

Condensed Consolidated Interim Financial Statements of

**American CuMo Mining
Corporation**

(formerly Mosquito Consolidated Gold Mines Limited)
March 31, 2013

UNAUDITED

NOTICE

The accompanying unaudited condensed consolidated interim financial statements of American CuMo Mining Corporation (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

American CuMo Mining Corporation			
(formerly Mosquito Consolidated Gold Mines Limited)			
Condensed consolidated interim statements of financial position			
(Expressed in Canadian dollars)			
		March 31,	June 30,
	Note	2013	2012
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		696,956	2,291,209
Trade and other receivables		504,879	365,039
Prepaid expenses and deposits		71,259	197,266
Inventory	5	565,305	473,076
Investments	6	317,665	437,430
		2,156,064	3,764,020
Non-current assets			
Reclamation bonds		361,159	361,159
Property, plant and equipment	7	2,473,534	3,063,165
Unproven mineral right interests	8	26,531,155	24,449,593
Other		20,591	20,750
		31,542,503	31,658,687
LIABILITIES			
Current			
Trade and other payables	13	1,143,748	1,452,373
Borrowings		57,757	53,200
Unearned revenue		16,751	16,938
		1,218,256	1,522,511
Non-current liabilities			
Convertible notes	11	2,560,539	
Reclamation provision	10	361,159	361,159
		4,139,954	1,883,670
EQUITY			
Equity component of convertible notes	11	592,715	-
Share capital	12	50,545,199	50,545,199
Equity reserve	12	10,689,720	10,413,643
Deficit		(33,138,274)	(29,899,037)
Accumulated other comprehensive loss		(1,286,811)	(1,284,788)
		27,402,549	29,775,017
		31,542,503	31,658,687
Nature of operations	1		
Commitments and contingencies	15		
Approved on behalf of the Board of Directors			
"Long Wang"			
Long Wang, Director			
"Joseph Baird"			
Joseph Baird, Director			

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation					
(formerly Mosquito Consolidated Gold Mines Limited)					
Condensed consolidated interim statements of loss and comprehensive loss					
(Expressed in Canadian dollars)					
		Three months ended March 31,		Nine months ended March 31,	
	Note	2013	2012	2013	2012
		\$	\$	\$	\$
Revenue					
Drilling		5,874	262,229	574,878	3,547,836
Other		(26,749)	73,470	1,054	85,033
		(20,875)	335,699	575,932	3,632,869
Direct drilling costs		62,190	171,301	503,883	2,927,608
Gross (loss) profit		(83,065)	164,398	72,049	705,261
Expenses					
Interest and bank charges	8	107,277	41,498	145,777	56,185
Bad debt recovery		-	(118,178)	-	(150,000)
Depreciation		91,608	212,883	314,348	591,844
Gain on foreign exchange		(40,047)	24,370	(77,501)	37,398
Salaries and management fees	13	190,503	52,500	329,177	157,500
Office and miscellaneous		93,286	133,850	280,270	271,206
Consulting and professional fees		217,914	330,227	1,368,040	751,746
Rent		35,323	37,294	74,738	87,896
Repairs and maintenance		-	18,513	(51,638)	184,604
Shareholder communications and regulatory		131,244	72,233	657,090	249,648
Share-based expense		3,711	1,742,543	276,077	2,598,673
Travel and business development		14,823	138,790	87,424	332,765
		845,642	2,686,523	3,403,802	5,169,465
Loss before other items		(928,707)	(2,522,125)	(3,331,753)	(4,464,204)
Other items					
Gain on sale of unproven mineral right interests		148,000	5,145,999	148,000	5,459,058
Impairment of unproven mineral right interests		-	(49,190)	(5,760)	(49,190)
Gain on sale of equipment		47,474	-	14,986	-
Loss on sale of investments		-	-	(64,795)	-
Other income		15	87	85	87
Net (loss) earnings		(733,218)	2,574,771	(3,239,237)	945,751
Other comprehensive income (loss):					
Unrealized loss on investments		(93,001)	(259,039)	(99,560)	(403,208)
Transfer of other comprehensive loss on sale of investments		-	-	64,795	-
Cumulative translation adjustment		108,715	(3,959)	32,742	(36,599)
		15,714	(262,998)	(2,023)	(439,807)
Comprehensive (loss) income		(717,504)	2,311,773	(3,241,260)	505,944
(Loss) earnings per common share:					
Basic and diluted		(0.01)	0.03	(0.04)	0.01
Weighted average number of common shares outstanding					
Basic and diluted		82,262,446	81,370,788	82,262,446	81,393,950

