Condensed Interim Consolidated Financial Statements

True Gold Mining Inc.

For the six months ended June 30, 2015

(Expressed in United States dollars)
(Unaudited - prepared by management)

TRUE GOLD MINING INC.

Condensed interim consolidated statements of comprehensive loss
(Expressed in United States dollars)
(Unaudited - prepared by management)

	Note	Three months ended June 30, 2015	Three months ended June 30, 2014 (Note 22)	Six months ended June 30, 2015	Six months ended June 30, 2014 (Note 22)
		$	$	$	$
Expenses					
Salaries and benefits		617,748	530,025	1,553,722	1,161,468
Office and general		409,681	429,351	757,229	1,345,527
Exploration and evaluation expenditures		229,375	4,503,673	671,688	6,110,279
Stock-based compensation	13, 15	304,699	93,396	388,991	677,039
Professional fees		108,858	383,774	318,366	491,154
Travel and accommodation		98,223	205,391	306,306	539,849
Investor relations, promotion and advertising		35,941	129,175	116,116	242,496
Amortization	9	32,783	8,995	45,786	19,292
Interest and charges		4,822	1,775	6,996	3,387
Loss from operations		(1,842,130)	(6,285,555)	(4,165,200)	(10,590,491)
Other items					
Impairment	9	-	-	(5,123,110)	-
Non-recurring costs during suspended operations		(549,819)	-	(1,245,749)	-
Recovery of insurance proceeds	8, 9	33,614	-	1,519,180	-
Gain (loss) on foreign exchange		320,868	(5,836)	1,223,346	309,499
Change in fair value of financial liability	12	(2,183,712)	-	(2,934,034)	-
Change in fair value of financial assets	12	-	(23)	(511,464)	(632)
Interest and other income		51,624	213,376	120,520	305,039
		(2,327,425)	207,517	(6,951,311)	613,906
Loss for the period		(4,169,555)	(6,078,038)	(11,116,511)	(9,976,585)
Other comprehensive loss					
Currency translation adjustment		-	2,574,504	(5,512,758)	1,133,038
Reclassification of fair value losses on impairment of financial assets	12	-	-	454,966	-
Net fair value loss on financial assets		-	(30,061)	-	(59,755)
Other comprehensive income (loss) for the period		-	2,544,443	(5,057,792)	1,073,283
Comprehensive loss for the period		(4,169,555)	(3,533,595)	(16,174,303)	(8,903,302)
Comprehensive loss for the period attributed to:					
Common shareholders for the Company		(3,862,797)	(3,533,595)	(15,729,674)	(8,903,302)
Non-controlling interest	20	(306,758)	-	(444,629)	-
		(4,169,555)	(3,533,595)	(16,174,303)	(8,903,302)
Loss per share					
Basic and diluted		$ (0.01)	$ (0.02)	$ (0.03)	$ (0.03)
Weighted average number of shares outstanding					
Basic and diluted		398,841,229	397,570,526	398,841,229	362,696,800

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

TRUE GOLD MINING INC.

Condensed interim consolidated statements of financial position
(Expressed in United States dollars)
(Unaudited - prepared by management)

	Note	As at June 30, 2015	As at December 31, 2014
		$	$
Assets			
Current assets			
Cash	6	22,988,671	47,269,735
Restricted cash	7	1,376,518	1,374,149
Short term investments		244,732	259,511
Receivables	8	1,667,776	63,082
Prepaid expenses		533,111	757,728
Inventory		235,553	-
Total current assets		27,046,361	49,724,205
Non-current assets			
Property, plant and equipment	9	53,469,695	40,206,636
Deposits and advances on equipment and materials	10	14,645,635	18,403,835
Exploration and evaluation assets	11	1,242,463	1,309,641
Long term deposit	18	334,614	356,401
Financial assets	12	-	56,497
Total non-current assets		69,692,407	60,333,010
Total assets		96,738,768	110,057,215
Liabilities and Equity			
Current liabilities			
Trade payables, accrued and other liabilities	13, 18	5,335,092	5,725,593
Current portion of financial liabilities	12	7,468,967	-
Total current liabilities		12,804,059	5,725,593
Non-current liabilities			
Non-current portion of financial liabilities	12	37,421,742	41,956,675
Total liabilities		50,225,801	47,682,268
Equity			
Share capital	14	120,896,126	144,880,747
Reserves		7,501,613	8,450,747
Accumulated other comprehensive loss		-	(5,260,491)
Accumulated deficit		(81,263,012)	(85,510,025)
		47,134,727	62,560,978
Non-controlling interest	20	(621,760)	(186,031)
Total equity		46,512,967	62,374,947
Total liabilities and equity		96,738,768	110,057,215

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These condensed interim consolidated financial statements are approved by the Audit Committee and authorized for issue on August 21, 2015:

"Donald McInnes" , Director

"Robin Merrifield" , Director

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

TRUE GOLD MINING INC.

