

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED AUGUST 31, 2014 AND 2013
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of Integra Gold Corp. (“the Company”), for the three months ended August 31, 2014, have been prepared by management and have not been reviewed by the Company’s external independent auditors.

Integra Gold Corp.

Condensed Interim Consolidated Financial Statements Three Months Ended August 31, 2014 and 2013

Tables of Contents	Page
Condensed Interim Consolidated Statements of Financial Position	4
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss	5
Condensed Interim Consolidated Statements of Changes in Equity	6
Condensed Interim Consolidated Statements of Cash Flows	7
Notes to Condensed Interim Consolidated Financial Statements	8 – 18

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	(Unaudited)	
	August 31, 2014	May 31, 2014
ASSETS		
Current		
Cash and cash equivalents	\$ 6,955,709	\$ 1,801,453
Sales tax recoverable	414,181	659,187
Accounts receivable	35,636	28,347
Short-term deposits	500,000	-
Mining exploration tax credits recoverable (Note 13)	618,810	642,117
Available-for-sale investments (Note 3)	931,333	246,000
Prepaid expenses	329,164	324,931
Total Current Assets	9,784,833	3,702,035
Due From Related Parties (Note 9)	42,094	37,894
Deposits	80,705	80,705
Property, Plant and Equipment (Note 5)	928,429	928,758
Exploration and Evaluation Assets (Notes 4,6, and 13)	26,093,058	23,829,298
Total Assets	\$ 36,929,119	\$ 28,578,690
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 842,232	\$ 1,427,437
Due to related parties (Note 9)	62,789	105,594
Other financial liabilities	90,624	73,438
Flow-through share premium liability	1,015,228	863,998
Total Current Liabilities	2,010,873	2,470,467
EQUITY		
Share Capital (Notes 7)	72,395,716	63,114,988
Reserves	5,766,283	5,473,686
Accumulated Other Comprehensive Income (Note 3)	(607,632)	(292,965)
Deficit	(42,636,121)	(42,187,486)
Total Equity	34,918,246	26,108,223
Total Liabilities and Equity	\$ 36,929,119	\$ 28,578,690

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

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars) (Unaudited)

	Three Months Ended August 31	
	2014	2013
Expenses		
Compensation and benefits (Note 9)	\$ 266,650	\$ 180,012
Corporate development and marketing	303,411	69,493
Depreciation (Note 5)	19,261	12,104
Office and administration (Note 9)	188,355	110,998
Professional fees (Note 9)	317,130	30,552
Regulatory fees	92,161	28,095
Share-based payments	63,596	46,849
Loss Before Other Income (Expense) And Income Taxes	(1,250,564)	(478,103)
Other Income (Expense)		
Interest and foreign exchange	17,499	3,331
Loss on available-for-sale investments	-	(375,902)
Rental income	9,405	20,967
	26,904	(351,604)
Loss Before Income Taxes	(1,223,660)	(829,707)
Deferred Income Tax Recovery	775,025	216,124
Net Loss For The Period	(448,635)	(613,583)
Other Comprehensive Loss		
Change in fair value of available-for-sale investments	(314,667)	(30,000)
Reclassification of loss realized on sale of available-for-sale investments	-	318,173
Comprehensive Loss For The Period	\$ (763,302)	\$ (325,410)
Loss Per Share, Basic and Diluted	\$ (0.00)	\$ (0.00)
Weighted Average Number Of Shares Outstanding, Basic and Diluted	171,311,645	90,862,616

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

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars) (Unaudited)

