

ALPHA GOLD

C O R P O R A T I O N

**Condensed Interim Financial Statements
Six Months Ended August 31, 2012 and 2011
(Expressed in Canadian Dollars)
(Unaudited)**

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NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of the Company for the six months ended August 31, 2012 and comparatives for the six months ended August 31, 2011 were prepared by management and have not been reviewed or audited by the Company's auditors.

Alpha Gold Corp.
(Exploration Stage Company)
Condensed Interim Statements of Comprehensive Loss
Expressed in Canadian dollars, Unaudited

	Note	Three Months Ended		Six Months Ended	
		August 31 2012	August 31 2011	August 31 2012	August 31 2011
Operating Expenses					
Consulting and management fees	8	\$ 14,001	\$ 13,109	\$ 26,502	\$ 17,609
Office, printing and miscellaneous	8	10,978	11,293	21,624	22,107
Shareholder relations		8,002	14,802	19,227	24,238
Professional fees		37,694	20,926	38,197	28,780
Insurance		323	(238)	8,044	10,829
Regulatory fees and transfer fees		2,318	4,532	5,162	7,134
Rent		1,500	1,500	3,000	3,000
Travel and promotion		947	826	947	875
Communications		130	103	366	358
Depreciation		1,555	5,262	3,235	11,935
Share-based payments	7	-	32,044	2,372	50,286
Total Operating Expenses		77,448	104,159	128,676	177,151
Other Items					
Interest income		-	(547)	(865)	(2,878)
General exploration		2,400	-	2,400	-
Gain on disposal of equipment		-	(25,337)	-	(26,960)
Interest expenses, bank charges and foreign exchange		81	89	122	133
Total Other Items		2,481	(25,795)	1,657	(29,705)
Loss Before Tax		79,929	78,364	130,333	147,446
Deferred income tax expense		-	(18,325)	(12,008)	(31,035)
Net Loss and Comprehensive loss for the period		79,929	60,039	118,325	116,411
Loss per share - basic and diluted		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted average number of common shares		47,236,701	47,236,701	47,236,701	47,236,701

Alpha Gold Corp.
(Exploration Stage Company)
Condensed Interim Statements of Financial Position
Expressed in Canadian dollars, Unaudited

	Note	August 31 2012	February 29 2012
Assets			
Current			
Cash		\$ 296,109	\$ 424,683
Receivables		11,904	17,362
Prepaid and deposits		13,142	4,710
		321,155	446,755
Non-current			
Mineral properties	4	11,767,536	11,766,136
Reclamation bonds		30,000	30,000
Equipment	5	19,384	22,619
		11,816,920	11,818,755
Total Assets		\$ 12,138,075	\$ 12,265,510
Liabilities			
Current			
Accounts payable and accrued liabilities	8	\$ 44,244	\$ 43,718
		44,244	43,718
Deferred income tax liability		1,169,026	1,181,034
		1,213,270	1,224,752
Shareholders' Equity			
Share capital	7	17,159,773	17,159,773
Contribution surplus		663,787	661,415
Deficit		(6,898,755)	(6,780,430)
Total Shareholders' Equity		10,924,805	11,040,758
Total Liabilities and Equity		\$ 12,138,075	\$ 12,265,510

Nature and continuance of operations - Note 1

Events after the reporting period - Note 11

Approved on behalf of the Board

"Carl Pines"

Carl Pines
Director

"Mary P Webster"

Mary P Webster
Director

Alpha Gold Corp.
(Exploration Stage Company)
Condensed Interim Statements of Change in Shareholders' Equity
Expressed in Canadian dollars, Unaudited

	Share Capital Shares	Amount	Contributed Surplus	Deficit	Total Equity
Balance as at February 28, 2011	47,236,701	\$ 15,183,024	\$ 580,742	(4,517,653)	\$ 11,246,113
Share-based payments	-	-	-	-	-
Loss for the period	-	-	-	-	-
Balance as at August 31, 2011	47,236,701	15,183,024	580,742	(4,517,653)	11,246,113
Balance as at February 28, 2012	47,236,701	17,159,773	661,415	(6,780,430)	11,040,758
Share-based payments	-	-	2,372	-	2,372
Loss for the period	-	-	-	(118,325)	(118,325)
Balance as at August 31, 2012	47,236,701	\$ 17,159,773	\$ 663,787	(6,898,755)	\$ 10,924,805

