

INTEGRA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED NOVEMBER 30, 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 six months ended November 30, 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 Six Months Ended November 30, 2014 and 2013

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INTEGRA GOLD CORP.

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

	(Unaudited)	
	November 30, 2014	May 31, 2014
ASSETS		
Current		
Cash and cash equivalents	\$ 3,599,665	\$ 1,801,453
Sales tax recoverable	113,071	659,187
Accounts receivable	45,167	28,347
Mining exploration tax credits recoverable (Note 15)	898,809	642,117
Available-for-sale investments (Note 4)	409,222	246,000
Prepaid expenses	219,035	324,931
Total Current Assets	5,284,969	3,702,035
Due From Related Parties (Note 11)	42,094	37,894
Deposits	338,848	80,705
Property, Plant and Equipment (Note 6)	7,469,725	928,758
Exploration advances	22,000	-
Exploration and Evaluation Assets (Notes 5 and 15)	32,632,331	23,829,298
Total Assets	\$ 45,789,967	\$ 28,578,690
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 556,319	\$ 1,427,437
Due to related parties (Note 11)	61,730	105,594
Other financial liabilities	165,581	73,438
Flow-through share premium liability	789,488	863,998
Total Current Liabilities	1,573,118	2,470,467
Non-current liabilities		
Reclamation and remediation provisions (Note 8)	5,000,000	-
Total Liabilities	6,573,118	2,470,467
EQUITY		
Share Capital (Notes 9)	78,650,119	63,114,988
Reserves	5,993,291	5,473,686
Accumulated Other Comprehensive Income (Note 3)	(1,129,743)	(292,965)
Deficit	(44,296,818)	(42,187,486)
Total Equity	39,216,849	26,108,223
Total Liabilities and Equity	\$ 45,789,967	\$ 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 November 30		Six Months Ended November 30	
	2014	2013	2014	2013
Expenses				
Compensation and benefits (Note 11)	\$ 227,491	\$ 79,800	\$ 494,141	\$ 259,814
Corporate development and marketing	285,243	201,087	588,654	270,580
Depreciation (Note 6)	18,120	19,725	37,381	31,829
Office and administration (Note 11)	233,090	124,606	421,444	235,603
Professional fees (Note 11)	893,239	98,859	1,210,369	129,411
Regulatory fees	22,544	17,883	114,706	45,978
Share-based payments	228,911	1,902	292,507	48,750
Loss Before Other Income (Expense) And Income Taxes	(1,908,638)	(543,862)	(3,159,202)	(1,021,965)
Other Income (Expense)				
Interest and foreign exchange	11,949	16,627	29,448	19,958
Loss on available-for-sale investments	-	-	-	(375,902)
Gain on equipment sold	1,800	-	1,800	-
Rental income	8,452	-	17,857	20,967
	22,201	16,627	49,105	(334,977)
Loss Before Income Taxes	(1,886,437)	(527,235)	(3,110,097)	(1,356,942)
Deferred Income Tax Recovery	225,740	590,564	1,000,765	806,688
Net Loss (Income) For The Period	(1,660,697)	63,329	(2,109,332)	(550,254)
Other Comprehensive Loss				
Change in fair value of available-for-sale investments	(522,111)	(96,000)	(836,778)	(126,000)
Reclassification of loss realized on sale of available-for-sale investments	-	-	-	318,173
Comprehensive Loss For The Period	\$ (2,182,808)	\$ (32,671)	\$ (2,946,110)	\$ (358,081)
Loss Per Share, Basic and Diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted Average Number Of Shares Outstanding, Basic and Diluted	200,734,791	111,205,722	185,942,827	100,978,587

