BCGOLD CORP.

(An Exploration Stage Company)

Condensed Interim Financial Statements

For the six months ended August 31, 2011

Unaudited – Prepared by Management

(Stated in Canadian Funds)

NOTICE TO READER

The attached condensed interim financial report has been prepared by and is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of this condensed interim financial report.

BCGold Corp.

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

Unaudited – Prepared by Management

(Stated in Canadian Funds)

ASSETS		As at August 31, 2011		(Note 4) As at February 28, 2011
Current assets:				
Cash and cash equivalents *(Note 9e)*	**$**	**1,727,051**	$	1,419,320
Short-term investments *(Note 5)*		**184,500**		234,500
Marketable securities *(Note 6)*		**113,500**		115,000
Sales tax and other receivables		**81,258**		48,462
Prepaid expenses		**67,365**		14,163
		2,173,674		1,831,445
Non-current assets:				
Deposits		**11,247**		20,818
Property and equipment		**43,004**		31,324
Reclamation bonds *(Note 7)*		**50,500**		50,500
Exploration and evaluation assets *(Note 8)*		**1,439,924**		1,439,924
TOTAL ASSETS	**$**	**3,718,349**	$	3,374,011

LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**129,494**	$	93,069
Equity:				
Share capital *(Note 9a)*		**13,312,474**		12,043,029
Share-based payments reserve		**3,512,764**		3,243,346
Accumulated other comprehensive loss		**(169,750)**		(168,250)
Deficit		**(13,066,633)**		(11,837,183)
TOTAL EQUITY		**3,588,855**		3,280,942
TOTAL LIABILITIES AND EQUITY	**$**	**3,718,349**	$	3,374,011

Nature of Operations and Going Concern *(Note 1)*

Subsequent Events *(Note 12)*

Approved by the Board of Directors:

“Brian Fowler”, Director

“Guy Le Bel”, Director

- See Accompanying Notes to the Condensed Interim Financial Statements -

BCGold Corp.

(An Exploration Stage Company)

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Stated in Canadian Funds)

		For the three months ended August 31, 2011		*(Note 4)* For the three months ended August 31, 2010		**For the six months ended August 31, 2011**		*(Note 4)* For the six months ended August 31, 2010
Expenses:								
Corporate listing and filing fees	**$**	**16,880**	$	17,096	**$**	**18,977**	$	20,237
Depreciation		**6,029**		2,364		**10,875**		4,729
Exploration and evaluation expenses		**607,770**		405,814		**672,281**		420,834
General and administrative costs		**43,654**		34,060		**105,016**		82,656
Professional fees		**6,982**		21,431		**10,723**		36,931
Share-based payments *(Note 9d)*		**46,876**		22,161		**134,925**		63,889
Wages and consulting fees		**143,339**		106,354		**279,447**		214,322
Loss from operations		**(871,530)**		(609,280)		**(1,232,244)**		(843,598)
Other income:								
Interest and other income		**2,509**		32,394		**2,794**		32,492
Net loss for the period		**(869,021)**		(576,886)		**(1,229,450)**		(811,106)
Unrealized loss on marketable securities		**-**		(9,000)		**(1,500)**		(9,000)
Comprehensive loss for the period	**$**	**(869,021)**	$	(585,886)	**$**	**(1,230,950)**	$	(820,106)
Weighted average number of shares outstanding		**82,599,803**		68,185,237		**82,599,803**		57,823,913
Basic and diluted loss per share	**$**	**(0.01)**	$	(0.01)	**$**	**(0.01)**	$	(0.01)

- See Accompanying Notes to the Condensed Interim Financial Statements -

BCGold Corp.

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

(Stated in Canadian Funds)

		For the six months ended August 31, 2011		For the six months ended August 31, 2010
Operating Activities				
Net loss for the period	**$**	**(1,229,450)**	$	(811,106)
Adjustment for items which do not involve cash:				
Share-based payments		**134,925**		63,889
Depreciation		**10,875**		4,729
		(1,083,650)		(742,488)
Changes in non-cash working capital components:				
Sales tax and other receivables		**(32,796)**		(58,629)
Prepaid expenses		**(53,202)**		(106,632)
Accounts payable and accrued liabilities		**36,425**		(76,957)
Cash used in operating activities		**(1,133,223)**		(984,706)
Investing Activities				
Deposits		**9,571**		-
Short-term investments		**50,000**		(355,500)
Purchase of property and equipment		**(22,555)**		-
Exploration and evaluation assets		**-**		95,000
Cash provided by (used in) investing activities		**37,016**		(260,500)
Financing Activities				
Issuance of common shares and warrants, net		**1,403,938**		1,974,378
Cash provided by financing activities		**1,403,938**		1,974,378
Net increase in cash and cash equivalents		**307,731**		729,172
Cash and cash equivalents- beginning of the period		**1,419,320**		204,935
Cash and cash equivalents - end of the period	**$**	**1,727,051**	$	934,107

