
F.D.G. MINING INC.

Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Company's external auditors have not performed a review of these interim financial statements.

Signed
"Antonio Ponte"
CEO

F.D.G. Mining Inc.

Unaudited Interim Condensed Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at,	February 28, 2013	August 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 37,787	\$ 139,332
Trade and other receivables (Note 12)	19,049	15,325
Prepaid expenses (Note 13)	65,465	13,063
	122,301	167,720
Property, plant and equipment (Note 6)	41,914	47,079
	\$ 164,215	\$ 214,799
Liabilities		
Current Liabilities		
Trade and other payables (Note 14)	\$ 304,959	\$ 222,526
Promissory notes payable (Note 7)	531,000	75,000
Due to related parties (Note 16)	219,034	92,642
	1,054,993	390,168
Shareholders' Equity		
Share capital (Note 7 (b))	7,064,492	6,885,784
Share subscriptions (Note 7 (b))	150,000	6,885,784
Reserve for warrants (Note 9 & 11)	113,771	113,771
Reserve for share based payments (Note 10 & 12)	1,259,602	1,214,202
Reserve for foreign exchange losses	106,104	88,859
Accumulated deficit	(9,584,748)	(8,477,985)
	(890,778)	6,710,415
	\$ 164,215	\$ 214,799

Nature of Operations and Going Concern (Note 1)

Segmented Information (Note 15)

Subsequent Events (Note 19)

("Signed") _____, CEO
Antonio Ponte("Signed") _____, CFO
Philipp Hoch

F.D.G. Mining Inc.Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended February 28, 2013	Three months ended February 29, 2012	Six months ended February 28, 2013	Six months ended February 29, 2012
Expenses				
Professional fees	\$ 64,194	\$ 29,525	\$ 125,082	\$ 159,364
Management and consulting	127,270	65,999	218,441	374,815
Travel and promotion	2,205	23,270	31,245	64,694
Exploration and evaluation expenses	87,252	280,627	349,570	587,860
Share based payments	3,400	-	45,400	295,000
Finance charge	-	-	125,083	-
Office and general	74,122	15,825	170,804	214,629
Shareholder information	26,620	21,085	40,342	20,021
Foreign exchange (gain) loss	671	1,574	796	(5,829)
Loss before the undernoted	385,733	437,905	1,106,762	1,710,554
Loss on disposal of property, plant and equipment	-	-	-	10,898
Net loss	385,733	437,905	1,106,762	1,721,452
Comprehensive loss				
Net loss	385,733	437,905	1,106,762	1,721,452
Exchange differences on translating foreign operations	(20,799)	7,303	(17,245)	29,668
	364,934	445,208	1,089,517	1,751,120
Loss per share-basic and diluted	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.04
Weighted average number of shares outstanding	45,593,735	21,124,002	45,593,735	44,015,875

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

F.D.G. Mining Inc.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital		Reserves				Subscriptions	Deficit	Total
	Number of shares	Amount	Share based payments	Warrants	Foreign Exchange				
Balance at September 1, 2011	43,996,971	\$ 6,773,179	\$ 738,202	\$ 154,700	\$ (13,398)	-	\$ (4,943,156)	\$ 2,709,527	
Share based payments	-	-	295,000	-	-	-	-	295,000	
Exercise of warrants	286,704	71,676	-	-	-	-	-	71,676	
Reserve transferred on exercise of warrants	-	40,929	-	(40,929)	-	-	-	-	
Currency translation adjustment	-	-	-	-	(29,668)	-	-	(29,668)	
Net loss for the period	-	-	-	-	-	-	(1,721,452)	(1,721,452)	
Balance at February 29, 2012	44,283,675	\$ 6,885,784	\$ 1,033,202	\$ 113,771	\$ (43,066)	-	\$ (6,664,608)	\$ 1,325,083	
Share based payments	-	-	181,000	-	-	-	-	181,000	
Currency translation adjustment	-	-	-	-	131,925	-	-	131,925	
Net loss for the period	-	-	-	-	-	-	(1,813,377)	(1,813,377)	
Balance at August 31, 2012	44,283,675	\$ 6,885,784	\$ 1,214,202	\$ 113,771	\$ 88,859	-	\$ (8,477,985)	\$ (175,369)	
Shares issued for property	420,000	63,000	-	-	-	-	-	63,000	
Shares issued for fees on promissory note private placement	890,060	115,708	-	-	-	-	-	115,708	
Share subscriptions	-	-	-	-	-	150,000	-	150,000	
Share based payments	-	-	45,400	-	-	-	-	45,400	
Currency translation adjustment	-	-	-	-	17,245	-	-	17,245	
Net loss for the period	-	-	-	-	-	-	(1,106,762)	(1,106,762)	
Balance at February 28, 2013	45,593,735	\$ 7,064,492	\$ 1,259,602	\$ 113,771	\$ 106,104	\$ 150,000	\$ (9,584,747)	\$ (890,778)	

