

PC Gold Inc.

(an exploration stage company)

Financial Statements

For the 6 months ended December 31, 2009

(unaudited)

Management's Comments on Unaudited Interim Financial Statements

These unaudited interim financial statements of PC Gold Inc. (the "Company") for the 6 months ended December 31, 2009 have been prepared by management and approved by the Board of Directors of the Company.

These unaudited interim financial statements have not been reviewed by the Company's external auditors.

PC Gold Inc.

(an exploration stage company)

Balance Sheets

	As at December 31, 2009 \$ (unaudited)	As at June 30, 2009 \$
Assets		
Current		
Cash	6,172,608	2,232,202
Receivables	208,615	34,386
Prepaid expenses and deposits	248,088	269,244
	<hr/> 6,629,311	<hr/> 2,535,832
Reclamation deposit	110,633	110,633
Capital assets (note 3)	42,362	49,839
Mineral resource property (note 4)	24,353,450	20,410,023
	<hr/> 31,135,756	<hr/> 23,106,327
Liabilities		
Current		
Accounts payable and accrued liabilities (note 8)	415,026	413,379
	<hr/>	<hr/>
Shareholders' equity		
Share capital (note 5)	28,894,277	21,858,918
Warrants (note 5)	3,690,709	2,146,203
Contributed surplus (note 5)	2,478,953	1,599,362
Deficit	(4,343,209)	(2,911,535)
	<hr/> 30,720,730	<hr/> 22,692,948
	<hr/> 31,135,756	<hr/> 23,106,327

See accompanying notes to financial statements

Approved by the Board:

(signed) Kevin Keough
Director

(signed) William Fisher
Director

PC Gold Inc.

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Statements of Operations and Deficit

	3 months ended		6 months ended		Cumulative
	December 31,		December 31,		since
	2009	2008	2009	2008	October 17,
	\$	\$	\$	\$	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
					(note 1)
General and administrative expenses					
Professional fees	20,402	17,542	28,426	25,042	111,178
Salaries & benefits	60,373	76,797	196,528	160,343	584,347
Consulting fees	12,000	12,000	24,000	24,000	166,542
Directors' fees	26,750	30,333	51,417	48,083	165,667
Stock-based compensation	88,248	88,247	879,592	176,495	2,478,954
Premises	5,025	5,100	10,050	10,200	38,356
Office, general and administration	13,491	11,906	26,673	23,227	91,237
Public company costs	17,252	8,409	43,778	21,745	135,166
Investor relations	77,310	60,305	159,564	156,659	590,221
Travel	4,974	9,180	6,868	11,556	26,993
Amortization	3,738	5,340	7,476	10,680	32,584
	329,563	325,159	1,434,372	668,030	4,421,245
Loss and comprehensive loss before the following item	(329,563)	(325,159)	(1,434,372)	(668,030)	(4,421,245)
Interest income	933	14,262	2,698	45,363	78,036
Loss and comprehensive loss for the period	(328,630)	(310,897)	(1,431,674)	(622,667)	(4,343,209)
Deficit, beginning of period	(4,014,579)	(1,866,701)	(2,911,535)	(1,554,931)	-
Deficit, end of period	(4,343,209)	(2,177,598)	(4,343,209)	(2,177,598)	(4,343,209)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.04)	(0.02)	
Weighted average number of shares outstanding - basic and diluted	34,915,891	25,700,000	34,662,946	25,700,000	

