KENSINGTON COURT VENTURES INC.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the Six Months Ended February 28, 2013 and February 29, 2012

KENSINGTON COURT VENTURES INC.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)

	Notes	February 28, 2013	August 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents		$ 43,045	$ 11,898
HST receivable		51,661	52,596
Prepaid and deposits	5	23,269	86,472
		117,975	150,966
Non-current assets			
Exploration and evaluation assets	6	1	2,713,002
TOTAL ASSETS		$ 117,976	$ 2,863,968
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 160,805	$ 102,617
Due to related parties	8	336,337	20,851
TOTAL LIABILITIES		497,142	123,468
EQUITY			
Share capital	7	1,480,908	1,480,908
Share option and warrant reserve		217,518	217,518
Contribution reserve		3,146,108	3,146,108
Deficit		(5,273,360)	(2,119,937)
Other comprehensive income		49,660	15,903
TOTAL EQUITY		(379,166)	2,740,500
TOTAL LIABILITIES AND EQUITY		$ 117,976	$ 2,863,968

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

Approved and authorized by the Board on May 2, 2013

"Ioannis (Yannis) Tsitos"	*"C. Geoffrey Hampson"*
Ioannis (Yannis) Tsitos	C. Geoffrey Hampson

See accompanying notes to the financial statements.

KENSINGTON COURT VENTURES INC.
Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	February 28 2013	February 29 2012	February 28 2013	February 29 2012
OPERATING ACTIVITIES				
Net loss for the period	$ (3,006,948)	$ (20,863)	$ (3,153,423)	$ (109,644)
Add items not affecting cash:				
Unrealized foreign exchange gain (loss)	(10,584)	-	(12,270)	-
Foreign currency translations	20,972	-	33,757	
Impairment	2,870,294	-	2,870,294	-
Changes in non-cash working capital items:				
Advance receivable	(109)	-	4,832	-
Exploration advances	-	77,442	-	11,925
Taxes receivable	(9,169)	-	935	-
Accounts payable and accrued liabilities	43,968	-	70,458	-
Deposit	29,025	-	58,371	-
Due from related parties	235,845	-		-
	173,294	56,579	(127,046)	(97,719)
FINANCING ACTIVITIES				
Loans from related parties	-	-	315,486	-
Contribution from Eagle Mountain Gold Corp.	-	229,756	-	446,729
	-	229,756	315,486	446,729
INVESTING ACTIVITIES				
Exploration costs incurred	(137,975)	(286,335)	(157,293)	(349,010)
	(137,975)	(286,335)	(157,293)	(349,010)
DECREASE IN CASH DURING THE PERIOD	35,319	-	31,147	-
CASH, BEGINNING OF PERIOD	7,726	-	11,898	-
CASH, END OF PERIOD	$ 43,045	$ -	$ 43,045	$ -

See accompanying notes to the financial statements.

Kensington Court Ventures Inc.
Consolidated Statements of Changes in Equity (Unaudited)
For the Six Months Ended February 28, 2013 and February 29, 2012
(Expressed in Canadian Dollars)

	Share Capital		Share	Share	Contribution		Other	
	Number of Shares	Amount	Subscription Receivable	Option and Warrant Reserve	from Eagle Mountain Gold Corp.	Deficit	Compre-hensive Income	Total Equity
Balance as at August 31, 2011	200,000	$ 119,992	$ (119,992)	$ -	$ 2,726,369	$ (655,414)	$ -	$ 2,070,955
Net loss for the period						(88,781)		(88,781)
Contribution from Eagle Mountain Gold Corporation					216,973			216,973
Balance as at November 30, 2011	200,000	119,992	(119,992)	-	2,943,342	(744,195)	-	2,199,147
Net loss for the period						(20,863)		(20,863)
Contribution from Eagle Mountain Gold Corporation					229,756			229,756
Balance as at February 29, 2012	200,000	$ 119,992	$ (119,992)	$ -	$ 3,173,098	$ (765,058)	$ -	$ 2,408,040
Balance as at August 31, 2012	28,058,000	1,480,908	-	217,518	3,146,108	(2,119,937)	15,903	2,740,500
Net loss for the period						(146,475)		(146,475)
Other comprehensive income							12,785	12,785
Balance as at November 30, 2012	28,058,000	1,480,908	-	217,518	3,146,108	(2,266,412)	28,688	2,606,810
Net loss for the period						(3,006,948)		(3,006,948)
Other comprehensive income							20,972	20,972
Balance as at February 28, 2013	28,058,000	$ 1,480,908	$ -	$ 217,518	$ 3,146,108	$ (5,273,360)	$ 49,660	$ (379,166)