Cash and cash equivalents consists of the following:				
Cash	**$**	**1,727,051**	$	934,107

Supplemental Schedule of Non-Cash Investing Activities				
Fair value of shares received – property option payment / marketable securities	**$**	**-**	$	19,500
Shares issued for exploration and evaluation assets	**$**	**-**	$	60,000

- See Accompanying Notes to the Condensed Interim Financial Statements -

BCGold Corp.

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Equity

Unaudited – Prepared by Management

(Stated in Canadian Funds)

	SHARE CAPITAL SHARES		SHARE CAPITAL AMOUNT		SHARE-BASED PAYMENTS RESERVE		ACCUMULATED OTHER COMPREHENSIVE LOSS		DEFICIT		TOTAL EQUITY
Balance – March 1, 2010	47,462,590	$	9,788,447	$	2,076,857	$	(216,250)	$	(9,461,611)	$	2,187,443
Flow-through shares issued	10,841,200		1,084,120		-		-		-		1,084,120
Non flow-through shares issued	10,160,000		812,800		-		-		-		812,800
Fair value of warrants issued	-		(689,278)		689,278		-		-		-
Fair value of broker's warrants	-		(101,345)		101,345		-		-		-
Share issuance costs	-		(106,246)		-		-		-		(106,246)
Warrant issuance costs	-		35,163		(35,163)		-		-		-
Broker's options exercised	430,000		34,400		-		-		-		34,400
Fair value of broker's options exercised	-		27,528		(27,528)		-		-		-
Exercise of warrants	105,014		12,602		-		-		-		12,602
Fair value of warrants exercised	-		4,528		(4,528)		-		-		-
Shares issued for exploration and evaluation assets	500,000		60,000		-		-		-		60,000
Share-based payments	-		-		63,889		-		-		63,889
Unrealized loss on marketable securities	-		-		-		(9,000)		-		(9,000)
Net loss for the six months	-		-		-		-		(811,106)		(811,106)
Balance – August 31, 2010	**69,498,804**	**$**	**10,962,719**	**$**	**2,864,150**	**$**	**(225,250)**	**$**	**(10,272,717)**	**$**	**3,328,902**
Balance – March 1, 2011	82,599,803	$	12,043,029	$	3,243,346	$	(168,250)	$	(11,837,183)	$	3,280,942
Flow-through shares issued	10,053,663		1,206,440		-		-		-		1,206,440
Non flow-through shares issued	2,660,000		266,000		-		-		-		266,000
Fair value of warrants issued	-		(126,112)		126,112		-		-		-
Fair value of broker's options	-		(15,033)		15,033		-		-		-
Fair value of broker's warrants	-		(595)		595		-		-		-
Share issuance costs	-		(68,502)		-		-		-		(68,502)
Warrant issuance costs	-		7,247		(7,247)		-		-		-
Share-based payments	-		-		134,925		-		-		134,925
Unrealized loss on marketable securities	-		-		-		(1,500)		-		(1,500)
Net loss for the six months	-		-		-		-		(1,229,450)		(1,229,450)
Balance – August 31, 2011	**95,313,466**	**$**	**13,312,474**	**$**	**3,512,764**	**$**	**(169,750)**	**$**	**(13,066,633)**	**$**	**3,588,855**

- See Accompanying Notes to the Condensed Interim Financial Statements -

1. Nature of Operations and Going Concern

BCGold Corp. (the "Company" or "BCGold") is an exploration stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties. Currently, the Company's principal mineral properties are the Engineer Mine Property, located near Atlin, B.C. and the Minto/Carmacks Copper-Gold Properties located in the Yukon.

BCGold Corp. is a publicly listed company incorporated under the Business Corporations Act of British Columbia on February 10, 2006 as 0748496 B.C. Ltd. On March 1, 2006, the Company changed its name to BCGold Corp. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "BCG".

The head office, principal address and records office of the Company are located at Suite 520 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered address is 595 Howe Street, 10th Floor, Vancouver, British Columbia, Canada, V6C 2T5.