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

F.D.G. Mining Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

<i>Six month period ended</i>	February 28, 2013	February 29, 2012
Operating Activities		
Net loss	\$ (1,106,762)	\$ (1,721,452)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share based payments (Note 11)	45,400	295,000
Shares issued for property (Note 8)	63,000	-
Shares issued on issuance of promissory notes (Note 8)	115,708	-
Loss on disposal of property, plant and equipment	-	10,898
Amortization	5,218	7,784
Unrealized foreign exchange gain (loss)	(130,901)	(30,198)
Net change in non-cash working capital items:		
Trade and other receivables	(3,724)	(92,975)
Prepaid expenses	10,388	13,246
Due to related parties	97,039	(31,481)
Trade and other payables	197,057	106,867
Cash flow used in operating activities	<u>(707,577)</u>	<u>(1,442,311)</u>
Financing Activities		
Issue of common shares, net of issue costs	150,000	71,676
Promissory notes issued	456,000	-
Cash flow provided from financing activities	<u>606,000</u>	<u>71,676</u>
Investing Activities		
Purchase of property, plant and equipment	-	(22,889)
Cash flow used in investing activities	<u>-</u>	<u>(22,889)</u>
Foreign exchange on holding foreign currency	<u>32</u>	<u>2,714</u>
Net decrease in cash and cash equivalents	(101,545)	(1,390,810)
Cash, and cash equivalents, beginning of period	<u>139,332</u>	<u>2,754,140</u>
Cash, and cash equivalents, end of period	\$ <u>37,787</u>	\$ <u>1,363,330</u>

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

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

1. NATURE OF OPERATIONS AND GOING CONCERN

F.D.G. Mining Inc. (“the Company”) was incorporated under the British Columbia Business Corporations Act on April 10, 2007. The Company is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties. On April 13, 2007, the Company acquired all of the issued and outstanding common shares of F.D.G. Mining Inc. (“FDG Nevada”) a company incorporated under the laws of the State of Nevada on April 20, 2006 from a director of the Company. As a result of this transaction, the entity is considered to be a continuation of FDG Nevada.

As at February 28, 2013 the Company has not yet determined whether its mineral property contains reserves that are economically recoverable. The recoverability of amounts spent on mineral property acquisition and exploration is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral property in accordance with industry practice, the ability of the Company to obtain necessary financing to complete development of its mineral property and upon future profitable production.

These financial statements have been prepared using accounting policies applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

At February 28, 2013, the Company had not yet achieved profitable operations, has accumulated losses of \$9,584,748 (August 31, 2012 - \$8,477,985) since inception and expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

The Company's primary office is located at 5626 Larch Street, Suite 202, Vancouver, BC, V6M 4E1.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited interim condensed consolidated financial statements for the six month periods ended February 28, 2013 and February 29, 2012 were reviewed and authorized for issue by the Board of Directors on April 29, 2013.

2.2 Basis of presentation

These unaudited interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s August 31, 2012 annual financial statements.

2.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company’s financial year beginning on or after January 1, 2011. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has also issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

- IFRS 7 ‘*Financial Instruments, Disclosures*’ - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.
- IFRS 9 ‘*Financial Instruments: Classification and Measurement*’ – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 ‘*Consolidated Financial Statements*’ – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 ‘*Joint Arrangements*’ - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 ‘*Disclosure of Interests in Other Entities*’ - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

2. BASIS OF PRESENTATION, (continued)

2.3 Adoption of new and revised standards and interpretations, (continued)

- IFRS 13 '*Fair Value Measurement*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.
- IAS 1 '*Presentation of Financial Statements*' - the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.
- IAS 12 '*Income Taxes*' – In December 2010, effective for annual periods beginning on or after January 1, 2012, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, *Income Taxes – recovery of revalued non-depreciable assets*, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.
- IAS 19 '*Employee Benefits*' - effective for annual periods beginning on or after January 1, 2013, a number of amendments have been made to IAS 19, which included eliminating the use of the “corridor” approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.
- IAS 27 '*Separate Financial Statements*' - effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 '*Investments in Associates and Joint Ventures*' - effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.
- IAS 32 '*Financial instruments, Presentation*' – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. As at February 28, 2013 the Company does not anticipate any impact from the adoption of the above standards, amendments and interpretations.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