KENSINGTON COURT VENTURES INC.
Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Six Months Ended February 28 2013	February 29 2012
OPERATING ACTIVITIES		
Net loss for the period	$ (3,153,423)	$ (109,644)
Add items not affecting cash:		
Unrealized foreign exchange gain (loss)	(12,270)	-
Foreign currency translations	33,757	
Impairment	2,870,294	-
Changes in non-cash working capital items:		
Advance receivable	4,832	-
Exploration advances	-	11,925
Taxes receivable	935	-
Accounts payable and accrued liabilities	70,458	-
Deposit	58,371	-
	(127,046)	(97,719)
FINANCING ACTIVITIES		
Loans and advacnes from related parties	315,486	-
Contribution from Eagle Mountain Gold Corp.	-	446,729
	315,486	446,729
INVESTING ACTIVITIES		
Exploration costs incurred	(157,293)	(349,010)
	(157,293)	(349,010)
DECREASE IN CASH DURING THE PERIOD	31,147	-
CASH, BEGINNING OF PERIOD	11,898	-
CASH, END OF PERIOD	$ 43,045	$ -

1. NATURE OF OPERATIONS AND GOING CONCERN

Kensington Court Ventures Inc. is the parent company of its consolidated group [the "Company"] and was incorporated on April 13, 2010 under the Business Corporations Act (British Columbia). The Company was a capital pool company pursuant to the policies of the TSX Venture Exchange ("Exchange"). On April 30, 2012 the Company completed its Qualifying Transaction by acquiring all of the issued and outstanding shares of Stronghold Brasil Mineraçäo Ltda ["SBM"] from Eagle Mountain Gold Corp. [formerly Stronghold Metals Inc.] after obtaining approval from the Exchange. Effective May 2, 2012 the Company was classified as a Mineral Exploration and Development company and commenced trading as a Tier 2 Issuer under the symbol "KCT".

The Company's principal business activity is the acquisition, exploration and development of mineral properties.

The registered office of the Company is 1000 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7C 1S8 and its head office is 1200 – 1066 West Hastings Street, Oceanic Plaza, Vancouver, British Columbia, V6E 3X1.

The interim consolidated financial statements were prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development and to place these properties into production, renewal of underlying titles to the mining properties and/or future proceeds from the disposition thereof.

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 relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has not yet generated income and cash flows from operations. As of February 28, 2013, the Company had an accumulated deficit of $5,273,360 (August 31, 2012 – $2,119,937). For the period ended February 28, 2013, the Company incurred a loss of $3,119,666 (2012 - $109,644) and negative cash flows from operations amounting to $127,046 versus negative cash flow (2012 - $97,719). The Company would have required additional financing, through various means including but not limited to equity financing, to continue the exploration program and to meet its future option payment obligations and all of its general and administrative costs. Management does not currently intend to conduct any further exploration and development on the Tucuma Property and as a result, in accordance with IAS 36 and IFRS 6, the Company has written down the Exploration and Evaluation Assets to a nominal value. Management intends to seek a buyer for the property as well as determine other courses of action to preserve the Company status. There is no assurance that the Company will be successful in finding a buyer or find alternative options.

Although these interim consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, the above noted conditions raise significant doubt regarding the Company's ability to continue as a going concern.