	<u>Share Capital</u>		<u>Reserves</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Deficit</u>	<u>Total</u>
	Number	Amount	Share-Based Payments			
Balance, May 31, 2013	86,498,407	\$ 56,214,507	\$ 4,585,341	\$ (563,138)	\$ (40,396,457)	\$ 19,840,253
Issue of shares for mineral properties	20,000	3,100	-	-	-	3,100
Private placements – Flow-through shares	15,343,702	2,838,585	-	-	-	2,838,585
Private placements – Non flow-through shares	4,438,500	665,775	-	-	-	665,775
Flow-through share premium	-	(632,895)	-	-	-	(632,895)
Share issue costs	-	(395,301)	-	-	-	(395,301)
Share-based payments – brokers' warrants	-	-	120,000	-	-	120,000
Share-based payments – options	-	-	46,849	-	-	46,849
Reclassification of loss realized on sale of available-for-sale investments	-	-	-	318,173	-	318,173
Other comprehensive loss	-	-	-	(30,000)	-	(30,000)
Net loss for the period	-	-	-	-	(613,583)	(613,583)
Balance, August 31, 2013	106,300,609	58,693,771	4,752,190	(274,965)	(41,010,040)	22,160,956
Balance, May 31, 2014	135,001,358	63,114,988	5,473,686	(292,965)	(42,187,486)	26,108,223
Issue of shares for mineral properties	20,000	4,800	-	-	-	4,800
Private placements – Flow-through shares	15,437,583	4,013,772	-	-	-	4,013,772
Private placements – Non flow-through shares	30,156,757	6,031,351	-	-	-	6,031,351
Issue of shares - share swap	5,000,000	1,000,000	-	-	-	1,000,000
Flow-through share premium	-	(926,255)	-	-	-	(926,255)
Share issue costs - cash	-	(613,940)	-	-	-	(613,940)
Share issue costs - warrants	-	(229,000)	-	-	-	(229,000)
Share-based payments – options	-	-	63,597	-	-	63,597
Share-based payments – brokers' warrants	-	-	229,000	-	-	229,000
Other comprehensive loss	-	-	-	(314,667)	-	(314,668)
Net loss for the period	-	-	-	-	(448,635)	(448,635)
Balance, August 31, 2014	185,615,698	\$ 72,395,716	\$ 5,766,283	\$ (607,632)	\$ (42,636,121)	\$ 34,918,246

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

INTEGRA GOLD CORP.

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

	Three Months Ended August 31	
	2014	2013
Operating Activities		
Net loss for the period	\$ (448,635)	\$ (613,583)
Non-cash items:		
Depreciation	19,261	12,104
Share-based payments	63,597	166,849
Deferred income tax recovery	(775,025)	(216,124)
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(7,289)	(8,024)
Accounts receivable – related parties	(4,200)	-
Sales taxes recoverable	245,006	399,585
Prepaid expenses and deposits	(504,233)	(48,152)
Accounts payable and other financial liabilities	(1,121,470)	954,669
Due to related parties	(42,805)	(14,658)
Cash Used In Operating Activities	(2,575,793)	632,666
Investing Activities		
Additions to property, plant and equipment	(18,933)	(1,949)
Exploration advance	-	(36,709)
Exploration costs, net of mining tax credits	(1,682,202)	(1,022,067)
Cash Used In Investing Activities	(1,701,135)	(1,060,725)
Financing Activities		
Issue of common shares for cash	10,045,124	4,204,396
Share issue costs	(613,940)	(395,301)
Cash Provided By Financing Activities	9,431,184	3,809,095
Net Increase (Decrease) In Cash and Cash Equivalents	5,154,256	3,381,036
Cash and Cash Equivalents, Beginning Of Period	1,801,453	1,632,791
Cash and Cash Equivalents, End Of Period	\$ 6,955,709	\$ 5,013,827
Supplemental Cash Flow Information (Note 10)		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Cash paid for Part XII.6 tax	\$ -	\$ -

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

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

1. NATURE OF OPERATIONS

Integra Gold Corp. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada. The Company is a public company listed on the TSX Venture Exchange (the "TSX.V") trading under the symbol "ICG." The address of the Company's corporate office and principal place of business is Suite 2270, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3.

The Company is an exploration stage resource company engaged in the acquisition and exploration of mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The Company currently has no revenues from mineral producing operations. The operations of the Company have been funded by the issuance of common shares.

The Company currently holds a number of properties in Canada: the Company's flagship Lamaque South Gold Project ("Lamaque South, previously referred to as "Lamaque) in Val-d'Or, Québec, properties within the Abitibi Greenstone Belt in Québec and Ontario, and one property in British Columbia.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements of the Company for the three month period ending August 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically, IAS 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements should be read in conjunction with the Company's May 31, 2014 audited annual financial statements.