While these condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are events and conditions that cast significant doubt on the validity of that assumption. The Company has incurred losses since inception and has an accumulated deficit of $13,066,633 at August 31, 2011. The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Summary of Significant Accounting Policies

Basis of Presentation and Adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim financial statements. In these condensed interim financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in Note 4, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at March 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect

2. Summary of Significant Accounting Policies – *Continued*

Basis of Presentation and Adoption of International Financial Reporting Standards ("IFRS") – *Continued*

of significant changes in accounting policies from those used in the Company's financial statements for the year ended February 28, 2011.

These condensed interim financial statements follow the same accounting policies and methods of application as the Company's condensed interim financial statements for the three months ended May 31, 2011. The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of October 25, 2011, the date the Board of Directors approved these statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending February 28, 2012 could result in restatement of these interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended February 28, 2011 and the Company's condensed interim financial statements for the three months ended May 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

3. New IFRS Pronouncements

a) Financial Instruments

In November 2009, the International Accounting Standards Board ("IASB") issued IFRS 9, Financial Instruments, which addresses the classification and measurement of financial assets as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. Requirements for financial liabilities were added in October 2010. IFRS 9 must be applied starting January 1, 2013, with early adoption permitted. The Company has not early adopted IFRS 9 and is currently assessing the impact of this standard on its financial statements.

b) Fair Value Measurement

In May 2011, the IASB issued IFRS 13, Fair Value Measurement. This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as 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. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual period in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application. The Company has not early adopted IFRS 13 and is currently assessing the impact of this standard on its financial statements.

4. First-time Adoption of IFRS

The effect of the Company's transition to IFRS, described in Note 2, is summarized in this Note as follows:

a) Mandatory Exemptions and Transition Elections

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on the Company's transition date of March 1, 2010 (the "Transition Date"), with the application of certain mandatory exemptions and also allows certain exemptions on transition to IFRS. The mandatory exemption applicable to and the transition election the Company has chosen, respectively, are as follows:

(i) Under IFRS 1, there are four mandatory exemptions from full retrospective application of IFRS. Of these, the only applicable election relates to estimates. An entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as at March 1, 2010 are consistent with its previous estimates under Canadian GAAP for the same date.

(ii) Share-based payments – IFRS 1 provides the option to not apply IFRS 2, Share-based Payments, to equity instruments granted after November 7, 2002 and vested before the Transition Date. The Company has elected to take the exemption and, as a result, was only required to recalculate the impact on any share-based payments that had not vested at the Transition Date.

b) Reconciliation of Previously Reported Financial Statements

Reconciliations of the IFRS adjustments on transition are included in these following Statements of Financial Position and Statements of Loss and Comprehensive Loss for the dates noted below.

- Condensed Interim Statement of Financial Position Reconciliation – August 31, 2010
- Condensed Interim Statement of Loss and Comprehensive Loss Reconciliation – for the three months ended August 31, 2010
- Condensed Interim Statement of Loss and Comprehensive Loss Reconciliation – for the six months ended August 31, 2010

The adoption of IFRS had no impact on the net cash flows of the Company. The transition adjustments made to the Statements of Financial Position and Statements of Loss and Comprehensive Loss have resulted in reclassification of various amounts on the Statement of Cash Flows; however, as there have been no changes to the net cash flows, no reconciliations have been prepared.

(Stated in Canadian Funds)

4. First-time Adoption of IFRS *– Continued*

b) Reconciliation of Previously Reported Financial Statements *– Continued*

The August 31, 2010 Canadian GAAP Condensed Interim Statement of Financial Position has been reconciled to IFRS as follows:

	Note	August 31, 2010 Canadian GAAP	Effect of Transition to IFRS	IFRS
ASSETS				
Current assets:				
Cash and cash equivalents		$ 934,107	$ -	$ 934,107
Short-term investments		484,500	-	484,500
Marketable securities		73,000	-	73,000
Sales tax and other receivables		91,625	-	91,625
Prepaid expenses		117,707	-	117,707
		1,700,939	-	1,700,939
Non-current assets:				
Deposits		-	-	-
Property and equipment		36,053	-	36,053
Reclamation bonds		50,500	-	50,500
Resource property costs / Exploration and evaluation assets		1,767,089	-	1,767,089
TOTAL ASSETS		$ 3,554,581	$ -	$ 3,554,581
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities		$ 88,979	$ -	$ 88,979
Flow-through premium liability	4(b)(i)	-	136,700	136,700
TOTAL LIABILITIES	4(b)(i)	88,979	136,700	225,679
Equity:				
Share capital	4(b)(i)	10,807,625	155,094	10,962,719
Share-based payments reserve *	4(b)(ii)	2,824,931	39,219	2,864,150
Accumulated other comprehensive loss		(225,250)	-	(225,250)
Deficit	4(b)(i) - (ii)	(9,941,704)	(331,013)	(10,272,717)
TOTAL EQUITY	4(b)(i)	3,465,602	(136,700)	3,328,902
TOTAL LIABILITIES AND EQUITY		$ 3,554,581	$ -	$ 3,554,581