These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Reverse Takeover

The Company completed its Qualifying Transaction on April 30, 2012 by acquiring all of the issued and outstanding shares of SBM from Eagle Mountain Gold Corp, [“Eagle Mountain”] as per a definitive share purchase agreement dated January 4, 2012. SBM holds a 100% interest in the Tucumã gold project [“Tucumã”]. In consideration, the Company issued 16,300,000 common shares to Eagle Mountain representing 58.1% of the total issued and outstanding shares of the Company after taking into account 4,000,000 common shares from the private placement, 300,000 common shares issued for corporate finance fees and 600,000 common shares for stock options exercised,. The Company also granted to Eagle Mountain a 2% Net Smelter Royalty [“NSR”] from the production of minerals from the Tucuma property, subject to the Company’s right to purchase the NSR from Eagle Mountain for $1,500,000, which is exercisable at any time.

As a result of the foregoing Qualifying Transaction, the former shareholders of SBM, for accounting purposes, were considered to have acquired control of Kensington Court Ventures Inc., the entity prior to the Qualifying Transaction [“Kensington”]. Accordingly, the acquisition of Kensington was accounted for as a reverse takeover (“RTO”) that was not a business combination and effectively was a capital transaction of SBM. SBM has been treated as the accounting parent company (legal subsidiary) and Kensington has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As SBM was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Kensington’s results of operations have been included from April 30, 2012, the date of the Qualifying Transaction. The legal capital of the entity continues to be that of Kensington, the legal parent.

For purposes of the RTO, the consideration received was the fair value of the net assets of Kensington which on April 30, 2012 was $37,365. The fair value of the shares issued was based on the closing share price of Kensington at the date of change of control being April 30, 2012.

Cash	$	55,417
HST receivable		37,730
Prepaids and deposits		116,421
Liabilities		(172,003)
Net assets acquired	$	37,565
Fair value of 16,300,000 shares issued	$	822,960
Aggregate fair value of consideration paid	$	822,960
Fair value of consideration paid in excess of net assets acquired	$	785,395
Charge related to public company listing	$	785,395

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Specifically they have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2012.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for selected financial instruments which are classified as fair value through profit and loss ("FVTPL"). In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these financial statements requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

These condensed interim consolidated financial statements include the carve-out statement of financial position of a carve-out entity which presents the historical financial position of SBM on a carve-out basis up to the date of the RTO. These carve-out financial statements of SBM are presented in accordance with the continuity of interest basis of accounting with financial position amounts based on the amounts that were recorded by Eagle Mountain.

Up to the date of the RTO, Eagle Mountain provided services and support functions to SBM and the costs associated with these services and support functions were allocated to SBM using methodologies primarily based on proportionate mineral property expenditures and proportionate time spent on SBM, which was considered to be the most meaningful in the circumstances. The allocated costs were primarily related to corporate administrative expenses, employee related costs, rental and usage fees for shared assets for the following functional groups: information systems, finance and other executive oversight, human resources and risk management to SBM. These expenses and cost allocations were determined on a basis considered by Eagle Mountain and SBM to be a reasonable reflection of the utilization of services provided to or for the benefit received by SBM during the periods presented before the RTO. However, these assumptions and allocations are not necessarily indicative of the costs SBM would have incurred if it had operated on a stand alone basis or as an entity independent of Eagle Mountain.

Eagle Mountain uses a centralized approach to cash management and financing of its operations. Central treasury activities include the investment of surplus cash and interest rate management. The financial systems of Eagle Mountain were not designed to track certain balances and transactions at an entity unit level. All funding made to SBM before the RTO since inception has been accounted for as a capital contribution from Eagle Mountain and all cash remittances from SBM before the RTO have been accounted for as a distribution to Eagle Mountain, including the allocation of expenses and settlement of transactions with Eagle Mountain within the account caption "Contribution Reserve" in equity.

3. SIGNIFICANT ACCOUNTING POLICIES

[i] Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiary Stronghold Brasil Mineracao Ltda. and are prepared in accordance with IFRS.

