Victoria
GOLD CORP

(an exploration and development stage company)

Condensed Consolidated Interim Financial Statements

May 31, 2013 and 2012

(Unaudited)
(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying condensed consolidated interim financial statements and all other financial information included in this report is the responsibility of management. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, consistent with reasonable cost, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
July 29, 2013

(signed) "Marty Rendall"
CFO
July 29, 2013

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	**May 31, 2013**	**February 28, 2013**
Assets			
Current assets			
Cash and cash equivalents		$ 11,091,277	$ 12,488,626
Marketable securities and warrants	*5*	4,479,388	6,577,381
HST and other receivables	*17*	11,340,020	14,265,407
Prepaid expenses		263,018	289,813
		27,173,703	33,621,227
Non-current assets			
Restricted cash		515,814	511,969
Investment in associate	*6*	12,056	59,620
Long-term receivable and accredited interest	*17*	9,319,485	9,163,174
Property and equipment	*7*	5,401,579	5,568,336
Resource properties	*8*	99,580,034	94,772,469
Total assets		$ 142,002,671	$ 143,696,795
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 5,936,297	$ 6,087,034
		5,936,297	6,087,034
Non-current liabilities			
Deferred taxes		2,327,790	2,327,790
Asset retirement obligations ("ARO")	*10*	2,304,931	2,288,177
Total liabilities		10,569,018	10,703,001
Shareholders' Equity			
Share capital	*11*	151,618,587	151,618,587
Contributed surplus	*12*	13,062,176	12,820,726
Accumulated other comprehensive loss		(3,303,393)	(3,395,872)
Accumulated deficit		(29,943,717)	(28,049,647)
Total shareholder's equity		131,433,653	132,993,794
Total liabilities and equity		$ 142,002,671	$ 143,696,795

Nature of operations and going concern *(Note 1)*

See accompanying notes to the condensed consolidated interim financial statements.

Authorized for issue by the Board of Directors on July 29th, 2013 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

Victoria Gold Corp.
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	For the period ended May 31, 2013	May 31, 2012
Operating expenses			
Salaries and benefits excluding share-based payments		$ 599,824	$ 363,293
Share-based payments	*12*	163,331	286,028
Consulting		137,700	122,583
Office and administrative		171,319	158,046
Legal and accounting		152,575	161,296
Marketing		77,468	31,507
Amortization		3,905	4,885
Foreign exchange loss (gain)		24,105	(35,905)
Gain on disposal of assets held for sale		-	(4,876,386)
		1,330,227	(3,784,653)
Finance (income) costs			
Unwinding of present value discount: ARO		7,483	5,081
Interest and bank charges		1,352	1,503
Interest income	*17*	(342,271)	(30,697)
Change in fair value of marketable securities and warrants		858,928	1,572,692
		525,492	1,548,579
Share of net loss of associate	*6*	38,351	86,900
Net income (loss)		(1,894,070)	2,149,174
Other Comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		101,692	1,969,670
Share of other comprehensive income (loss) of associate		(9,213)	(24,479)
Total items that may be reclassified subsequently to profit or loss		92,479	1,945,191
Total comprehensive income (loss) for the period		$ (1,801,591)	$ 4,094,365
Income (loss) per share - basic and diluted	*9*	$ (0.006)	$ 0.006
Weighted average number of shares			
Basic and diluted		340,073,973	339,364,598

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.

Condensed Consolidated Interim Statement of Changes in Shareholder's Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Notes	Share capital: Number of shares	Share capital: Amount	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total equity
Balance at March 1, 2012		339,364,598	$ 151,388,890	$ 11,501,792	$ (3,358,803)	$ (37,694,763)	$ 121,837,116
Transactions with owners:							
Share-based payments, expensed				286,028			286,028
Share-based payments, capitalized				182,862			182,862
Total transactions with owners:		-	-	468,890	-	-	468,890
Net income for the period						2,149,174	2,149,174
Other comprehensive income/(loss):							
Share of other comprehensive income of associate					(24,479)		(24,479)
Currency translation adjustment					1,969,670		1,969,670
Balance at May 31, 2012	*11*	339,364,598	$ 151,388,890	$ 11,970,682	$ (1,413,612)	$ (35,545,589)	$ 126,400,371
Balance at March 1, 2013		340,073,973	$ 151,618,587	$ 12,820,726	$ (3,395,872)	$ (28,049,647)	$ 132,993,794
Transactions with owners:							
Share-based payments, expensed				163,331			163,331
Share-based payments, capitalized				78,119			78,119
Total transactions with owners:		-	-	241,450	-	-	241,450
Net income for the period						(1,894,070)	(1,894,070)
Other comprehensive income/(loss):							
Share of other comprehensive loss of associate					(9,213)		(9,213)
Currency translation adjustment					101,692		101,692
Balance at May 31, 2013	*11*	340,073,973	$ 151,618,587	$ 13,062,176	$ (3,303,393)	$ (29,943,717)	$ 131,433,653

See accompanying notes to the condensed consolidated interim financial statements.