The significant accounting policies applied in these financial statements are based on the IFRS issued and outstanding policies as of October 30, 2014, the date the Board of Directors approved the financial statements.

3. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments consist of an investment in the common shares of a publicly traded company on the Toronto Stock Exchange and the fair value of the investment has been determined directly by reference to published market price quotations.

The cost and fair value of the Company's investment in the common shares of this TSX listed Company are as follows:

Cost	
Balance, June 1, 2013	\$1,239,000
Additions	-
Dispositions	(700,035)
Balance, May 31, 2014	538,965
Additions	1,000,000
Balance, August 31, 2014	\$1,538,965

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

3. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Accumulated unrealized holding losses

Balance, June 1, 2013	\$563,138
Additions	48,000
Dispositions	(318,173)
Balance, May 31, 2014	292,965
Additions	314,667
Balance, August 31, 2014	607,632

Carrying value

Balance, August 31, 2014	<u>\$931,333</u>
--------------------------	------------------

4. EXPLORATION AND EVALUATION ASSETS

	August 31, 2014		
	ACQUISITION COSTS AND OPTION PAYMENTS	DEFERRED EXPLORATION COSTS	TOTAL
Lamaque Property, Quebec	\$ 979,083	\$ 24,366,557	\$ 25,345,640
Roc d'Or Extension Property, Quebec	48,750	97,328	146,078
Bourlamaque Property, Quebec	14,000	2,778	16,778
MacGregor Property, Quebec	92,300	29,795	122,095
Donald Property, Quebec	117,500	27,779	145,279
Golden Valley Group, Quebec and Ontario	130,483	98,754	229,237
Char Property, British Columbia	34,800	53,151	87,951
	<u>\$ 1,416,916</u>	<u>\$ 24,676,142</u>	<u>\$ 26,093,058</u>
	May 31, 2014		
	ACQUISITION COSTS AND OPTION PAYMENTS	DEFERRED EXPLORATION COSTS	TOTAL
Lamaque Property, Quebec	\$ 979,083	\$ 22,128,101	\$ 23,107,184
Roc d'Or Extension Property, Quebec	48,750	97,328	146,078
Bourlamaque Property, Quebec	14,000	2,778	16,778
MacGregor Property, Quebec	67,500	29,796	97,296
Donald Property, Quebec	117,500	27,275	144,775
Golden Valley Group, Quebec and Ontario	130,483	98,753	229,236
Char Property, British Columbia	34,800	53,151	87,951
	<u>\$ 1,392,116</u>	<u>\$ 22,437,182</u>	<u>\$ 23,829,298</u>

MacGregor Property

On June 27, 2014, the Company issued 20,000 shares and paid \$20,000 per its agreement to acquire a 100% interest in the MacGregor property. Consideration for the property is \$90,000 (\$70,000 paid) and 140,000 shares (90,000 issued), all payable over a period of four years. There is also a 2% NSR royalty, one-half (1%) of which may be purchased for \$500,000.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

5. PROPERTY, PLANT AND EQUIPMENT

	COMPUTERS	OFFICE FURNITURE AND EQUIPMENT	VEHICLES	LAND	BUILDINGS	TOTAL
COST						
Balance, May 31, 2013	\$ 31,229	\$ 11,810	\$ 21,000	\$ 270,983	\$ 622,950	\$ 957,972
Additions	12,658	98,521	-	-	-	111,179
Balance, May 31, 2014	43,887	110,331	21,000	270,983	622,950	1,069,151
Additions	16,681	2,250	-	-	-	18,931
Balance, August 31, 2014	\$ 60,568	\$ 112,581	\$ 21,000	\$ 270,983	\$ 622,950	\$ 1,088,082
ACCUMULATED DEPRECIATION						
Balance, May 31, 2013	\$ 17,904	\$ 2,707	\$ 13,250	\$ -	\$ 36,237	\$ 70,098
Depreciation for the year	10,997	23,424	6,083	-	29,791	70,295
Balance, May 31, 2014	28,901	26,131	19,333	-	66,028	140,393
Depreciation for the period	2,507	8,888	417	-	7,448	19,260
Balance, August 31, 2014	\$ 31,408	\$ 35,019	\$ 19,750	\$ -	\$ 73,476	\$ 159,653
CARRYING AMOUNTS						
May 31, 2013	\$ 13,325	\$ 9,103	\$ 7,750	\$ 270,983	\$ 586,713	\$ 887,874
May 31, 2014	\$ 14,986	\$ 84,200	\$ 1,667	\$ 270,983	\$ 556,922	\$ 928,758
August 31, 2014	\$ 29,160	\$ 77,562	\$ 1,250	\$ 270,983	\$ 549,474	\$ 928,429