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. All intercompany transactions and balances are eliminated upon consolidation.

[ii] Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

[iii] Exploration and evaluation assets

Exploration and evaluation ("E&E") assets are comprised of mineral properties and deferred exploration expenditures. Expenditures incurred on activities that precede exploration for and evaluations of mineral resources, being all expenditures incurred prior to securing the legal rights to explore an area, are expensed immediately.

E&E assets includes rights to explore in mineral properties ("mining rights'), paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Mining rights are recorded at acquisition cost or at fair value in the case of a devaluation caused by an impairment of value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

E&E expenditures for each separate area of interest are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E expenditures included overhead expenses directly attributable to related activity.

Cash flows attributable to capitalized E&E costs are classified as investing activities in the statements of cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[iv] Financial instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired: held-to-maturity, available-for-sale, loans and receivables or fair value through profit or loss ("FVTPL"). All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

- Financial assets classified as FVTPL are measured on initial recognition and subsequently at fair value with unrealized gains and losses recognized through profit or loss. Transaction costs are expensed for assets classified as FVTPL. The Company has no financial assets classified as fair value through profit or loss.

Financial assets classified as available-for-sale are measured at their fair value on initial recognition plus transaction costs and subsequently at fair value with unrealized gains and losses recognized in other comprehensive income (loss), except for financial assets that are considered to be impaired in which case the loss is recognized in profit or loss. The Company has not classified any assets as available for sale for any period presented.

- Financial assets classified as held-to-maturity are measured initially at fair value plus transaction costs and subsequently at amortized cost using the effective interest rate method. The Company has no financial assets classified as held-to-maturity.

- Financial assets classified as loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortized cost using the effective interest rate method. The Company has classified its cash and cash equivalents as loans and receivables.

Financial liabilities

Financial liabilities may be classified as Fair Value through Profit or Loss ("FVTPL") or as other financial liabilities, based on the purpose for which the liability was incurred. Other financial liabilities include accounts payables and accrued liabilities and due to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

[vi] Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive income (loss). Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[vi] Income taxes (continued)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

[vii] Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs include commissions, facilitation payments, professional fees, and regulatory fees.

For the unit offerings, the proceeds from the issuance of units are allocated between common shares and common share purchase warrants on a pro-rata basis based on the relative fair values using the market trading price and the Black-Scholes option pricing model for the shares and warrants respectively.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments (their initial fair value would be recognized as share issuance costs). Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts are credited to share capital - warrants reserve within equity.

Funding provided to SBM, and expenses related to SBM incurred by Eagle Mountain prior to the date of the qualifying transaction, are reflected as a contribution reserve.

[viii] Loss or earnings per common share

Basic loss or earnings per common share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares issued and outstanding for the relevant period.

Diluted loss or earnings per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[ix] Share-based payments

Employees and directors of the Company receive remuneration in the form of share-based payment transactions, whereby services are rendered as consideration for equity instruments [“equity-settled transactions”]. For equity-settled transactions, the Company measures the fair value of share-based awards using an option pricing model as of the date of grant, and recognizes the cost as an expense over the applicable vesting period with a corresponding increase in share option reserve. The Company estimates the number of equity instruments that will ultimately vest, based on the awards meeting the related service conditions at the vesting date, when calculating the share-based payment expense. When share-based awards are exercised, share option reserve is reduced by the applicable amount and share capital is increased by the same amount. Share-based payments also include warrants that are issued as payment for agency fees or other transaction costs. Share based payments for services are measured at the fair value of the services rendered.

