KLONDIKE GOLD CORP.

Condensed Consolidated Interim Financial Statements

For The Three and Nine Months Ended November 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE

No auditor reviewed the Interim Financial Statements.

The accompanying unaudited condensed consolidated interim financial statements of Klondike Gold Corp. (“the Company”), for the nine months ended November 30, 2013, have been prepared by management and have not been the subject of a review by the Company’s external independent auditors.

KLONDIKE GOLD CORP.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed In Canadian dollars)

(Unaudited)

		November 30 2013		February 28 2013
ASSETS				
Current				
Cash	**$**	**58,413**	$	1,096,304
Restricted cash (Note 5)		**25,000**		133,500
GST recoverable		**15,470**		32,078
Amounts receivable		**13,769**		27,105
Prepaid expenses and deposits		**24,622**		58,897
		137,274		1,347,884
Related Party Advances (Note 10 (c))		**61,721**		61,025
Available-for-sale Investments (Note 6)		**6,717**		12,112
Reclamation Bonds		**209,482**		10,500
Equipment (Note 7)		**184,835**		277,680
Exploration And Evaluation Assets (Note 8)		**9,118,707**		8,465,908
Investment In Joint Venture (Note 9)		**352,336**		126,657
	$	**10,071,072**	$	10,301,766
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**240,202**	$	222,592
Due to related parties (Note 10 (a))		**35,000**		75,871
Flow-through share premium liability		**-**		46,700
		275,202		345,163
EQUITY				
Share Capital (Note 11)		**55,650,491**		54,852,331
Share Subscriptions Receivable (Note 11)		**-**		(396,000)
Reserves		**3,462,285**		3,192,676
Deficit		**(49,840,669)**		(48,219,999)
Shareholders' Equity		**9,272,107**		9,429,008
Non-controlling Interest		**523,763**		527,595
Total Equity		**9,795,870**		9,956,603
	$	**10,071,072**	$	10,301,766

Going Concern (Note 1)
Commitments (Note 16)
Subsequent Events (Notes 10(a), 11(d), 17)

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 28, 2014. They are signed on the Company's behalf by:

" Peter Tallman "	*" Manfred Peschke "*
Director	Director

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

KLONDIKE GOLD CORP.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed In Canadian dollars)
(Unaudited)

	For Three Months Ended November 30 2013	For Three Months Ended November 30 2012	For Nine Months Ended November 30 2013	For Nine Months Ended November 30 2012
Expenses				
Administration (Note 10 b)	$ **37,182**	$ 29,006	$ **159,879**	$ 159,213
Consulting (Note 10 b)	**83,310**	82,847	**455,176**	320,042
Depreciation	**28,271**	49,643	**85,020**	80,127
Office miscellaneous	**8,484**	34,254	**21,625**	84,661
Professional fees	**74,251**	27,872	**143,537**	135,998
Regulatory and stock transfer fees	**2,510**	3,276	**18,908**	15,597
Stock based compensation	**2,798**	608	**257,003**	332,035
Travel and promotion	**35,452**	62,550	**207,588**	315,353
Loss From Operating	**(272,258)**	(290,056)	**(1,348,736)**	(1,443,026)
Miscellaneous income	**380**	842,349	**975**	842,802
Interest income	**945**	3,164	**2,818**	12,191
Foreign exchange gain	**(3,630)**	-	**8,573**	-
Loss on sale of equipment	-	-	**(3,096)**	-
Gain on debt settlement	**6,093**	-	**6,093**	-
Share of loss in joint venture investment (Note 9)	**(100,051)**	-	**(358,795)**	-
Write down of exploration and evaluation assets	-	-	**(1,035)**	-
Loss Before Income Taxes	**(368,521)**	555,457	**(1,693,203)**	(588,033)
Deferred Income Taxes	**13,350**	12,500	**68,700**	12,500
Net Loss For The Period	**(355,171)**	567,957	**(1,624,503)**	(575,533)
Other Comprehensive Income (Loss)				
Unrealized (loss) gain on available-for-sale investments	**(7,526)**	(3,384)	**(5,394)**	(22,920)
Comprehensive Loss For The Period	$ **(362,697)**	$ 564,573	$ **(1,629,897)**	$ (598,453)
Net Loss Attributable To:				
Shareholders	$ **(353,547)**	$ 448,885	$ **(1,620,671)**	$ (689,445)
Non-controlling interest	**(1,624)**	(119,072)	**(3,832)**	113,912
	$ **(355,171)**	$ 567,957	$ **(1,624,503)**	$ (575,533)
Loss Per Share – Basic and diluted	$ **(0.00)**	$ (0.00)	$ **(0.01)**	$ (0.01)
Weighted Average Number Of Shares Outstanding	**115,893,799**	82,541,800	**115,477,008**	82,529,727

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

KLONDIKE GOLD CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed In Canadian dollars)

(Unaudited)