** Under Canadian GAAP, share-based payments reserve consisted of contributed surplus of $2,005,420 and share purchase warrants of $819,511.*

(Stated in Canadian Funds)

4. First-time Adoption of IFRS *– Continued*

b) Reconciliation of Previously Reported Financial Statements *– Continued*

The Canadian GAAP Condensed Interim Statement of Loss and Comprehensive Loss for the three month period ended August 31, 2010 has been reconciled to IFRS as follows:

		Three Months Ended August 31, 2010		
	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses:				
Amortization / Depreciation		$ 2,364	$ -	$ 2,364
Corporate listing and filing fees		17,096	-	17,096
Exploration and evaluation expenses		405,814	-	405,814
General and administrative costs		34,060	-	34,060
Professional fees		21,431	-	21,431
Stock-based compensation / Share-based payments	4(b)(ii)	18,580	3,581	22,161
Wages and consulting fees		106,354	-	106,354
Loss from operations	4(b)(ii)	(605,699)	(3,581)	(609,280)
Other income:				
Interest and other income		32,394	-	32,394
Net loss for the period	4(b)(ii)	$ (573,305)	$ (3,581)	$ (576,886)
Unrealized loss on marketable securities		(9,000)	-	(9,000)
Comprehensive loss for the period	4(b)(ii)	$ (582,305)	$ (3,581)	$ (585,886)
Weighted average number of shares outstanding		68,185,237		68,185,237
Basic and diluted loss per share		$ (0.01)		$ (0.01)

(Stated in Canadian Funds)

4. First-time Adoption of IFRS – *Continued*

b) Reconciliation of Previously Reported Financial Statements – *Continued*

The Canadian GAAP Condensed Interim Statement of Loss and Comprehensive Loss for the six month period ended August 31, 2010 has been reconciled to IFRS as follows:

		Six Months Ended August 31, 2010		
	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses:				
Amortization / Depreciation		$ 4,729	$ -	$ 4,729
Corporate listing and filing fees		20,237	-	20,237
Exploration and evaluation expenses		420,834	-	420,834
General and administrative costs		82,656	-	82,656
Professional fees		36,931	-	36,931
Stock-based compensation / Share-based payments	4(b)(ii)	58,288	5,601	63,889
Wages and consulting fees		214,322	-	214,322
Loss from operations	4(b)(ii)	(837,997)	(5,601)	(843,598)
Other income:				
Interest and other income		32,492	-	32,492
Net loss for the period	4(b)(ii)	$ (805,505)	$ (5,601)	$ (811,106)
Unrealized loss on marketable securities		(9,000)	-	(9,000)
Comprehensive loss for the period	4(b)(ii)	$ (814,505)	$ (5,601)	$ (820,106)
Weighted average number of shares outstanding		57,823,913		57,823,913
Basic and diluted loss per share		$ (0.01)		$ (0.01)

(Stated in Canadian Funds)

4. First-time Adoption of IFRS – *Continued*

b) Reconciliation of Previously Reported Financial Statements – *Continued*

Notes to the reconciliations of previously reported financial statements:

(i) Flow-through Share Accounting

Under Canadian GAAP, the Company would record the gross proceeds relating to the flow-through shares to share capital at the time of issuance. It would then record a charge (reduction) to share capital at the time the tax benefits of the flow-through shares were renounced to the subscribers. The charge was calculated by multiplying the amount of the renounced tax benefits (which are equal to the proceeds of the flow-through share issuance) by the effective tax rate at the time. The offset would go to the deferred tax liability to reflect the fact that the Company could no longer use the tax attributes for its benefit.

Under IFRS, the proceeds from issuing flow-through shares are allocated between the offering of the shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares, at the date of closing, and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense. There is no subsequent reduction in share capital.

