

**ADVENTURE GOLD INC.**  
**(A development stage Company)**

**Interim Financial Statements**

**For the three and nine months ended April 30, 2010**

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## Management's Responsibility for Interim Financial Statements

To the Shareholders and Directors of Adventure Gold Inc.

The accompanying unaudited interim financial statements for the three and nine months ended April 30, 2010 and the notes thereto are the responsibility of the management of Adventure Gold Inc. These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements where appropriate.

Management has developed and maintained a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the unaudited interim financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the period end unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

The auditors of Adventure Gold Inc. have not performed a review of the interim financial statements for the three and nine months period ended April 30, 2010.

On recommendation of the Audit Committee, the Board of Directors approved the Company's unaudited interim financial statements.

(signed) Marco Gagnon  
Marco Gagnon, CEO

(signed) Khadija Abounaim  
Khadija Abounaim, CFO

June 23, 2010

**Adventure Gold Inc.**

(A development stage company)

Balance Sheets

As at

	April 30, 2010	July 31, 2009
	\$	\$
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	1,384,052	356,118
Commodity taxes receivable	28,864	81,886
Tax credit and mining duties receivable	-	99
Prepaid expenses	29,514	24,677
	<u>1,442,430</u>	<u>462,780</u>
Property, plant and equipment (Note 5)	824	1,049
Mineral exploration properties (Note 6)	572,345	529,668
Deferred exploration expenses (Note 6)	3,056,813	2,467,076
	<u>5,072,412</u>	<u>3,460,573</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	116,357	43,990
Amount due to related party (Note 8)	2,963	29,319
	<u>119,320</u>	<u>73,309</u>
Future income tax liability	448,350	482,601
	<u>5,072,412</u>	<u>3,460,573</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	4,271,907	3,117,131
Warrants (Note 9)	748,536	226,658
Agent options (Note 9)	51,904	51,904
Contributed surplus (Note 10)	477,565	307,497
Deficit	(1,045,170)	(798,527)
	<u>4,504,742</u>	<u>2,904,663</u>
	<u>5,072,412</u>	<u>3,460,573</u>

*Going concern assumption (Note 2)**The accompanying notes are an integral part of these unaudited interim financial statements.*

On behalf of the Board,

(signed) "Marco Gagnon"  
Marco Gagnon, Director(signed) "Stéphane Le Bouyonnec"  
Stéphane Le Bouyonnec, Director

**Adventure Gold Inc.**

(A development stage Company)

Operations and Comprehensive Loss (unaudited)

	Three Months Ended April 30, 2010	Three Months Ended April 30, 2009	Nine months Ended April 30, 2010	Nine months Ended April 30, 2009
			\$	\$
Operating expenses				
Management and consulting fees	22,500	22,643	67,500	83,539
Stock-based compensation	-	19,111	111,865	47,508
Salaries and benefits	8,816	6,598	22,245	32,248
Travel and promotion	4,967	7,127	13,419	17,840
Report to shareholders	2,517	1,760	14,954	23,295
Professional fees	8,677	21,155	39,022	53,315
General expenses	10,865	13,971	39,466	45,809
Amortization of property, plant and equipment	75	802	225	2,405
Write-down of deferred exploration expenses	-	-	-	935
Flow-through interest and tax expense (Note 7)	32	7,040	2,069	18,224
Loss from operations	58,449	100,207	310,765	325,118
Other income				
Interest income	1,178	2,062	2,223	13,687
Loss before income taxes	57,271	98,145	308,542	311,431
Recovery of future income taxes (Note 12)	(10,793)	-	(61,899)	-
Net loss and comprehensive loss	46,478	98,145	246,643	311,431
Basic and diluted net loss per common share	0.001	0.003	0.007	0.013
Basic and diluted weighted average number of common shares outstanding	40,045,136	30,309,794	35,534,980	24,716,635

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

**Adventure Gold Inc.**

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Mineral Exploration Properties and Deferred Exploration Expenses (unaudited)