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities were as follows:

	August 31, 2014	May 31, 2014
Accounts Payable		
<30 days	\$ 635,110	\$ 347,905
31 – 60 days	54,341	874,838
61 - 90 days	17,166	59,871
91 to 1 year	5,615	14,823
Total Accounts Payable	712,232	1,297,437
Accrued Liabilities	130,000	130,000
Total Accounts Payable and Accrued Liabilities	\$ 842,232	\$ 1,427,437

As at August 31, 2014 the Company has accrued a liability on the Lamaque property in the amount of \$130,000 for remediation work on its drill holes as per an agreement with government authorities.

7. SHARE CAPITAL

a) Authorized: Unlimited number of shares without par value.

b) Issued

Period ended August 31, 2014:

- On June 27, 2014, the Company closed its non-brokered private placement (the "Offering") announced on June 10, 2014, for gross proceeds of \$10,045,123. The Company issued 30,156,757 Non-Flow through units ("the "Non-Flow Through Units") at a price of \$0.20 and 13,997,591 Quebec flow through shares ("Quebec FT Shares") at a price of \$0.26 and 1,439,992 National flow through shares ("National FT Shares") at a price of \$0.26. Each Non-Flow Through Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder thereof to purchase one common share at a price of \$0.30 for 24 months following closing of the Offering. The Company paid finders' fees of \$613,940 in conjunction with the Offering and granted 2,645,568 compensation warrants with an expiry date of June 27, 2016. The compensation warrants entitle the holder to purchase one common share at a price of \$0.26 for 24 months following closing of the Offering. The Company's officers and directors' participation in the private placement totalled \$219,698.
- On June 27, 2014, the Company entered into a share purchase agreement with a TSX listed Company. Pursuant to the agreement, the Company issued 5,000,000 Units at a price of \$0.20 per Unit in exchange for 2,222,222 common shares of this TSX listed Company at \$0.45 per common share, representing a value of \$1,000,000. As a part of this transaction, the Company also issued 5,000,000 warrants at a price of \$0.30, with the expiry date June 27, 2016.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

7. SHARE CAPITAL (Continued)

c) Warrants

A summary of the changes in warrants to acquire an equivalent number of shares as at August 31, 2014 was as follows:

	WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Warrants outstanding, May 31, 2013	25,382,678	\$ 0.48
Expired	(12,984,045)	0.35
Exercised	(519,945)	0.27
Granted	9,135,464	0.24
Warrants outstanding, May 31, 2014	21,014,152	0.45
Granted	35,156,757	0.30
Granted	2,645,568	0.26
Expired	(6,351,466)	0.43
Warrants outstanding, August 31, 2014	52,465,011	\$ 0.34

The Company had outstanding share purchase warrants as at August 31, 2014 as follows:

NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
1,190,000	\$ 0.45	September 12, 2014*
2,030,000	\$ 1.00	September 30, 2014*
120,000	\$ 1.00	October 30, 2014*
100,000	\$ 2.00	December 28, 2014
135,000	\$ 2.00	January 25, 2015
1,672,701	\$ 0.26	June 18, 2015
53,846	\$ 0.26	June 30, 2015
251,660	\$ 0.26	July 1, 2015
2,104,676	\$ 0.26	July 22, 2015
2,446,602	\$ 0.23	August 9, 2015
1,084,250	\$ 0.23	August 27, 2015
1,521,729	\$ 0.23	September 4, 2015
1,493,100	\$ 0.85	December 29, 2015
459,122	\$ 0.26	December 29, 2015
35,156,757	\$ 0.30	June 27 2016
2,645,568	\$ 0.26	June 27 2016
52,465,011		

*3,340,000 warrants expired unexercised subsequent to the quarter end.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