Impact on Statements of Financial Position:

	August 31, 2010	February 28, 2011
Flow-through premium liability	$ 136,700	$ -
Share capital	$ 155,094	$ 601,041
Adjustment to deficit	$ (291,794)	$ (601,041)

Impact on Statements of Loss and Comprehensive Loss:

	Three Months Ended August 31, 2010	Six Months Ended August 31, 2010	February 28, 2011
Deferred income tax recovery	$ -	$ -	$ (309,247)
Adjustment to net loss and comprehensive loss	$ -	$ -	$ (309,247)

(ii) IFRS 2 – Share-based Payments and Share-based Payments Reserve

Under Canadian GAAP, the Company calculated the fair value of share-based awards with graded vesting as one grant and used the straight-line method of calculating share-based payments over the vesting period.

Under IFRS, each tranche of a share-based award with different vesting dates is considered a separate grant for the fair value calculation. The resulting fair value of the share-based payment is recognized over the vesting period of the respective tranche using the graded vesting method.

(Stated in Canadian Funds)

4. First-time Adoption of IFRS *– Continued*

b) Reconciliation of Previously Reported Financial Statements *– Continued*

Notes to the reconciliations of previously reported financial statements: *– Continued*

(ii) IFRS 2 – Share-based Payments and Share-based Payments Reserve *– Continued*

Impact on Statements of Financial Position:

	August 31, 2010	February 28, 2011
Share based-payments reserve	$ 39,219	$ 29,474
Adjustment to deficit	$ (39,219)	$ (29,474)

Impact on Statements of Loss and Comprehensive Loss:

	Three Months Ended August 31, 2010	Six Months Ended August 31, 2010	February 28, 2011
Share-based payments	$ (3,581)	$ (5,601)	$ 4,144
Adjustment to net loss and comprehensive loss	$ (3,581)	$ (5,601)	$ 4,144

5. Short-term Investments

As of August 31, 2011, the Company has invested $184,500 (February 28, 2011 - $234,500) into Guaranteed Investment Certificates ("GICs") with a Canadian financial institution. These GICs are yielding interest at rates ranging from 0.2% to 1% per annum and have maturity dates greater than four months.

6. Marketable Securities

Marketable securities have been classified as available-for-sale investments and consist of various common shares held by the Company of other public companies. A summary of the above details is as follows:

	August 31, 2011		February 28, 2011	
	Market Value	**Cost**	Market Value	Cost
Common shares of public companies, not subject to significant influence	**$ 113,500**	**$ 283,250**	$ 115,000	$ 283,250

(Stated in Canadian Funds)

7. Reclamation Bonds

As of August 31, 2011, the Company has invested a total $50,500 (February 28, 2011 - $50,500) into various GICs with a Canadian financial institution as part of various Safe-Keeping Agreements entered into by the Company for its various properties. These funds are being held to the order of the Ministry of Energy, Mines and Petroleum Resources. These GICs are yielding interest at rates ranging from 0.2% to 1.15%.

8. Exploration and Evaluation Assets

Details of the Company's exploration and evaluation acquisition costs are as follows:

	Minto/Carmacks Copper-Gold Properties (Yukon)	Engineer (B.C.)	Gold Hill (B.C.)	Voigtberg (B.C.)	Other Properties (B.C.)	Total
Balance, March 1, 2010	$ 653,834	$ 436,263	$ -	$ 151,944	$ 579,548	$ 1,821,589
Acquisition costs - cash	50,000	10,000	10,000	-	-	70,000
Acquisition costs - shares and warrants	12,000	250,000	12,000	18,000	-	292,000
Property option payments received – cash and shares	(164,500)	-	-	-	-	(164,500)
Write-down of exploration and evaluation costs	-	-	-	-	(579,165)	(579,165)
Balance, February 28, 2011 and August 31, 2011	**$ 551,334**	**$ 696,263**	**$ 22,000**	**$ 169,944**	**$ 383**	**$ 1,439,924**

Details of the Company's exploration and evaluation expenses, which have been cumulatively expensed in the Statement of Loss and Comprehensive Loss and Deficit, are as follows:

	Minto/Carmacks Copper-Gold Properties (Yukon)	Engineer (B.C.)	Gold Hill (B.C.)	Voigtberg (B.C.) *	Other Properties (B.C.)	Total
Balance, March 1, 2010	$ 3,621,041	$ 1,456,830	$ -	$ 793,669	$ 1,097,808	$ 6,969,348
Exploration and evaluation expenses	301,781	528,676	-	81,366	70,035	981,858
Balance, February 28, 2011	3,922,822	1,985,506	-	875,035	1,167,843	7,951,206
Exploration and evaluation expenses (recovery) **	(82,438)	485,254	189,324	3,960	15,296	611,396
Balance, August 31, 2011	**$ 3,840,384**	**$ 2,470,760**	**$ 189,324**	**$ 878,995**	**$ 1,183,139**	**$ 8,562,602**