	Three Months Ended April 30, 2010	Three Months Ended April 30, 2009	Nine Months Ended April 30, 2010	Nine Months Ended April 30, 2009
			\$	\$
Balance, beginning of the period	3,404,323	2,260,693	2,996,744	1,132,851
Additions				
Drilling	900	271,506	99,512	1,103,374
Project consulting	141,966	84,807	310,452	214,600
Geophysical survey	57,949	-	59,949	-
Geological survey	3,900	44,639	38,357	150,078
Geochemical Survey	-	-	1,334	-
Report preparation	26	335	35,668	11,672
Renewal of licenses and permits	3,749	1,455	12,988	3,342
General field expenses	5,451	14,014	31,476	44,967
	213,941	416,756	589,736	1,528,033
Write-down of deferred exploration expenses	-	-	-	(935)
Acquisition of mineral exploration properties	10,894	-	42,678	17,500
	224,835	416,756	632,414	1,544,598
Balance, end of the period	3,629,158	2,677,449	3,629,158	2,677,449

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

**Adventure Gold Inc.**  
(A development stage Company)  
Deficit (unaudited)

	Three Months Ended April 30, 2010	Three Months Ended April 30, 2009	Nine Months Ended April 30, 2010	Nine Months Ended April 30, 2009
	\$	\$		
Deficit, beginning of the period	998,692	751,742	798,527	538,456
Net loss	46,478	98,145	246,643	311,431
Deficit, end of the period	<u>1,045,170</u>	<u>849,887</u>	<u>1,045,170</u>	<u>849,887</u>

*The accompanying notes are an integral part of these unaudited interim financial statements.*

**Adventure Gold Inc.**

(A development stage Company)

Cash Flows (unaudited)

	Three Months Ended April 30, 2010	Three Months Ended April 30, 2009	Nine Months Ended April 30, 2010	Nine Months Ended April 30, 2009
			\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	(46,478)	(98,145)	(246,643)	(311,431)
Non-cash items				
Amortization of property, plant and equipment	75	802	225	2,406
Stock-based compensation	-	19,111	111,865	47,508
Unrealized foreign exchange loss	-	(143)	-	(94)
Write-down of deferred exploration expenses	-	-	-	935
Recovery of future income taxes	(10,793)	-	(61,899)	-
Changes in non-cash working capital items (Note 11)	(1,799)	(70,134)	110,619	(33,826)
Cash flows used in operating activities	(58,995)	(148,509)	(85,833)	(294,502)
<b>INVESTING ACTIVITIES</b>				
Mineral exploration properties and deferred exploration expenses	(174,736)	(309,033)	(560,749)	(1,470,302)
Tax credits and mining duties received	-	2,121	99	4,567
Cash flows used in investing activities	(174,736)	(306,912)	(560,650)	(1,465,735)
<b>FINANCING ACTIVITIES</b>				
Common shares issued	791,318	187,500	1,794,068	1,538,300
Share issue costs	(67,378)	(8,440)	(119,651)	(173,998)
Cash flows from financing activities	723,940	179,060	1,674,417	1,364,302
Increase (decrease) in cash and cash equivalents	490,209	(276,361)	1,027,934	(395,935)
Cash and cash equivalents, beginning of the period	893,843	1,030,532	356,118	1,150,106
Cash and cash equivalents, end of the period	1,384,052	754,171	1,384,052	754,171
<i>Cash and cash equivalents:</i>				
Cash	755,899	454,307	755,899	454,307
Cash equivalents	628,153	299,864	628,153	299,864
	1,384,052	754,171	1,384,052	754,171
<i>Non-cash supplemental information:</i>				
Mineral properties and deferred exploration expenses included in accounts payable and accrued liabilities	74,836	144,315	74,836	144,315
Deferred exploration expenses included in due to related party	2,963	-	2,963	-
Common shares issued to acquire interest in mineral properties	-	-	10,500	-
Common shares issued in payment of due to related party	-	-	66,690	-
Warrants issued to acquire interest in mineral properties	-	-	10,898	-

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

**Adventure Gold Inc.**

(A development stage Company)

Notes to Financial Statements (unaudited)

Three and nine months ended April 30, 2010

**1. Governing statutes and nature of operations**

Adventure Gold Inc. (the “Company” or “Adventure”) was incorporated under the Canadian Business Corporations Act on February 9, 2007. Its current operations involve the acquisition, exploration and development of mineral resource properties. The Company is in the development stage and does not derive any revenue from its properties.