7. SHARE CAPITAL (Continued)

c) Warrants (Continued)

Period ended August 31, 2014:

On June 27, 2014, the Company granted 2,645,568 compensation warrants to brokers in connection with its June 2014 private placement. As a result, share issue costs and share-based payments reserves were increased by \$229,000. The compensation warrants were measured using the Black-Scholes Model. The fair value of the compensation warrants was estimated on the issue date with the following assumptions: i) exercise price per share of \$0.26; ii) expected share price volatility 75.43%; iii) risk free interest rate of 1.10%; iv) expected life of 2 years; v) forfeiture rate of 0%; and vi) no dividend yield.

d) Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company exercisable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares at the date of the grant. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX-V policy), or such other price as may be agreed to by the Company and accepted by the TSX-V. Options vest on terms determined by the directors and may be vested immediately on the grant date. Stock options granted to consultants are subject to minimum vesting restrictions such that one-quarter of the option shall vest on each of the grant date and three, six and twelve months thereafter.

A summary of the changes in stock options as at August 31, 2014 is as follows:

	STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, May 31, 2013	6,847,000	\$ 0.28
Cancelled/expired	(687,500)	0.28
Exercised	(230,000)	0.25
Granted	4,500,000	0.21
Options outstanding, May 31, 2014	10,429,500	0.25
Granted	300,000	0.25
Cancelled/expired	(215,000)	0.26
Options outstanding, August 31, 2014	10,514,500	\$ 0.25

On June 27, 2014, the Company granted 300,000 incentive stock options to employees and consultants of the Company (vested 25% every six months) for a period of seven years to acquire common shares of the Company at \$0.25 per share. The fair value of the stock based compensation options was estimated on the date of grant in the amount of \$58,400 (\$36,043 expensed in the current period) with the following assumptions: i) exercise price per share of \$0.25; ii) expected share price volatility of 107.11%; iii) risk free interest rate of 1.85; iv) expected life of 7 years; and v) no dividend yield.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

7. SHARE CAPITAL (Continued)

d) Stock Options (Continued)

The Company had outstanding stock options as at August 31, 2014 as follows:

NUMBER OF OPTIONS OUTSTANDING	NUMBER OF OPTIONS EXERCISABLE	EXERCISE PRICE	EXPIRY DATE
88,000	88,000	\$ 0.30	September 22, 2016
170,000	170,000	\$ 0.30	March 1, 2017
975,000	1,025,000	\$ 0.30	November 7, 2017
520,000	520,000	\$ 0.21	January 22, 2018
1,451,500	1,451,500	\$ 0.30	January 23, 2018
20,000	20,000	\$ 0.24	January 28, 2018
400,000	300,000	\$ 0.25	March 20, 2018
300,000	300,000	\$ 0.20	August 2, 2018
1,390,000	1,390,000	\$ 0.22	September 11, 2018
50,000	50,000	\$ 0.275	November 3, 2018
565,000	565,000	\$ 0.40	December 14, 2018
250,000	250,000	\$ 0.39	March 6, 2019
3,900,000	2,875,000	\$ 0.20	January 29, 2021
300,000	300,000	\$ 0.34	March 13, 2021
300,000	75,000	\$ 0.25	June 27, 2021
10,514,500	9,164,500		

As at August 31, 2014, the weighted average remaining contractual life of the options was 4.83 years (2013 – 4.63 years), and the weighted average exercise price was \$0.25 (2013 - \$0.28).

e) Flow-Through Commitments

During the current period, the Company renounced \$7,688,500 of qualifying Canadian exploration expenses ("CEE") it is committed to incur on or before December 31, 2014. Commencing February 1, 2014, the Company is liable to pay Part XII.6 tax, at a specified rate per annum, calculated monthly on the unspent portion of the commitment. The Company had spent \$7,150,966 by the end of August 2014, reducing the obligation to \$537,534.

If the Company pre-renounces the qualifying CEE for its June 2014 private placement as December 31, 2014, it will be committed to incur \$4,215,370 by the end of December 2015.

8. CAPITAL MANAGEMENT

The Company includes cash and equity, comprised of issued common shares and reserves, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 future development of the business.