	SHARE CAPITAL			RESERVES						
	NUMBER	AMOUNT	SHARE SUBSCRIPTIONS	SHARE PREMIUM	SHARE BASED PAYMENTS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	DEFICIT	OWNERS' EQUITY	NON CONTROLLING INTEREST	TOTAL
Balance, February 29, 2012	81,689,982	$ 52,830,031	$ -	$ 27,405	$ 2,597,634	$ (26,103)	$ (46,753,277)	$ 8,675,690	$ 533,083	$ 9,208,773
Consulting	40,000	2,400	-	-	-	-	-	2,400	-	2,400
Private Placements	5,250,000	525,000	-	-	-	-	-	525,000	-	525,000
Private Placements – flow-through	624,999	62,500	-	-	-	-	-	62,500	-	62,500
Stock based compensation	-	-	-	-	332,035	-	-	332,035	-	332,035
Other comprehensive loss	-	-	-	-	-	(22,920)	-	(22,920)	-	(22,920)
Net loss for the period	-	-	-	-	-	-	(689,445)	(689,445)	113,912	(575,533)
Balance November 30, 2012	87,604,981	$ 53,419,931	$ -	$ 27,405	$ 2,929,669	$ (49,023)	$ (47,442,722)	$ 7,851,651	$ 646,995	$ 9,532,255
Balance, February 28, 2013	105,635,008	$ 54,852,331	$ (396,000)	$ 27,405	$ 3,213,314	$ (48,043)	$ (48,219,999)	9,429,008	527,595	9,956,603
Private placements	9,850,000	743,000	-	-	15,000	-	-	758,000	-	758,000
Private placements – flow-through	1,200,000	87,000	-	-	3,000	-	-	90,000	-	90,000
Share subscriptions receivable	-	-	396,000	-	-	-	-	396,000	-	396,000
Share issue costs - cash	-	(31,840)	-	-	-	-	-	(31,840)	-	(31,840)
Stock based compensation	-	-	-	-	257,003	-	-	257,003	-	257,003
Other comprehensive loss	-	-	-	-	-	(5,394)	-	(5,394)	-	(5,394)
Net loss for the period	-	-	-	-	-	-	(1,620,670)	(1,620,670)	(3,832)	(1,624,502)
Balance, November 30, 2013	**116,685,008**	**$ 56,650,491**	**$ -**	**$ 27,405**	**$ 3,488,317**	**$ (53,437)**	**$ (49,840,669)**	**$ 9,272,107**	**$ 523,763**	**$ 9,795,870**

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

KLONDIKE GOLD CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed In Canadian dollars)
(Unaudited)

	FOR THE NINE MONTHS ENDED November 30 2013	November 30 2012
Cash Provided By (Used In):		
Operating Activities		
Net loss for the period	$ (1,624,503)	$ (575,533)
Adjust for items not requiring an outlay of cash:		
Shares issued for consulting	-	2,400
Depreciation	85,020	80,127
Stock based compensation	275,003	332,035
Share of loss in joint venture investment	358,795	(113,912)
	(905,685)	(274,883)
Changes in non-cash operating assets and liabilities:		
GST recoverable	16,608	(95,068)
Amounts receivable	13,336	(347,633)
Prepaid expenses	34,275	(10,091)
Related party advances	(696)	109,026
Accounts payable and accrued liabilities	17,610	209,254
Due to related parties	(40,871)	(18,401)
Flow-through share premium liabilities	(46,700)	-
Accrued Part XII.6 tax payable	-	2,869
	(912,123)	(424,927)
Investing Activities		
Equipment	7,825	(1,544,296)
Exploration and evaluation assets	(652,797)	(2,560,911)
Investment in joint venture	(584,474)	-
Reclamation bonds	(198,982)	-
	(1,428,428)	(4,105,207)
Financing Activities		
Shares issued for cash	830,000	600,000
Restricted cash	108,500	344,000
Share issue costs	(31,840)	-
Share subscriptions receivable	396,000	-
	1,302,660	944,000
(Decrease) Increase In Cash	(1,037,891)	(3,586,134)
Cash – Beginning Of Period	1,096,304	3,924,521
Cash – End Of Period	$ 58,413	$ 338,387

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Klondike Gold Corp. (the "Company") is a Vancouver-based resource exploration company listed on the TSX Venture Exchange under the symbol "KG". The Company was incorporated on August 23, 1978 under the laws of the Province of British Columbia, Canada. The Company's head office is located at Suite 711, 675 West Hastings Street, Vancouver British Columbia Canada, V6B 1N2.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis and be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the nine months ended November 30, 2013, the Company reported a loss of $1,624,503 and an accumulated deficit of $49,840,669 at that date. The Company had a working capital deficiency of $(137,928) and cash at November 30, 2013 amounted to $58,413. There is material uncertainty that casts doubt upon the ability of the Company to continue as a going concern.