Alpha Gold Corp.
(Exploration Stage Company)
Condensed Interim Schedule of Cash Flows
For the Six months ended
Expressed in Canadian dollars, Unaudited

	For the Six Months Ended	
	August 31, 2012	August 31, 2011
Cash provided by (used for):		
Operating Activities		
Net loss for the period	\$ (118,325)	\$ (116,411)
Items not involving cash:		
Depreciation	3,235	11,935
Gain on sale of equipment	-	(26,960)
Share base payments	2,372	50,286
Deferred income tax expense	(12,008)	(31,035)
	(124,726)	(112,185)
Changes in Non-Cash Working Capital		
Receivables	5,458	(10,865)
Prepaid and deposits	(8,432)	(98,875)
Accounts payable and accrued liabilities	526	(17,946)
	(2,448)	(127,686)
Cash Used in Operating Activities	(127,174)	(239,871)
Investing Activities		
Mineral properties	(1,400)	(154,406)
Purchase of equipment	-	(1,032)
Proceeds from disposal of equipment	-	60,571
Cash Used in Investing Activities	(1,400)	(94,867)
(Decrease) Increase in Cash During the Period	(128,574)	(334,738)
Cash, Beginning of the Period	424,683	919,854
Cash, End of the Period	\$ 296,109	\$ 585,116

Supplemental cash flow information - Note 10

1. Nature and Continuance of Operations

Alpha Gold Corp. (the "Company") was incorporated under the laws of British Columbia, Canada on February 25, 1985. The Company is primarily engaged in the acquisition, exploration and development of mineral properties located in Canada.

The Company's corporate office and principal place of business is 410 Donald Street, Coquitlam, British Columbia, Canada.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These condensed interim financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at August 31, 2012, the Company had working capital of \$276,911 (February 29, 2012 - \$403,057). The Company incurred a net loss of \$118,325 for the six months ended August 31, 2012 (August 31, 2011 - \$116,411) and had an accumulated deficit of \$6,898,755 as at August 31, 2012 (February 29, 2011 - \$6,780,430).

The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company will be required to issue share capital to finance its future activities through private placements and the exercise of options and warrants and is actively seeking additional equity financing. There can be no assurance that such financing will be available to the Company. Inability to secure future financing would have a material adverse effect on the Company's business, results of operations and financial condition.

These condensed interim financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. Basis of preparation

These condensed interim financial statements were prepared in accordance with International Accounting Standards 34: *Interim Financial Reporting* on a historical cost basis using the accrual basis of accounting, except for cash flow information and financial instruments measured at fair value. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended February 29, 2012.

2. Basis of Preparation, continued

The same accounting policies are used in the preparation of these condensed interim financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards (“IFRS”) of the results for the interim periods presented.

The Company’s functional and presentation currency is the Canadian dollar.

Certain prior year’s comparative figures have been reclassified to conform to the presentation adopted in the current year.

These condensed interim financial statements were authorized for issue by the Board of Directors on October 29, 2012.

3. Mineral Properties

	August 31, 2012	February 29, 2012
Acquisition costs	\$513,682	\$513,682
Deferred expenditures	11,253,854	11,252,454
	\$11,767,536	\$11,766,136

a) Lustdust Claims

- i) On July 15, 1989, the Company acquired a 100% interest in certain mineral claims located in the Omineca Mining Division, British Columbia for cash of \$170,000. The vendor retains a 3% net smelter return royalty (“NSR”).
- ii) On February 21, 1992, the Company acquired a 100% interest in certain mineral claims located in the Omineca Mining Division, British Columbia for \$100,000 cash and 200,000 shares of the company at a deemed consideration of \$0.60 each (previously subject to a 5% net profit interest to a maximum of \$100,000 and a 2% NSR). In July 2003, the company acquired the retained “5% net profit interest and the 2% NSR” for \$150,000 cash.
- iii) The Company’s Lustdust Property is currently comprised of 20 “cell” claims, 100% owned by Alpha Gold Corp. Ownership is currently secured through 2021 and/or 2022. There is no requirement for NSR or Royalties on any of these claims.