3. CAPITAL RISK MANAGEMENT

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. The Company defines capital to include its shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six month period ended February 28, 2013.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and deficit, which as at February 28, 2013 totalled a deficiency of \$890,778 (August 31, 2012 - \$175,369 deficiency).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

4. FINANCIAL RISK FACTORS

Fair Value

The Company has designated its cash and cash equivalents as FVTPL, which is measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair value of trade and other receivables and trade and other payables, and due to related parties are determined from transaction values which were derived from observable market inputs. Fair values of the remaining financial instruments are based on level 2 measurements. As at February 28, 2013, all financial instruments measured at fair value are considered level 1.

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and due to related parties approximate fair value due to the relatively short term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exist.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and trade and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with reputable Canadian and Nicaraguan chartered banks which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and trade and other receivables is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 28, 2013, the Company had a cash balance of \$37,787 (August 31, 2012 - \$139,332) to settle current liabilities of \$1,054,993 (August 31, 2012 - \$390,168) resulting in working capital of \$(932,692) (August 31, 2012 - \$(222,448)). All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

Market Risks

a) Interest Rate Risk

The Company has cash balances and no variable interest bearing debt. The Company has fixed rates on its debt, changes in interest rates could result in fair value risk on the Company's fixed rate debt.

b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company operates in Canada and Nicaragua, giving rise to market risks from changes in foreign exchange rates. The Company believes that the results of the operations and cash flows would be affected by a sudden change in foreign exchange rates, but would not impair or enhance its ability to pay its Nicaraguan Cordoba Oro denominated obligations.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

4. FINANCIAL RISK FACTORS, (continued)

Other Risk Factors

a) Property Risk

The Company's significant mineral properties are the Topacio property as described in Note 5. Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing property interests. If no additional major properties are acquired by the Company, any adverse development affecting the Company's property would have a materially adverse effect on the Company's financial condition and results of operations.

b) Commodity Price Risk

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of February 28, 2013, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

c) Political Risk

The Company has mining and exploration operations in Nicaragua and such operations are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; hostage taking; fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes to policies and regulations impacting the mining sector; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political and economic conditions in Nicaragua may result in this governments adopting different policies with respect to foreign investment, and development and ownership of mineral resources. Any changes in such policies may result in changes in laws affecting ownership of assets, foreign investment, mining exploration and development, taxation, currency exchange rates, gold sales, environmental protection, labour relations, price controls, repatriation of income, and return of capital, which may affect both the ability of F.D.G. to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore, develop, and operate those properties to which it has rights relating to exploration, development, and operation.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

5. MINERAL PROPERTIES

Topacio

Pursuant to a Definitive Agreement (“Topacio Agreement”) dated April 30, 2010, the Company has agreed to acquire the Topacio property located in the South Atlantic Autonomous Region of southern Nicaragua. The Company has the right to earn a 100% undivided interest in Topacio following the payment of US\$3,000,000 on or before April 30, 2013. The Company has also agreed to make best efforts to invest at least US\$1,000,000 in exploration and development and other work over 3 years on the Topacio property.

Pursuant to the Topacio Agreement the Company is obligated to make advance bi-annual payments in the amount of US\$60,000 (October 30, 2011: US\$60,000 paid), (April 30, 2011 US\$60,000 paid). As at February 28, 2013, the Company is current on its bi-annual payments having made the October 30th US\$60,000 instalment in the year ended August 31, 2012.

This agreement is subject to a 3% Net Smelter Royalty.

On October 9, 2012, the Company modified the terms of the agreement whereby under the terms of the modified agreement, the Company has a three year extension of the Topacio Agreement in consideration for increasing its semi-annual option payments from US\$60,000 to US\$90,000 each, effective May 1, 2013, and issuing 420,000 common shares to IMISA. The final balloon option payment of US\$3,000,000 is now due on or before April 16, 2016.