Until it is determined that the Company’s properties contain mineral reserves or resources that can be economically mined, they are classified as mineral exploration properties. The recoverability of mineral exploration property costs and deferred exploration expenses is dependent on: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals; and attaining profitable production.

**2. Going concern assumption**

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in these financial statements and the balance sheet classifications have not been adjusted as would be required if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these unaudited interim financial statements, adjustments to the carrying value of assets and liabilities and expenses and balance sheet classification, which could be material, may be necessary.

As at April 30, 2010, the Company had a working capital of \$1,323,110 including \$1,384,052 in cash. Together with \$700,000 in proceeds from the option payment and the concurrent private placement that the Company completed subsequent to quarter-end (Note 15), the Company anticipates having sufficient funds to meet its current option payments and exploration work commitments (Note 6), and meet its corporate and administrative expenses for the next twelve months.

**3. Accounting changes**

On August 1, 2009, in accordance with the applicable transitional provisions, the Company adopted the amendments by the Canadian Institute of Chartered Accountants (“CICA”) of Section 3862, “Financial Instruments – Disclosures”, to include additional disclosures about fair value measurements recognized in the balance sheet and to enhance liability risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in level 2 include valuations using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data. The new requirement only addresses disclosures, and has no impact on the Company’s financial results.

In June 2009, the CICA issued an amendment to CICA 1506, Accounting Changes, to exclude from its scope changes in accounting policies upon the complete replacement of an entity’s primary basis of accounting. The amendment is effective for annual and interim financial statements relating to fiscal years beginning on or after July 1, 2009. The adoption of the International Financial Reporting Standards (“IFRS”) is not expected to qualify as an accounting change under CICA 1506. The amendment to this standard did not have a material impact on the Company’s financial statements.

**Adventure Gold Inc.**

(A development stage Company)

Notes to Financial Statements (unaudited)

Three and nine months ended April 30, 2010

**4. Financial instruments, risk management and capital management*****Financial instruments***

The Company's financial instruments at April 30, 2010 consist of cash and cash equivalents, amount due to a related party and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

***Risk management***

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, currency risk, interest rate risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

***Credit risk***

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash and cash equivalents. To mitigate exposure to credit risk, the Company has revised its policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable worthiness. The maximum credit risk to which the Company is exposed is represented by the carrying value of its cash and cash equivalent.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. The Company's working capital totals \$1,323,110 at April 30, 2010, including cash of \$1,384,052 and current liabilities totalling \$119,320 due within the next twelve months. Together with the proceeds from the option payment and the concurrent private placement that the Company completed subsequent to quarter-end (Note 15), the Company anticipates having sufficient funds to discharge its current liabilities and meet its commitments for exploration programs and cash payments (Note 6), undertake exploration work on its properties and/or acquire additional exploration properties, and meet all of its general and administrative costs for the next twelve months.

***Interest rate risk***

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as investment savings accounts, banker's acceptances, term deposits, guaranteed investment certificates or treasury bills) with maturities of 90 days or less from the original date of acquisition.

**Adventure Gold Inc.**

(A development stage Company)

Notes to Financial Statements (unaudited)

Three and nine months ended April 30, 2010

**4. Financial instruments, risk management and capital management (continued)****Capital management**

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders as well as ensuring that all flow-through monies obtained are utilized in exploration activities and spent by the required deadline. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. While the Company is not exposed to any external capital requirements, neither regulatory nor contractual, funds from flow-through financing to be spent on the Company's exploration properties are restricted for this use. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

**5. Property, plant and equipment**

	April 30, 2010		July 31, 2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Office furniture and equipment	1,498	674	824	1,049

The cost and accumulated amortization were \$7,313 and \$6,264 respectively as at July 31, 2009.

