



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Unaudited - prepared by management**

**June 30, 2014**

The accompanying notes are an integral part of these financial statements.

#### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Independence Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

The accompanying notes are an integral part of these financial statements.

**INDEPENDENCE GOLD CORP.**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)

(Expressed in Canadian Dollars)

	<u>June 30</u> <u>2014</u>	<u>December 31</u> <u>2013</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 5,333,211	\$ 4,922,152
Short-term investments	2,769,521	3,853,073
Marketable Securities (Note 3)	7,000	17,000
Receivables (Note 5)	144,626	39,964
Prepaid expenses	22,713	23,271
	<u>8,277,071</u>	<u>8,855,460</u>
<b>Land use deposits</b> (Note 4)	67,000	67,000
<b>Exploration advances</b>	135,500	50,000
<b>Mineral properties</b> (Note 6)	<u>13,236,088</u>	<u>13,231,005</u>
	<u>\$ 21,715,659</u>	<u>\$ 22,203,465</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ <u>323,860</u>	\$ <u>32,420</u>
	<u>323,860</u>	<u>32,420</u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	33,096,647	33,096,647
Reserves	630,058	652,857
Deficit	<u>(12,334,906)</u>	<u>(11,578,459)</u>
	<u>21,391,799</u>	<u>22,171,045</u>
	<u>\$ 21,715,659</u>	<u>\$ 22,203,465</u>

Approved and authorized by the Board on August 6, 2014

"Randy C. Turner"

Randy C. Turner, Director

"Michael McPhie"

Michael McPhie, Director

The accompanying notes are an integral part of these financial statements.

**INDEPENDENCE GOLD CORP.**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS (unaudited)

(Expressed in Canadian Dollars)

	<b>Three Month Period Ended June 30 2014</b>	<b>Three Month Period Ended June 30 2013</b>	<b>Six Month Period Ended June 30 2014</b>	<b>Six Month Period Ended June 30 2013</b>
<b>EXPENSES</b>				
Exploration expenditures (Note 6)	\$ 153,553	\$ 210,087	\$ 259,022	\$ 925,057
Legal, audit and accounting	12,030	4,500	12,030	27,425
Management fees and corporate services	71,749	77,531	149,499	157,561
Office and miscellaneous	34,085	31,959	44,621	64,721
Regulatory and transfer agent fees	2,476	922	8,903	10,562
Rent	58,294	51,785	115,562	103,570
Shareholder communications	5,794	6,540	11,771	18,878
Travel	5,375	7,483	17,864	15,121
Wages and benefits	64,006	37,561	145,230	118,094
	<u>(407,362)</u>	<u>(428,368)</u>	<u>(764,502)</u>	<u>(1,440,989)</u>
<b>Interest income</b>	(8,801)	1,055	(4,744)	5,112
<b>Unrealized (loss)/gain on marketable securities</b>	<u>(11,000)</u>	<u>8,000</u>	<u>(10,000)</u>	<u>9,000</u>
	<u>(19,801)</u>	<u>9,055</u>	<u>(14,744)</u>	<u>14,112</u>
<b>Loss and comprehensive loss for the period</b>	\$ <u><u>(427,163)</u></u>	\$ <u><u>(419,313)</u></u>	\$ <u><u>(779,246)</u></u>	\$ <u><u>(1,426,877)</u></u>
<b>Basic and diluted loss per common share</b>	\$ <u><u>(0.01)</u></u>	\$ <u><u>(0.01)</u></u>	\$ <u><u>(0.02)</u></u>	\$ <u><u>(0.03)</u></u>
<b>Weighted average number of common shares outstanding</b>	43,813,012	43,613,012	43,813,012	43,613,012

The accompanying notes are an integral part of these financial statements.