** As of August 31, 2011, the Company incurred $1,007,203 in exploration and evaluation expenses on the Voigtberg property. This amount has been offset by $128,208 in BC METC ("British Columbia Mining Exploration Tax Credit").*

*** As per the Statement of Loss and Comprehensive Loss, the Company incurred $672,281 (February 28, 2011 – $1,187,283) in exploration and evaluation expenses. Of this amount, $611,396 (February 28, 2011 - $981,858) was incurred as a result of exploration on the Company's respective properties as per the table above and $60,885 (February 28, 2011 - $205,425) was incurred as a result of general exploration.*

8. Exploration and Evaluation Assets *– Continued*

a) Engineer, B.C.

On January 16, 2007, the Company entered into an option agreement, which was subsequently amended in 2007, 2009 and January 12, 2010, to acquire up to a 100% interest in the Engineer Mine Property. The Company acquired a 49% interest by:

- Paying $125,000 by January 16, 2008 *(paid)*;

- Issuing an aggregate of 250,000 common shares *(issued – fair value of $147,500)* and 250,000 warrants *(issued – fair value of $79,763 – expired);*

- Making a rental payment of $30,000 on January 16, 2010 *(paid)* and thereafter annual rental payments of $10,000 per year *(2011 payment made)* when the mine property is not in production and $50,000 per year when the mine property is in production. Such rent payments shall cease upon the Company earning a 100% interest in the property or purchasing the surface rights;

- Issuing 1,200,000 common shares of which 400,000 shares will be issued upon approval from the TSX-V *(issued – fair value of $24,000)* and 400,000 shares will be released every six months thereafter; *(second tranche issued – fair value of $48,000; third tranche issued – fair value of $52,000)*

- Granting a 30% net proceeds interest from the sale of gold from the Double Decker Vein; and

- Either evaluating and completing an underground de-watering program or evaluating and carrying out a drilling program *(completed drill program)*.

Since earning the 49% interest, the Company can earn a further 51% interest in stages as follows:

- An additional 11% interest *(earned)* by issuing $150,000 of value in shares and 75,000 warrants by January 16, 2011; *(issued 1,200,000 shares – fair value of $150,000 for the shares and $7,108 for the warrants)*

- An additional 15% interest by paying $200,000 or issuing $200,000 of value in shares and 100,000 warrants by January 16, 2012; and

- An additional 25% interest by paying $400,000 or issuing $400,000 of value in shares and 100,000 warrants by January 16, 2013.

Since earning the 49% interest, the Company may now purchase the remaining interest in the surface rights at fair value subject to a maximum of $500,000 on the earlier of January 17, 2017 or the date the Company has ceased mining work, as defined in the agreements.

All payments and issuances may be accelerated at the Company’s option.

Each share purchase warrant noted above will be exercisable to purchase one common share of the Company for two years following the date of issuance at a price to be determined by taking the weighted average closing price of the common shares for the twenty consecutive trading days immediately prior to the date of issuance, plus 25%.

(Stated in Canadian Funds)

8. Exploration and Evaluation Assets – *Continued*

b) Gold Hill Property, B.C.

On September 30, 2010, the Company entered into an option agreement with Guardsmen Resources Inc. ("Guardsmen"), a private company, to earn a 100% interest in Guardsmen's Gold Hill property. The Company can earn a 100% interest in the Gold Hill property over the next four years by meeting the following contractual commitments:

- Making $110,000 in staged cash payments (*paid - $35,000)*;
- Issuing 100,000 common shares to Guardsmen within 5 days of TSX-V Exchange approval *(issued – fair value of $12,000);* and
- Incurring $500,000 in exploration work on the Gold Hill property as follows:

		Amount	Date
i)	$	100,000	to September 30, 2011 *(incurred)*
ii)		133,333	to September 30, 2012
iii)		133,333	to September 30, 2013
iv)		133,334	to September 30, 2014
	$	500,000	

Guardsmen will retain a 2.5% Net Smelter Return ("NSR") on the Gold Hill property, which can be reduced to 0.5% by the Company at a cost of $1,500,000.