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	18,082,702	3,345,300	-	-	-	3,345,300
Private placements – Non flow-through shares	6,771,833	1,015,775	-	-	-	1,015,775
Flow-through share premium	-	(632,895)	-	-	-	(632,895)
Share issue costs	-	(494,584)	-	-	-	(494,584)
Share-based payments – brokers' warrants	-	-	153,000	-	-	153,000
Share-based payments – options	-	-	48,750	-	-	48,750
Reclassification of loss realized on sale of available- for-sale investments	-	-	-	318,173	-	318,173
Other comprehensive loss	-	-	-	(126,000)	-	(126,000)
Net loss for the period	-	-	-	-	(550,254)	(550,254)
Balance, November 30, 2013	111,372,942	59,451,203	4,787,091	(370,965)	(40,946,711)	22,920,618
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
Issue of shares – Sigma acquisition	25,000,000	6,250,000	-	-	-	6,250,000
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	-	-	292,508	-	-	292,508
Share-based payments – brokers' warrants	-	-	229,000	-	-	229,000
Share-based payments – options exercised	12,500	4,403	(1,903)	-	-	2,500
Other comprehensive loss	-	-	-	(836,778)	-	(836,778)
Net loss for the period	-	-	-	-	(2,109,332)	(2,109,332)
Balance, November 30, 2014	210,628,198	\$ 78,650,119	\$ 5,993,291	\$ (1,129,743)	\$ (44,296,818)	\$ 39,216,849

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 Monts Ended November 30		Six Months Ended November 30	
	2014	2013	2014	2013
Operating Activities				
Net loss (income) for the period	\$ (1,660,697)	\$ 63,329	\$ (2,109,332)	\$ (550,254)
Non-cash items:				
Depreciation	18,120	19,725	37,381	31,829
Share-based payments	227,007	34,902	290,604	201,751
Deferred income tax recovery	(225,740)	(590,564)	(1,000,765)	(806,688)
Changes in non-cash operating assets and liabilities:				
Accounts receivable	(9,531)	57,922	(16,820)	49,897
Accounts receivable – related parties	-	15,000	(4,200)	12,000
Sales taxes recoverable	301,111	(127,578)	546,116	272,008
Prepaid expenses and deposits	351,988	(29,103)	(152,246)	(77,255)
Accounts payable and other financial liabilities	(792,028)	366,552	(1,913,49)	1,321,222
Due to related parties	(1,060)	(46,815)	(43,864)	(58,473)
Cash Used In Operating Activities	(1,790,830)	(236,630)	(4,366,625)	396,037
Investing Activities				
Additions to property, plant and equipment	(528,167)	(84,908)	(547,099)	(86,857)
Exploration advance	(22,000)	15,589	(22,000)	(21,120)
Exploration costs, net of mining tax credits	(1,019,450)	(2,253,601)	(2,701,652)	(3,275,668)
Cash Used In Investing Activities	(1,569,617)	(2,322,920)	(3,320,751)	(3,383,645)
Financing Activities				
Issue of common shares for cash	4,403	856,716	10,049,528	5,061,111
Share issue costs	-*	(99,283)	(613,940)	(494,584)
Cash Provided By Financing Activities	4,403	757,433	9,435,588	4,566,527
Net Increase (Decrease) In Cash and Cash Equivalents	(3,356,044)	(1,802,117)	1,798,212	1,578,919
Cash and Cash Equivalents, Beginning Of Period	6,955,709	5,013,827	1,801,453	1,632,791
Cash and Cash Equivalents, End Of Period	\$ 3,599,665	\$3,211,710	\$ 3,599,665	\$3,211,710
Supplemental Cash Flow Information (Note 10)				
Cash paid for interest	\$ -	\$ -	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -
Share issued for mineral properties	\$ -	\$ -	\$ 4,800	\$ 3,100
Cash paid for Part XII.6 tax	\$ -	\$ -	\$ -	\$ -

* There were no share issuance costs charged to equity related to the shares issued as part of the Century Mill acquisition; all costs incurred were expensed in accordance with IFRS 3 Business Combinations.