[x] Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars which is also the functional currency of the parent. The functional currency of SBM has been determined to be the Brazilian Real based on the currency in which the majority of the entity’s expenditures are incurred in. On consolidation, assets and liabilities have been translated in the reporting currency at the closing rate at the reporting date. Income and expenses have been translated into the reporting currency at the average rate over the period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

[xi] Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount receivable can be measured reliably

[xii] Standards, amendments and interpretations not yet effective

Stripping costs

In October 2011, the IASB issued IFRIC 20 ‘‘Stripping Costs in the Production Phase of a Surface Mine’’ (‘‘IFRIC 20’’), which provides guidance on the accounting for costs related to stripping activity in the production phase of surface mining.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[xii] Standards, amendments and interpretations not yet effective (continued)

Financial instruments

The IASB has issued IFRS 9 ‘‘Financial Instruments’’ (‘‘IFRS 9’’) which will replace IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available-for-sale and loans and receivable categories.

This standard is effective for the Company’s annual year end beginning July 1, 2015 (as amended from July 1, 2013 by the IASB in December 2011). The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

IFRS 7 ‘‘Financial instruments – Disclosures’’ (‘‘IFRS 7’’) was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained.

The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The application of IFRS 7 has no material impact on the consolidated financial statements.

Standards issued but not yet effective

Consolidation

The IASB issued the following suite of consolidation and related standards, all of which are effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of these standards may have on its consolidated financial statements.

IFRS 10 ‘‘Consolidated Financial Statements’’ (‘‘IFRS 10’’), which replaces parts of IAS 27, ‘‘Consolidated and Separate Financial Statements’’ (‘‘IAS 27’’) and all of SIC-12 ‘‘Consolidation – Special Purpose Entities’’, changes the definition of control which is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IAS 27 ‘‘Separate Financial Statements (2011)’’ (‘‘IAS 27 (2011)’’) was reissued and now only contains accounting and disclosure requirements for when an entity prepares separate financial statements, as the consolidation guidance is now included in IFRS 10.

IFRS 11 ‘‘Joint Arrangements’’ (‘‘IFRS 11’’), which replaces IAS 31 ‘‘Interests in Joint Ventures’’ and SIC-13 ‘‘Jointly Controlled Entities – Non-monetary Contributions by Venturers’’, requires a venturer to classify its interest in a joint arrangement as either a joint operation or a joint venture. For a joint operation, the joint operator will recognize its assets, liabilities, revenue and expenses, and/or its relative share thereof. For a joint venture, the joint venturer will account for its interest in the venture’s net assets using the equity method of accounting. The choice to proportionally consolidate joint ventures is prohibited.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[xii] Standards, amendments and interpretations not yet effective (continued)

Consolidation (continued)

IAS 28 ''Investments in Associates and Joint Ventures (2011)'' (''IAS 28'') was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investments in associates, it now includes joint ventures that are to be accounted for by the equity method. The application of the equity method has not changed as a result of this amendment.

IFRS 12 ''Disclosure of Interests in Other Entities'' (''IFRS 12'') is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and structured entities. This standard carries forward the disclosures that existed under IAS 27, IAS 28 and IAS 31, and also introduces additional disclosure requirements that address the nature of, and risks associated with an entity's interests in other entities.

Fair value measurement

The IASB also has issued the following standard, which is effective for annual periods beginning on or after January 1, 2013, for which the Company has not yet determined the impact on its consolidated financial statements.

IFRS 13 ''Fair Value Measurement'' (''IFRS 13'') provides guidance on how fair value should be applied where its use is already required or permitted by other IFRS standards, and includes a definition of fair value and is a single source of guidance on fair value measurement and disclosure requirements for use across all IFRS standards.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Estimates

[i] Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

[ii] Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Judgments

[i] Exploration and evaluation assets

The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Although the Company has taken steps to ensure the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

5. PREPAID EXPENSES

As of February 28, 2013 the balance was $23,269 (August 31, 2012 - $86,472). The balances were for February 28, 2013 - $18,383 for promotional campaign, $2,601 advance to a supplier, and $2,285 for a rent deposit. The balances were for August 31, 2012 - $76,754 for promotional campaign, $7,433 advance to a supplier, and $2,285 for a rent deposit.

6. EXPLORATION AND EVALUATION ASSETS

Tucumã gold project

The Tucumã Project is a copper/gold exploration project, which consists of six mineral concessions covering a total of 11,456 hectares located in the Carajas metallogenic province in the State of Pará, Brazil. The annual fees for the concessions are approximately $13,000. Prior to expiry of a concession, the Company must present to the authority a technical report on the concession, which serves a basis for determining a renewal.