Subsequent to November 30, 2013, the Company received $500,000 in loans from various investors to cover immediate operating expenses and help restructure the Company (Note 17(ii)).

Continuing operations as a going concern are dependent upon management's ability to raise adequate financing and to ultimately achieve profitable operations in the future. Management has implemented a series of cost cutting measures and continues to seek financing for the Company. Although management has been successful in the past; there is no assurance that these initiatives will be successful in the future.

These unaudited condensed consolidated 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. BASIS OF PRESENTATION

a) Statement of Compliance

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements. These unaudited condensed interim financial statements were approved by the Board of Directors on January 28, 2014.

b) Basis of Measurement

These statements have been prepared on a historical cost basis except for cash flows information and financial instruments that have been measured at fair value through profit and loss. In addition, these statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain prior period balances have been re-classified to conform to the current period presentation.

2. BASIS OF PRESENTATION (Continued)

c) Foreign Currencies

The presentation currency of the Company and the functional currency of the Company and its subsidiaries and investment in a joint venture is the Canadian dollar. All financial information is presented in Canadian dollars unless otherwise noted and all financial information has been rounded to the nearest dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies 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 foreign currency are not retranslated.

d) Basis of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully Condensed Consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany balances and transactions are eliminated upon consolidation. The Company's principal operating subsidiaries are as follows:

Name	Principal Activity	Place of Incorporation	Ownership %
Klondike Gold Corp. Portugal Unipessoal Lda.	Exploration company	Portugal	100.00 %
Lonestar Gold Inc.	Exploration company	Canada	79.82 %

Joint Venture

These unaudited condensed consolidated interim financial statements also include the Company's investment in a joint venture with 46799 Yukon Inc. ("Yukon Inc."). The joint venture was incorporated under the laws of the Yukon Territory, Canada as KG46 Holdings Ltd. ("KG46") on July 6, 2012. In addition to a separate legal entity, the parties have the rights to the net assets of the arrangement. The Company accounts for this investment using the equity method. Under the equity method, an interest in a joint venture is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Company`s share of net assets of the joint venture.

2. BASIS OF PRESENTATION (Continued)

e) Measurement Uncertainty

Management's capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated gold and metal prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these unaudited condensed consolidated interim 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 period. Actual outcomes could differ from these estimates. The unaudited condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim 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 may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, 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:

- The estimated flow-through obligations to investors included in accrued liabilities;
- The carrying value and recoverable amount of exploration and evaluation assets;
- The determination of cash generating units in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets;
- The inputs used in accounting for share-based compensation expense in the statements of operations and comprehensive loss;
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the company will have future taxable income; and
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that exist during the period.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Following the joint arrangement of KG 46 Holdings Ltd., the Company determined that it holds an interest in a joint venture as defined under IFRS 11 and elected to early adopt IFRS 10, 11 and 12, and IAS 27, new pronouncements relating to the accounting and presentation of joint ventures and to consolidation. The Company has applied the standards retrospectively. The standards did not result in significant changes to the Company's prior year financial statements.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)

IFRS 10 'Condensed Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of Condensed Consolidated financial statements when an entity controls one or more other entities.

IFRS 11, 'Joint Arrangements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company had early adopted the standard and accounted for its investment in KG46 using the equity method.

IFRS 12 'Disclosure of Interests in Other Entities' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. During the year ended February 28, 2013, the Company elected to early adopt this standard.

IAS 27 'Separate Financial Statements'– effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 'Investments in Associates and Joint Ventures' – effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. During the year ended February 28, 2013, the Company elected to early adopt this standard.

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2013 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

IFRS 7 'Financial Instruments: Disclosures' – effective for annual periods beginning on or after January 1, 2015, is amended to outline the disclosure required when initially applying IFRS 9 Financial Instruments.

(Expressed in Canadian dollars)

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)

IFRS 32 'Financial Instruments: Presentation' - effective for annual periods beginning on or after January 1, 2014, is amended to provide guidance on the offsetting of financial assets and financial liabilities.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

5. RESTRICTED CASH

The Company has four corporate credit cards with a combined limit of $25,000. As collateral for the credit cards, the Company maintains a one-year term deposit of $25,000 (February 28, 2013 - $25,000) earning interest at an annual rate of 0.8% with a maturity date of February 21, 2014.

Proceeds held in trust by the Company's lawyer of $Nil (February 28, 2013 - $108,500) were received in connection with a private placement.