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

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 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 six month period ending November 30, 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 January 29, 2015, the date the Board of Directors approved the financial statements.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 7955677 Canada Inc. and Integra Gold (Québec) Inc., incorporated under the laws of Québec, Canada. The financial statements of the subsidiaries are prepared using consistent accounting policies and reporting dates of the Company. All inter-company transactions and balances are eliminated on consolidation.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Property, Plant and Equipment

Items of property, plant and equipment are recorded at cost and depreciated over their estimated useful lives. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Plant and equipment are amortized on a straight-line basis over their estimated useful lives at the following rates:

Building	4%
Computer	25%
Office equipment	20%
Vehicle	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate. During the year of acquisition, depreciation is recorded at one-half the annual rate.

b) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is adjusted for changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the periods in which they occur.

4. 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, November 30, 2014	\$1,538,965

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

4. 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	836,778
Balance, November 30, 2014	1,129,743

Carrying value

Balance, November 30, 2014	<u>\$409,222</u>
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5. EXPLORATION AND EVALUATION ASSETS

November 30, 2014 (Integra Gold Corp.)

	ACQUISITION COSTS AND OPTION PAYMENTS	DEFERRED EXPLORATION COSTS	TOTAL
Lamaque South Property, Québec	\$ 979,083	\$ 25,214,547	\$ 26,193,630
Roc d'Or Extension Property, Québec	48,750	97,328	146,078
Bourlamaque Property, Québec	14,000	2,778	16,778
MacGregor Property, Québec	92,300	29,795	122,095
Donald Property, Québec	117,500	27,779	145,279
Golden Valley Group, Québec and Ontario	130,483	100,955	231,438
Char Property, British Columbia	34,800	53,151	87,951
	<u>\$ 1,416,916</u>	<u>\$ 25,526,333</u>	<u>\$ 26,943,249</u>

November 30, 2014 (Integra Gold (Québec) Inc.)

	ACQUISITION COSTS AND OPTION PAYMENTS	DEFERRED EXPLORATION COSTS	TOTAL
Sigma General, Québec	\$ 5,443,750	\$ 200,947	\$ 5,644,697
Sigma Aumaque, Québec	-	12,626	12,626
Sigma II, Québec	-	30,944	30,944
Sigma North, Québec	-	-	-
Sigma East, Québec	-	-	-
Sigma - Main, Québec	-	815	815
	<u>\$ 5,443,750</u>	<u>\$ 245,332</u>	<u>\$ 5,689,082</u>

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

	May 31, 2014 (Integra Gold Corp.)		
	ACQUISITION COSTS AND OPTION PAYMENTS	DEFERRED EXPLORATION COSTS	TOTAL
Lamaque Property, Québec	\$ 979,083	\$ 22,128,101	\$ 23,107,184
Roc d'Or Extension Property, Québec	48,750	97,328	146,078
Bourlamaque Property, Québec	14,000	2,778	16,778
MacGregor Property, Québec	67,500	29,796	97,296
Donald Property, Québec	117,500	27,275	144,775
Golden Valley Group, Québec 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.

Sigma Property

On October 8, 2014, the Company executed an Asset Purchase Agreement to acquire the Sigma-Lamaque Milling Facility and Mines (the "Mill Property"), adjacent to Integra's Lamaque South project in Val-d'Or, Québec. The Mill Property was acquired from Samson Bélair/Deloitte & Touche Inc., who was acting as court-appointed receiver of the assets of Century Mining Corporation ("Century"). The aggregate purchase price was \$8.05 million, comprised of \$1.8 million in cash and 25 million common shares valued at \$6.25 million (based on a share price of \$0.25 per share).

The assets acquired by Integra include a permitted 2,200 tonne per day milling complex and tailings facility adjacent to Lamaque South, as well as permitted underground infrastructure and all mining concessions and mineral claims on the past-producing property. The value attributed to the mining concessions and claims was \$5.4 million. This value is offset by a reclamation liability for the property estimated at \$5.0 million (see note 8).