Alpha Gold Corp.
(Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the Six Months Ended August 31, 2012 and 2011
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4. Equipment

	Computer equipment	Furniture & fixtures	Machinery & equipment	Trucks	Total
<u>Cost</u>					
Balance, February 28, 2011	\$8,878	\$17,375	\$23,742	\$251,987	\$301,982
Additions	-	1,032	-	-	1,032
Disposals	-	(1,125)	-	(197,048)	(198,173)
Balance, February 29, 2012	8,878	17,282	23,742	54,939	104,841
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance, August 31, 2012	\$8,878	\$17,282	\$23,742	\$54,939	\$104,841
<u>Depreciation</u>					
Balance, February 28, 2011	\$7,007	\$16,346	\$10,254	\$164,609	\$198,216
Depreciation for the year	561	281	4,047	17,567	22,456
Disposals	-	-	-	(138,450)	(138,450)
Balance, February 29, 2012	7,568	16,627	14,301	43,726	82,222
Depreciation for the year	189	64	1,363	1,619	3,235
Disposals	-	-	-	-	-
Balance, August 31, 2012	\$7,757	\$16,691	\$15,664	\$45,345	\$85,457
<u>Carrying amount</u>					
As at February 28, 2011	\$1,871	\$1,029	\$13,488	\$87,378	\$103,766
As at February 29, 2012	1,310	655	9,441	11,213	22,619
As at August 31, 2012	\$1,121	\$591	\$8,078	\$9,594	\$19,384

Alpha Gold Corp.
(Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the Six Months Ended August 31, 2012 and 2011
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5. Share Capital

a) Authorized

The August 2012 annual general meeting resulted in shareholder approval to increase the authorized capital of the Company from 100,000,000 Common Shares without par value unlimited number of Common Shares without par value.

b) Share issuances

There were no share issuances during the current period or during the year ended February 29, 2012.

c) Share purchase warrants

Warrant transactions for the respective years are summarized as follows:

	Number of warrants	Exercise price
Balance, February 28, 2011	10,417,887	\$ 0.25-0.35
Warrants issued	-	\$ -
Balance, February 29, 2012		
Warrants expired	(10,417,887)	\$ 0.25-0.35
August 31, 2012	Nil	

d) Stock options

The Company has established a fixed share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, consultants, or service providers to the Company. The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 9,447,340 Shares, less any Common Shares reserved for issuance under share options granted under Share Compensation Arrangements other than the Plan, unless the Plan is amended pursuant to the requirements of the TSX Venture Policies at the award date. Options granted under the Plan may have a maximum term of ten years. The exercise price of an option may not be less than the closing price on the Exchange on the last trading day preceding the grant.

Alpha Gold Corp.
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Notes to the Condensed Interim Financial Statements
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4. Share Capital, continued

d) Stock options, continued

	Number of options	Weighted average exercise price
Balance, February 28, 2011	4,322,222	\$ 0.14
Options granted	1,000,000	0.10
Options forfeited	(500,000)	(0.13)
Balance, February 29, 2012 and	4,822,222	0.13
Options forfeited	(622,222)	\$0.09
Balance August 31, 2012	4,200,000	0.13

A summary of the Company's options outstanding at August 31, 2012 are as follows:

Number of options outstanding	Number of options exercisable	\$ per share	Expiry date
1,450,000	1,450,000	\$ 0.20	July 20, 2014
1,750,000	1,750,000	\$ 0.10	July 23, 2015
1,000,000	1,000,000	\$ 0.10	May 30, 2016

e) Share-based Payments

During the period ended August 31, 2012, the Company did not grant any stock options to directors, officers, employees and consultants of the Company.