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation			
(formerly Mosquito Consolidated Gold Mines Limited)			
Condensed consolidated interim statements of cash flows			
(Expressed in Canadian dollars)			
		Nine months ended March 31,	
		2013	2012
		\$	\$
OPERATING ACTIVITIES			
Net (loss) earnings		(3,239,237)	945,751
Items not involving cash			
Depreciation		314,348	591,844
Recovery of bad debt		-	(150,000)
Share-based expense		276,077	2,598,673
Gain on sale of unproven mineral right interests		(148,000)	(5,459,058)
Impairment of unproven mineral right interests		5,760	49,190
Loss on sale of investments		64,795	-
Gain on sale of equipment		(14,986)	-
Accrued interest		134,110	-
Changes in non-cash working capital items:			
Increase in trade and other receivables		(139,840)	1,196,597
Decrease in prepaid expenses		126,007	133,508
Increase in inventory		(92,229)	(528,392)
Increase in reclamation bonds		-	(288,437)
Decrease in unearned revenue		-	(130,206)
Decrease in trade and other payables		(154,330)	(551,198)
		(2,867,525)	(1,591,728)
INVESTING ACTIVITIES			
Purchase of equipment		(88,335)	(334,449)
Proceeds from sale of property, plant and equipment		237,100	-
Acquisition of unproven mineral right interests		(460,151)	(423,512)
Expenditures on unproven mineral right interests		(1,627,171)	(2,375,243)
Proceeds from sale of unproven mineral right interests		100,000	5,558,889
Proceeds from sale of investments		68,205	-
		(1,770,352)	2,425,685
FINANCING ACTIVITIES			
Proceeds from borrowings		2,995,442	-
Issue of common shares for cash, net of issue costs		-	1,801,392
Exercise of share options		-	159,750
		2,995,442	1,961,142
Effect of exchange rate changes on cash		48,182	-
Net change in cash and cash equivalents		(1,642,435)	2,795,099
Cash and cash equivalents, beginning of the period		2,291,209	458,766
Cash and cash equivalents, end of the period		696,956	3,253,865
Supplemental cash flow information (Note 14)			

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation

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Condensed consolidated interim statements of changes in equity

(Expressed in Canadian dollars)

	Note	Share capital		Equity Component of Convertible Notes	Equity Reserve \$	Deficit \$	Accumulated Other Comprehensive (Loss) Income \$	Total Equity \$
		Number of shares	Amount \$					
Balance on July 1, 2011		79,300,955	48,719,365	-	7,765,598	(30,061,310)	(685,408)	25,738,245
Common shares issued for:								
Financing, net of issue costs	12	2,505,241	1,761,143	-	40,249	-	-	1,801,392
Exercise of share options	12	456,250	277,452	-	(117,702)	-	-	159,750
Net loss		-	-	-	-	945,751	-	945,751
Share-based expense		-	-	-	2,598,673	-	-	2,598,673
Unrealized loss on investments	6	-	-	-	-	-	(403,208)	(403,208)
Cumulative translation adjustment		-	-	-	-	-	(36,599)	(36,599)
Balance on March 31, 2012		82,262,446	50,757,960	-	10,286,818	(29,115,559)	(1,125,215)	30,804,004
Balance on July 1, 2012		82,262,446	50,545,199	-	10,413,643	(29,899,037)	(1,284,788)	29,775,017
Equity component of convertible notes	11	-	-	592,715	-	-	-	592,715
Net loss		-	-	-	-	(3,239,237)	-	(3,239,237)
Share-based expense		-	-	-	276,077	-	-	276,077
Unrealized gain on investments	6	-	-	-	-	-	(99,560)	(99,560)
Transfer of other comprehensive loss on sale of investment		-	-	-	-	-	64,795	64,795
Cumulative translation adjustment		-	-	-	-	-	32,742	32,742
Balance on March 31, 2013		82,262,446	50,545,199	592,715	10,689,720	(33,138,274)	(1,286,811)	27,402,549