Concurrent with the transaction, the Company also entered into a separate agreement with L. Fournier et Fils Inc. ("Fournier"), a construction materials and mining service company, in which Fournier paid \$1,025,000 to Integra in exchange for access and ownership over the waste rock on the Mill Property as well as a portion of certain mining concessions. Fournier also assumed all of the environmental reclamation obligations associated with their waste rock property.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

6. 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	24,572	857,525	40,000	230,000	5,426,250	6,578,347
Balance, November 30, 2014	\$ 68,459	\$ 967,856	\$ 61,000	\$ 500,983	\$ 6,049,200	\$ 7,647,498
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	5,253	16,397	834	-	14,896	37,380
Balance, November 30, 2014	\$ 34,154	\$ 42,528	\$ 20,167	\$ -	\$ 80,924	\$ 177,773
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
November 30, 2014	\$ 34,305	\$ 925,328	\$ 40,833	\$ 500,983	\$ 5,968,276	\$ 7,469,725

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

On October 8, 2014, as a part of the Asset Purchase Agreement to acquire the Sigma-Lamaque Milling Facility and Mines, the Company acquired the following assets:

Land	Mill Facility	Production Equipment	Vehicles	Total
\$230,000	\$5,426,250	\$835,000	\$40,000	\$6,531,250

The acquired mill assets were estimated by a third party to have a replacement value of approximately \$100 million. However, IFRS 3 requires that the assets be recorded at fair value. As the assets were acquired out of receivership through an open bidding process, the fair value was deemed to be the price paid for the assets plus the cost of the liabilities assumed by the Company. The total fair value of the transaction including the value of the liabilities assumed but excluding the wasterock subsequently sold to Fournier amounted to \$12 million, of which 5.4 million was recorded as Exploration and Evaluation Assets and the remainder recorded as Property, Plant and Equipment.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	November 30, 2014	May 31, 2014
Accounts Payable		
<30 days	\$ 148,676	\$ 347,905
31 – 60 days	(69,921)	874,838
61 - 90 days	10,500	59,871
91 to 1 year	5,040	14,823
Total Accounts Payable	156,025	1,297,437
Accrued Liabilities	462,024	130,000
Total Accounts Payable and Accrued Liabilities	\$ 556,319	\$ 1,427,437

As at November 30, 2014 the Company has accrued the following liabilities: \$130,000 on the Lamaque property for remediation work as per an agreement with government authorities and \$330,616 for legal services related to the Sigma acquisition.

8. PROVISIONS

The Company has taken a provision of \$5 million for the reclamation work associated with the Sigma acquisition. The provision is based on a study prepared by a third party environmental and engineering firm and has been approved by the Québec Ministry of Energy and Natural Resources ("MERN"). Timing of outflows are based on life of mine plans and are subject to change. The majority of costs are currently expected to be incurred in 2021 or later. As part of the acquisition, the Company gained title to a pre-existing \$2.5 million bond held by MERN which will be released to Integra once reclamation work has been completed and approved.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

9. SHARE CAPITAL

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

Period ended November 30, 2014:

- On October 7, 2014, the Company issued 25,000,000 common shares at a price of \$0.25, as a part of the Asset Purchase Agreement for the Sigma property acquisition.
- 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 Québec flow through shares ("Québec 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. Each Unit consists of one common share of the Company ("Common Share") 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. 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.

- c) Warrants

A summary of the changes in warrants to acquire an equivalent number of shares as at November 30, 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	(9,691,466)	0.56
Warrants outstanding, November 30, 2014	49,125,011	\$ 0.31

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

9. SHARE CAPITAL (Continued)

c) Warrants (Continued)

The Company had outstanding share purchase warrants as at November 30, 2014 as follows:

NUMBER OF WARRANTS	EXERCISE PRICE	EXPIRY DATE
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
<u>49,125,011</u>		

*235,000 warrants expired unexercised subsequent to the quarter end.

As at November 30, 2014, the weighted average remaining contractual life of the share purchase warrants was 1.38 years (2013 – 0.65 years) and the weighted average exercise price was \$0.31 (2013 - \$0.55).