On January 25, 2012, the Company agreed to pay back taxes and penalties incurred for delinquent tax payments for the EXMINICSA joint venture properties in Nicaragua. These properties consist of the San Pedro I, Carro La Tronca, Rio Boca I and and Rio Boca II mining concessions which the Company currently holds a 50% interest. The back taxes and penalty were paid to the Ministry of Energy and Mines during the second quarter of fiscal 2012. In addition, the Company has agreed to obtain the remaining 50% in the EXMINICSA mining concessions by granting EXMINICSA 1,500,000 shares when solvency is granted by the Ministry of Energy and Mine. As at February 28, 2013, title to the concessions has not been transferred to the Company.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

6. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment & Software	Furnishings	Vehicles	Construction in process	Total
Cost					
As at September 1, 2011	27,011	5,002	40,876	-	72,889
Additions	10,931	17,048	-	4,056	32,035
Disposals	(14,645)	(2,436)	(14,915)	-	(31,996)
Effect of foreign exchange	(6,042)	2,649	(2,982)	-	(6,375)
As at August 31, 2012	17,255	22,263	22,979	4,056	66,553
Additions	-	-	-	-	-
Effect of foreign exchange	(21)	(75)	(112)	(19)	(227)
As at February 28, 2013	17,234	22,188	22,867	4,037	66,326
Accumulated Amortization					
As at September 1, 2011	5,059	2,607	3,372	-	11,038
Additions	5,442	3,001	4,541	-	12,984
Removed on disposal	(2,966)	(111)	(2,797)	-	(5,874)
Effect of foreign exchange	279	2,094	(1,047)	-	1,326
As at August 31, 2012	7,814	7,591	4,069	-	19,474
Additions	1,952	1,840	1,426	-	5,218
Effect of foreign exchange	(61)	(135)	(84)	-	(280)
As at February 28, 2013	9,705	9,296	5,411	-	24,412
Net Book Value					
As at September 1, 2011	21,952	2,395	37,504	-	61,851
As at August 31, 2012	9,441	14,672	18,910	4,056	47,079
As at February 28, 2013	7,529	12,892	17,456	4,037	41,914

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

7. SHARE CAPITAL**(a) Authorized**

Unlimited number of common shares without par value

(b) Issued

	Number of Shares	Stated Value
COMMON SHARES		
Balance, September 1, 2011	43,996,971	6,773,179
Exercise of warrants	286,704	71,676
Reserve transferred on exercise of warrants		40,929
Balance, August 31, 2012	44,283,675	6,885,784
Shares issued for property	420,000	63,000
Shares issued for fees on promissory note private placement	890,060	115,708
Balance, February 28, 2013	45,593,735	7,064,492

Six month period ended February 28, 2013

On October 31, 2012, the Company completed a non-brokered private placement of 531 units ("Units") at a price of \$1,000 per Unit for gross proceeds of \$531,000. Promissory notes in the aggregate principal amount of \$531,000 (the "Notes") and a total of 890,060 "bonus" common shares of the Company were issued in connection with the private placement, all subject to a four month and one day hold period expiring March 1, 2013. The 890,060 shares were valued at \$115,708 and included in finance charges in the statement of operations for the six month period ended February 28, 2013. The Notes are for a term of one year maturing October 31, 2013 and bear interest at the rate of 12% per annum, with the first year's full interest of \$120 per Note payable up front upon closing. The Notes are also secured, on a pro rata basis, by a general security agreement over all present and after-acquired personal property of the Company.

A cash finder's fee of \$6,000 (10%) was paid on a portion of the gross proceeds raised under the private placement.

On October 9, 2012, the Company issued 420,000 common shares to IMISA pursuant to the modification of the Topacio property agreement, see note 5.

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the six month period ended February 28, 2013 and February 29, 2012

8. SHARE BASED PAYMENTS

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Stock options vest on grant date, except for certain investor relations consultants. As at February 28, 2013, the Company has 1,109,374 (August 31, 2012 – 703,368) options available to be issued.