6. AVAILABLE-FOR-SALE INVESTMENTS

	As of November 30, 2013		As of February 28, 2013	
	Shares	**Fair Value**	Shares	Fair Value
Klondike Silver Corp.	**34,350**	**$ 1,717**	34,350	$ 3,779
Anglo Swiss Resources Inc.	**333,000**	**5,000**	333,000	8,333
		$ 6,717		$ 12,112

(Expressed in Canadian dollars)

7. EQUIPMENT

	Costs			
	Vehicles	Computers	Machinery/ Equipment	Total
Balance March 1, 2012	$ 29,550	$ 13,901	$ 11,774	$ 55,225
Additions	138,168	13,550	136,955	288,673
Balance February 28, 2013	167,718	27,451	148,729	343,898
Additions	5,139	1,132	-	6,271
Dispositions	(15,439)	-	-	(15,439)
Balance November 30, 2013	**$ 157,418**	**$ 28,583**	**$ 148,729**	**$ 334,730**

	Accumulated Depreciation			
	Vehicles	Computers	Machinery/ Equipment	Total
Balance March 1, 2012	$ 1,735	$ 299	$ 395	$ 2,429
Additions	30,797	8,069	24,923	63,789
Balance February 28, 2013	32,532	8,368	25,318	66,218
Additions	40,845	6,993	37,182	85,020
Dispositions	(1,343)	-	-	(1,343)
Balance November 30, 2013	**$ 72,034**	**$ 15,361**	**$ 62,500**	**$ 149,895**

	Net Carrying Amount			
	Vehicles	Computers	Machinery/ Equipment	Total
Balance March 1, 2012	$ 27,815	$ 13,602	$ 11,379	$ 52,796
Additions	107,371	5,481	112,032	224,884
Balance February 28, 2013	135,186	19,083	123,411	277,680
Additions	(35,706)	(5,861)	(37,182)	(78,749)
Dispositions	(14,096)	-	-	(14,096)
Balance November 30, 2013	**$ 85,384**	**$ 13,222**	**$ 86,229**	**$ 184,835**

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

For the period ended November 30, 2013:

	Cranbrook Claims B.C.	Red Point B.C.	Sedex Group B.C.	Ontario Claims Ontario	Yukon Claims Yukon	Portugal Claims Portugal	Total
Acquisition costs (net of option income)	$ -	$ -	$ -	$ -	$ 1,050	$ -	$ 1,050
Exploration costs:							
Drilling	-	-	962	-	-	-	962
Field office	-	-	-	-	1,463	-	1,463
Field supplies	-	-	-	-	57,480	-	57,480
Geology and mapping	15,156	-	38,537	-	384,449	56,626	494,768
Line cutting and trenching	-	-	-	-	3,500	-	3,500
Property maintenance	403	-	-	-	85,911	-	86,314
Travel	-	-	-	-	8,297	-	8,297
Total current exploration costs	15,559	-	19,236	-	541,100	56,626	652,784
Total costs incurred during the period	15,559	-	39,499	-	542,150	56,626	653,834
Properties written off	(1,035)	-	-	-	-	-	(1,035)
Balance, February 28, 2013	1,814,449	929,325	1,057,406	433,174	4,165,406	66,148	8,465,908
Balance, November 30, 2013	**$ 1,828,973**	**$ 929,325**	**$ 1,096,905**	**$ 433,174**	**$ 4,707,556**	**$ 122,774**	**$ 9,118,707**
Historical Costs:							
Acquisition	$ (5,338)	$ 125,312	$ -	$ 66,810	$ 1,298,891	$ -	$ 1,485,675
Exploration	1,834,311	804,013	1,096,905	366,364	3,408,665	122,774	7,633,032
	$ 1,828,973	$ 929,325	$1,096,905	$ 433,174	$ 4,707,556	$ 122,774	$ 9,118,707

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

For the year ended February 28, 2013:

	Cranbrook Claims B.C.	Red Point B.C.	Sedex Group B.C.	Hope Claims B.C.	Ontario Claims Ontario	Yukon Claims Yukon	Portugal Claims Portugal	Total
Acquisition costs (net of option income)	$ 18,386	$ -	$ -	$ -	$ -	$ 47,475	$ -	$ 65,861
Exploration costs:								
Drilling	-	-	-	-	-	876,805	-	876,805
Equipment rental	-	-	-	-	-	10,798	-	10,798
Field office	-	-	-	-	-	11,000	-	11,000
Field supplies	-	-	-	-	-	35,923	-	35,923
Geology and mapping	80,138	9,980	67,182	-	-	1,170,831	66,148	1,394,279
Line cutting and trenching	-	-	-	-	-	88,983	-	88,983
Property maintenance	77,356	5,643	38,167	-	-	169,796	-	290,962
Travel	794	-	-	-	-	3,234	-	4,028
Total current exploration costs	158,288	15,623	105,349	-	-	2,367,370	66,148	2,712,778
Total costs incurred during the year	176,674	15,623	105,349	-	-	2,414,845	66,148	2,778,639
Properties written off	(119,041)	-	-	(9,993)	-	-	-	(129,034)
Balance, February 29, 2012	1,756,816	913,702	952,057	9,993	433,174	1,750,561	-	5,816,303
Balance, February 28, 2013	$ 1,814,449	$ 929,325	$ 1,057,406	$ -	$ 433,174	$ 4,165,406	$ 66,148	$ 8,465,908
Historical Costs:								
Acquisition	$ (5,338)	$ 125,312	$ -	$ -	$ 66,810	$ 1,297,841	$ -	$ 1,484,625
Exploration	1,819,787	804,013	1,057,406	-	366,364	2,867,565	66,148	6,981,283
	$ 1,814,449	$ 929,325	$1,057,406	$ -	$ 433,174	$ 4,165,406	$ 66,148	$ 8,465,908

8. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Certain of the claims are subject to royalty payments ranging from 5% to 10% of net profits and from ¼% to 4% of net smelter returns.

b) Cranbrook Claims, B.C.