**6. Mineral exploration properties and deferred exploration expenses**

	April 30, 2010		July 31, 2009	
	Mineral Exploration Properties	Deferred Exploration Expenses	Mineral Exploration Properties	Deferred Exploration Expenses
	\$	\$	\$	\$
a) Beaufor West	8,421	173,619	8,421	170,778
a) Beaufor North	8,421	177,328	8,421	175,360
a) Lapaska	72,982	838,729	72,982	779,676
a) Dubuisson	92,632	187,633	92,632	132,768
b) Pascalis-Colombière	62,500	543,840	62,500	378,177
c) Meunier 144	216,500	172,213	216,500	156,571
d) Senore	51,000	642,107	51,000	636,418
e) Abitibi Gold	47,792	194,938	13,528	20,941
f) Abitibi Base Metal	10,694	123,418	3,684	16,387
g) Other	1,403	2,988	-	-
<b>TOTAL</b>	<b>572,345</b>	<b>3,056,813</b>	<b>529,668</b>	<b>2,467,076</b>

**Adventure Gold Inc.**

(A development stage Company)

Notes to Financial Statements (unaudited)

Three and nine months ended April 30, 2010

**6. Mineral exploration properties and deferred exploration expenses****a) Beaufor West, Beaufor North, Lapaska and Dubuisson**

On February 26, 2007, the Company signed an agreement with Q.E.X. Resources Inc. whereby the Company acquired a 100% interest in four properties: Beaufor West, Beaufor North, Lapaska and Dubuisson, situated in the north-western part of Québec, in exchange for the issuance of 1,824,455 common shares, valued at \$182,456. Beaufor is subject to a royalty of 1.5% Net Smelter Return ("NSR"), shared equally between Albert Audet (who is not related to André Audet, Chairman of the Board of Directors) and Geotest Corporation Ltd., and affecting also all claims acquired through staking within two miles of the Property. Dubuisson is subject to a royalty of \$25 on the first 30,000 ounces of gold extracted from the Property and thereafter subject to a 2% NSR royalty, of which half (1%) may be purchased within two (2) years after commercial production, with a right of first refusal of ninety (90) days on the second half.

**b) Pascalis-Colombière**

On March 17, 2008, the Company signed an agreement with IAMGOLD Quebec Management Inc. ("IAMGOLD") to acquire a 100% interest in Pascalis-Colombière gold property located north-east of Val d'Or, Québec in exchange for the issuance of 250,000 common shares. The shares were issued on March 17, 2008 at a price of \$0.25 per share. The property is subject to a 2% NSR of which half (1%) may be purchased at any time by the Company for \$1 million. The property is also subject to a 1% gross sale royalty and a 20% net proceeds of production royalty on some of the property's claims, payable to Alain Garneau and Tiomin Resources Inc., respectively.

**c) Meunier 144**

On July 8, 2008, and as amended on June 1, 2009, the Company entered into an option agreement with a group of prospectors in order to acquire a 100% interest in the Meunier 144 gold property located 19 kilometers west of Timmins, Ontario, by paying \$100,000, issuing 1,000,000 common shares and incurring \$2,000,000 in exploration expenses over a period of five years. The property is also subject to a 2.5% NSR of which a 1% NSR may be purchased at any time by the Company for \$2,000,000.

As at April 30, 2010, the remaining commitments were as follows:

	Cash payments	Shares	Exploration Expenses
	\$		\$
On or before July 8, 2010	25,000	150,000	500,000
On or before July 8, 2011	25,000	-	600,000
On or before July 8, 2012	-	-	150,000
On or before July 8, 2013	-	-	600,000
	<u>50,000</u>	<u>150,000</u>	<u>1,850,000</u>

Subsequent to quarter-end, the option agreement was amended (see Note 15) with changes made to the outstanding commitments as follows:

	Cash payments	Shares	Warrants	Exploration Expenses
	\$			\$
On or before July 8, 2010	75,000	150,000	200,000 (1)	-
On or before December 31, 2010	-	-	-	500,000
On or before December 31, 2011	-	-	-	1,000,000
	<u>75,000</u>	<u>150,000</u>	<u>200,000</u>	<u>1,500,000</u>

(1) Each warrant entitles the holder the right to purchase a common share for a period of 5 years from the date of issuance.