(Expressed in Canadian Dollars)

	28-Feb-13	31-Aug-12
Acquisition Costs		
Balance, beginning of period	$ 818,327	$ -
Addition during the period		
Option payments - cash	-	101,270
Option payments - shares	-	664,725
Acquisition expenses	-	52,332
Written off	(818,326)	-
	(818,326)	818,327
Balance, end of period	1	818,327
Deferred Exploration Costs		
Balance, beginning of period	$ 1,894,675	$ -
Addition during the period		
Admin Personnel	-	-
Assays	14,686	114,460
Consulting fees	29,562	96,134
Drilling	-	365,088
Field supplies	-	43,940
Geological consultants	-	262,984
Income Tax	-	212,652
Miscellaneous	16,847	85,373
Professional	-	105,283
Project administration	29,049	187,515
Report	32,645	87,539
Rent	10,185	10,203
Sampling and prospecting	9,274	137,486
Transportation and travelling	-	153,178
Vehicle expenses	15,045	32,840
	157,293	1,894,675
Impairment Charge	(2,051,968)	-
	(1,894,675)	1,894,675
Balance, end of period	-	1,894,675
Mineral Properties	$ 1	$ 2,713,002

Management does not currently intend to conduct any further exploration and development on the Tucuma Property and as a result, in accordance with IAS 36 and IFRS 6, the Company has written down the Exploration and Evaluation Assets to a nominal value.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued and fully paid

There were no shares issued during the six months ended February 28, 2013.

During the year ended August 31, 2012:

In connection with its Qualifying Transaction (Note 1), the Company completed a brokered private placement of 4,000,000 units at a purchase price of $0.15 per unit for gross proceeds of $600,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of $0.20 per common share exercisable at any time until April 30, 2015. Share issue costs related to the brokered private placement include the issuance of 300,000 common shares to the broker with a fair value of $45,000 as a corporate finance fee as well as the issuance of 395,000 agent warrants exercisable at a price of $0.15 per share expiring on April 30, 2015. The agent warrants were valued at $36,584 using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.44%, an expected life of 3 years, annualized volatility of 99.06% and a dividend rate of 0%. In addition, the Company incurred $85,460 in share issuance costs associated with this private placement.

During the year, 600,000 stock options were exercised for proceeds of $60,000 and 1,975,000 stock options were granted to directors and officers of the Company.

Stock options

The Board of Directors of the Company may, from time to time, at its discretion, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent of the issued and outstanding common shares exercisable for a period not to exceed five years from the Company's listing date. The options may be cancelled after the Company has entered into a Qualifying Transaction at the later of 12 months after the Qualifying Transaction and 90 days after the optionee ceases to be a director, officer, or technical consultant. The following is a continuity schedule of outstanding options for the reporting period.

The changes in stock options during the periods are as follows:

	Number of options		Weighted Average Exercise Price
Balance, August 31, 2011	654,000	$	0.10
Granted	1,975,000	$	0.15
Exercised	(600,000)		0.10
Balance, August 31, 2012 and February 28, 2013	2,029,000	$	0.15

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options (continued)

Stock options outstanding and exercisable at February 28, 2013 are as follows:

Number of Options		Exercise Price	Expiry Date
54,000	$	0.10	December 24, 2015
1,975,000		0.15	July 10, 2017
2,029,000	$	0.15	

Weighted average remaining contractual life is 4.33 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Volatility is based on the historical trend of the share prices of the Company. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The fair value of stock options granted during the periods ended February 28, 2013 and August 31, 2012 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 28, 2013	August 31, 2012
Risk-free interest rate	n/a	1.18%
Expected dividend yield	n/a	-
Expected stock price volatility	n/a	85%
Expected life of options	n/a	5 years
Weighted average exercisable price of options granted	n/a	$0.15