Condensed interim consolidated statements of cash flows
(Expressed in United States dollars)
(Unaudited - prepared by management)

	Six months ended June 30, 2015	Six months ended June 30, 2014 (Note 22)
	$	$
Cash flows from operating activities		
Loss for the period	(11,116,511)	(9,976,585)
Adjusted for:		
Amortization	45,786	19,292
Stock-based compensation	388,991	677,039
Foreign exchange gain	(916,161)	-
Recovery of insurance proceeds	(1,519,180)	-
Change in fair value of financial assets	511,464	632
Change in fair value of financial liability	2,934,034	-
Impairment	5,123,110	-
Movements in working capital:		
Receivables	(92,464)	10,696
Prepaid expenses	154,224	(264,288)
Inventory	(235,553)	-
Trade payables, accrued and other liabilities	90,759	(892,243)
Net cash used in operating activities	(4,631,501)	(10,425,457)
Cash flows from financing activities		
Proceeds from issuance of common shares, gross	-	47,483,334
Common share issuance costs	-	(3,052,225)
Net cash generated by financing activities	-	44,431,109
Cash flows from investing activities		
Development asset and equipment costs	(18,012,754)	-
Deposits and advances on equipment and materials	-	(2,972,041)
Pre-development asset costs	-	(6,222,800)
Redemption (purchase) of short term investments	-	774,462
Net cash used in investing activities	(18,012,754)	(8,420,379)
Effect of foreign exchange rates	(1,636,809)	-
Change in cash	(24,281,064)	25,585,273
Cash at beginning of period	47,269,735	2,776,458
Cash at end of the period	22,988,671	28,361,731

Supplemental Information

Development asset costs included in trade payables, accrued and other liabilities	4,372,760	-
Amortization capitalized to development asset	325,410	-
Shares issued and commitment to issue for exploration and evaluation assets	-	680,261
Pre-development asset costs included in trade payables, accrued and other liabilities	-	2,136,813
Change in fair value of non-current investments	-	59,755
Fair value of options exercised	-	115,120
Fair value of warrants exercised	-	115
Interest received	113,524	301,652
Interest paid	-	-
Taxes paid	-	-

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

TRUE GOLD MINING INC.
Condensed interim consolidated statements of changes in shareholders' equity
(Expressed in United States dollars)
(Unaudited - prepared by management)

		Attributable to equity shareholders								
	Note	Number of shares	Share capital	Commitment to issue shares	Reserves	Accumulated other comprehensive income (loss)	Accumulated deficit	Total	Non-controlling interest	Total
			$	$	$	$	$	$	$	$
Balance as at December 31, 2013		265,142,334	101,769,304	680,261	5,621,434	(655,674)	(70,187,087)	37,228,238	-	37,228,238
Shares and units issued as a result of financing		129,879,395	44,689,191	-	2,305,791	-	-	46,994,982	-	46,994,982
Shares issue costs - cash		-	(3,030,816)	-	-	-	-	(3,030,816)	-	(3,030,816)
Shares issued for property		1,773,500	680,261	(680,261)	-	-	-	-	-	-
Shares issued on exercise of warrants		3,000	1,369	-	-	-	-	1,369	-	1,369
Fair value of warrants exercised		-	115	-	(115)	-	-	0	-	0
Shares issued on exercise of options		775,000	154,015	-	-	-	-	154,015	-	154,015
Fair value of options exercised		-	115,120	-	(115,120)	-	-	-	-	-
Stock-based compensation		-	-	-	677,039	-	-	677,039	-	677,039
Unrealized loss on long-term investments		-	-	-	-	(59,755)	-	(59,755)	-	(59,755)
Loss for the period		-	-	-	-	-	(9,976,585)	(9,976,585)	-	(9,976,585)
Currency translation adjustment		-	-	-	-	1,133,038	-	1,133,038	-	1,133,038
Balance as at June 30, 2014		397,573,229	144,378,559	-	8,489,029	417,609	(80,163,672)	73,121,525	-	73,121,525
Balance as at December 31, 2014		398,841,229	144,880,747	-	8,450,747	(5,260,491)	(85,510,025)	62,560,978	(186,031)	62,374,947
Effect of change in functional currencies		-	(23,984,621)	-	(1,261,457)	10,318,283	14,918,895	(8,900)	8,900	-
Stock-based compensation	15	-	-	-	312,323	-	-	312,323	-	312,323
Reclassification of fair value losses on impairment of financial assets	12	-	-	-	-	454,966	-	454,966	-	454,966
Loss for the period		-	-	-	-	-	(10,671,882)	(10,671,882)	(444,629)	(11,116,511)
Currency translation adjustment		-	-	-	-	(5,512,758)	-	(5,512,758)	-	(5,512,758)
Balance as at June 30, 2015		398,841,229	120,896,126	-	7,501,613	-	(81,263,012)	47,134,727	(621,760)	46,512,967

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

1. GENERAL INFORMATION

True Gold Mining Inc. ("True Gold" or the "Company") was incorporated in British Columbia in October 1987 and was transitioned under the Business Corporations Act (BC) in May 2004. The Company's head office and principal address is Suite 1900, 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9. The registered and records office is located at 10th floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

2. NATURE OF OPERATIONS

As at June 30, 2015, True Gold is a development stage business engaged in the development of the Company's Karma Project and the acquisition and exploration of other mineral properties in Burkina Faso, West Africa.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company currently earns no operating revenues. Management believes that the Company has sufficient working capital to maintain its operations for the next year. The Company has secured funding to commence the construction of the Karma Project and to maintain its operations. While the Company has been successful in raising funds in the past, there can be no assurance that it will be able to do so in the future. The Company's Karma Project is supported by a Feasibility Study which demonstrates that the mineral reserves are economically recoverable. The Company has not yet determined whether any of its other properties contain mineral reserves that are economically recoverable. The continued development, acquisition and exploration activities of the Company and the recoverability of the capitalized development and other costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and, if warranted the development of the additional properties and upon future profitable production.

3. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements for the six months ended June 30, 2015 (the "Interim Financial Statements"), have been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting'. The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014 ("Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's interim results are not necessarily indicative of its results for a full year.

4. ACCOUNTING POLICIES

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's Annual Financial Statements, except as described below.

Change in functional and presentation currency
These Interim Financial Statements are presented in United States dollars ("US dollars" or "USD"). The functional currency of the Company and its subsidiaries is US dollars.

During the six month period ended June 30, 2015, the Company changed the functional currencies of all of its legal entities from Canadian dollars ("CAD" or "C$") to US dollars. These changes reflect the change in the primary operating economic environment of the entities due to the Company's financing, and development activities which are now primarily in US dollars. All assets, liabilities, share capital, and other components of equity were translated into US dollars at the prevailing rates. These changes have been accounted for prospectively.

4. ACCOUNTING POLICIES (continued)

On January 1, 2015, the Company changed its presentation currency from the CAD to the US dollar. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the mining industry. In making this change to the US dollar presentation currency, the Company followed the guidance in IAS 21 'The Effects of Changes in Foreign Exchange Rates' and have applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency.

In accordance with IAS 21, the financial statements for all periods presented have been translated to the new US dollar presentation currency (Note 22). For the 2014 comparative balances, assets and liabilities have been translated into the presentation currency (US dollars) at the rate of exchange prevailing at the reporting date. The statements of comprehensive income (loss) were translated at the average exchange rates for the reporting period, or at the exchange rates prevailing at the date of transactions. Exchange differences arising on translation have been recognized in other comprehensive income (loss) and accumulated as a separate component of equity (cumulative translation adjustment).

Share appreciation rights
The Share appreciation rights ("SAR") use notional units that are valued based on the Company's common share price on the Toronto Stock Venture Exchange ("TSX Venture Exchange"). The units are exercisable for cash and recorded as liabilities and stock-based compensation. Under the SAR Plan, awards will be expensed over the vesting periods based on the estimated fair value of the SAR at the date of grant. Fair value is measured using a Black-Scholes option pricing model and is adjusted to reflect the number of SAR expected to vest. Fair value of the SAR is subsequently measured at each reporting date with any change in fair value resulting in a change in the measure of the compensation for the award, which is amortized over the remaining vesting periods.

Adoption of amended accounting policies
The Company has adopted the following revised standards, effective January 1, 2015. There was no consequential impact upon adoption.

<u>IFRS 8 – Operating segments</u>
IFRS 8, 'Operating segments', was amended to require (i) disclosure of judgements made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported.

<u>IAS 24 – Related party transactions</u>
IAS 24 – 'Related party transactions' was amended to (i) revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure requirements.

Several other amendments apply for the first time in 2015. However, they do not impact the Interim Financial Statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these Interim Financial Statements, with the exception of the change in functional currency of the foreign subsidiaries and the valuation of the SAR (Note 4), the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

(Expressed in United States dollars, unless otherwise noted - unaudited)

6. CASH

The carrying amount of the Company's cash is denominated in the following currencies:

	June 30, 2015	December 31, 2014
CAD	$ 12,440,333	$ 20,095,684
USD	9,424,044	26,170,451
West African CFA franc ("CFA")	1,124,294	1,003,600
	$ 22,988,671	$ 47,269,735

7. RESTRICTED CASH

At June 30, 2015, the Company has a restricted cash balance of $1,376,518 (December 31, 2014 - $1,374,149) which represents a USD term deposit securing a letter of credit in favour of a vendor.

8. RECEIVABLES

	June 30, 2015	December 31, 2014
Insurance receivable	$ 1,519,180	$ -
GST receivable	23,306	63,082
Other receivables	125,290	-
	$ 1,667,776	$ 63,082

Insurance receivable pertains to an insurance claim on damaged equipment and site infrastructure at the Karma project (Note 9). The insurance claim has been received subsequent to June 30, 2015.

(Expressed in United States dollars, unless otherwise noted - unaudited)

9. PROPERTY, PLANT AND EQUIPMENT

Cost:	Mineral properties $	Development expenditure $	Heavy Equipment $	Light Vehicles $	Computer software & equipment $	Furniture, fixtures and other $	**Total $**
Balance as at December 31, 2013	-	-	-	25,683	201,913	88,263	**315,859**
Transfer from exploration and evaluation assets	15,162,332	-	-	-	-	-	**15,162,332**
Additions	-	24,074,104	15,300,284	718,784	299,146	146,261	**40,538,579**
Capitalized amortization	-	42,899	-	-	-	-	**42,899**
Gold purchase and sale agreement	(12,410,949)	-	-	-	-	-	**(12,410,949)**
Impact of change in presentation currency	(1,261,241)	(1,153,775)	(731,976)	(36,524)	(31,107)	(14,338)	**(3,228,961)**
Balance as at December 31, 2014	1,490,142	22,963,228	14,568,308	707,943	469,952	220,186	**40,419,759**
Additions	-	16,747,637	3,023,369	695,574	289,971	179,975	**20,936,526**
Capitalized amortization	-	325,410	-	-	-	-	**325,410**
Impairment	-	(3,290,665)	(1,799,733)	-	-	(32,712)	**(5,123,110)**
Foreign exchange on translation to presentation currency	(1,144,678)	(329,734)	(992,405)	(21,921)	(28,916)	(676)	**(2,518,330)**
Balance as at June 30, 2015	345,464	36,415,876	14,799,539	1,381,596	731,007	366,773	**54,040,255**
Amortization:							
Balance as at December 31, 2013	-	-	-	24,624	98,693	26,270	**149,587**
Amortization	-	-	-	10,542	54,324	14,929	**79,795**
Impact of change in presentation currency	-	-	-	(2,552)	(10,807)	(2,900)	**(16,259)**
Balance as at December 31, 2014	-	-	-	32,614	142,210	38,299	**213,123**
Amortization	-	-	124,765	138,981	86,521	20,929	**371,196**
Foreign exchange on translation to presentation currency	-	-	-	-	(9,417)	(4,342)	**(13,759)**
Balance as at June 30, 2015	-	-	124,765	171,595	219,314	54,886	**570,560**
Net Book Value:							
As at December 31, 2014	1,490,142	22,963,228	14,568,308	675,329	327,742	181,887	**40,206,636**
Balance as at June 30, 2015	345,464	36,415,876	14,674,774	1,210,001	511,693	311,887	**53,469,695**