**Adventure Gold Inc.**

(A development stage Company)

Notes to Financial Statements (unaudited)

Three and nine months ended April 30, 2010

**6. Mineral exploration properties and deferred exploration expenses (continued)**

Also, subsequent to quarter-end (Note 15), the Company entered into an option agreement with RT Minerals Corp ("RTM") and Lake Shore Gold Corp ("LSG") by which RTM can acquire up to 50% interest in the property by making a \$300,000 cash payment, issuing 2,750,000 common shares to the Company, participating in a \$400,000 private placement of the Company and incurring \$3,000,000 in work expenditures. LSG has the right to acquire from RTM and the Company a 10% interest in the property, once RTM acquires 50% interest in the property, by completing a preliminary Resources Assessment.

**d) Senore**

On July 8, 2008, the Company signed an option agreement with Peter Bambic (the "Optionor") in order to acquire a 100% interest in the Senore property, located 22 kilometres northeast of Val d'Or, Québec by paying \$200,000, issuing 1,000,000 common shares and incurring \$400,000 in exploration expenses over a period of three years.

As at April 30, 2010, the remaining commitments are as follows:

	Cash payments	Shares	Exploration expenses
	\$		\$
On or before July 8, 2010	30,000	300,000	250,000 (1)
On or before July 8, 2011	150,000	500,000	-
	<u>180,000</u>	<u>800,000</u>	<u>250,000</u>

(1) These exploration expenses were incurred before the date stipulated in the option agreement.

Furthermore, the Optionor retains a 3% NSR on two mineral claims and 2% NSR on the balance of the Property. The Company has the right to buy back at any time 50% of the NSR for, \$2,000,000 and \$1,000,000, respectively.

**e) Abitibi Gold**

Abitibi Gold properties consist of several mining claims that the company acquired by staking and map-designation in 2008, 2009 and 2010, located in the north-western part of Quebec, in the Abitibi region.

In addition, on August 12, 2009, the Company acquired from five independent prospectors (the "Vendors"), a 100% interest in the Bruneau Gold Property, located 45 kilometres southeast of Matagami, Quebec, in consideration for a cash payment of \$2,000 and the issuance of 100,000 common shares (Valued at \$10,500) and 100,000 warrants at an exercise price of \$0.25 until August 12, 2012 (Valued at \$10,898). An area of interest in this property is subject to a 2% NSR in favour of the Vendors, of which 1% can be bought back by the Company at any time by paying the Vendors \$500,000.

**f) Abitibi Base Metal**

Abitibi Base Metal properties consist of several mining claims, located in the Abitibi region, that the Company acquired by staking and map-designation in 2008, 2009 and 2010.

**g) Other**

Other properties consist of mining claims, located in the Appalache region, that the Company acquired by staking and map-designation in 2010.

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Notes to Financial Statements (unaudited)

Three and nine months ended April 30, 2010

**7. Flow-through interest and tax expense**

The Company is permitted, under Canadian income tax legislation, to renounce flow-through related resources expenditures to investors in advance of the Company incurring the expenditures. In accordance with this legislation, the Company has twelve months following the effective date of renunciation to incur the expenditures. The Company begins incurring interest charges for unspent funds after one month.

During the period ended January 31, 2010, the Company filed for flow-through renunciations totalling \$102,780 (\$1,150,600 in 2009) and recorded the related tax impact of \$27,648 (\$309,500 in 2009) as a reduction of share capital and an increase in future income tax liability. As at April 30, 2010, the Company had incurred the total required flow-through expenditures of 2009 and 2010 and met the deadline requirement for incurring those expenditures.

**8. Related party transactions**

Under a cost sharing agreement between the Company and Everton Resources Inc. ("Everton"), the Company reimburses the cost of the Company's portion of shared salaries and benefits, rent and office expenses paid by Everton (which shares common management). During the three and nine months period ended April 30, 2010, the cost of shared salaries and benefits was respectively \$22,500 and \$67,500 (2009 - \$22,643 and \$69,040) and rent and office expenses were respectively \$1,500 and \$4,500 (2009 - \$1,500 and \$7,573). On January 27, 2010, the Company issued 385,444 common shares at \$0.135 per share and 122,125 common shares at \$0.12 per share for a total value of \$66,690 to Everton in payment of shared cost for the second half of 2009 and the Insider management costs for the twelve months of 2009. Included in the amount due to related party is \$2,963 due to Everton (\$29,319 as at July 31, 2009).