The Cranbrook Claims are a large non-contiguous group acquired by staking and by various option agreements which include detailed terms for Golden Egg, Ron Gold, and Vine as follows:

1. Golden Egg claims require 50,000 shares payable after 90 days of commercial production.

2. Ron Gold property claims were optioned to Anglo Swiss Resources Inc. (“Anglo Swiss”) in September 2009 as amended in September 2011. Anglo Swiss terminated the option by letter dated September 24, 2012 and do not retain an interest.

3. Vine property claims were optioned to PJX Resources Inc. (“PJX”) in May 2012. The agreement allows PJX to obtain a 50% interest by expending $1,500,000 on exploration over five years, of which $1,000,000 must be for drilling, and issue 200,000 shares. Share issuances are required as follows: 50,000 due by April 26, 2014, 50,000 due by April 26, 2015, 50,000 due by April 26, 2016, and 50,000 due by April 26, 2017.

c) Red Point, B.C.

The Company optioned the Red Point property located in Trail Creek Mining Division, British Columbia in 2003 and by 2008 had earned a 100% interest subject to a 2% NSR which can be purchased for $1.5M. The Red Point property is currently comprised of 9 mineral claims totalling 3,259 hectares and will remain in good standing until 2018 without further expenditure.

d) Ontario Claims, Ontario

The Matarrow property was acquired by option dated February 7, 2007 as amended December 10, 2008 and subsequently expanded by staking. By February 26, 2010 the Company had earned a100% interest in the property subject to a 2% NSR of which half can be purchased for $1.0M.

e) Yukon Claims, Yukon

These claims are a large non-contiguous group of claims acquired by staking and option agreements.

The Company holds a 72.5% beneficial interest in a group of quartz claims and crown grants (the “Property”) located between Eldorado Creek and Upper Bonanza Creed, Dawson Mining Division, Yukon Territory. A non-related company, Klondike Star Mineral Corporation (“KSMC”), holds the remaining 27.5% beneficial interest in the Property.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

Yukon Claims, Yukon (Continued)

On June 6, 2011, the Company along with KSMC entered into an option agreement with Lonestar Gold Inc. ("Lonestar") whereby an option was granted to Lonestar to acquire up to 100% right, title and interest, legal and beneficial, in and to the group of claims. Lonestar is able to acquire legal interest in increments by paying the Company and KSMC, according to percentage of beneficial ownership, as follows:

First Option, 50% undivided interest in and to the Property (Completed):

- Issue 4,000,000 common shares;
- Incur a minimum $750,000 in expenditures on the Property on or before August 30, 2012;
- Incur an additional $2,000,000 in expenditures on the Property on or before May 30, 2013;
- Issue on or before May 30, 2013 an equal number of shares issued by Lonestar for each equity financing conducted.

The Company has fulfilled its earn-in objectives by exercising the First Option.

Second Option, to acquire an additional 25% undivided interest in and to the Property:

- Incur an additional $15,000,000 in expenditures on the Property on or before May 30, 2014
- Issue on or before May 30, 2014 an equal number of shares issued by Lonestar for each equity financing conducted.
- Incur an additional $8,000,000 in expenditures on the Property on or before December 31, 2014
- Issue on or before December 31, 2014 an equal number of shares issued by Lonestar for each equity financing conducted.

Third Option, to acquire an additional 25% undivided interest in and to the Property:

- Complete a bankable feasibility study on the property on or before December 14, 2014
- Pay cash or in shares an amount calculated as: the number of total proven troy ounces of gold identified on the Property by a gold price factor.

f) Portuguese Exploration Licenses, Portugal

The Company has acquired five exploration licenses (Balazar, Valongo, Legares, Castelo do Paiva and Ponte de Barca) totaling approximately 604 km^2 area prospective for gold from the Portuguese Department of Energy & Geology ("DGEG").

Subsequent to November 30, 2013, the Company signed a definitive agreement to sell the Portuguese licenses (note 17).