Victoria Gold Corp.
Condensed Consolidated Interim Statement of Cash Flows

(Unaudited)
(Expressed in Canadian Dollars)

	Notes	For the period ended May 31, 2013	May 31, 2012
Cash flows from operating activities			
Net income (loss) for the period		$ (1,894,070)	$ 2,149,174
Adjustments for:			
Share-based payments	*12*	163,331	286,028
Gain on disposal of property and equipment		-	(10,104)
Share of net loss of associate		38,351	86,900
Unwinding of present value discount: ARO	*10*	7,483	5,081
Gain on sale of assets held for sale		-	(4,866,282)
Change in fair value of marketable securities and warrants		268,822	1,572,692
Unwinding of present value discount: Receivables	*17*	(323,563)	-
Amortization		3,905	4,885
Net unrealized foreign exchange gain (loss)		18,710	(84,369)
		(1,717,031)	(855,995)
Working capital adjustments:			
(Increase) decrease in HST and other receivables		3,092,639	71,851
(Increase) decrease in marketable securities		1,829,171	7,504
(Increase) decrease in prepaid expenses		28,018	(118,173)
Increase (decrease) in accounts payables and accrued liabilities		235,926	231,305
		5,185,754	192,487
Net cash flows provided by (used in) operating activities		3,468,723	(663,508)
Cash flows used in investing activities			
Resource properties	*8*	(4,831,869)	(8,276,163)
Cash received from disposition of assets held for sale		-	1,997,553
Purchase of property and equipment		(57,219)	(21,217)
Proceeds on disposition of property and equipment		-	14,221
Net cash flows used in investing activities		(4,889,088)	(6,285,606)
Cash flows from financing activities			
Shares issued for cash, net of issuance cost		-	-
Exercise of warrants and options	*11 & 12*	-	-
Net cash flows from financing activities		-	-
Foreign exchange gain on cash balances		23,016	70,044
Net decrease in cash and cash equivalents		(1,397,349)	(6,879,070)
Cash and cash equivalents, beginning of the period		12,488,626	19,663,714
Cash and cash equivalents, end of the period		$ 11,091,277	$ 12,784,644

See accompanying notes to the condensed consolidated interim financial statements. Supplementary Cash Flow information is Note 16.

(Unaudited)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Victoria Gold Corp. ("Victoria" or "the Company"), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company's common shares are listed on the TSX-V.

The Company is engaged in the acquisition, evaluation, exploration and development of mineral properties. To date, the Company has not realized any revenues from its properties and is considered to be an exploration and development stage company. The Company's registered office is located at 80 Richmond St. West, Suite 303, Toronto, Ontario, M5H 2A4, Canada.

The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permits to complete the development, and upon future profitable production or proceeds from disposition of these assets.

At May 31, 2013, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital surplus of $21,237,406 (compared with a surplus of $27,534,193 at February 28, 2013), reported a net loss of $1,894,070 (2012 net gain - $2,149,174) and accumulated deficit of $29,943,717 ($28,049,647 at February 28, 2013). The Company's ability to meet its obligations and maintain operations is contingent upon successful completion of additional financing arrangements, securing all necessary permits and its ability to fulfil its planned exploration and development programs. The Company periodically seeks financing to continue the exploration and development of its resource properties and to meet its on-going administrative requirements. Although the Company has been successful in raising funds to date, there can be no assurances that additional funding will be available in the future. These combined factors may lend significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These condensed consolidated interim financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations as they come due for the foreseeable future. These condensed consolidated interim financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements for the three months ended May 31, 2013 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended February 28, 2013, which have been prepared in accordance with IFRSs.

These condensed consolidated interim financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- StrataGold Corporation, a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as "Gateway") were acquired by the Company on December 18, 2008.