See accompanying notes to financial statements

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Statements of Cash Flows

	3 months ended		6 months ended		Cumulative
	December 31,		December 31,		since
	2009	2008	2009	2008	October 17,
	\$	\$	\$	\$	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
					(note 1)
Cash provided by (used in)					
Operating activities					
Loss for the period	(328,630)	(310,897)	(1,431,674)	(622,667)	(4,343,209)
Amortization	3,738	5,340	7,476	10,680	32,584
Stock-based compensation	88,248	88,247	879,592	176,495	2,478,954
Changes in non-cash operating working capital:					
Prepaid expenses and deposits	10,755	4,953	21,156	(248,530)	(248,088)
Receivables	(116,527)	(111,503)	(174,229)	(177,831)	(208,615)
Accounts payable and accrued liabilities	(76,673)	(338,385)	1,647	84,945	415,025
	(419,089)	(662,245)	(696,032)	(776,908)	(1,873,349)
Financing activities					
Advances from a director	-	-	-	-	34,977
Advances	-	-	-	-	25,000
Issue of units	3,586,800	-	6,024,800	-	20,627,324
Issue of flow-through common shares	3,363,400	-	3,363,400	-	3,363,400
Proceeds from exercise of warrants	-	-	7,000	-	7,000
Share issue costs	(620,896)	-	(815,335)	-	(2,121,109)
	6,329,304	-	8,579,865	-	21,936,592
Investing activities					
Acquisition of reclamation deposit and mineral resource property	-	-	-	-	(3,828,268)
Reclamation deposit	-	-	-	-	(1,792)
Mineral resource property expenditures	(2,177,877)	(2,282,209)	(3,943,427)	(4,417,597)	(9,985,628)
Purchase of capital assets	-	-	-	-	(74,947)
	(2,177,877)	(2,282,209)	(3,943,427)	(4,417,597)	(13,890,635)
Net increase (decrease) in cash	3,732,338	(2,944,454)	3,940,406	(5,194,505)	6,172,608
Cash, beginning of period	2,440,270	4,734,405	2,232,202	6,984,456	-
Cash, end of period	6,172,608	1,789,951	6,172,608	1,789,951	6,172,608
Non-cash transactions					
Fair value of broker warrants issued	227,823	-	276,171	-	-
Supplementary information					
Interest paid	-	-	-	-	-
Income taxes paid	-	-	-	-	-

See accompanying notes to financial statements

PC Gold Inc.

(an exploration stage company)

Notes to Financial Statements

December 31, 2009

(unaudited)

1. Nature of operations and going concern

PC Gold Inc. (the "Company") was incorporated under the laws of Ontario on October 17, 2007 to consolidate leasehold ownership interests in, explore and develop the past producing Pickle Crow Gold Mine Property ("Pickle Crow Property") in northwestern Ontario, Canada.

The Company is in the exploration stage and has not yet determined whether its mineral resource property contains reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for its mineral resource property is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource property, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource property. The amount shown for mineral resource property does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for the mineral resource property.

The Company is exposed to commodity price risk with respect to gold and silver commodity prices. A significant decline in gold and silver commodity prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource property.

As at December 31, 2009, the Company had working capital of \$6,214,285, which included cash of \$6,172,608, which is not sufficient, at the current rate of expenditures, to enable the Company to indefinitely fund its operations and the exploration of its mineral resource property. Without additional funding, there is substantial doubt as to the Company's ability to continue as a going concern. Although the Company has considerable discretion in terms of the scale and rate at which it unfolds its activities and has been successful in raising capital to date, there can be no assurance that additional funding will be available to the Company when it next needs to seek financing.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

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

2. Summary of significant accounting policies

These financial statements of the Company have been prepared using accounting policies that are consistent with the policies used in preparing the Company's annual financial statements, except as outlined below under "Accounting Changes". Generally accepted accounting principles for interim financial statements do not conform in all respects to the disclosures required for annual financial statements, and accordingly, these financial statements should be read in conjunction with the annual financial statements.

Accounting changes

On July 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. Concurrent with the introduction of this standard, the CICA withdrew EIC-27, Revenues and Expenses during the pre-operating period.

On July 1, 2009, the Company adopted CICA Handbook Section 1000, "Financial Statement Concepts" which has also been amended to clarify the criteria for the recognition of an asset, specifically as it relates to the use of the matching principle. Accordingly, certain items that may have been previously recognized as assets may not be able to be reflected as such under the new recommendations.

The adoption of these new standards did not have an effect on the Company's financial statements.

Future accounting changes

On January 1, 2011, the Company will adopt CICA Handbook Section 1582, "Business Combinations", which will replace Section 1581, "Business Combinations". The new standard amends standards for the recognition and measurement of identifiable assets acquired, liabilities assumed, non-controlling interest in the acquiree and goodwill acquired in a business combination.

On January 1, 2011, the Company will adopt CICA Handbook Sections 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests", which together, will replace section 1600, "Consolidated Financial Statements". Section 1601 amends standards for the preparation of consolidated financial statements and Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

The Company does not expect the adoption of these new standards to have an effect on the Company's financial statements.

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS on its financial statements. The Company has not completed development of its IFRS changeover plan, which will include project structure governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 ("First Time Adoption of IFRS") exemptions. The Company hopes to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities such as financing and compensation arrangements, during 2010.