On January 14, 2015, a demonstration at the Karma Project resulted in damage to equipment and site infrastructure and the Company temporarily suspending operations at site. True Gold recorded $5,123,110 of impairment related to the damage. Against this, True Gold expects to recover $1,519,180 from its insurance providers (Note 8). The insurance claim has been received subsequent to June 30, 2015. True Gold has resumed construction activity at its Karma Gold Project in Burkina Faso on May 19, 2015.

During the year ending December 31, 2014, management determined that the technical feasibility and commercial viability of the Karma Project had been established, and the Board of Directors approved the development of the Karma Project, and accordingly, the Company reclassified capitalized costs associated with the Karma Project, net of the LMM Royalty, from Exploration and Evaluation Assets (Note 11) to mineral properties within Property, Plant and Equipment. Capitalized mineral property costs will be carried at cost until the Karma Project is placed in commercial production, sold, abandoned or determined by management to be impaired in value.

Costs related to development work, such as earthworks, plant civils, and on-site infrastructure, are capitalized in property, plant and equipment as development expenditures. The Company's development expenditure asset all pertains to the Karma Project.

As part of the Agreement (Note 12), True Gold sold a revenue stream on the Karma Project, which was recorded as a recovery to acquisition costs.

(Expressed in United States dollars, unless otherwise noted - unaudited)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Amortization expense for the three and six month periods ended June 30, 2015, in the amount of $255,228 and $325,410 (three and six month periods ended June 30, 2014 - $nil), is capitalized in property, plant and equipment as a development expenditure.

10. DEPOSITS AND ADVANCES ON EQUIPMENT AND MATERIALS

As at June 30, 2015, the Company advanced $14,645,635 (December 31, 2014 - $18,403,835) as non-refundable deposits on the purchase of the primary mining fleet as well as advances for construction materials and services for the Karma Project.

11. EXPLORATION AND EVALUATION ASSETS

Details of the Company's acquisition expenditures are as follows:

	December 31, 2013	Reclassification to Development Asset	Impact of Change in Presentation Currency	**December 31, 2014**	Foreign Exchange on Translation to Presentation Currency	**June 30, 2015**
	$	$	**$**	**$**	**$**	**$**
Burkina Faso						
Karma	**20,842,757**	(20,842,757)	-	-	-	-
Liguidi Malguem	**1,353,683**	-	(112,603)	**1,241,080**	(67,178)	**1,173,902**
Bissa East	**74,781**	-	(6,220)	**68,561**	-	**68,561**
Royalty payment received	**(5,680,425)**	5,680,425	-	-	-	-
Total	**16,590,796**	**(15,162,332)**	**(118,823)**	**1,309,641**	**(67,178)**	**1,242,463**

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Liabilities

On August 11, 2014, the Company entered into a $100-million definitive Agreement with Franco-Nevada Corporation and Sandstorm Gold Inc. (the "Syndicate") to complete funding for the construction of the Karma Project. In exchange for $100 million in funding (the "Deposit"), True Gold is obligated to deliver 100,000 ounces of gold over five years (the "Delivery Period"). During the Delivery Period, which starts on March 31, 2016, True Gold shall deliver to the Syndicate an aggregate of 20,000 ounces of gold each year. The Syndicate will pay True Gold 20% of the spot price of gold ("Ongoing Payment") for each ounce delivered by True Gold. The Deposit is reduced on each delivery by the excess of the prevailing market value of the gold delivered over the Ongoing Payment made by the Syndicate. Following the Delivery Period, True Gold shall deliver to the Syndicate an amount of refined gold equal to 6.5% of the equivalent amount of gold production at the Karma Project for the life of the Project in exchange for Ongoing Payments.

In addition, True Gold holds sole option to increase funding by up to $20-million ("Increase Option") during the first 18 months following the date of the execution of the Agreement. If the Increase Option is exercised in full, True Gold would deliver an additional 30,000 ounces of gold in exchange for Ongoing Payments. The Increase Option is repayable in eight quarterly deliveries totalling up to 30,000 ounces of gold based on the pro-rata portion of the amount drawn thereunder, starting 18 months from when the first tranche of the Increase Option is drawn down.