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)

Notes to the condensed consolidated interim financial statements

March 31, 2013

(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

1. Nature of operations

American CuMo Mining Corporation ("CuMoCo") is an exploration and development company with mineral right interests in the United States of America and formerly in Canada. In recent years the Company also conducted operations as an operator of drilling rigs.

These condensed consolidated interim financial statements include the accounts of CuMoCo and of its wholly-owned subsidiaries (collectively, the "Company"): Kirkness Diamond Drilling Co., Inc. ("Kirkness"), 1156207 Ontario Ltd., Mosquito Mining Corp., MSQ Operations Inc. and Kirkness Drilling Mexico S.A. de C.V. ("Kirkness Mexico").

The Company is in the process of exploring its mineral right interests in the United States and at the date of these consolidated interim financial statements, has not yet determined whether any of its mineral properties contain economically recoverable mineral reserves. Accordingly, the carrying amount of mineral right interests represents cumulative expenditures incurred to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of CuMoCo to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints. Uncertainty also exists with respect to the recoverability of the carrying value of certain mineral properties. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company's title to the mineral properties.

These consolidated interim financial statements have been prepared on a going concern basis. The Company does not generate material cash flows from operations and accordingly, CuMoCo will need to raise additional funds through future issuance of securities. Although CuMoCo has been successful in raising funds in the past, there can be no assurance CuMoCo will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company has not determined whether any of its properties contain mineral reserves that are economically recoverable. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations. Since inception, the Company has incurred cumulative losses of \$33,135,800 as of March 31, 2013 (June 30, 2012: \$29,899,037), which may cast significant doubt regarding CuMoCo's ability to continue as a going concern. Should CuMoCo be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

These interim consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

CuMoCo's common shares are listed on the TSX Venture Exchange ("TSX-V") and on the OTCQX stock exchange in the United States, under the trading symbols "MLY" and "MLYCF", respectively. CuMoCo's share options and warrants are not listed.

The head office and principal address of the Company is 638 Millbank, Vancouver, British Columbia, Canada V5Z 4B7.

These consolidated financial statements were authorized for issue by the board of directors on May 29, 2013.

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)

Notes to the condensed consolidated interim financial statements

March 31, 2013

(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

2. Basis of preparation and statement of compliance

The Company is following the same accounting policies and methods of computation in these condensed consolidated interim financial statements as were utilized in the preparation of the audited consolidated financial statements for the year ended June 30, 2012. Some accounts have been reclassified to ensure comparability with respect to the presentation of the June 30, 2012 condensed consolidated interim financial statements.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

3. Accounting policies

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended June 30, 2012.

5. Inventory

	March 31, 2013	June 30, 2012
	\$	\$
Drill supplies	565,305	473,076
	565,305	473,076

The write-down of inventories recognised in operating expenses amount to \$nil (June 30, 2012: \$nil).

American CuMo Mining Corporation

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Notes to the condensed consolidated interim financial statements

March 31, 2013

(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

6. Investments

	March 31, 2013	June 30, 2012
	\$	\$
Beginning of period	437,430	830,179
Dispositions	(68,205)	-
Additions	48,000	237,250
Changes in fair value	(99,560)	(629,999)
End of period	317,665	437,430

Investments include the following:

	March 31, 2013	June 30, 2012
	\$	\$
Golden Cariboo Resources Inc.	1,097	1,333
IEMR Resources Inc.	75,000	90,000
Barkerville Gold Mines Ltd.	22	22
Mega Precious Metals Inc.	78,500	112,000
Running Fox Resource Corp.	90,000	165,000
Salmon River Resources Ltd.	7,500	14,500
Detour Gold Corporation	5,546	5,825
Urastar Gold Corp.	60,000	48,750
	317,665	437,430