During the three and nine months ended April 30, 2010, Focus Metals Inc. ("Focus") (which shares common management) was invoiced by the Company, at cost, for exploration expenses incurred on behalf of Focus on the Fosse Labrador project, during the three and nine months period ended April 30, 2010, for \$3,158 and \$47,466 respectively (\$Nil in 2009). Included in amount due from related party is \$Nil due from Focus (\$Nil as at July 31, 2009).

These transactions were measured at the exchange amount, which is the amount established and accepted by the parties and were conducted in the normal course of business.

The amounts due from/to related parties are without interest.

**9. Share capital****a) Authorized**

Unlimited number of common shares without par value.

**Issued**

	Number of shares	\$
Balance – July 31, 2009	31,236,495	3,117,131
Shares issued for cash (net of issue costs \$119,651) (1)(2)(3)	11,693,845	1,059,013
Shares issued to acquire interest in mineral property (Note 6)	100,000	10,500
Common shares issued in payment of due to related party (Note 8)	507,569	66,690
Shares issued on the exercise of warrants	252,273	46,221
Tax effect of flow-through shares	-	(27,648)
Balance – April 30, 2010	<u>43,790,182</u>	<u>4,271,907</u>

**9. Share capital (continued)**

- (1) In December 2009, the Company completed a three tranche non-brokered private placement of 6,922,845 units at a price of \$0.13 each for gross proceeds of \$899,970. Each unit consists of one common share and one common share purchase warrant which entitles the holder to acquire one additional common share at a price of \$0.16 for a period of 24 months after the date of issuance. These warrants have been recorded at a value of \$304,206 based on the proportional method using the following assumptions: average risk-free interest rate of 1.25%, expected life of warrants of 2 years, annualized volatility of 109% and dividend rate of 0%. The securities issued are subject to a four month hold period after the date of issuance. Directors and Officers of the Company have participated in the private placement for a total amount of \$46,400. The Company paid a commission of \$12,913 and issued 99,330 non-transferable warrants entitling the holder to acquire the same number of common shares of the Company at a price of \$0.13 for a period of 24 months after the date of issuance. These warrants have been recorded at a value of \$7,285 based on the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 1.28%, expected life of warrants of 2 years, annualized volatility of 109% and dividend rate of 0%. Other share issuance costs total \$36,106.
- (2) On December 30, 2009, the Company completed a non-brokered flow-through private placement of 571,000 flow-through common shares at a price of \$0.18 per share, for gross proceeds of \$102,780. Share issuance costs total \$3,811.
- (3) On April 21, 2010, the Company completed a non-brokered private placement of 4,200,000 units at a price of \$0.18 each for gross proceeds of \$756,000. Each unit consists of one common share and one-half common share purchase warrant which entitles the holder to acquire one additional common share at a price of \$0.27 until April 21, 2012. These warrants have been recorded at a value of \$236,308 based on the proportional method using the following assumptions: risk-free interest rate of 2.06%, expected life of warrants of 2 years, annualized volatility of 109.75% and dividend rate of 0%. In connection with this private placement, the Company paid a commission of \$53,280 and issued 370,000 non-transferable warrants entitling the holder to acquire the same number of common shares of the Company at a price of \$0.18 until April 21, 2012. These warrants have been recorded at a value of \$32,287 based on the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 2.06%, expected life of warrants of 2 years, annualized volatility of 109.75% and dividend rate of 0%. Other share issuance costs total \$13,541. The fair value of the warrants, commissions and other issue costs were presented as a reduction of share capital.