(Expressed in United States dollars, unless otherwise noted - unaudited)

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

If True Gold constructs a processing plant, and the Karma Project produces gold equal to or greater than four million ounces, the price paid by the Syndicate as part of the Ongoing Payment will be 40% instead of 20% of the spot price of gold.

The proceeds of any advances under the Deposit may only be used to pay for costs associated with the Karma Project. The proceeds of any advances under the Increase Option may be used to pay for costs associated with the Karma Project and general corporate purposes.

If by the expiry of the initial forty-year term True Gold has not sold and delivered an amount of refined gold sufficient to reduce the uncredited balance of the Deposit to nil, then True Gold shall pay such uncredited balance of the Deposit to the Syndicate within 30 days after the expiry of that initial term.

The Company's obligation to deliver gold under the Agreement will be secured by (i) a performance guarantee by True Gold, and each of its subsidiaries that are party to the Agreement or hold a direct or indirect interest in the assets of the Karma Project ("True Gold Group Entities") in favour of the Syndicate; (ii) a pledge of the shares of each True Gold Group Entity (other than True Gold) in favour of the Syndicate; (iii) first ranking charges and security interests in favour of the Syndicate over the Karma Project, including any produced gold, and over all its respective present and after acquired property; and (iv) a written assignment, subordination and postponement of claims from the True Gold Group Entities in favour of the Syndicate.

As the Delivery Period starts on March 31, 2016, $7,468,967 of the fair value of the financial liability through profit and loss is classified as a current liability at June 30, 2015 with the remaining balance of $37,421,742 classified as a non-current liability.

During the six month period ended June 30, 2015, the Company drew down $nil (year ended December 31, 2014 - $57.7M). For the loan portion of the Agreement, during the three and six month period ended June 30, 2015, the Company recorded a loss on the change in fair value of the liability of $2,183,712 and $2,934,034 (three and six month period ended June 30, 2014 - $nil). Changes in fair value of this financial liability through profit and loss are recorded in the consolidated statement of operations. True Gold allocated $12,410,949 for the sale of the stream on the Karma Project, based on the fair value at the date of the sale.

	June 30, 2015	December 31, 2014
Drawdowns received to date	$ 57,675,631	$ 57,675,631
Fair value attributable to metal stream	(12,410,949)	(12,410,949)
Change in fair value of financial liability throught profit and loss	76,147	(2,857,887)
Impact of change in presentation currency	(450,120)	(450,120)
Fair value of financial liability through profit and loss	$ 44,890,709	$ 41,956,675

The loan component of the Agreement meets the definition of a derivative as it does not meet the own use exemption and it also contains certain other embedded derivatives as set out above. As allowed under IAS 39, the Company elected to designate the entire loan instrument at fair value through profit and loss instead of bifurcating the separate embedded derivatives from the host contract and separately accounting for them. Per IAS 39, the Agreement is measured in its entirety at fair value through profit and loss. The fair value of the Agreement is determined at each reporting period using a discounted cash flow model. Cash flows arising from the liability are forecasted at each reporting period based on management's best estimates of the time of delivery of payable gold, the total amount of gold expected to be produced over the mine life, the timing of production, the forecasted gold prices, and an initial discount rate.

(Expressed in United States dollars, unless otherwise noted - unaudited)

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement are summarized in the three level hierarchies below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable data.

The following table illustrates the classification of True Gold's financial instruments within the fair value hierarchy:

		Financial assets and liabilities at fair value as at June 30, 2015			
		Level 1	Level 2	Level 3	Total
Cash, restricted cash and short term investments		$ 24,609,921	$ -	$ -	$ 24,609,921
Equities - long term	(a)	-	-	-	-
Financial liabilities through profit and loss		-	-	(44,890,709)	(44,890,709)
Total		$ 24,609,921	$ -	$ (44,890,709)	$ (20,280,788)

		Financial assets and liabilities at fair value as at December 31, 2014			
		Level 1	Level 2	Level 3	Total
Cash and short term investments		$ 48,903,395	$ -	$ -	$ 48,903,395
Equities - long term	(a)	56,497	-	-	56,497
Financial liabilities through profit and loss		-	-	(41,956,675)	(41,956,675)
Total		$ 48,959,892	$ -	$ (41,956,675)	$ 7,003,217

Pursuant to the Blue Gold Acquisition, the Company acquired 6,054,212 units of Paget Minerals Corp ("Paget"). In consideration for the Company terminating the Ball Creek Option Agreement, Paget issued an additional 500,000 common shares of Paget to the Company valued at C$0.015 per Paget share.

At March 31, 2015, management has assessed the loss in value of the Paget shares to be impaired. Therefore, the loss in value in the amount of $511,464 has been recorded in the statement of loss. The $511,464 loss on fair value of financial assets includes $454,966 of prior year losses that were re-classified from accumulated other comprehensive loss to the statement of loss.

(Expressed in United States dollars, unless otherwise noted - unaudited)

13. TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES

	June 30, 2015	December 31, 2014
Trade payables	$ 3,566,930	$ 1,486,960
Accrued liabilities	1,691,494	4,238,633
SAR liability	76,668	-
	$ 5,335,092	$ 5,725,593

Trade payables and accrued liabilities are non-interest bearing and are normally settled on 30-day terms.