(Expressed in Canadian dollars)

9. INVESTMENT IN JOINT VENTURE

During the year ended February 28, 2013, the Company and 46799 Yukon Inc. (“Yukon Inc.”) entered into a joint arrangement agreement. Each company owns 50% of KG46 Holdings Ltd. (“KG46”), the joint venture company (“Joint Venture”) which operates a placer mining operation south of Dawson City in Canada’s Yukon Territory. At the time of forming the Joint Venture, the Company provided exclusive exploration, development and mining rights to certain placer gold mining claims and extensive mining data to the investment in joint venture. Yukon Inc. provided equipment and initial capital to the Joint Venture. The Company and Yukon Inc. have future obligations to fund KG46 if the operations do not result in a profit sufficient to fund operations.

Yukon Inc. has the ability to appoint the operator of the Joint Venture until it waives such right or its interest is reduced so that it is no longer equal to or larger than the interest of the Company.

The Company’s interest in the Joint Venture is reflected as an Investment in Joint Venture, all project related costs are recorded in KG46 and the Company accounts for its interest in the joint venture under the equity method.

The recoverability of the Investment in Joint Venture amounts that relate to the Joint Venture are dependent upon the ability of the Company to obtain necessary financing to complete the assessment studies and the development of reserves, and upon future profitable production.

For the nine months ended November 30, 2013 net and comprehensive loss of KG46 was $717,589 (which includes depreciation of $Nil, interest expense of $19,082 and income taxes of $Nil). The Company’s 50% share of the loss was $358,795.

For the year ended February 28, 2013 the Company received a 1% annual production royalty of $2,232. The exploration, development and all mining rights to the property are subject to existing royalties of 10% of gross production. Net income after royalties is to be distributed 75% to Yukon Inc. and 25% to the Company until Yukon Inc. is reimbursed its initial $1,000,000 funding of KG46, subsequent to which net income is to be distributed 50% to Yukon Inc. and 50% to the Company.

Equity Investment Continuity

Balance as at February 29, 2012	$	-
Current year contributions		174,345
Share of loss in joint venture investment		(47,688)
Balance as at February 28, 2013	$	126,657
Current period contributions		584,474
Share of loss in joint venture investment		(358,795)
Balance as at November 30, 2013	**$**	**352,336**

(Expressed in Canadian dollars)

10. RELATED PARTY BALANCES AND TRANSACTIONS

Key Management Compensation

	NINE MONTHS ENDED NOVEMBER 30 2013	NINE MONTHS ENDED NOVEMBER 30 2012
Consulting and wages	**$ 226,600**	$ 238,200

Payments to key management personnel, including directors, officers, former directors and former officers are wages and consulting fees and are directly related to their position in the organization.

In addition to consulting and wages, $12,000 was deferred in exploration and evaluation assets for the nine months ended November 30, 2013.

On March 22, 2013, the Company granted 3,500,000 incentive stock options to directors and officers of the Company for a period of three years. Included in stock based compensation expense for the nine months ended November 30, 2013 is nil (2012 - $164,800) for options issued to directors and officers.

Other Related Party Transactions

In addition to related party transactions disclosed in the available-for-sale investments note and the mineral properties note, the Company entered into the following transactions and had the following balances payable with related parties. The transactions were recorded at fair value. Balances outstanding are non-interest bearing, unsecured and had no specific terms for collection or repayment.

a) Due to related parties comprised $Nil (February 28, 2013 - $4,408) payable to a company controlled by a director and $Nil (February 28, 2013 - $39,960) to companies with common directors and $35,000 (February 28 2013 - $31,503) to directors and officers. These amounts were settled in full subsequent to November 30, 2013.

b) Under an agreement for services and cost recovery, the Company was charged administration fees of $18,050 (February 28, 2013 - $180,000) by a company controlled by a former director. The agreement has been terminated.

c) The Company was charged $Nil (February 28, 2013 – $6,000) for rent in the Yukon by a director. In addition, the Company was charged $12,000 (February 28, 2013 – $4,025) for consulting fees by directors and a family member of an officer. These amounts were included in exploration and evaluation assets.

   The Company has amounts receivable from companies with directors formerly in common in the amount of $29,725 (February 28, 2013 - $17,551) for expenses and shared mineral property costs. The advances are unsecured, non-interest bearing and have no fixed terms of repayment. The Company has a receivable from a former director of $25,000 (February 28, 2013 - $25,000). The Company has a receivable from directors of $6,996 (February 28, 2013 - $10,000) for a prepaid expense advance.