3. Capital assets

	As at December 31, 2009	As at June 30, 2009
	\$	\$
Mining equipment	56,700	56,700
Accumulated amortization	24,651	18,995
	<hr/> 32,049	<hr/> 37,705
Office furniture & equipment	18,247	18,247
Accumulated amortization	7,934	6,113
	<hr/> 10,313	<hr/> 12,134
	<hr/> 42,362	<hr/> 49,839

4. Mineral resource property

The Company has a 100% interest in the Pickle Crow Property which consists of 4,117 hectares located in Connell and McCullagh Townships, Patricia Mining Division, near the town of Pickle Lake in northwestern Ontario, Canada. The Company's interest includes a 100% interest in (a) a mining lease expiring May 31, 2067 which covers 98 patented mineral claims totalling 1,533 hectares, (b) 18 contiguous non-patented claims totaling 165 units or 2,579 hectares, and (c) a single non-contiguous non-patented claim comprising 5 hectares.

As of December 31, 2009, accumulated costs with respect to the Company's interest in the Pickle Crow Property consisted of the following:

	Acquisition cost \$	Exploration expenditures \$	Total \$
Balance, June 30, 2008	14,294,019	423,749	14,717,768
Expenditures	-	5,692,255	5,692,255
Balance, June 30, 2009	14,294,019	6,116,004	20,410,023
Expenditures	-	3,943,427	3,943,427
Balance, December 31, 2009	14,294,019	10,059,431	24,353,450

The Company's interest in the mining lease is subject to two net smelter royalties totaling a combined 1.25%, of which, the Company has the option to purchase 1% for \$5,000,000 until May 13, 2013 and 0.25% for \$1,000,000 until May 1, 2013.

5. Share capital

Authorized

An unlimited number of common shares without par value.

Issued

	Common shares	
	Number of shares	Amount \$
Balance, June 30, 2008	25,700,000	20,620,978
Issued pursuant to private placement	4,000,000	2,000,000
Issued for corporate finance fee	50,000	25,000
Fair value of unit warrants issued	-	(497,422)
Fair value of broker warrants issued	-	(70,883)
Share issue costs	-	(218,755)
Balance, June 30, 2009	29,750,000	21,858,918
Issued pursuant to private placement	4,600,000	2,438,000
Issued for cash	5,124,000	3,586,800
Issued for cash – flow-through units	4,204,250	3,363,400
Issued for corporate finance fee	50,000	26,500
Issued on exercise of warrants	10,000	7,000
Fair value of warrants exercised	-	2,487
Fair value of warrants issued	-	(1,270,822)
Fair value of broker warrants issued	-	(276,171)
Share issue costs	-	(841,835)
Balance, December 31, 2009	43,738,250	28,894,277

Private placement

On July 22, 2009 the Company completed a private placement of 4,600,000 units at a price of \$0.53 per unit for gross proceeds of \$2,438,000. Each unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.75 per common share until July 22, 2010. In connection with the offering, the Company issued to the agents 50,000 common shares with a value of \$26,500 and 324,000 broker warrants entitling the holder to purchase one common share at a price of \$0.75 per common share until July 22, 2010.

The fair value of the warrants and broker warrants of \$391,554 was calculated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.58%
Expected volatility	100%
Expected life of warrants	1 year
Expected dividend yield	Nil

Prospectus offering

On December 15, 2009 the Company completed a prospectus offering of 5,124,000 units at a price of \$0.70 per unit for gross proceeds of \$3,586,800. Each unit consisted of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.80 per common share until June 15, 2011. The Company also completed an offering of 4,204,250 flow-through common shares at a price of \$0.80 per share for gross proceeds of \$3,363,400. In connection with the prospectus offering, the Company issued to the agents 594,147 broker warrants entitling the holder to purchase one common share at a price of \$0.70 per common share until June 15, 2011.

The fair value of the warrants and broker warrants of \$1,155,439 was calculated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.82%
Expected volatility	122%
Expected life of warrants	1.5 years
Expected dividend yield	Nil

Warrants

A summary of the Company's warrants is presented below:

	Number of warrants	Amount \$
Balance, June 30, 2008	3,180,000	1,504,095
Fair value of warrants issued	2,000,000	497,422
Fair value of warrants issued to agents	285,000	70,883
Fair value of warrants issued to Mishkeegogamang First Nation	200,000	73,803
Balance, June 30, 2009	5,665,000	2,146,203
Fair value of warrants issued	4,862,000	1,270,822
Fair value of broker warrants	918,147	276,171
Fair value of warrants exercised	(10,000)	(2,487)
Balance, December 31, 2009	11,435,147	3,690,709