Share Appreciation Rights

	Number of Share Appreciation Rights	Weighted Average Exercise Price
Balance as at December 31, 2014	-	$ 0.00
Granted	5,095,000	0.19
Exercised	-	-
Expired	(700,000)	0.19
Cancelled	-	-
Balance as at June 30, 2015	4,395,000	$ 0.19

The weighted average fair value of the SAR granted during the six month period ended June 30, 2015 was C$0.09 per unit. The fair value of each SAR granted was determined using the Black-Scholes option pricing model and used the following weighted average assumptions:

	June 30, 2015
Risk free interest rate	0.49%
Expected Life	1.38 years
Expected Volatility	73%
Expected dividend yield	0%
Forfeiture rate	0%

For the three and six month periods ended June 30, 2015, the Company charged a total of $58,729 and $76,668 (three and six month periods ended June 30, 2014 - $nil) of stock-based compensation expense to the statement of comprehensive loss as a result of SAR granted, and the timing of vesting requirements.

14. SHARE CAPITAL

Authorized

Unlimited number of common shares and preferred shares with no par value. No preferred shares are issued and outstanding.

Share Issuances

In December 2013, the Company exercised its option to acquire the remaining 10% interest in the Goulagou and Rounga permits. As part of the option exercise the Company committed to issue 1,773,500 common shares of True Gold. The 1,773,500 common shares were issued subsequent to December 31, 2013 and as such were recorded in shareholder's equity, as at that date, as a commitment to issue shares for $680,261, reflecting the fair value of the Company's shares on January

(Expressed in United States dollars, unless otherwise noted - unaudited)

14. SHARE CAPITAL (continued)

30, 2014, the date the shares were issued. In January, 2014, these shares were issued and reallocated from commitment to issue shares to share capital.

During the three and six month period ended June 30, 2015, no options were exercised. During the year ended December 31, 2014, 2,035,000 options were exercised for total proceeds of $439,186, resulting in the issuance of 2,035,000 True Gold common shares.

During the year ended December 31, 2014, pursuant to a bought deal financing and private placement, the Company issued 129,879,395 units for total proceeds of $46,994,982 of which $44,689,191 was allocated to share capital and $2,305,791 to reserves. The bought deal financing consisted of 105,110,000 units at C$0.40 per unit for aggregate proceeds of $38,062,647. The Company also completed a private placement to LMM consisting of 24,358,400 units at C$0.40 per unit and 410,995 common shares at C$0.30 for aggregate proceeds of $8,932,335. The Company incurred costs of $3,030,816 in relation to the bought deal financing and private placement which were allocated to share capital.

Each unit consisted of one common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitled the holder to purchase one common share of the Company at a price of C$0.47 until August 18, 2014. The Warrants had an estimated grant date fair value of $2,305,791 which was allocated to reserves. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: expected life of six months; a volatility of 55%; a risk free interest rate of 1.02%; and a dividend yield of nil%.

Share Purchase Warrants

Details of issued and outstanding Warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price (C$)
Balance as at December 31, 2013	-	-
Issued	64,734,200	0.47
Exercised	(11,000)	0.47
Expired	(64,723,200)	0.47
Balance as at December 31, 2014	-	-
Issued	-	-
Exercised	-	-
Expired	-	-
Balance as at June 30, 2015	-	-

On August 18, 2014, the remaining 64,723,200 warrants with an exercise price of C$0.47 expired unexercised.

Stock Options

The Company has a rolling stock option plan (the "Plan"), pursuant to which up to 10% of the issued and outstanding common shares of the Company ("Common Shares"), in combination with all security-based compensation arrangement of the Company (including the Company's Restricted Share Unit Plan (the "RSU Plan") and the Deferred Share Unit Plan (the "DSU Plan")) may be reserved for issuance pursuant to stock options granted or subject to the Plan. As of the date hereof, the Plan has reserved a total of 39,884,122 shares for issuance or exercise of stock options (including the RSU and DSU Plans).

The board of directors is authorized to set the exercise price, expiry date, and vesting provisions for each grant under the Plan, subject to the policies of the TSX Venture Exchange. Options granted under the current Plan are generally exercisable at the last closing market price of the Common Shares prior to the date of grant. All stock options granted under the current

(Expressed in United States dollars, unless otherwise noted - unaudited)

14. SHARE CAPITAL (continued)

Plan are subject to mandatory vesting unless otherwise specified by the Board.

Details of issued and outstanding stock options are as follows:

	Number of Options	Weighted Average Exercise Price (C$)
Balance as at December 31, 2013	16,737,805	0.65
Granted	6,630,000	0.40
Exercised	(2,035,000)	0.24
Expired	(2,426,870)	0.79
Balance as at December 31, 2014	18,905,935	0.59
Granted	8,090,000	0.22
Exercised	-	-
Expired	(1,550,000)	0.47
Balance as at June 30, 2015	25,445,935	0.48

At June 30, 2015, the following options were outstanding:

Number of Options Outstanding	Weighted Average Remaining Contractual Life	Exercise Price (C$)	Number of Options Exercisable	Weighted Average Exercise Price of Options Exercisable (C$)
9,140,000	4.53	0.19 - 0.39	2,666,000	0.29
7,355,000	2.48	0.40 - 0.61	5,509,900	0.42
6,400,000	1.60	0.62 - 0.79	6,400,000	0.64
2,550,935	1.10	0.80 - 1.15	2,550,935	1.13
25,445,935	2.85	0.48	17,126,835	0.59

15. RESERVES

Stock Options

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. During the three and six month period ended June 30, 2015, a balance of $nil (twelve month period ended December 31, 2014 - $328,548) was transferred from reserves to share capital as a result of options exercised.

