KIRKLAND PRECIOUS METALS CORP.

FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2012

YEAR ENDED DECEMBER 31, 2011

PERIOD FROM JUNE 8, 2010 TO DECEMBER 31, 2010

(Expressed in Canadian Dollars)

(Unaudited)

KIRKLAND PRECIOUS METALS CORP.

Contents

KIRKLAND PRECIOUS METALS CORP.
Statement of financial position
(Expressed in Canadian Dollars)
(Unaudited)

	June 30 2012	December 31 2011	December 31 2010
	$	$	$
ASSETS			
Current assets			
Cash	1	1	1
	1	1	1
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity (deficiency)			
Share capital (Note 4)	1	1	1
	1	1	1

These financial statements were approved and authorized for issue by the Board of Directors on December 12, 2012 and were signed on its behalf:

"Dieter Peter"
Dieter Peter, Director

"Andrew von Kursell"
Andrew von Kursell, Director

(The accompanying notes are an integral part of these financial statements)

KIRKLAND PRECIOUS METALS CORP.
Statement of comprehensive loss
(Expressed in Canadian Dollars)
(Unaudited)

	6-months ended June 30 2012 $	12-months ended December 31 2011 $	7-months ended December 31 2010 $
Revenue	-	-	-
Expenses	-	-	-
Net loss and comprehensive loss	-	-	-
Net loss per share, basic and diluted	-	-	-
Weighted average number of shares outstanding (Note 4)	100	100	100

(The accompanying notes are an integral part of these financial statements)

KIRKLAND PRECIOUS METALS CORP.
Consolidated statements of cash flows
(Expressed in Canadian Dollars)
(Unaudited)

	6-months ended June 30 2012 $	12-months ended December 31 2011 $	7-months ended December 31 2010 $
Cash flows from operating activities			
Net loss for the year	-	-	-
	-	-	-
Cash flows from financing activities			
Proceeds from issuance of share capital	-	-	1
	-	-	1
Cash flows from investing activities	-	-	-
	-	-	-
Increase in cash	-	-	1
Cash, beginning	1	1	-
Cash, ending	1	1	1
Supplemental non-cash financing and investing transaction disclosures			
Share issued to acquire mineral properties	-	-	-
Shares issued pursuant to agreements	-	-	-

(The accompanying notes are an integral part of these financial statements)

KIRKLAND PRECIOUS METALS CORP.
Statements of changes in equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital			
	Number of shares	Amount	Deficit	Total
		$	$	$
Balance, June 8, 2010	**-**	**-**	**-**	**-**
Share issued	100	1	-	1
Comprehensive loss	-	-	-	-
Balance, December 31, 2010	**100**	**1**	**-**	**1**
Share issued	-	-	-	-
Comprehensive loss	-	-	-	-
Balance, December 31, 2011	**100**	**1**	**-**	**1**
Share issued	-	-	-	-
Comprehensive loss	-	-	-	-
Balance, June 30, 2012	**100**	**1**	**-**	**1**

(The accompanying notes are an integral part of these financial statements)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Kirkland Precious Metals Corp. ("KPM" or the "Company") was incorporated under the laws of British Columbia, Canada on June 8, 2010, as a wholly owned subsidiary of Nass Valley Gateway Ltd. and its principal business activities include the acquisition and exploration of mineral properties in Ontario, Canada. The registered office and principal business address of the Company is 575 – 1111 West Hastings Street, Vancouver, V6E 2J3, British Columbia. On August 27, 2012, the Company and Nass Valley Gateway Ltd. ("NVG") signed an agreement pursuant to a Plan of Arrangement (the "Arrangement") under which NVG will transfer its rights and interests in the Central Catharine Claims, the Link Catharine Claims, and the 80 Foot Fall Claims located in the Province of Ontario (the "Kirkland Lake Properties") to the Company in exchange for 24,383,650 shares of the Company, which will be distributed to the shareholders of NVG under the Arrangement.

These financial statements are described as those of "Kirkland Precious Metals Corp." and they have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgements and estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ materially from those reported.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in material adjustments to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate but are not limited, to the following:

- The provision of income taxes is based on judgements in applying income tax law and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

b) Cash

Cash is comprised of cash on hand.

c) Foreign currency

The presentation and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. To compute diluted loss per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, all options and warrants were exercised. The proceeds from exercise are assumed to be used to purchase the Company's common shares at their average market price during the period. If this computation is anti-dilutive, diluted loss per share is the same as basic loss per share. For the periods presented, this calculation proved to be anti-dilutive.

e) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the underlying assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it does not recognize the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The exploration and evaluation assets have the same tax basis as their carrying amounts in the financial statements. Accordingly, there are no temporary differences recognized as deferred income tax assets or liabilities.

f) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loan and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. It is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments.