There were no changes in the Company's approach to capital management during the quarter. The Company is not subject to externally imposed capital requirements.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

9. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

All related party transactions were within the normal course of business and have been recorded at amounts agreed to by the transacting parties. Amounts due to and due from related parties do not bear interest, are unsecured, and have no fixed payment terms.

As at August 31, 2014, \$62,789 (2013 - \$54,441) was owed to related parties and \$42,094 (2013 - \$37,894) was due from related parties.

Included in office and administrative expenses are fees charged by a private company wholly owned by the Company's Corporate Secretary for the provision of corporate and accounting services. For the current period these fees amounted to \$76,158 (2013 - \$42,827). Within Compensation and Benefits are management and directors' fees of \$138,000. Within Professional fees there are \$123,300 of related party consulting fees.

Key Management Compensation:

Key management personnel include 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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel was as follows:

	THREE MONTHS ENDED AUGUST 31	
	2014	2013
Short-term employment benefits, including administrative, consulting, directors' and management fees	\$ 437,458	\$ 259,759
Share-based payments	10,195	-
Total	<u>\$ 447,653</u>	<u>\$ 259,759</u>

10. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities conducted by the Company during the three months ended August 31, 2014 and 2013 are as follows:

	THREE MONTHS ENDED AUGUST 31	
	2014	2013
<i>Non-cash investing activities:</i>		
Shares issued for mineral properties	\$ 4,800	\$ 3,100
Shares issued for marketable securities	\$ (1,000,000)	\$ -
Acquisition of marketable securities	\$ 1,000,000	\$ -
<i>Non-cash financing activities:</i>		
Share issuance costs, non-cash	\$ 229,000	\$ 120,000

Non-cash share issuance costs all related to compensation warrants granted to brokers in connection with the Company's private placements during the period.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

11. COMMITMENTS

As at August 31, 2014, the Company was committed to the following payments under equipment lease agreements:

2015	\$	83,266
2016		111,022
2017		43,738
2018		17,838
2019		17,838
2020		310
		<hr/>
	\$	274,012

12. SUBSEQUENT EVENTS

- On September 12, 2014, 1,190,000 warrants expired, unexercised.
- On September 24, 2014, the Company granted 1,300,000 stock options to consultants, officers, and directors of the Company in accordance with its stock option plan. The options are priced at \$0.24 per option, vest 25% every six months, and expire on September 24, 2021.
- On September 30, 2014, 2,030,000 warrants expired, unexercised.
- On October 8, 2014, the Company executed an Asset Purchase Agreement to acquire the Sigma-Lamaque Milling Facility and Mines (the "Property"), adjacent to Integra's Lamaque South project in Val-d'Or, Québec (the "Transaction"). The Property is being acquired from Samson Bélair/Deloitte & Touche Inc. (the "Vendor"), who is acting as court-appointed receiver of the assets of Century Mining Corporation ("Century"). The aggregate purchase price is \$8.05 million, comprised of \$1.8 million in cash and 25 million common shares valued at \$6.25 million (based on share price of \$0.25 per share).

The assets acquired by Integra include a permitted 2,200 tonne per day ("tpd") milling complex and tailings facility adjacent to Lamaque South, as well as permitted underground infrastructure including three portals, mechanical shop, office, dry, equipment, and all mining concessions and mineral claims on the past-producing Property.

Concurrent with the Transaction, the Company also entered into a separate agreement with L. Fournier et Fils Inc. ("Fournier"), a third party construction materials and mining service company, in which Fournier has agreed to pay to Integra \$1,025,000 in cash (received on October 8, 2014) in exchange for access and ownership over the waste rock on the Property as well as a portion of certain mining concessions. Fournier will also assume all of the environmental reclamation obligations associated with their waste rock property, significantly reducing the overall obligation to Integra.