The weighted average fair value of the options granted during the six month period ended June 30, 2015 was C$0.10 (twelve month period ended December 31, 2014 - C$0.19) per option. The fair value of each option granted was determined using the Black-Scholes option pricing model and used the following weighted average assumptions:

	June 30, 2015	December 31, 2014
Risk free interest rate	0.57%	1.70%
Expected Life	3 years	3 years
Expected Volatility	68%	71%
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%

15. RESERVES (continued)

For the three and six month period ended June 30, 2015, the Company charged a total of $175,604 and $203,405 (three and six month period ended June 30, 2014 - $93,396 and $677,039) of stock-based compensation expense to the statement of comprehensive loss as a result of options granted, and the timing of vesting requirements. The expense was offset by the cancellation of options previously expensed prior to vesting.

Deferred Share Units and Restricted Share Units

The True Gold DSU Plan was approved on June 16, 2014. Under the terms of the DSU Plan, the Board may, from time to time grant directors of the Company, an irrevocable right to receive Deferred Share Units ("DSUs") in such numbers and for such terms as may be determined by the Board. Upon redemption of a vested unit, at the time a director ceases to be a director and is not otherwise an employee or officer of the Company (the "Separation Date"), the Company has the option to settle with (i) one common share of the Company or (ii) an amount in cash equal to fair value of the shares on the Separation Date.

During the six month period ended June 30, 2015, the Company granted under the terms of the DSU Plan 170,000 DSUs to directors of the Company with a fair value of C$0.20 per unit based on the market value of the underlying shares at the date of issuance. For the three and six month period ended June 30, 2015, the Company charged a total of $nil and $26,895 (three and six month period ended June 30, 2014 - $nil) of stock-based compensation expense to the statement of comprehensive loss as a result of DSUs granted.

The True Gold RSU Plan was approved on June 16, 2014. Under the terms of the RSU Plan, the Board may, from time to time, grant to employees, officers and consultants to the Company, an irrevocable right to receive Restricted Share Units ("RSUs") in such numbers and for such terms as may be determined by the Board. RSUs granted under the RSU Plan are exercisable after the vesting condition, as specified by the Board, and until December 31 of the third calendar year after the year in which the RSUs have been granted. The Company intends to settle each RSU with one common share of the Company.

During the six month period ended June 30, 2015, the Company granted under the terms of the RSU Plan 680,000 RSUs to officers and employees of the Company, of which 35,000 have expired. At June 30, 2015, there are 645,000 RSUs outstanding. The weighted average fair value of the RSUs granted in the six month period ended June 30, 2015 is C$0.21 per unit based on the market value of the underlying shares at the date of issuance. The RSUs expire on December 31, 2018. For the three and six month periods ended June 30, 2015, the Company charged a total of $70,366 and $82,023 (three and six month periods ended June 30, 2014 - $nil) of stock-based compensation expense to the statement of comprehensive loss as a result of RSUs granted.

16. CAPITAL DISCLOSURES

True Gold considers the items included in shareholders' equity and the financial liabilities as capital, which at June 30, 2015 totalled $91,403,676 (December 31, 2014 - $104,331,622). Management of the Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements, other than as disclosed in Note 12 relating to the Agreement.

True Gold's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. To effectively manage its capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

(Expressed in United States dollars, unless otherwise noted - unaudited)

17. COMMITMENTS

On August 11, 2014, the Company entered into a $100-million definitive Agreement with Franco-Nevada Corporation and Sandstorm Gold Inc. to complete funding for the construction of the Karma Project. Key terms, conditions and commitments under this facility are disclosed in Note 12.

True Gold has entered into a number of contractual commitments for items related to the development of the Karma Project (June 30, 2015 - $11.2 million, December 31, 2014 - $11.7 million).

The Company is party to operating leases for office premises in Canada, including an operating lease for shared office premises with Oxygen Capital Corp. ("Oxygen") (Note 18). The Company is committed to paying its attributable percentage of costs pursuant to a management services agreement (the "Oxygen Agreement") (Note 18). Upon termination of the Oxygen Agreement, the Company is required to indemnify Oxygen for costs associated with those agreements or obligations which had been executed or incurred by Oxygen in connection with or related to the services provided to the Company by Oxygen. These amounts are included in the table below. The percentage allocated to the Company by Oxygen for the operating lease is subject to change. The lease terms are between five and ten years; each lease is renewable at the end of the lease period at market rate.

Total commitments, including for the Karma Project and total future minimum lease payments, under non-cancellable operating leases as at June 30, 2015 are as follows:

Year	Karma Project	Net Lease Amounts	Total
2015	$ 6,594,129	$ 192,024	$ 6,786,153
2016	4,576,223	333,347	4,909,570
2017	-	240,598	240,598
2018	-	217,001	217,001
2019+	-	1,113,309	1,113,309
	$ 11,170,352	$ 2,096,279	$ 13,266,631

During the year ended December 31, 2014, the Company entered into an agreement whereby it subleased certain of its office premises in Canada for the remaining term of the Company's lease commencing May 1, 2014. Future payments to be received pursuant to the sublease agreement have been netted against future minimum lease payments.

18. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and its related parties are disclosed below.