**INDEPENDENCE GOLD CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)

(Expressed in Canadian Dollars)

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	<b>Six Month Period Ended June 30 2014</b>	<b>Six Month Period Ended June 30 2013</b>
<b>Cash flows from operating activities</b>		
Income (loss) for the period	\$ (779,246)	\$ (1,426,877)
Items not affecting cash:		
Interest on short-term investments	(54,075)	-
Unrealized (gain)/loss on marketable securities	10,000	(9,000)
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(104,662)	184,537
(Increase) decrease in prepaid expenses	558	7,698
Increase (decrease) in accounts payable and accrued liabilities	291,440	(356,238)
	<hr/>	<hr/>
Net cash used in operating activities	<u>(635,985)</u>	<u>(1,599,880)</u>
<b>Cash flows from investing activities</b>		
(Acquisition) disposition of mineral properties	(5,083)	-
(Increase)/decrease in short-term investments	1,137,627	(668,248)
Exploration advances	(85,500)	-
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	<u>1,047,044</u>	<u>(668,248)</u>
<b>Change in cash and cash equivalents during the period</b>	411,059	(2,268,128)
<b>Cash and cash equivalents, beginning of the period</b>	<u>4,922,152</u>	<u>5,093,683</u>
<b>Cash and cash equivalents, end of the period</b>	<u>\$ 5,333,211</u>	<u>\$ 2,825,555</u>
<b>Supplemental disclosure with respect to cash flows (Note 9)</b>		

The accompanying notes are an integral part of these financial statements.

**INDEPENDENCE GOLD CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (unaudited)

(Expressed in Canadian Dollars)

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	<u>Share Capital</u>				
	<u>Number</u>	<u>Amount</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2013	43,813,012	\$ 33,096,647	\$ 652,857	\$ (11,578,459)	\$ 22,171,045
Reserves transferred on expired options	-	-	(22,799)	22,799	-
Loss for the period	-	-	-	(779,246)	(779,246)
Balance, June 30, 2014	<u>43,813,012</u>	<u>\$ 33,096,647</u>	<u>\$ 630,058</u>	<u>\$ (12,334,906)</u>	<u>\$ 21,391,799</u>
Balance, December 31, 2012	43,613,012	\$ 33,068,647	\$ 569,972	\$ (8,497,840)	\$ 25,140,779
Reserves transferred on expired options	-	-	(4,560)	4,560	-
Loss for the period	-	-	-	(1,426,877)	(1,426,877)
Balance, June 30, 2013	<u>43,613,012</u>	<u>\$ 33,068,647</u>	<u>\$ 565,412</u>	<u>\$ (9,920,157)</u>	<u>\$ 23,713,902</u>

The accompanying notes are an integral part of these financial statements.

## **INDEPENDENCE GOLD CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Independence Gold Corp. (“Independence” or the “Company”) was incorporated under the Business Corporation Act (British Columbia) on November 1, 2011 and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its properties contain economically recoverable mineral reserves.

The Company’s head office and principal address is 1410 - 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8. The Company’s registered and records office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management believes that the Company has sufficient working capital to maintain its operations for the upcoming fiscal year.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2013.

These condensed consolidated interim financial statements should be read in conjunction with the most recently issued audited consolidated financial statements, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies which were presented in Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2013 and have been consistently applied in the preparation of the Company’s consolidated interim financial statements.

The Company’s condensed consolidated interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair presentation of results for the interim periods in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

## INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

### 3. MARKETABLE SECURITIES

	June 30, 2014	December 31, 2013
Lucky Strike Resources Ltd.	\$ 7,000	\$ 17,000

As at June 30, 2014, the Company holds 200,000 (December 31, 2013 – 200,000) common shares of Lucky Strike Resources Ltd., a public company listed on the TSX Venture Exchange. These shares were received pursuant to mineral property option agreements with the Company, at a value of \$42,000.

### 4. LAND USE DEPOSITS

The Company has provided deposits as security for land use and potential future reclamation work relating to its mineral properties. As at June 30, 2014 a total of \$67,000 (December 31, 2013 - \$67,000) had been lodged with the British Columbia Ministry of Energy, Mines & Petroleum Resources.

### 5. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Independence Gold Corp. and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership	Principal Activity
Golden Pavilion Resources Ltd.	British Columbia, Canada	100%	Holding company
Silver Quest Resources (US) Ltd.	Nevada, USA	100%	Inactive

#### *Key Management Personnel*

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management for services rendered are as follows:

	Six month period ended June 30, 2014	Six month period ended June 30, 2013
Management fees	\$ 113,424	\$ 118,562
Geological consulting fees	94,500	90,173
Directors fees	39,000	39,000
Total	\$ <u>246,924</u>	\$ <u>247,735</u>

Included in receivables at June 30, 2014 is \$116,870 (December 31, 2013 - \$28,996) due from companies with directors and/or officers in common. Included in accounts payable and accrued liabilities at June 30, 2014 is \$37,462 (December 31, 2013 - \$1,365) due to directors and companies with directors and/or officers in common.