StrataGold Corporation ("StrataGold") was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on July 29, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except those noted below:

The Company has adopted the following new and revised standards, along with any consequential amendments, effective March 1, 2013. These changes were made in accordance with the applicable transitional provisions:

(i) *IFRS 10, Consolidated Financial Statements ("IFRS 10")* and *IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")* replace *IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation - Special Purpose Entities* and provide guidance on the consolidation model, which identifies the elements of control. These standards provide a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group assessed its consolidation conclusions on March 1, 2013 and determined that the adoption of IFRS 10 and IFRS 12 did not result in any change in the consolidation status of any of its subsidiaries and investees.

(ii) *IFRS 13, Fair Value Measurement ("IFRS 13")*, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on March 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at March 1, 2013.

(iii) *IAS 1, Presentation of Financial Statements ("IAS 1")* has adopted amendments to IAS 1 effective March 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income (loss) or comprehensive income (loss) on March 1, 2013.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these 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 condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended February 28, 2013.

(Unaudited)
(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES AND WARRANTS

	May 31, 2013	February 28, 2013
Current investments		
Opening balance	$ 6,577,381	$ 404,350
Additions	1,232	8,862,029
Disposals	(1,830,403)	(859,434)
Change in fair value	(268,822)	(1,829,564)
Financial assets at fair value through profit and loss	$ 4,479,388	$ 6,577,381

6. INVESTMENT IN ASSOCIATE

	May 31, 2013	February 28, 2013
Takara Resources Inc. – 22,208,355 common shares	$ 59,620	$ 1,040,962
Share of net loss	(38,351)	(266,940)
Impairment of investment in associate	-	(611,770)
Share of other comprehensive loss	(9,213)	(102,632)
	$ 12,056	$ 59,620

At May 31, 2013, the Company held 23.42% of the issued and outstanding shares of Takara.

(Unaudited)
(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT

	Other assets	Buildings/ structure	Field & automotive equipment	Leasehold improvements	Land	Total
Cost						
March 1, 2012	$ 307,638	$ 5,939,519	$ 186,047	$ 139,542	$ 307,855	$ 6,880,601
Additions	237,644	24,833	11,856	169,987	-	444,320
Disposals	-	-	(12,397)		-	(12,397)
February 28, 2013	545,282	5,964,352	185,506	309,529	307,855	7,312,524
Additions	57,219				-	57,219
May 31, 2013	$ 602,501	$ 5,964,352	$ 185,506	$ 309,529	$ 307,855	$ 7,369,743
Accumulated amortization						
March 1, 2012	$ 117,605	$ 654,573	$ 68,857	$ 13,954	$ -	$ 854,989
Additions	124,442	704,811	23,321	44,906	-	897,480
Disposals	-	-	(8,281)		-	(8,281)
February 28, 2013	242,047	1,359,384	83,897	58,860	-	1,744,188
Additions	26,033	177,238	5,229	15,476	-	223,976
May 31, 2013	$ 268,080	$ 1,536,622	$ 89,126	$ 74,336	$ -	$ 1,968,164
Net book value						
March 1, 2012	$ 190,033	$ 5,284,946	$ 117,190	$ 125,588	$ 307,855	$ 6,025,612
February 28, 2013	$ 303,235	$ 4,604,968	$ 101,609	$ 250,669	$ 307,855	$ 5,568,336
May 31, 2013	$ 334,421	$ 4,427,730	$ 96,380	$ 235,193	$ 307,855	$ 5,401,579

During the quarter ended May 31, 2013, the Company capitalized depreciation related to resource properties of $220,072 ($174,101 – May 31, 2012).

(Unaudited)
(Expressed in Canadian Dollars)

8. RESOURCE PROPERTIES

	February 28, 2013	Additions	Currency Translation	May 31, 2013
Santa Fe (Nevada)	$ 10,792,182	$ 104,487	$ 57,973	$ 10,954,642
Dublin Gulch (Yukon)	83,290,459	4,547,328	-	87,837,787
Other properties **	689,828	97,777	-	787,605
	$ 94,772,469	$ 4,749,592	$ 57,973	$ 99,580,034

	February 29, 2012	Additions	Impairment	Currency Translation	Transfers	February 28, 2013
Big Springs (Nevada) *	$ 6,767,596	$ 683,676	$ (2,188,775)	$ 213,933	$ (5,476,430)	$ -
Santa Fe (Nevada)	4,338,657	6,089,508		364,017		10,792,182
Dublin Gulch (Yukon)	57,905,142	25,385,317		-		83,290,459
Other properties **	796,275	(136,301)	29,854	-		689,828
	$ 69,807,670	$32,022,200	$ (2,158,921)	$ 577,950	$ (5,476,430)	$ 94,772,469

* Big Springs includes the Golden Dome, Dorsey Creek and Mac Ridge properties.
** Other properties include interests in Wattabaeg and Russell Creek in Ontario and Donjek, Aurex, Eureka, Canalask, Clear Creek and Hyland in Yukon Territory and Island Mountain in Nevada.