9. Equity

a) Share Capital

The Company's authorized share capital consists of an unlimited number of common voting shares without par value.

b) Private Placements

Private Placement August 2011

On August 31, 2011, the Company closed a non-brokered private placement of 10,053,663 flow-through units at a price of $0.12 per flow-through unit and 2,660,000 non flow-through units at a price of $0.10 per non flow-through unit for aggregate gross proceeds of $1,472,440. Each flow-through unit comprises of one flow-through or one BC super flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $0.30 per share for a period of one year from the date of issuance.

Each non flow-through unit comprises of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $0.20 per share for a period of one year from the date of issuance. Finder's fees of $60,390 were paid in cash.

(Stated in Canadian Funds)

9. Equity – *Continued*

b) Private Placements – *Continued*

Private Placement August 2011– Continued

The warrants attached to this private placement have been valued at $118,865 ($126,112 net of warrant issuance costs of $7,247) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions	
Risk-free interest rate	1.47%
Expected stock price volatility	113.52%
Expected dividend yield	0.00%
Expected life of warrants	1 year

In connection with this private placement, the Company issued 333,333 broker's options and 24,000 broker's warrants. Each broker's option entitles the holder to purchase one additional unit comprised of one non flow-through common share at a price of $0.12 per share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable at a price of $0.30 per share for a period of one year from the date of issuance. The broker's warrants are exercisable as follows: 12,000 at a price of $0.20 per share for a period of one year from the date of issuance and 12,000 at a price of $0.30 per share for a period of one year from the date of issuance. The broker's options have been valued at $15,033 and the broker's warrants have been valued at $595 based upon the Black-Scholes Method using the same assumptions noted above. The Company has recorded the fair value of these broker's options and warrants as share issuance costs.

c) Share Purchase and Agents Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance March 1, 2011	18,018,619	$0.21
Issued	6,380,831	$0.28
Balance August 31, 2011	**24,399,450**	**$0.23**

At August 31, 2011, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
September 14, 2011	$0.11	50,000	$ 1,924
October 15, 2011	$0.50	100,000	5,613
October 28, 2011	$0.15	3,730,000	132,630
October 30, 2011	$0.15	5,480,000	371,448
October 30, 2011	$0.20	2,163,100	155,157
July 5, 2012	$0.50	50,000	4,858
August 19, 2012	$0.30	3,897,500	223,998
August 31, 2012	$0.20	1,342,000	33,645
August 31, 2012	$0.30	5,038,831	85,815
October 28,2012	$0.30	2,473,019	157,650
January 16, 2013	$0.14	75,000	7,108
Weighted Average	**$0.23**	**24,399,450**	**$ 1,179,846**

(Stated in Canadian Funds)

9. Equity – *Continued*

c) Share Purchase and Agents Warrants – *Continued*

The above noted fair value of $1,179,846 is included in share-based payments reserve in the Company's Statement of Financial Position at August 31, 2011.

d) Stock Options

There were no stock options granted during the six month period ended August 31, 2011. The associated share-based payments expense for stock options granted during prior fiscal years is as follows:

Fiscal year ended February 28, 2011 - Grants

On January 11, 2011, the Company granted 1,960,000 incentive stock options to certain directors, officers, employees and consultants. The options are exercisable at $0.15 per share and expire on January 11, 2016. These options are subject to vesting criteria such that 25% shall vest every three months from the date of grant. The corresponding share-based payments expense amounted to $229,931, which was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	2.23%
Expected stock price volatility	173%
Expected dividend yield	0.00%
Expected life of options	5 years

Of the $229,931 in share-based payments expense, $65,824 has been recognized during the fiscal year ended February 28, 2011, $134,925 has been recognized during the six month period ended August 31, 2011 and the remainder will be recognized during the remaining six months of the fiscal year ended February 29, 2012.

Fiscal year ended February 28, 2010 - Grants

On January 11, 2010, the Company granted 1,745,000 incentive stock options to certain directors, officers, employees and consultants. The options are exercisable at $0.10 per share and expire on January 11, 2015. These options are subject to vesting criteria such that 25% shall vest every three months from the date of grant. The corresponding share-based payments expense amounted to $111,566, which was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	2.48%
Expected stock price volatility	183%
Expected dividend yield	0.00%
Expected life of options	5 years

(Stated in Canadian Funds)

9. Equity - *Continued*

d) Stock Options - *Continued*

Of the $111,566 in share-based payments expense, $33,618 has been recognized during the fiscal year ended February 28, 2010, $63,889 has been recognized during the six month period ended August 31, 2010 and the remaining $14,059 has been recognized during the remaining six months of the fiscal year ended February 28, 2011.