A summary of stock options issued and outstanding is as follows:

	February 28, 2013		August 31, 2012	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period/year	\$ 0.19	3,725,000	\$ 0.25	3,150,000
Transaction during the period/year:				
Granted	0.10	450,000	0.17	2,750,000
Exercised	-	-	-	-
Expired	0.25	(725,000)	0.25	(2,175,000)
Outstanding at end of period/year	0.17	3,450,000	0.19	3,725,000
Exercisable at end of period/year	\$ 0.18	2,490,000	\$ 0.21	2,750,000

The following table provides additional information about outstanding stock options at February 28, 2013:

	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
\$ 0.10	1,951,000	4.63	\$ 0.10	1,175,500	\$ 0.10
\$ 0.25	1,499,000	3.71	\$ 0.25	1,274,500	\$ 0.25
\$ 0.10 - \$ 0.25	3,450,000	4.22	\$ 0.17	2,750,000	\$ 0.18

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8. SHARE BASED PAYMENTS, (continued)*Share based payments*

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based payments for the stock options issued during the six month period ended February 28, 2013:

Grant date	January 15, 2013	November 6, 2012	Vesting of prior period's options	Total
No. of options	100,000	350,000		450,000
Exercise price	\$ 0.10	\$ 0.10		
Expected life in years	2	5		
Volatility	100%	100%		
Risk-free interest rate	1.18	1.37		
Dividend yield	-	-		
Vesting	50% immediately and 50% in 6 months	50% immediately and 50% in 1 year		
Fair value of options granted	\$ 6,800	\$ 34,000		\$ 40,800
Share based payments	\$ 3,800	\$ -	\$ -	\$ 3,400

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the share based payments for the stock options issued during the year ended August 31, 2012:

Grant date	September 27, 2011	January 23, 2012 (i)	May 1, 2012	July 17, 2012	Vesting of prior year's options
No. of options	200,000	449,000	500,000	1,001,000	
Exercise price	\$ 0.25	\$ 0.25	\$ 0.10	\$ 0.10	
Expected life in years	5	5	5	5	
Volatility	100%	100%	100%	100%	
Risk-free interest rate	1.43	1.42	1.60	1.18	
Dividend yield	-	-	-	-	
Vesting	50% immediately and 50% in 6 months	50% immediately and 50% in 1 year	50% immediately and 50% in 6 months	50% immediately and 50% in 1 year	
Fair value of options granted	\$ 33,000	\$ 72,000	\$ 42,000	\$ 66,000	
Share based payments	\$ 33,000	\$ 57,000	\$ 35,000	\$ 37,000	\$ 314,000

(i) On January 23, 2012, the Company granted a total of 1,049,000 options to various consultants and management of the Company. However, during the year 600,000 of those options were cancelled. The fair value of options granted and share based payments represent those value associated with existing options only.

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8. SHARE BASED PAYMENTS, (continued)

Grant date	Total
No. of options	2,750,000
Exercise price	
Expected life in years	
Volatility	
Risk-free interest rate	
Dividend yield	
Vesting	
Fair value of options granted	\$ 213,000
Share based payments	\$ 476,000

9. WARRANTS

Month of Expiry	No. of Warrants	Exercise Price
		(\$)
April 26, 2013	523,200	0.25
May 12, 2013	247,216	0.25
	770,416	

10. RESERVE FOR SHARE BASED PAYMENTS

<i>Period/Year ended</i>	February 28, 2013	August 31, 2012
Balance at beginning of period/year	\$ 1,214,202	\$ 738,202
Share based payments	45,400	476,000
Balance at end of period/year	\$ 1,259,602	\$ 1,214,202

11. RESERVE FOR WARRANTS

<i>Period/Year ended</i>	February 28, 2013	August 31, 2012
Balance at beginning of period/year	\$ 113,771	\$ 154,700
Reserve transferred on exercise of warrants	-	(40,929)
Balance at end of period/year	\$ 113,771	\$ 113,771

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12. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from two main sources: trade receivables due from customers for services and sales and harmonized services tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

	<u>February 28, 2013</u>	<u>August 31, 2012</u>
GST/HST receivable	\$ 19,049	\$ 15,325
Total trade and other receivables	\$ 19,049	\$ 15,325

Below is an aged analysis of the Company's trade and other receivables:

	<u>As at,</u>	
	<u>February 28, 2013</u>	<u>August 31, 2012</u>
Less than 1 month	\$ 19,049	\$ 15,325
Total trade and other receivables	\$ 19,049	\$ 15,325

At February 28, 2013, trade and other receivables outstanding are HST and VAT receivable. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the HST and VAT receivable has been further discussed in Note 4.

The Company holds no collateral for any receivable amounts outstanding as at February 28, 2013.