- On October 9, 2014, the Company granted 800,000 stock options to its COO in accordance with its stock option plan. The options are priced at \$0.245 per option, vest 25% every six months, and expire on October 9, 2021.
- On October 30, 2014, 120,000 warrants expired, unexercised.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

13. SCHEDULE OF EXPLORATION AND EVALUATION COSTS – PERIOD ENDED AUGUST 31, 2014

	LAMAQUE GROUP QUEBEC	GOLDEN VALLEY GROUP QUEBEC	ONTARIO	BRITISH COLUMBIA PROPERTIES	TOTAL
Acquisition Costs					
Opening balance-acquisition	\$ 1,226,833	\$ 60,000	\$ 70,483	\$ 34,800	\$ 1,392,116
Staking costs	-	-	-	-	-
Option payments cash	20,000	-	-	-	20,000
Option payments shares	4,800	-	-	-	4,800
Royalty transfer	-	-	-	-	-
Ending balance – acquisition costs	1,251,633	60,000	70,483	34,800	1,416,916
Exploration Costs					
Opening balance-exploration	22,285,277	35,921	62,833	53,151	22,437,182
Consulting	60,126	-	-	-	60,126
Payroll	290,526	-	-	-	290,526
Drilling	810,368	-	-	-	810,368
Geological	538,814	-	-	-	538,814
Line cutting	-	-	-	-	-
Mapping and sampling	213,162	-	-	-	213,162
Surveys	1,850	-	-	-	1,850
Field costs and road construction	324,114	-	-	-	324,114
Site administration, taxes	-	-	-	-	-
Government assistance*	-	-	-	-	-
Ending balance, exploration costs	24,524,237	35,921	62,833	53,151	24,676,142
Balance, August 31, 2014	\$ 25,775,870	\$ 95,921	\$ 133,316	\$ 87,951	\$ 26,093,058

* On July 11, 2014, the Company received \$23,307 for its 2013 Quebec mining credit.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED AUGUST 31, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

13. SCHEDULE OF EXPLORATION AND EVALUATION COSTS – YEAR ENDED MAY 31, 2014

	LAMAQUE GROUP QUEBEC	GOLDEN VALLEY GROUP QUEBEC	ONTARIO	BRITISH COLUMBIA PROPERTIES	TOTAL
Acquisition Costs					
Opening balance-acquisition	\$ 1,164,233	\$ 60,000	\$ 70,483	\$ 30,400	\$ 1,325,116
Staking costs	-	-	-	-	-
Option payments cash	50,000	-	-	-	50,000
Option payments shares	12,600	-	-	4,400	17,000
Royalty transfer	-	-	-	-	-
Ending balance – acquisition costs	1,226,833	60,000	70,483	34,800	1,392,116
Exploration Costs					
Opening balance-exploration	13,990,676	35,862	62,366	48,396	14,137,300
Consulting	53,141	-	-	-	53,141
Payroll	772,943	59	417	-	773,419
Drilling	4,224,322	-	-	-	4,224,322
Geological	2,101,764	-	50	4,020	2,105,834
Line cutting	-	-	-	-	-
Mapping and sampling	669,586	-	-	-	669,586
Surveys	89,350	-	-	-	89,350
Field costs and road construction	1,014,965	-	-	735	1,015,700
Site administration, taxes	1,557	-	-	-	1,557
Government assistance*	(633,027)	-	-	-	(633,027)
Ending balance, exploration costs	22,285,277	35,921	62,833	53,151	22,437,182
Balance, May 31, 2014	\$ 23,512,110	\$ 95,921	\$ 133,316	\$ 87,951	\$ 23,829,298

* On July 15, 2013, the Company received \$162,823 for its 2012 Quebec tax credit. The balance of \$74,680 was received on November 13, 2013; total 2012 Quebec tax credit was \$237,503.

* On August 29, 2013, the Company received \$736,013 for its 2011 Quebec tax credit.

* On January 2, 2014, the Company received \$35,714 for its 2010 Quebec mining credit & \$40,309 for its 2011 mining credit. Final 2010, 2011, and 2012 mining credit adjustments were \$49,692 (included in the "Government assistance" line), leaving only the outstanding 2012 mining credit in the amount of \$33,990.

* On April 7, 2014, The Company received \$441,284 for its May 2013 Quebec tax credit. Subsequent to the fiscal year end (on July 11, 2014), the Company received \$23,307 for its May 2013 Quebec mining credit.

* On May 31, 2014, the Company had accrued \$555,913 for its Quebec tax credit and \$86,204 Quebec mining credit for its May 2014 fiscal year.