9. INCOME (LOSS) PER SHARE

(a) Basic

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	For the three months ended May 31, 2013	May 31, 2012
Net income (loss)	$ (1,894,070)	$ 2,149,174
Weighted average number of common shares issued	340,073,973	339,364,598
Basic earnings (loss) per share	$ (0.006)	$ 0.006

(b) Diluted

The fully diluted earnings per share is calculated using the common share balance increased by the number of common shares that could be issued under outstanding in the money warrants and options of the Company.

(Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended May 31, 2013	May 31, 2012
Net income (loss) attributable to common shareholders	$ (1,894,070)	$ 2,149,174
Weighted average number of common shares issued	340,073,973	339,364,598
Adjustment for:		
Stock options	-	2,189,375
Weighted average number of ordinary shares for diluted earnings per share	340,073,973	341,553,973
Diluted earnings (loss) per share	$ (0.006)	$ 0.006

As a result of the loss for the quarter ended May 31, 2013, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

10. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and have been measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into Resource properties dependent on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations may result in actual reclamation costs differing from the estimate.
The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Santa Fe and Dublin Gulch properties. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date using the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs was determined to be $552,912 for Dublin Gulch and $1,782,237 for Santa Fe;
b) weighted average risk-free interest rate at 1.1% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2026 for Dublin Gulch and through 2014 for Santa Fe.

The following is an analysis of the Company's asset retirement obligation:

(Unaudited)
(Expressed in Canadian Dollars)

	May 31, 2013	February 28, 2013
Balance, beginning of period	$ 2,288,177	$ 1,072,453
Unwinding of discount: ARO	7,483	17,299
Currency translation	9,271	53,354
ARO recognized for additional interest in Santa Fe	-	1,714,766
ARO released due to disposal of properties	-	(503,039)
ARO change due to change in estimates	-	(66,656)
Balance, end of period	2,304,931	2,288,177
Less: Current portion	-	-
Long-term liability	$ 2,304,931	$ 2,288,177

11. SHARE CAPITAL AND OTHER EQUITY

Authorized, issued and outstanding common shares
Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 340,073,973 and 339,364,598 shares as at May 31, 2013 and 2012, respectively.

12. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. One-eighth of options granted under the plan vest immediately; a further one-eighth vest after each three month period thereafter, with the final one-quarter vesting eighteen months from the date of grant. At May 31, 2013, 12,479,897 (10,682,365 as at February 28, 2013) additional stock options were available for grant under the Company’s stock option plan.

A summary of the status of the Plan as at May 31, 2013 and as at February 28, 2013, and changes during the periods ended on those dates is presented below:

	May 31, 2013			February 28, 2013		
	Number of stock options	Weighted average exercise price	Fair Value Assigned	Number of stock options	Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the period	23,324,980	$ 0.44	$5,772,389	19,951,157	$ 0.59	$6,695,104
Granted	-	$ -	-	9,375,000	$ 0.25	1,337,198
Exercised	-	$ -	-	(509,375)	$ 0.21	(64,728)
Expired	(731,230)	$ 0.85	(621,593)	(4,221,802)	$ 0.75	(1,829,840)
Forfeited	(1,066,250)	$ 0.26	(274,875)	(1,270,000)	$ 0.47	(365,345)
Outstanding, end of the period	21,527,500	$ 0.43	$4,875,921	23,324,980	$ 0.44	$5,772,389

(Expressed in Canadian Dollars)

As at May 31, 2013, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable		Exercise price	Expiry date
July 30, 2008	540,000	540,000	$	0.40	July 30, 2013
September 29, 2008	280,000	280,000	$	0.34	September 29, 2013
December 17, 2008	1,680,000	1,680,000	$	0.21	December 17, 2013
July 2, 2009	250,000	250,000	$	0.40	July 2, 2014
July 13, 2009	75,000	75,000	$	0.36	July 13, 2014
September 21, 2009	550,000	550,000	$	0.38	September 21, 2014
December 18, 2009	1,560,000	1,560,000	$	0.70	December 18, 2014
October 8, 2010	255,000	255,000	$	1.25	October 8, 2015
February 9, 2011	1,595,000	1,595,000	$	1.05	February 9, 2016
May 18, 2011	210,000	210,000	$	0.74	May 18, 2016
August 22, 2011	612,500	612,500	$	0.65	August 22, 2016
September 8, 2011	600,000	600,000	$	0.69	September 8, 2014
September 8, 2011	110,000	110,000	$	0.57	September 8, 2016
January 20, 2012	4,915,000	3,797,500	$	0.40	January 20, 2017
May 28, 2012	805,000	531,250	$	0.27	May 28, 2017
September 3, 2012	67,500	48,750	$	0.22	September 3, 2017
January 11, 2013	7,422,500	2,078,750	$	0.25	January 11, 2018
	21,527,500	14,773,750			