**b) Warrants**

	Number of warrants	average exercise price	
		\$	\$
Balance – July 31, 2009	3,877,356	0.21	226,658
Granted	9,592,175	0.19	590,985 (1)
Expired	(554,528)	0.25	(58,203)
Exercised	(252,273)	0.19	(10,904)
Balance – April 30, 2010	<u>12,662,730</u>	<u>0.19</u>	<u>748,536</u>

- (1) The fair value of the granted warrants was estimated at the date of grant based on the proportional method (and the Black Scholes option-pricing model for warrants issued in payment of commissions) with the following assumptions: average risk free interest rate of 1.45%, expected life of option of 2 years, average annualized volatility rate of 109.19% and expected dividend rate of 0%

**9. Share Capital (continued)**

As at April 30, 2010, the following share purchase warrants were outstanding and exercisable:

Description	Number of warrants	Exercise Price \$	Expiry Date
October 2008 Private placement	2,042,855	0.25	October 30, 2010
December 2008 Private placement – Agent warrants	427,700	0.14	June 30, 2010
February 2009 Private placement	600,000	0.20	February 23, 2011
August 2009 Acquisition of the Bruneau Gold property	100,000	0.25	August 12, 2012
December 2009 Private placement	1,570,000	0.16	December 3, 2011
December 2009 Private placement	5,052,845	0.16	December 15, 2011
December 2009 Private placement	99,330	0.13	December 15, 2011
December 2009 Private placement	300,000	0.16	December 16, 2011
April 2010 Private placement	370,000	0.18	April 21, 2012
April 2010 Private placement	2,100,000	0.27	April 21, 2012
	<u>12,662,730</u>		

**c) Agent option**

	Number of agent options	Weighted average exercise price \$	Black-Scholes Value \$	Expiry Date
Balance – July 31, 2009 and April 30, 2010	392,857	0.14	51,904	October 30, 2010

**d) Stock option plan**

The following table reflects the continuity of stock options for the period ended April 30, 2010:

	Number of options	Weighted average exercise price
Balance – July 31, 2009	1,590,000	0.23
Granted	770,000	0.19
Forfeited	(10,000)	0.14
Balance – October 31, 2009	<u>2,350,000</u>	<u>0.22</u>

As at April 30, 2010, the following options were outstanding and exercisable:

Exercise price range	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable
\$0.14 - \$0.265	2,350,000	3.54 years	\$0.22	2,350,000

## 10. Contributed surplus

Contributed surplus consists of the following components:

	Three months Ended April 30, 2010	Three months Ended April 30, 2009	Nine months Ended April 30, 2010	Nine months Ended April 30, 2009
Balance - Beginning of period	477,565	283,690	307,497	193,293
Stock-based compensation	-	19,111	111,865	47,508
Fair value of expired warrants (Note 9)	-	-	58,203	62,000
Balance - End of period	<u>477,565</u>	<u>302,801</u>	<u>477,565</u>	<u>302,801</u>

## 11. Changes in non-cash working capital items

Changes in the non-cash working capital consists of the following items:

	Three months Ended April 30, 2010	Three months Ended April 30, 2009	Nine months Ended April 30, 2010	Nine months Ended April 30, 2009
	\$	\$	\$	\$
Accounts receivable	7,039	(48,522)	53,022	(72,632)
Amounts due from related party	374	-	-	-
Prepaid expenses	(9,041)	(3,340)	(4,837)	5,768
Accounts payable and accrued liabilities	8,142	(49,494)	25,063	(25,404)
Amounts due to related party	(8,313)	31,222	37,371	58,442
Total changes in non-cash working capital	<u>(1,799)</u>	<u>(70,134)</u>	<u>110,619</u>	<u>(33,826)</u>

## 12. Income taxes

A reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective tax rate is as follows:

	April 30, 2010	April 30, 2009
	\$	\$
Loss before income taxes	(257,438)	(311,431)
Expected statutory rate (Federal 18.67%, Quebec 11.9%)	30.57%	30.90%
Expected recovery of income tax	(78,699)	(96,232)
Stock-based compensation	34,197	14,680
Share issue costs	(25,952)	(21,996)
Effect of rate change on net loss for tax purposes	8,440	13,258
Other	114	90,290
Recovery of income taxes	<u>(61,900)</u>	<u>-</u>