Compensation of key management personnel

Key management includes members of the Board and executive officers of the Company. The aggregate compensation paid, or payable to key management for employee services is shown below:

	Six months ended	
	June 30, 2015	June 30, 2014
Salaries and other short-term employee benefits	$ 1,520,384	$ 1,324,675
Stock-based compensation	339,330	497,517
Total	$ 1,859,714	$ 1,822,192

Trade payables and accrued liabilities (Note 13) include vacation and director fees payable to certain officers and directors in the amount of $130,141 at June 30, 2015 (December 31, 2014 - $617,374).

(Expressed in United States dollars, unless otherwise noted - unaudited)

18. RELATED PARTY TRANSACTIONS (continued)

The Company has committed to deferred compensation to certain officers, payment of which is conditional upon certain future milestones.

Oxygen Capital Corp.

The Company is party to the Oxygen Agreement with Oxygen, a privately held management services company owned by certain directors and an officer of True Gold. Oxygen provides services to the Company at cost including staffing, office rental and other administrative functions. The Oxygen Agreement calls for True Gold to reimburse Oxygen for its share of office costs and salaries and wages of Oxygen employees for time spent by Oxygen personnel on projects and activities of True Gold. As part of the Oxygen Agreement, the Company provided a long-term security deposit amounting to $334,614 (December 31, 2014 - $356,401), equal to an estimated three months of services. The long-term security deposit will be applied to the last invoice under the Oxygen Agreement, with any remaining amount being refunded to True Gold. The Company incurred expenses with Oxygen as follows:

		Six months ended			
	Note		June 30, 2015		June 30, 2014
Management services	(i)	$	812,974	$	853,024

(i) The total amount included in management services includes:

	Six months ended			
		June 30, 2015		June 30, 2014
Salaries and benefits	$	421,475	$	291,283
Exploration and evaluation expenditures		122,186		292,723
Office and general		225,960		246,531
Other		43,353		22,487
Total	$	812,974	$	853,024

Amounts due to Oxygen as at June 30, 2015 are $103,206 (December 31, 2014 - $294,442).

19. SEGMENTED INFORMATION

The Company's operations are in one segment, the mineral development and exploration industry. At June 30, 2015 and at December 31, 2014, True Gold has two geographic locations: Canada and Burkina Faso. The total non-current assets attributable to the geographic locations relate primarily to the Company's development and exploration mineral properties and deferred development expenditures located in Burkina Faso, disclosed in Note 9 and Note 10, as well as deposits and advances on equipment and materials for the Karma Project, disclosed in Note 11.

Non-current assets, excluding financial instruments, are distributed by geographic segment per the table below:

		June 30, 2015		December 31, 2014
Canada	$	519,769	$	495,890
Burkina Faso		69,172,638		59,780,623
Total	$	69,692,407	$	60,276,513

The Company is in the development stage and accordingly, has no reportable segment revenues.

20. NON-CONTROLLING INTEREST

The Government of Burkina Faso is entitled to retain a statutory 10% (free-carried) interest in any Burkina Faso mining company formed for the purpose of gold production, as such it has a 10% interest in Riverstone Karma SA.

	June 30, 2015	December 31, 2014
Opening balance	$ (186,031)	$ -
Effect of change in functional currency	8,900	-
Government of Burkina Faso - 10% in Riverstone Karma SA	(444,629)	(186,031)
Total	$ (621,760)	$ (186,031)

21. SUBSEQUENT EVENTS

(i) Subsequent to June 30, 2015, the Company has drawn down an additional $14 million of the $100 million Agreement with Franco-Nevada Corporation and Sandstorm Gold Inc.

(ii) Subsequent to June 30, 2015, the Company granted 400,000 stock options to a director and an employee to purchase common shares at an exercise price of $0.22 per option, expiring July 9, 2020. The Company also granted 200,000 SAR to an employee of the Company. The SAR expire on February 28, 2017.

22. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY

For comparative purposes, the condensed interim consolidated statement of comprehensive loss for the three and six month periods ended June 30, 2014 include adjustments to reflect the change in accounting policy resulting from the change in presentation currency to US dollars. The amounts previously reported in CAD as shown below have been translated into US dollars at the average exchange rates for the periods.

(Expressed in United States dollars, unless otherwise noted - unaudited)

22. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY (continued)

The effect of the translation is as follows:

For the three months ended June 30, 2014

	As previously reported CAD	As translated at average rates USD
Loss from operations	(6,851,838)	(6,285,555)
Other items	204,511	207,517
Loss for the period	(6,647,327)	(6,078,038)
Other comprehensive loss		
Net fair value loss on financial assets	(32,771)	(30,061)
Other comprehensive income from translation	-	2,574,504
Other comprehensive income (loss) for the period	(32,771)	2,544,443
Comprehensive loss for the period	(6,680,098)	(3,533,595)
Loss per share		
Basic and diluted	(0.02)	(0.02)

For the six months ended June 30, 2014

	As previously reported CAD	As translated at average rates USD
Loss from operations	(11,616,201)	(10,590,491)
Other items	673,365	613,906
Loss for the period	(10,942,836)	(9,976,585)
Net fair value loss on financial assets	(65,542)	(59,755)
Other comprehensive income from translation	-	1,133,038
Other comprehensive income (loss) for the period	(65,542)	1,073,283
Comprehensive loss for the period	(11,008,378)	(8,903,302)
Loss per share		
Basic and diluted	(0.03)	(0.03)