The total calculated fair value of share-based payments was allocated in the statements of operations as management and administration.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Volatility is based on the historical trend of the share prices of the Company. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Warrants

The changes in warrants during the periods are as follows:

	warrants		Price
Balance, August 31, 2011	292,000	$	0.10
Issued	4,395,000		0.20
Balance, August 31, 2012	4,687,000		
Expired	(292,000)		(0.10)
Balance, February 28, 2013	4,395,000	$	0.20

Warrants outstanding at February 28, 2013 were as follows:

Outstanding Warrants		Exercise Price	Expirty Date
4,000,000	$	0.20	April 30, 2015
395,000	$	0.15	April 30, 2015
4,395,000			

Weighted average remaining contractual life in 2.16 years

Escrowed shares

The 16,300,000 common shares issued by the Company to Eagle Mountain Gold Corp. are held in escrow. Under the terms of the escrow agreement, 10% of the escrowed common shares will be released from escrow following issuance of the final exchange bulletin upon completion of the Qualifying Transaction, and 15% will be released every six months thereafter over a period of thirty six months. As at February 28, 2013, 12,225,000 common shares remained in escrow.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

All amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment. The Company paid or accrued remunerations to its directors and officers during the periods ended February 28, 2013 and February 29, 2012 are as follows:

		2013		2012
Accounting fees paid to company controlled by an officer	$	32,535	$	-
Accounting fees paid to a company controlled by common director and officer		1,500		
Rent paid to company controlled by common directors		14,807		-
Consulting fees paid to a director		60,000		-
Administrative fees paid to a company controlled by a director		5,000		-

As at February 28, 2013, $50,098 (August 31, 2012 - $13,658) was owing to a company controlled by an officer of the Company, $73089 (August 31, 2012 - $ 473) to a director and $19,199 (August 31, 2012 - $6,720) to Eagle Mountain Gold Corp., a company with common directors and officers. As at February 28, 2013, loans totaling $194,129 were due to a director and two private companies controlled by him, the loans are unsecured and bear an interest rate of 1% per month compounded monthly with due dates ranging from December 17, 2013 to February 4, 2014.

9. CAPITAL MANAGEMENT

The Company's primary objective with respect to its capital management is to safeguard the Company's ability to continue as a going concern, and to ensure sufficient cash resources are available to fund the acquisition, exploration and evaluation of mineral properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity. Management also intends to seek a buyer for the Tucuma property as well as determine other courses of action to preserve the Company status.

The Company includes equity, comprising of capital stock, contributed surplus and deficit, in the definition of capital.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period.

(Expressed in Canadian Dollars)

10. FINANCIAL RISK MANAGEMENT

The carrying values of the Company's financial instruments are classified into the categories below. Fair values are determined either directly by reference to published price quotations in an active market, or from valuation techniques using observable inputs.

	February 28 2013	August 31 2012
Loans and receivables:		
Cash and cash equivalent	$ 43,045	$ 11,898
Other financial liabilities:		
Accounts payable and accrued liabilities	160,805	102,617
Due to related parties	336,337	20,851

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. These financial instruments are short-term in nature and therefore fair values approximate their carrying values.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the officers of the Company as discussed with the Board of Directors. The officers of the Company are charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash and cash equivalents; however, the risk is minimal because of their short-term maturity.

Credit risk

Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk arises from cash and cash equivalents. The Company mitigates this risk by placing its cash and cash equivalents in large reputable Canadian financial institutions; management believes the risk of loss is remote.

Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they fall due. To mitigate this risk, the Company has a planning and budgeting process to determine funds required to support its ongoing operations and capital expenditures. The Company's cash and cash equivalents are immediately available on demand to cover immediate obligations. At February 28, 2013, the Company had working capital ($379,167) [August 31, 2012 - $27,498].