The primary temporary differences which give rise to future income taxes (recovery) at April 30, 2010 and July 31, 2009 are as follows:

**12. Income taxes (continued)**

	April 30, 2010	July 31, 2009
	\$	\$
Future tax assets		
Income tax loss carry forwards	317,144	255,403
Difference between book and tax amortization	2,269	2,237
	<u>319,413</u>	<u>257,640</u>
Future tax liabilities		
Renounced expenditures to be incurred	-	(86,738)
Mineral exploration properties and deferred exploration expenses	(767,763)	(653,503)
	<u>(767,763)</u>	<u>(740,241)</u>
Net future tax liability	<u>(448,350)</u>	<u>(482,601)</u>

As at April 30, 2010, the Company has income tax loss carryforwards as follows:

	Federal	Quebec
	\$	\$
2027	136,000	136,000
2028	404,000	403,000
2029	409,000	409,000
2030	230,000	230,000
	<u>1,179,000</u>	<u>1,178,000</u>

**13. Segmented information**

The Company has determined that it only operates in one segment, being the acquisition, exploration and development of mineral properties with the aim of discovering commercially exploitable deposits of minerals. All of the long-term assets are held in Canada.

**14. Comparative figures**

Certain of the comparative figures have been reclassified to conform to the current period's presentation.

**15. Subsequent event**

Option agreement on the Meunier 144 property

On May 5, 2010, the Company entered into an option agreement with RTM and Lake Shore Gold LSG relating to the Meunier 144 property in Timmins West, Ontario, presently under option by the Company from a group of local prospectors (Note 6).

**Adventure Gold Inc.**

(A development stage Company)

Notes to Financial Statements (unaudited)

Three and nine months ended April 30, 2010

**15. Subsequent event (continued)**

Under the terms of the agreement, RTM may acquire up to 50% of the Company's right, title and interest in the Property by completing the following:

- A cash payment of \$300,000, the issuance of 2,500,000 shares of RTM to the Company and the incurring of \$500,000 in firm exploration costs on the Property before October 31, 2010, and another \$1,000,000 before October 31, 2011, whereupon RTM will have earned a 25% interest in the Property. On May 27, 2010, RTM made the cash payment and issued the common shares (valued at approximately \$500,000). As consideration for the firm RTM commitments, the Company issued 500,000 compensation warrants to RTM. Each warrant entitles RTM to acquire one common share of the Company at a price \$0.20 per share until May 27, 2011.
- RTM can earn an additional 25% interest in the Property by issuing to the Company an additional 250,000 shares of RTM and incurring an additional \$1,500,000 in exploration expenditures by no later than October 31, 2013.

In addition, all the initial optionors of the Meunier 144 property consented to the Option Agreement, in exchange for an additional cash payment of \$25,000 and the issuance of 200,000 share purchase warrants at \$0.20 per share for a five-year period to the initial vendors on or before July 8, 2010, as well as the transfer of 200,000 common shares of RTM by no later than October 31, 2010.

As part of the above transaction, following the exercise of the additional 25% option by RTM and for a period of up to 10 years, LSG may acquire from the Company and RTM a 10% interest in the Property by carrying out a Preliminary Assessment on any NI 43-101 resources identified by RTM or the Company on the Property and by reimbursing RTM and/or the Company for any costs associated with the initial NI 43-101 report.

Concurrently with this option agreement, both RTM and LSG participated in a \$400,000 private placement and subscribed for 1,000,000 units each. Each unit consists of one common share of the Company at a price of \$0.20 per share and one-half warrant. Each whole warrant entitles the holder to acquire an additional common share of the company at a price of \$0.27 per share until May 27, 2012. The Company paid a finder's fee of \$32,000 in cash and 200,000 non-transferable warrants at an exercise price of \$0.20 until May 27, 2012. The securities issued by the Company in connection with the option agreement and the private placement are subject to a regulatory hold period ending on September 28, 2010.

Forfeiture of stock options and exercise of warrants

On May 1, 2010, 100,000 stock options at exercised price of \$0.265 were forfeited.

On June 15, 2010, 25,000 warrants were exercised at an exercise price of \$0.20 for total proceeds of \$5,000.