(Expressed in Canadian dollars)

11. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) During the nine months ended November 30, 2013, the following private placement was completed: In March 2013, 9,850,000 shares for total proceeds of $808,000. In conjunction with the placement the Company paid cash commissions of $27,840. In October 2013, 1,200,000 shares for total proceeds of $62,000. In conjunction with the placement the Company paid cash commissions of $4,000.

c) During the year ended February 28, 2013, the following private placements were completed: In October 2012, 5,874,999 Units for total proceeds of $600,000. Each Unit consisted of a ½ warrant. Each full warrant entitles the holder to purchase one common share at a price of $0.20 for a period of three years. In February 2013 18,030,000 shares for total proceeds of $1,489,100. In conjunction with the placements the Company paid cash commissions of $7,600.

d) A summary of the changes in warrants follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, March 1, 2012	8,328,221	$ 0.75
Issued	2,937,500	0.20
Expired	(1,600,827)	0.63
Balance, February 28, 2013	9,664,894	0.71
Issued	600,000	0.12
Expired	(2,531,060)	3.00
Balance, November 30, 2013	**7,733,834**	**$ 0.60**

As at November 30, 2013 the following share purchase warrants were outstanding:

TOTAL NUMBER OF WARRANTS	EXERCISE PRICES	EXPIRY DATE
1,542,500	$0.25	December 16, 2013 *
20,000	$3.00	December 28, 2013 *
1,190,500	$0.25	December 29, 2013 *
710,000	$3.00	January 25, 2014 *
406,667	$1.50	September 30, 2014
326,667	$1.50	November 15, 2014
2,937,500	$0.20	October 22, 2015
600,000	$0.12	October 30, 2016
7,733,834		

* These warrants subsequently expired unexercised.

As at November 30, 2013 the weighted average remaining contractual life of the share purchase warrants was 1.07 years and the weighted average exercise price was $0.60 (February 28, 2013 - 1.40 years and $0.71)

(Expressed in Canadian dollars)

11. SHARE CAPITAL (Continued)

e) A summary of the changes in stock options follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, March 1, 2012	787,993	$ 1.50
Granted	4,040,000	0.20
Expired	125,667	1.50
Balance, February 28, 2013	4,702,326	0.38
Granted	5,825,000	0.10
Expired/Cancelled	2,469,327	0.41
Balance, November 30, 2013	8,057,999	0.23

The following summarizes stock options outstanding and exercisable as at November 30, 2013:

EXERCISE PRICE	NUMBER OF OPTIONS OUTSTANDING	NUMBER OF OPTIONS EXERCISABLE	REMAINING CONTRACTUAL LIFE (YEARS)	EXPIRY DATE
$1.50	86,333	86,333	0.68	February 4, 2014
$0.10	250,000	125,000	1.81	March 21, 2015
$0.20	250,000	-	1.81	March 21, 2015
$0.10	4,125,000	4,125,000	2.81	March 21, 2016
$1.50	81,666	81,666	3.68	February 2, 2017
$0.20	3,265,000	3,265,000	3.75	February 28, 2017
	8,057,999	7,682,999		

As at November 30, 2013 the weighted average remaining contractual life of the options was 2.61 years and the weighted average exercise price was $0.17 (February 28, 2013 – 3.78 years and $0.38).

f) Share-based Payments

The Company has a stock option plan that provides for the issuance of options to its directors, officers, employees and consultants. The maximum number of outstanding options must be no more than 10% of the issued and outstanding shares at any point in time.

On March 22, 2013, the Company granted 3,500,000 incentive stock options to directors and officers of the Company and 1,825,000 to employees and consultants for a period of three years. The fair value of the stock options was estimated on the date of grant in the amount of $250,800 using the Black-Scholes valuation model with the following assumptions i) exercise price per share of $0.10; ii) expected share price volatility of 113%; iii) risk free interest rate of 1.12%; iv) no dividend yield. All of these options vested immediately. Included in stock based compensation expense is $164,800 for options issued to directors and officers.

On March 22, 2013, the Company granted 500,000 incentive stock options to an investor relations firm for a period of two years. The fair value of the stock options was estimated on the date of grant in the amount of $14,000 using the Black-Scholes valuation model with the following assumptions i) exercise price per share of $0.10 and $0.20; ii) expected share price volatility of 99%; iii) risk free interest rate of 1.00; iv) no dividend yield. These options vest every three months in tranches of 62,500.

11. SHARE CAPITAL (Continued)

f) Flow-Through Expenditure Commitments

During the nine months ended November 30, 2013 the Company raised $112,000 (year ended February 2013 - $308,500) in flow-through placements. As at November 30, 2013, the Company has fulfilled its flow-through spending requirements.

12. ACQUISITION OF LONESTAR GOLD INC.

On December 29, 2011 the Company completed an exempt take-over bid to acquire a 79.82% interest in the shares of Lonestar Gold Inc. ("Lonestar") a privately held British Columbia company.

As at November 30, 2013 Lonestar had current assets of $139,801 (February 28, 2013 $342,541), (which includes cash and cash equivalents of $35,468 (February 28, 2013 $144,338)), non-current assets of $1,254,739 (February 28, 2013 $1,089,081), current liabilities of $4,279 (February 28, 2013 $22,369), non-current liabilities of $Nil (February 28, 2013 $Nil). Net and comprehensive loss for the nine months ended November 30, 2013 was $16,392 (November 30, 2012 $2,958).

For the nine months ended November 30, 2013 the loss allocated to non-controlling interests of the subsidiary was $3,832 (November 30, 2012 $113,912). The accumulated non-controlling interest in the subsidiary was $523,763 (November 30, 2012 $527,595).

13. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at November 30, 2013, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	HELD FOR TRADING	LOANS AND RECEIVABLES/ AMORTIZED COST	AVAILABLE-FOR-SALE	TOTAL CARRYING VALUE	FAIR VALUE
Financial assets					
Cash	$ 58,413	$ -	$ -	$ 58,413	$ 58,413
Restricted cash	25,000	-	-	25,000	25,000
Available-for-sale Investments	-	-	6,717	6,717	6,717
Reclamation Bonds	209,482	-	-	184,835	184,835
	$ 268,248	$ -	$ 6,717	$ 274,965	$ 274,965
Financial liabilities					
Accounts payable and accrued liabilities	$ -	$ (240,202)	$ -	$ (240,202)	$ (240,202)
Due to related parties	-	(35,000)	-	(35,000)	(35,000)
	$ -	$ (275,202)	$ -	$ (275,202)	$ (275,202)

At November 30, 2013 and February 28, 2013, the Company's financial instruments which are measured at fair value on a recurring basis are cash and marketable securities which are classified as Level 1.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgement is required to develop certain of these estimates. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

The methods and assumptions used to estimate the fair value of financial instruments are described below:

The Company is exposed to potential loss from various risks including commodity price risk, interest rate risk, currency risk, credit risk and liquidity risk. Based on the Company's operations the liquidity risk and commodity price risk are considered the most significant.

The carrying values of the Company's accounts payable and accrued liabilities were a reasonable approximation of fair value.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

b) Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year.

During the past year the Company has been able to maintain its liquidity position through private placements.

c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency risk with respect to cash, amounts receivable, and accounts payable and accrued liabilities, as a portion of these amounts are denominated in European Euros (EUR).

Based on the Company's net exposure every 1% change in the Canadian Dollar/European Euro exchange rate would impact the Company's earnings by approximately $1,693 (2012 - $Nil). As this sensitivity analysis does not take into account any variables other than foreign currency rate fluctuations, the above information may not fully reflect the fair value of the assets and liabilities involved.

The Company manages foreign currency risk by minimizing the fair value of financial instruments denominated in foreign currency.

(Expressed in Canadian dollars)

15. CONTINGENT LIABILITY

During the year ended February 28, 2013, the Company de-recognized a loan payable to a company related by a common director in the amount of $150,000. The amount relates to an agreement of the former management of the Company. The Company's position is its ownership percentage should have been diluted upon non-payment. Management asserts there is an unlikely possibility of an outflow of resources embodying economic benefits.

16. COMMITMENTS

Operating Lease Commitment

The Company leases office premises with a remaining lease term of 0.92 years (February 28, 2013 1.67 years). The Company's commitment for future minimum payments in respect of the operating lease commitment is as follows:

	November 30, 2013	February 28, 2013
Short-term portion of the lease (<1 Year)	$ 33,675	$ 35,419
Long-term portion of the lease (Year 2-3)	-	28,260
	$ 33,675	$ 63,679

17. SUBSEQUENT EVENTS

Subsequent to the period ended November 30, 2013:

i) The Company is in the process of proposing to offer to acquire by way of a take-over bid to be conducted in accordance with applicable regulatory requirements, a majority equity interest in the common voting shares of Klondike Star Mineral Corporation, a publicly traded Delaware company. The Company will invite the shareholders of Klondike Star to exchange their common shares (the "Klondike Star shares") for newly issued Klondike Gold Corp. ("Klondike Gold") common shares on the basis of four (4) Klondike Star shares for one (1) share of Klondike Gold. The offer is subject to the tender of a sufficient number of Klondike Star shares to provide the Company with a minimum 66.6% interest in Klondike Star. The offer is also subject to acceptance for filing by the TSX Venture Exchange.

ii) The Company received $500,000 in loans from various investors to cover immediate operating expenses and help restructure the Company. The loan has a maturity date of May 31, 2014 and accrues interest at 10% per annum.

17. SUBSEQUENT EVENTS (Continued)

iii) The Company signed a Letter of Intent ("LOI") with Medgold Resources Corp. ("Medgold") on December 11, 2013 for the acquisition by Medgold of 100% of Klondike's Portuguese assets comprised of five gold exploration permits covering 604 square kilometers located in northern Portugal. The terms of the acquisition are subject to approval by the TSX Venture Exchange. The terms are as follows:

- Payment of $10,000 in cash to Klondike upon signing of the LOI (paid),
- Payment of $40,000 in cash and $100,000 in Medgold shares, within 45 days of signing,
- Payment of $100,000 in cash and $250,000 in cash or shares (at Medgold's discretion), within 12 months of signing.
- On closing of the purchase, Klondike will retain a 2.0% NSR, which can be re-purchased for $1.0 million per percentage point.

On January 24, 2014, the Company signed a definitive agreement with Medgold incorporating the terms of the LOI.