(Expressed in Canadian Dollars)

Foreign currency risk

Foreign exchange risk is the risk due to fluctuation in foreign currencies. The functional currencies of the Company and its subsidiary are the Canadian dollar and Brazilian Real respectively. The Company is primarily exposed to currency fluctuations related to cash balances, receivables, and payables held in Brazilian Real. As at February 28, 2013, the Company has net assets of $44,665 and net current liabilities of $28,927 denominated in Brazilian Reals. Management believes that the exchange rate between the Brazilian Reals could fluctuate approximately 10% within the next 12 months. Based on the February 28, 2013 balance, an increase or decrease of 10% in the exchange rate between the Canadian and Brazilian Real would result in an increase or decrease of $1,574 in the net loss of the Company.

11. SEGMENTED DISCLOSURE

Operating segment

The Company has one operating segment, being the acquisition, exploration and evaluation of mineral properties.

Geographic segment

The Company's assets, liabilities, expenses by geographic area as at and for the periods ended February 28, 2013 and August 31, 2012 are as follows:

	February 28, 2013		
	Brazil	Canada	Total
Current assets	$ 44,665	$ 73,309	$ 117,974
Exploration and evaluation asset	1	-	1
Total assets	$ 44,666	$ 73,309	$ 117,975
Current liabilities	$ 28,749	$ 468,393	$ 497,142
Non-current liabilities	-	-	-
Total liabilities	$ 28,749	$ 468,393	$ 497,142
Expenses	$ -	$ 249,372	$ 249,372
Other expenses	2,870,294	-	2,870,294
Net loss and comprehensive loss	$ 2,870,294	$ 249,372	$ 3,119,666

(Expressed in Canadian Dollars)

	August 31, 2012		
	Brazil	Canada	Total
Current assets	$ 14,928	$ 136,038	$ 150,966
Exploration and evaluation asset	2,713,002	-	2,713,002
Total assets	$ 2,727,930	$ 136,038	$ 2,863,968
Current liabilities	$ 39,966	$ 83,502	$ 123,468
Non-current liabilities	-	-	-
Total liabilities	$ 39,966	$ 83,502	$ 123,468
Expenses	$ 236,197	$ 1,212,423	$ 1,448,620
Net loss and comprehensive loss	$ 236,197	$ 1,212,423	$ 1,448,620

12. SUBSEQUENT EVENTS

(a) 292,000 warrants expired in December 2012 unexercised.

(b) On April 16, 2013, the Company and Eagle Mountain Gold Corp. announced that Lake Forest Development Corp. a company wholly owned by Kensington's CEO, C. Geoffrey Hampson, agreed to acquire 14.8 million shares of the Company owned by Eagle Mountain in consideration of:

- A cash payment to Eagle Mountain in the amount of $50,000.
- An assignment by Lake Forest to Eagle Mountain of a loan in the amount of $150,000 (the "Assigned Loan") owed by the Company to Lake Forest. The Company agreed that in the event it sells, joint ventures or farms out its Tucuma mineral property located in Para State, Brazil (the "Property"), whether by option, sale or other disposition of either the Property or the quotas of its Brazilian subsidiary Mineraco Angra Limitada, (collectively the "Disposition"), then it shall pay out the Assigned Loan from any proceeds of Disposition in preference to and priority over and exclusion of any other debt.
- The parties have also agreed that in the event the proceeds of Disposition are in excess of the sum of $250,000 in cash, shares or other consideration (the "Additional Consideration"), the Company and Eagle Mountain shall be entitled to share 50% of such Additional Consideration, provided however that in the event the Company spends funds on exploration and development of the Property, then any such funds shall be deducted from the Additional Consideration and repaid to the Company prior to the joint payout of the Additional Consideration.

The total number of Kensington shares purchased by Lake Forest represents approximately 52.75% of Kensington's current issued and outstanding shares. The Kensington shares transferred to Lake Forest are made up of 4,075,000 free trading shares and 10,725,000 shares to be transferred in escrow. C. Geoffrey Hampson is also a director of Eagle Mountain Gold Corp.

The effect of the above transaction is that Lake Forest will take over as the Company's control person from Eagle Mountain.