During the period ended August 31, 2011, the Company granted 1,000,000 stock options to directors, officers, consultants, and service providers to the Company. The fair value of stock options granted of \$0.04 was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Dividend yield Nil, expected volatility 119%; risk-free interest rate 2.32%; and weighted average life of 5 years.

Based on the fair values for the options vested during the period, compensation expense of \$2,372 (2011 – \$50,286) was recorded in operations for the period, and credited to contributed surplus.

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Notes to the Condensed Interim Financial Statements
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6. Related Party Transactions

During the period, the Company paid fees of \$27,402 (2011 - \$14,500) for contract negotiation, property investigation, property acquisition, site investigation and management of program, \$1,500 (2011 - \$17,609) for directors fees, \$21,000 (2011 - \$21,000) for secretarial and bookkeeping services, and \$3,000 (2011 - \$3,000) for office rental, and \$2,372 (2011 - \$50,286) in share-based payments, to directors and officers of the Company or companies controlled by directors of the Company. Accounts payable included \$14,001 payable to private company controlled by a director and an officer of the Company.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee benefits or post-employment benefits and compensation awarded to key management during the six months ended August 31, 2012 was as follows:

	Period Ended August 31,	
	2012	2011
Consulting	\$ 49,902	\$ 53,109
Share base payments	2,372	50,286
Total	\$ 52,274	\$ 103,395

7. Capital Management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, contributed surplus and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

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 period ended August 31, 2012. The Company is not subject to externally-imposed capital requirements.

Alpha Gold Corp.
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Notes to the Condensed Interim Financial Statements
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8. Financial Instruments

All financial instruments measured at fair value are categorized into a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

August 31, 2012	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$296,109	-	-	\$296,109
Reclamation bond	30,000	-	-	30,000
	<u>\$326,109</u>	<u>-</u>	<u>-</u>	<u>\$326,109</u>

February 29, 2012	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$424,683	-	-	\$424,683
Reclamation bond	30,000	-	-	30,000
	<u>\$454,683</u>	<u>-</u>	<u>-</u>	<u>\$454,683</u>

8. Financial Instruments- continued

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk and price risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity Risk - The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash is invested in business accounts with quality financial institutions and which is available on demand for the Company's programs.

Market Risk - The significant market risk exposures to which the Company is exposed are interest rate risk and commodity price risk. For the period ended August 31, 2012, 1% fluctuation in interest rates up or down would have an immaterial impact on the financial statements of the Company.

Interest rate risk - In respect to the Company's financial assets, the interest rate mainly arises from the interest rate impact on our cash and cash equivalents and reclamation deposits.

Commodity price risk - The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

9. Segmented Information

The Company reports segmented information based on its operating and geographic segments. The Company's operations are primarily directed towards the acquisition, exploration, and ultimate development of gold and other precious metals with regard to mineral properties held in British Columbia, Canada.

Alpha Gold Corp.
(Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the Six Months Ended August 31, 2012 and 2011
Expressed in Canadian dollars, Unaudited

10. Supplemental Cash Flow Information

	Six Months Ended	
	August 31,	
	2012	2011
Cash comprised of:		
Cash	\$ 42,784	\$ 85,116
GIC	253,325	500,000
Total Cash	\$ 296,109	\$ 585,116
Cash Items		
Income tax paid	\$ -	\$ -
Interest received	-	2,878
Interest paid	-	-

11. Events after the Reporting Period

No material events occurred subsequent to the reporting period.

Alpha Gold Corp.**Condensed Interim Schedule of Deferred Expenditures
(Unaudited – Prepared by Management)**

August 31, 2012

Schedule	6 months ended		Year ended	
	August 31, 2012		February 29, 2012	
Exploration				
Assaying	\$	-	\$	18,943
Camp expenses		1,400		38,852
Drilling		-		-
Geological/geochemical work and reports		-		283,102
On-site management		-		2,000
Roadwork/Reclamation		-		33,346
Travel		-		5,250
		1,400		381,493
BC Mining tax credit		-		(73,015)
Expenses for the period		1,400		308,478
Balance, beginning of period		11,252,454		10,943,976
Balance, end of period	\$	11,253,854	\$	11,252,454