**INDEPENDENCE GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

**6. MINERAL PROPERTIES**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing.

The Company holds interests in various mineral claims located in Canada, the capitalized acquisition costs of which are as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>BRITISH COLUMBIA</b>		
<b>3Ts - Taken Property</b>	\$ 345,693	\$ 345,693
A 100% interest in certain claims. The property is subject to a sliding scale net smelter returns royalty ("NSR") ranging from 2.0% to 4.0%. The Company may reduce the NSR to 1.0% by paying \$2,000,000 per percent.		
<b>3Ts - Tam Property</b>	1,750,979	1,750,979
A 100% interest, subject to a 1.0% NSR, one-half of which may be purchased back for \$250,000.		
<b>3Ts - Tsacha Property</b>	2,121,788	2,121,788
A 100% interest in certain claims subject to a 2.0% NSR.		
<b>3Ts - Tommy Lake Property</b>	17,518	17,518
A 100% interest.		
<b>3Ts - BOT Property</b>	-	-
A 100% interest, subject to a 1.5% NSR, two-thirds of which may be purchased back for \$700,000.		
<b>Emmett Lake Property</b>	5,083	-
A 100% interest by staking.		
<b>YUKON</b>		
<b>Boulevard Property</b>	4,637,528	4,637,528
A 100% interest, subject to a 2.0% NSR. To acquire its interest, the Company paid \$80,000, issued 400,000 common shares (with an aggregate value of \$58,000) and incurred \$3,000,000 in exploration expenditures. The Company has the option, at any time on or before July 20, 2016, to buy-back one-quarter of the NSR for \$750,000. Upon completion of a 43-101 report with specific resource estimates, the Company will be obligated to issue a further 1,000,000 common shares.		
<b>Henderson Property</b>	1,271,780	1,271,780
A 100% interest by staking.		
<b>CCR (Sizzler) Property</b>	533,060	533,060
A 100% interest, subject to a 2.0% NSR. The Company has the option, at any time on or before June 29, 2015, to buy-back one-half of the NSR for \$1,000,000. Upon completion of a 43-101 report with specific resource estimates, the Company will be obligated to pay an additional \$100,000 and issue a further 75,000 common shares.		

**INDEPENDENCE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

**6. MINERAL PROPERTIES** *(continued)***YUKON** *(continued)***OTHER PROPERTIES**

<b>Tiger Property</b>	233,776	233,776
A 100% interest, subject to a 2.0% NSR. The Company can buy-back one-half of the NSR for \$2,000,000.		

<b>YCS Property</b>	425,237	425,237
A 100% interest, subject to a 2.0% NSR. The Company can buy-back one-half of the NSR for \$1,000,000.		

<b>Keno Property</b>	27,011	27,011
A 100% interest.		

**DAWSON RANGE PROPERTIES**

The Company holds a 100% interest in the following properties.

<b>Birdman Property</b>	30,206	30,206
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<b>Ember Property</b>	71,686	71,686
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<b>Gemini Property</b>	44,967	44,967
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<b>Ladue Property</b>	327,355	327,355
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<b>Matson Property</b>	55,283	55,283
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<b>Moosehorn Property</b>	88,415	88,415
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<b>Solo Property</b>	358,396	358,396
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<b>Solitude Property</b>	865,566	865,566
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<b>Wolfcreek Property</b>	24,761	24,761
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<b>Total Mineral Properties</b>	<b>\$ 13,236,088</b>	<b>\$ 13,231,005</b>
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**INDEPENDENCE GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

**6. MINERAL PROPERTIES** *(continued)*

During the period ended June 30, 2014, the Company incurred exploration expenditures as follows:

