30, 2012 the Company has no assets subject to interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		June 30, 2012		December 31, 2011
Fair value through profit and loss:				
Cash and cash equivalents	$	156,334	$	62,209
Loans and receivables:				-
Other receivables		46,845		4,307
	$	203,179	$	66,516

Financial liabilities included in the statement of financial position are as follows:

		June 30, 2012		December 31, 2011
Non-derivative financial liabilities	$		$	-
Trade payables		61,805		107,149
	$	61,805	$	107,149

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

(Expressed in Canadian dollars)

- 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 following is an analysis of the Company's financial assets measured at fair value as at June 30, 2012 and December 31, 2011:

12. Financial risk management (continued)

Assetv or Liability	June 30 2012			December 31, 2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash	$ 156,334	-	-	$ 62,209	-	-
	$ 156,334	-	-	$ 62,209	-	-

13 Segmented information

The Company determines its segments by geography. The Company has operations and incurs costs associated with assets in two different geographic locations: Canada and Peru.

The Company's non-current assets are located as follows:

	June 30 2012		
	Canada	Peru	Total
Equipment	-	4,956	4,956
Exploration Assets	-	4,503,674	4,503,674
	-	4,508,630	4,508,630

	December 31, 2011		
	Canada	Peru	Total
Equipment	-	10,236	10,236
Exploration Assets	-	4,329,392	4,329,392
		$4,339,628	$4,339,628

14. Commitment

Claim fees of $44,717 for the Silveria and Espanola properties and $9,767 for the Mandarin and Silver Mountain properties due in July 2012, were paid in June 2012.

In addition the Company is committed for $2,500 per month for head office rent, which is $15,000 for the balance of the year.