At August 31, 2011, the following options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining in Years	Number of Options Exercisable
September 15, 2011	$0.45	190,000	0.04	190,000
June 19, 2012	$0.70	100,000	0.80	100,000
August 22, 2012	$0.70	446,000	0.98	446,000
October 24, 2013	$0.20	755,000	2.15	755,000
January 11, 2015	$0.10	1,645,000	3.37	1,645,000
January 11, 2016	$0.15	1,960,000	4.37	980,000
	$0.21	**5,096,000**	**3.19**	**4,116,000**

During the six month period ended August 31, 2011, 310,000 incentive stock options with an exercise price of $0.11 expired without exercise and 110,000 incentive stock options with an exercise price of $0.70 and 60,000 incentive stock options with an exercise price of $0.20 were forfeited.

e) Flow-Through Shares

Period Ended August 31, 2011

During the period ended August 31, 2011, the Company issued 10,053,663 flow-through common shares for total proceeds of $1,206,440. These funds must be used for qualifying exploration expenditures and will be renounced to the flow-through shareholders effective December 31, 2011. The unspent balance of this flow-through issuance as at August 31, 2011 was $1,206,440 which must be spent by December 31, 2012.

Fiscal Year Ended February 28, 2011

During the year ended February 28, 2011, the Company issued 15,542,199 flow-through common shares for total proceeds of $1,784,940. These funds must be used for qualifying exploration expenditures and have been renounced to the flow-through shareholders effective December 31, 2010. The total proceeds of these flow-through issuances have been spent as at August 31, 2011.

(Stated in Canadian Funds)

10. Related Party Transactions

Details of transactions between the Company and related parties are disclosed below:

a) Trading Transactions

The Company's related parties consist of its President and Chief Executive Officer, a company owned by the Vice President of Exploration of the Company and a company owned by the Chief Financial Officer of the Company. The nature of transactions and relationships is as follows:

	Nature of Transactions
President and CEO	Management
O'Brien Geological Consulting Inc.	Management
L.M. Okada Ltd.	Management

The Company incurred fees and expenses in the normal course of operations in connection with its President and CEO, and companies owned by key management. Details are as follows:

	Note	August 31, 2011	August 31, 2010
Management fees	(i)	**$ 202,500**	$ 118,417
Total Amount Included in Wages and Consulting Fees		**$ 202,500**	$ 118,417

(i) During the six month period ended August 31, 2011, the Company paid $87,500 (August 31, 2010 - $85,417) to its President and Chief Executive Officer for consulting services. The Company paid fees to a private company controlled by its Vice President of Exploration for consulting services. The total amount paid during the six months ended August 31, 2011 was $85,000 (August 31, 2010 - $Nil). The Company also paid fees to a private company controlled by its Chief Financial Officer for consulting services. The total amount paid during the six months ended August 31, 2011 was $30,000 (August 31, 2010 - $33,000).

(ii) Amounts due to related parties are unsecured, non-interest bearing and due on demand.

b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the six months ended August 31, 2011 and August 31, 2010 were as follows:

	Note	August 31, 2011	August 31, 2010
Management fees	(i)	**$ 202,500**	$ 118,417
Share-based payments	(ii)	**92,921**	29,959
		$ 295,421	$ 148,376

(i) Management fees include the management fees disclosed in Note 10(a) above.

10. Related Party Transactions - *Continued*

b) Compensation of Key Management Personnel - *Continued*

(ii) Share-based payments are the fair value of options granted and vested to key management personnel.

(iii) Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the six months ended August 31, 2011 and August 31, 2010.

11. Segmented Information

The Company conducts its business in a single operating segment being the mining business in Canada. All mineral properties and property and equipment are situated in Canada. Any investment revenues were earned principally from Canadian sources.

12. Subsequent Events

a) Subsequent to the period ended August 31, 2011, 190,000 incentive stock options with an exercise price of $0.45 expired without exercise.

b) Subsequent to the period ended August 31, 2011, 50,000 warrants with an exercise price of $0.11 and 100,000 warrants with an exercise price of $0.50 expired without exercise.

c) Subsequent to the period ended August 31, 2011, the Company closed a non-brokered private placement of 634,000 flow-through units at a price of $0.12 per flow-through unit and 500,000 non flow-through units at a price of $0.10 per non flow-through unit for aggregate gross proceeds of $126,080. Each flow-through unit comprises of one flow-through or one BC super flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $0.30 per share for a period of one year from the date of issuance.

Each non flow-through unit comprises of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $0.20 per share for a period of one year from the date of issuance.