	<b>Geology &amp; Geophysics</b>	<b>Field Sampling</b>	<b>Drilling</b>	<b>Land Use &amp; Tenure</b>	<b>Data Evaluation</b>	<b>Reclamation &amp; Safety</b>	<b>Recoveries</b>	<b>Total for the year</b>
<b>BRITISH COLUMBIA</b>								
3Ts	\$ 39,054	-	346,753	4,139	5,071	3,082	(291,055)	\$ 107,044
Emmett Lake	7,012	3,034	-	-	522	-	-	10,568
Reconnaissance	30,513	-	-	-	350	-	-	30,863
<b>YUKON</b>								
Boulevard	2,044	-	-	-	346	-	-	2,390
<b>NEVADA</b>								
Reconnaissance	87,195	-	-	-	1,431	-	-	88,626
<b>ARIZONA</b>								
Reconnaissance	7,587	-	-	-	-	-	-	7,587
<b>SOUTH DAKOTA</b>								
Reconnaissance	11,531	-	-	-	413	-	-	11,944
	<b>\$ 184,936</b>	<b>3,034</b>	<b>346,753</b>	<b>4,139</b>	<b>8,133</b>	<b>3,082</b>	<b>(291,055)</b>	<b>\$ 259,022</b>

During the period ended June 30, 2013, the Company incurred exploration expenditures as follows:

	<b>Geology &amp; Geophysics</b>	<b>Field Sampling</b>	<b>Drilling</b>	<b>Land Use &amp; Tenure</b>	<b>Data Evaluation</b>	<b>Reclamation &amp; Safety</b>	<b>Recoveries</b>	<b>Total for the year</b>
<b>BRITISH COLUMBIA</b>								
3Ts	89,587	56,458	684,819	18,308	15,947	11,838	-	876,957
Reconnaissance	19	-	-	-	165	-	-	184
<b>YUKON</b>								
Aspen & Grizzly	31	-	-	-	275	-	-	306
Boulevard	2,012	7,340	220	162	4,389	-	-	14,123
Henderson	101	331	-	-	556	-	-	988
Dawson Range	1,633	7,871	-	372	6,105	-	-	15,981
Other	2,420	9,741	-	-	3,530	-	-	15,691
Reconnaissance	827	-	-	-	-	-	-	827
	<b>96,630</b>	<b>81,741</b>	<b>685,039</b>	<b>18,842</b>	<b>30,967</b>	<b>11,838</b>	<b>-</b>	<b>925,057</b>

## INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

### 7. SHARE CAPITAL AND RESERVES

#### a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

#### b) Issued share capital

The Company did not issue any common shares during the period ended June 30, 2014.

During the period ended, June 30, 2013 the Company issued 200,000 common shares with an aggregate value of \$28,000 as consideration towards the Boulevard property (Note 6).

#### c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at June 30, 2014, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,975,000	\$ 0.20	March 1, 2017
1,005,000	\$ 0.20	November 7, 2018
<b>3,980,000</b>		

Stock option transactions are summarized as follows:

	June 30, 2014		December 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	4,105,000	\$ 0.20	3,125,000	\$0.35
Effects of re-pricing	-	-	(3,125,000)	(0.35)
Effects of re-pricing	-	-	3,125,000	0.20
Granted	-	-	1,005,000	0.20
Exercised	-	-	-	-
Expired/cancelled	(125,000)	\$0.20	(25,000)	0.20
Balance, end of period	<b>3,980,000</b>	<b>\$ 0.20</b>	<b>4,105,000</b>	<b>\$ 0.20</b>
Options exercisable, end of period	<b>3,980,000</b>	<b>\$ 0.20</b>	<b>4,105,000</b>	<b>\$ 0.20</b>

## INDEPENDENCE GOLD CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

### 7. SHARE CAPITAL AND RESERVES (continued)

#### d) Share-based compensation

The Company did not issue any stock options during the six month periods ended June 30, 2014 and 2013.

#### e) Warrants

As at June 30, 2014 the Company had no outstanding share purchase warrants.

Share purchase warrant transactions were as follows:

	June 30, 2014		December 31, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	-	-	1,467,322	\$ 0.77
Exercised	-	-	-	-
Expired/cancelled	-	-	(1,467,322)	0.77
Balance, end of year	-	-	-	-

### 8. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in North America. All of the Company's capital assets are located in Canada.

### 9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing or financing transactions during the periods ended, June 30, 2014 and 2013.