13. PREPAID EXPENSES

	<u>February 28, 2013</u>	<u>August 31, 2012</u>
Prepaid insurance	\$ 1,250	\$ 8,750
Prepaid interest on promissory notes	58,410	-
Other	5,805	4,313
Total prepaid expenses	\$ 65,465	\$ 13,063

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14. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, amounts payable for financing activities and payroll liabilities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	<u>February 28, 2013</u>	<u>August 31, 2012</u>
Less than 1 month	\$ 112,709	\$ 105,457
1 to 3 months	103,723	32,069
Over 3 months	88,527	85,000
Total Trade and Other Payables	\$ 304,959	\$ 222,526

15. SEGMENTED INFORMATION

Operating Segments

At February 28, 2013 the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Nicaragua. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8 'Operating Segments'. As the operations comprise a single reporting segment, amounts disclosed in the unaudited interim financial statements also represent operating segment amounts.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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15. SEGMENTED INFORMATION (continued)**Geographic Segments**

F.D.G. is in the business of mineral exploration in Nicaragua. As such, management has organized the Company's reportable segments by geographic area. The Nicaragua segment is responsible for that country's mineral exploration and production activities while the Canadian segment manages corporate head office activities. Information concerning F.D.G.'s reportable segments is as follows:

	February 28, 2013	August 31, 2012
	\$	\$
Net income (loss)		
Canada	945,411	1,685,922
Nicaragua	144,106	1,848,907
	1,089,517	3,534,829
Significant non-cash items		
Share based payments		
Canada	45,400	476,000
	45,400	476,000
<i>As at,</i>	February 28, 2013	August 31, 2012
Total assets		
Canada	35,946	177,501
Nicaragua	128,269	37,298
	164,215	214,799

F.D.G. Mining Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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16. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

The Company incurred the following expenditures charged by companies controlled by current and former directors and officers of the Company:

	February 28, 2013	February 29, 2012
Management fees	\$ 58,150	\$ 222,000
Consulting fees	160,884	108,000
Rent	-	6,000
	\$ 219,034	\$ 336,000

Due to related parties at February 28, 2013 of \$219,034 (August 31, 2012 - \$92,642) are payable to the Vice President of Exploration and a former director of the Company, a company with a former common officer and a company with a former common director and the current VP of corporate development, former chief financial officer and former chief executive officer. These amounts are unsecured, non-interest bearing and are payable on demand.

As part of the promissory note private placement closed subsequent to year end on October 31, 2012, the Company's former CFO, the VP of Corporate Development, and a director loaned the Company \$20,000, \$25,000 and \$100,000 respectively.

All transactions with related parties were in the normal course of operations and are recorded at the exchange amount as agreed to by the parties involved.

17. Exploration and evaluation expenditures (recoveries)

The evaluation and exploration expenses for the Company are broken down as follows:

	Six month period ended		
	February 28, 2013	February 29, 2012	Cumulative to date
	\$	\$	\$
Topacio Property	349,570	587,860	3,271,264
Exploration and evaluation expenditures	\$ 349,570	\$ 587,860	\$ 3,271,264

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18. Commitments

On-going commitments for capital resources relate largely to the maintenance of the mineral permits. Under Nicaraguan law, the concessions remain in good standing as long as the annual registration payments (\$12.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment. The Company will spend the funds available to it to further its stated business objectives. Specifically, the available funds will be spent to explore and develop its Topacio property in Nicaragua and to make property payments on all of its properties in Nicaragua. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

19. Subsequent events

- (a) On March 22, 2013, the Company completed a non-brokered private placement where The Company sold a total of 30,550,000 units ("Units") at a price of \$0.10 per Unit for gross proceeds of \$3,055,000 (the "Financing"). Each Unit consisted of one common share (a "Share") and one transferable share purchase warrant (a "Warrant") to purchase an additional Share at a price of \$0.12 for a period of 24 months, subject to acceleration by the Company upon 30 days notice if closing price of the Company's shares on the TSX Venture Exchange (the "Exchange") equals or exceeds \$0.25 for 20 consecutive trading days at any time after 4 month from closing. A finder's fees of 8% cash and 8% finder's warrants is payable in connection with the Financing, each finder's warrant entitling the holder to purchase one Share of the Company at a price of \$0.12 for a period of 24 months after closing, subject to acceleration on the same terms as the Warrants. All securities issued in connection with the Financing are subject to a four month and one day hold period expiring on or about July 22, 2013.
- (b) On April 4, 2013, the Company granted stock options to certain directors, officers and consultants to purchase up to a total of 3,900,000 common shares in the capital stock of the Company. The options are exercisable at a price of \$0.13 per share for a term of five years from the date of granting.