The fair value of each option is accounted for in the statement of comprehensive loss or capitalized to resource properties over the vesting period of the options, and the related credit is included in contributed surplus.

13. RELATED PARTIES

Related parties include key management personnel, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company who are not independent for the three months ended May 31, 2013 and 2012 was as follows:

	2013	2012
Salaries and other short term employment benefits	$ 332,584	$ 320,225
Share based compensation	$ 150,733	$ 217,739

The amounts above have been awarded solely to officers of the Company for work performed in their full-time capacity for the Company.

(Unaudited)
(Expressed in Canadian Dollars)

14. COMMITMENTS AND CONTINGENCIES

Operating Leases

At May 31, 2013, the Company has future minimum annual operating lease commitments for vehicles and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario, (3) Reno, Nevada and (4) Whitehorse, Yukon, as follows:

		CAN$		US$
to February 28, 2014	$	371,563	$	7,538
to February 28, 2015		550,087		-
to February 28, 2016		520,303		-
to February 29, 2017		226,854		-
to February 28, 2018 and thereafter		150,448		-
Total	$	1,819,255	$	7,538

15. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 8.*

In millions of Cdn $	**Canada**	**USA**	**Corporate**	**Total**
As at May 31, 2013				
Property and equipment	5.4	-	-	5.4
Resource properties	88.6	11.0	-	99.6
HST and other receivables	0.1	10.2	-	11.3
Long-term receivables and accredited interest	-	9.3	-	9.3
Total Assets	95.2	33.9	12.9	142.0
As at February 28, 2013				
Property and equipment	5.6	-	-	5.6
Resource properties	83.9	10.9	-	94.8
HST and other receivables	0.2	14.0	0.1	14.3
Long-term receivables and accredited interest	-	9.2	-	9.2
Total Assets	90.8	33.5	19.4	143.7
Three months ended May 31, 2013				
Gain on sale of assets held for sale	-	-	-	-
Net loss/(income)	0.2	(0.3)	2.0	1.9
Three months ended May 31, 2012				
Gain on sale of assets held for sale	-	(4.9)	-	(4.9)
Net loss/(income)	0.1	(4.9)	2.7	(2.1)

(Unaudited)
(Expressed in Canadian Dollars)

16. SUPPLEMENTARY CASH FLOW INFORMATION

	May 31, 2013	February 28, 2013
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to resource property expenditures	**$ 2,550,538**	$ 2,952,587
Stock-based compensation, capitalized to resource properties *(Note 12)*	**$ 78,119**	$ 624,740
Non cash proceeds on sale of assets held for sale	**$ -**	$34,135,243
Income taxes paid	**$ -**	$ 1,450,735
Interest paid	**$ -**	$ -

17. RECEIVABLES

Following the completion of the Cove sale during the February 28, 2013 year end, the Company received a non-interest bearing promissory note from Premier. The nominal amount of the promissory note of $20,000,000 (the present value of the promissory note, using a discount rate of 7% is $18,080,181 as at June 14, 2012) will be received over the next two years. The value of the receivable is being accreted to the face value of the promissory note at its maturity date, with recognition through the statement of comprehensive income as a form of interest income over the term of the note.

Anniversary Date	Total receivable	May 31, 2013 Discounted Principal	May 31, 2013 Accredited interest
June 13, 2013	$ 10,000,000	$ 9,971,849	$ 28,151
June 13, 2014	10,000,000	9,319,485	680,515
Total	$ 20,000,000	$ 19,291,334	$ 708,666

During the period ended May 31, 2013, $323,563 was accredited to interest income as a result of the unwinding of the discount. There was an additional $18,708 of interest income earned on cash balances during the year ($30,697 for the quarter ended May 31, 2012).

Total HST and other receivables are comprised of the $10.0 million above for Cove, $0.5 million related to the Big Springs sale and $0.8 million in tax and other receivables.

Subsequent to the quarter ended May 31, 2013, $5 million cash and $5 million in Premier common stock was received.