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2008	3,180,000	1.30
Issued	2,485,000	0.68
Balance, June 30, 2009	5,665,000	1.03
Issued	5,780,147	0.77
Exercised	(10,000)	0.70
Balance, December 31, 2009	11,435,147	0.90

Exercise price	Number of warrants outstanding	Expiry date
\$1.00	805,000	May 13, 2010
\$1.40	2,375,000	May 13, 2010
\$0.70	2,275,000	March 12, 2010
\$0.75	2,624,000	July 22, 2010
\$0.80	2,562,000	June 15, 2011
\$0.70	594,147	June 15, 2011
\$0.49	200,000	July 8, 2014
	11,435,147	

Stock options

The Company has adopted a stock option plan for directors, officers, employees and consultants. The maximum number of common shares reserved for issuance pursuant to the stock option plan together with any common shares reserved for issuance pursuant to any other security-based compensation arrangement shall be 10% of the issued and outstanding common shares.

The exercise price of each stock option will be determined by the Board of Directors at the time of grant, provided that the exercise price cannot be lower than the market value of the common shares as determined by the Board of Directors or, if the common shares are listed and posted for trading on the TSX, the volume weighted-average trading price of the common shares for each of the last five trading days immediately preceding the date of grant. The Board of Directors shall have the discretion to determine the term and vesting provisions of any options granted under the stock option plan at the time of grant.

A summary of the Company's stock option plan activity is presented below:

	Number of options	Weighted average exercise price
		\$
Balance, June 30, 2008 and June 30, 2009	2,515,000	1.01
Granted	895,000	1.10
Balance, December 31, 2009	3,410,000	1.04
Options exercisable	2,946,667	

A summary of the stock options granted and the assumptions for the calculation of the fair value of those stock options using the Black Scholes option pricing model is presented below:

Date of grant	August 10, 2009
Options granted	895,000
Exercise price	\$1.10
Expiry date	August 10, 2014
Fair value	\$703,097
Expected volatility	100%
Expected life of options	5 years
Expected dividend yield	0%

A summary of the Company's stock options outstanding and exercisable at December 31, 2009 is presented below:

Exercise price	Options outstanding	Options exercisable	Expiry date
\$1.00	2,115,000	1,701,667	May 13, 2013
\$1.08	400,000	350,000	May 28, 2013
\$1.10	895,000	895,000	August 10, 2014
	3,410,000	2,946,667	

Contributed surplus

	\$
Balance, June 30, 2008	1,246,372
Stock-based compensation	352,990
Balance, June 30, 2009	1,599,362
Stock-based compensation	879,591
Balance, December 31, 2009	2,478,953

6. Capital disclosures

Capital of the Company consists of the components of shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to explore and develop its mineral resource property for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company, it has no revenues and its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company will spend its existing working capital and raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the period.

7. Financial instruments and risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk interest rate risk and commodity price risk.

Fair value

The carrying value of cash, accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

Currency risk

As the majority of the Company's expenditures are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash in Canadian dollars.

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions and by holding no asset-backed commercial paper.

Liquidity risk

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 the management of its capital structure as outlined in note 6. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

8. Related party transactions

For the 6 months ended December 31, 2009, consulting fees of \$24,000 (2008 - \$24,000) were expensed for a company controlled by an officer of the Company and salaries & benefits included \$110,000 (2008 - \$110,000) paid or payable to the President of the Company. Public company costs included \$6,279 (2008 - \$6,609) paid or payable to a company controlled by an officer of the Company.

Mineral resource property included \$2,005,957 (2008 - \$1,894,490) of exploration expenditures paid or payable to Fladgate Exploration Consulting ("Fladgate"), as follows:

	6 months ended December 31,	
	2009	2008
	\$	\$
Geological consulting	699,797	738,223
Diamond drilling	360,343	5,495
Surveying & geophysics	268,367	137,926
Assays	259,383	168,209
Other exploration costs	418,067	844,637
Total	2,005,957	1,894,490

An officer of the Company is an officer of Fladgate.

These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

Prepaid expenses and deposits include a deposit of \$150,000 (June 30, 2009 - \$150,000) paid to Fladgate. Accounts payable and accrued liabilities included \$150,770 (June 30, 2009 - \$75,277) due to Fladgate, \$98,333 (June 30, 2009 - \$118,333) due to the President of the Company, and \$1,183 (June 30, 2009 - \$1,187) due to a company controlled by an officer of the Company.