- *Financial assets at fair value through profit or loss*
  A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets and include cash, which are initially recognized at fair value.

f) Financial instruments (continued)
Financial assets (continued)

- *Loans and receivables*
Loans and receivables are non derivative financial assets which fixed or determinable payments that are not quoted in an active market. They are classified as current or non current assets based on their maturity date. The Company does not have any loans and receivables assets.

- *Available-for-sale financial assets*
Available-for-sale financial assets are either designated as available for sale or not classified in any other categories. They are initially recognized at fair value plus transaction costs and are subsequently carried at fair value, with unrealized gains and losses recorded in other comprehensive income until disposition or other-than-temporary impairment at which time the gain or loss is recorded in earnings. The Company does not have any available-for-sale financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – this category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss. The Company does not have such financial liabilities.

Other financial liabilities – this category includes accounts payable, due to and loan payable to related parties, are initially recognized at fair value and subsequently stated at amortized cost. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the date of the statement of financial position. The Company does not have any other financial liabilities.

Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

- Financial assets carried at amortization: the loss is the difference between the amortized cost and its value of estimated future cash flows, discounted using the instrument's original effective interest rate;
- Available-for-sale financial asset: The loss is the amount comprising the difference between its original cost and its current fair value, less any impairment previously recognized in the statement of comprehensive loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net loss.
- Reversals of impairment losses on financial assets carried at amortized cost are recorded through the statement of comprehensive loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss had been recognized. Impairment on available-for-sale instruments is not reversed.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Amendments to IAS 1 Presentation of Financial Statements
The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The Company does not expect a material impact as a result of the amendment.

Each of the additional new standards outlined below is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, except for IFRS 9 "Financial Instruments" which is effective for annual periods beginning on or after January 1, 2015. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements.

3. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

IFRS 9 "Financial Instruments"
The result of the first phase of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value.

IFRS 10 "Consolidated Financial Statements"
Replaces Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities" and the consolidation requirements of IAS 27 "Consolidated and Separate Financial Statements". The new standard replaces the existing risk and a reward based approaches and establishes control as the determining factor when determining whether an interest in another entity should be included in the consolidated financial statements.

IFRS 11 "Joint Arrangements"
Replaces IAS 31 "Interests in Joint Ventures". The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted.

IFRS 12 "Disclosure of Interests in Other Entities"
Provides comprehensive disclosure requirements on interests in other entities, including joint arrangements, associates, and special purpose vehicles. The new disclosures require information that will assist financial statement users in evaluating the nature, risks and financial effects of an entity's interest in subsidiaries and joint arrangements.

IFRS 13 "Fair Value Measurement"
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards
In addition, there have been other amendments to existing standards, including IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

4. SHARE CAPITAL

a) Authorized share capital

At June 30, 2012, the authorized share capital of the Company comprised of an unlimited number of common shares at no par value.

b) Issuance of common shares

The Company issued 100 common shares for total cash proceeds amounting to $1.

5. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Currency risk
The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk
The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash as they are currently held in large financial institutions.

5. FINANCIAL INSTRUMENTS AND RISKS (continued)

Fair value measurements of financial assets and liabilities

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of cash are determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets.

Assets measured at fair value on a recurring basis were presented on the Company’s statement of financial position as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	June 30 2012 (unaudited)
Cash	$ 1	–	–	$ 1
	$ 1	–	–	$ 1

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	December 31 2011 (unaudited)
Cash	$ 1	–	–	$ 1
	$ 1	–	–	$ 1

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	December 31 2010 (unaudited)
Cash	$ 1	–	–	$ 1
	$ 1	–	–	$ 1

6. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company has no surplus as at June 30, 2012, December 31, 2011, and December 31, 2010. There were no changes to the Company's approach to capital management during the period ended June 30, 2012. The Company is not subject to externally imposed capital requirements. The Company may raise additional debt or equity financing in the near future to meet its obligations

7. SUBSEQUENT EVENTS

NVG received shareholder approval for the Arrangement at an annual general and special meeting of shareholders held on September 26, 2012, and received final approval to the Arrangement from the Supreme Court of British Columbia on October 2, 2012. On October 15, 2012, the Company and NVG completed the Arrangement pursuant to which the Company issued 24,383,650 shares to NVG, which were subsequently distributed to NVG's shareholders.

a) Share Capital

The Company issued 24,383,650 commons shares in addition to the 100 common shares already owned by NVG. The total 24,383,750 common shares held by NVG were distributed to the NVG shareholders on October 15, 2012. The shareholders of NVG are entitled to receive one KPM share for every share of NVG held as of October 15, 2012.

b) Stock Options and Warrants

As of October 15, 2012, all of NVG's option holders have unanimously agreed to waive their rights to receive KPM shares upon the exercise of their NVG options and all NVG's outstanding stock options have been cancelled. Holders of outstanding warrants of NVG are entitled to receive one share of NVG and one share of KPM upon exercise of each such warrant.