Period ended November 30, 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 vest 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.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

9. SHARE CAPITAL (Continued)

A summary of the changes in stock options as at November 30, 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	2,400,000	0.24
Cancelled/expired	(277,500)	0.26
Exercised	(12,500)	0.20
Options outstanding, November 30, 2014	12,539,500	\$ 0.25

On October 9, 2014, the Company granted 800,000 stock options to its Chief Operating Officer in accordance with its stock option plan. The options were priced at \$0.245, vest 25% every six months, and expire in seven years. The fair value of the stock based compensation options was estimated on the date of grant in the amount of \$170,000 (\$88,540 expensed in the current period) with the following assumptions: i) exercise price per share of \$0.245; ii) expected share price volatility of 106.00%; iii) risk free interest rate of 1.68; iv) expected life of 7 years; and v) no dividend yield.

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 were priced at \$0.24, vest 25% every six months, and expire in seven years. The fair value of the stock based compensation options was estimated on the date of grant in the amount of \$264,800 (\$137,913 expensed in the current period) with the following assumptions: i) exercise price per share of \$0.24; ii) expected share price volatility of 105.87%; iii) risk free interest rate of 1.82; iv) expected life of 7 years; and v) no dividend yield.

On June 27, 2014, the Company granted 300,000 incentive stock options to employees and consultants of the Company in accordance with its stock option plan. The options were priced at \$0.25, vest 25% every six months, and expire in seven years. 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 SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

9. SHARE CAPITAL (Continued)

d) Stock Options (Continued)

The Company has outstanding stock options as at November 30, 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
950,000	950,000	\$ 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	400,000	\$ 0.25	March 20, 2018
300,000	300,000	\$ 0.20	August 2, 2018
1,250,000	1,250,000	\$ 0.22	September 11, 2018
50,000	50,000	\$ 0.275	November 3, 2018
540,000	540,000	\$ 0.40	December 14, 2018
250,000	250,000	\$ 0.39	March 6, 2019
3,850,000	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
1,300,000	325,000	\$ 0.24	September 24, 2021
800,000	200,000	\$ 0.245	October 9, 2021
12,539,500	9,764,500		

As at November 30, 2014, the weighted average remaining contractual life of the options was 4.96 years (2013 – 4.39 years), and the weighted average exercise price was \$0.25 (2013 - \$0.28).

e) Flow-Through Commitments

At December 31, 2013, the Company renounced \$7,688,500 of qualifying Canadian exploration expenses ("CEE") it was committed to incur on or before December 31, 2014. The Company fulfilled this obligation during the current period. Commencing February 1, 2014, the Company was liable to pay Part XII.6 tax, at a specified rate per annum, calculated monthly on the unspent portion of the commitment, which it has accrued.

If the Company pre-renounces the qualifying CEE for its June and December 2014 private placements at December 31, 2014, it will be committed to incur \$12,188,056 by the end of December 2015. As of January 29, 2015, the Company has already incurred \$1,801,240 in qualifying expenditures.

10. 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 SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

11. 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 November 30, 2014, \$61,730 (2013 - \$22,626) 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 \$115,093 (2013 - \$82,465). Within Compensation and Benefits are management and directors' fees of \$196,000 (2013 - \$161,000). Within Professional fees there are \$223,800 (2013 - \$64,940) 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:

	SIX MONTHS ENDED NOVEMBER 30	
	2014	2013
Short-term employment benefits, including administrative, consulting, directors' and management fees	\$ 684,893	\$ 453,905
Share-based payments	207,387	-
Total	<u>\$ 892,280</u>	<u>\$ 453,905</u>

12. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities conducted by the Company during the three months ended November 30, 2014 and 2013 are as follows:

	SIX MONTHS ENDED NOVEMBER 30	
	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	\$ 153,000

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 SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

13. COMMITMENTS

As at November 30, 2014, the Company was committed to the following payments under equipment lease agreements:

2015	\$	55,512
2016		111,022
2017		43,738
2018		17,838
2019		17,838
2020		310
		<hr/>
	\$	246,258
		<hr/>

14. SUBSEQUENT EVENTS

- On January 25, 2015, 135,000 warrants expired, unexercised.
- On December 30, 2014, the Company closed its "bought deal" private placement (the "Offering"). The Company issued 21,893,382 flow through common shares at a price of \$0.23 and 11,625,208 Québec super flow-through common shares at a price of \$0.27, for a total proceeds of \$8,174,284. The Company paid \$616,098 in finders' fees and legal expenses in conjunction with this private placement and granted 1,675,930 compensation warrants. The compensation warrants entitle the holder to purchase one common share at a price of \$0.23 for 12 months following closing of the Offering.
- On December 28, 2014, 100,000 warrants expired, unexercised.

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

15. SCHEDULE OF EXPLORATION AND EVALUATION COSTS – PERIOD ENDED NOVEMBER 30, 2014 (INTEGRA GOLD CORP.)

	LAMAQUE GROUP QUÉBEC	GOLDEN VALLEY GROUP QUÉBEC	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	88,838	-	-	-	88,838
Payroll	566,778	-	-	-	566,778
Drilling	828,527	-	-	-	828,527
Geological	915,894	-	1,101	-	916,995
Line cutting	-	-	-	-	-
Mapping and sampling	382,619	-	1,100	-	383,719
Surveys	5,030	-	-	-	5,030
Field costs and road construction	579,263	-	-	-	579,263
Site administration, taxes	-	-	-	-	-
Government assistance*	(279,999)	-	-	-	(279,999)
Ending balance, exploration costs	25,372,227	35,921	65,034	53,151	25,526,333
Balance, November 30, 2014	\$ 26,623,860	\$ 95,921	\$ 135,517	\$ 87,951	\$ 26,943,249

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

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

15. SCHEDULE OF EXPLORATION AND EVALUATION COSTS – PERIOD ENDED NOVEMBER 30, 2014 (INTEGRA GOLD (QUÉBEC) INC.)

	SIGMA GROUP QUÉBEC	TOTAL
Acquisition Costs		
Opening balance-acquisition	\$ -	\$ -
Staking costs	-	-
Option payments cash	1,250,000	1,250,000
Option payments shares	6,250,000	6,250,000
Reclamation bond accrual	2,500,000	2,500,000
Sigma property valuation	2,500,000	2,500,000
Waste rock	(1,025,000)	(1,025,000)
Transfer to mill facility	(6,031,250)	(6,031,250)
Ending balance – acquisition costs	5,443,750	5,443,750
Exploration Costs		
Opening balance-exploration	-	-
Consulting	8,958	8,958
Payroll	40,917	40,917
Drilling	-	-
Geological	66,965	66,965
Line cutting	15,825	15,825
Mapping and sampling	788	788
Surveys	-	-
Field costs and road construction	111,879	111,879
Site administration, taxes	-	-
Ending balance, exploration costs	245,332	245,332
Balance, November 30, 2014	\$ 5,689,082	\$ 5,689,082

INTEGRA GOLD CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2014 AND 2013 (Expressed in Canadian dollars) (Unaudited)

15. SCHEDULE OF EXPLORATION AND EVALUATION COSTS – YEAR ENDED MAY 31, 2014 (INTEGRA GOLD CORP.)

	LAMAQUE GROUP QUÉBEC	GOLDEN VALLEY GROUP QUÉBEC	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 Québec tax credit. The balance of \$74,680 was received on November 13, 2013; total 2012 Québec tax credit was \$237,503.

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

* On January 2, 2014, the Company received \$35,714 for its 2010 Québec 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 Québec tax credit. Subsequent to the fiscal year end (on July 11, 2014), the Company received \$23,307 for its May 2013 Québec mining credit.

* On May 31, 2014, the Company had accrued \$822,071 for its Québec tax credit and \$42,748 Québec mining credit for its May 2014 fiscal year.