- a) The Company holds 4,300 shares of Golden Cariboo Resources Inc.
- b) The Company holds 3,000,000 shares of IEMR Resources Inc. ("IEMR"). During the year ended June 30, 2012, the Company received 2,000,000 shares of IEMR.
- c) The Company holds 400,000 shares of Mega Precious Metals Inc. ("Mega"). During the nine months March 31, 2013, the Company received 200,000 shares of Mega and sold 200,000 shares of Mega. During the year ended June 30, 2012, the Company received 100,000 shares of Mega.
- d) The Company holds 3,000,000 shares of Running Fox Resource Corp.
- e) The Company holds 100,000 shares of Salmon River Resources Ltd.
- f) The Company holds 284 shares of Detour Gold Corporation.
- g) The Company holds 250,000 shares of Urastar Gold Corp. ("Urastar"), received during the year ended June 30, 2012.

American CuMo Mining Corporation

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Notes to the condensed consolidated interim financial statements

March 31, 2013

(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

7. Property, plant and equipment

	Aircraft \$	Land and Building \$	Office equipment and furniture \$	Rigs, mine and other equipment \$	Total \$
Cost					
Balance at					
June 30, 2011	214,970	948,396	205,724	7,102,286	8,471,376
Additions	-	220,386	4,821	435,911	661,118
Disposals	-	-	(529)	(14,451)	(14,980)
Impairment	-	(5,910)	(43,842)	(1,228,109)	(1,277,861)
Exchange differences	-	29,672	284	214,240	244,196
Balance at					
June 30, 2012	214,970	1,192,544	166,458	6,509,877	8,083,849
Additions	-	2,833	9,234	76,268	88,335
Disposals	(214,970)	-	-	(251,996)	(466,966)
Exchange differences	-	(31,562)	-	(42,568)	(74,130)
Balance at					
March 31, 2013	-	1,163,815	175,692	6,291,581	7,631,088
Accumulated depreciation					
Balance at					
June 30, 2011	145,716	65,590	193,691	4,745,910	5,150,907
Depreciation	20,776	10,238	3,841	553,262	588,117
Disposals	-	-	-	-	-
Impairment	-	(212)	(32,554)	(1,157,491)	(1,190,257)
Exchange differences	-	2,628	204	469,085	471,917
Balance at					
June 30, 2012	166,492	78,244	165,182	4,610,766	5,020,684
Depreciation	3,636	69,166	1,325	240,221	314,348
Disposals	(170,128)	-	-	(37,659)	207,787
Exchange differences	-	15,356	-	14,953	30,309
Balance at					
March 31, 2013	-	162,766	166,507	4,828,281	5,157,554
Carrying amount					
At June 30, 2011	69,254	882,806	12,033	2,356,376	3,320,469
At June 30, 2012	48,478	1,114,300	1,276	1,899,111	3,063,165
At March 31, 2013	-	1,001,049	9,185	1,463,300	2,473,534

American CuMo Mining Corporation

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Notes to the condensed consolidated interim financial statements

March 31, 2013

(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

8. Unproven mineral right interests

The Company's flagship project is the CuMo molybdenum project, located in Idaho, in the United States. The Company's Boise property, also located in Idaho, is contiguous to and provides access to the CuMo project.

The Company also has other unproven mineral right interests in the United States and in Canada, which have been optioned to other exploration companies.

CUMO PROJECT

The CuMo project is situated in the mountains of south-central Idaho, approximately 15 miles northeast of the town of Idaho City. It consists of eight unpatented mineral claims.

The project was optioned to the Company by Cumo Molybdenum Mining Inc. in 2004. The terms of the option agreement called for a combination of advance royalty payments, 300,000 CuMoCo shares (issued) and work requirements outlined below.

1. Advance royalty payments:

- US\$10,000 upon signing (completed);
- US\$10,000 after 60 days (completed);
- US\$5,000 after 6 months (completed);
- US\$20,000 1st year anniversary (completed);
- US\$20,000 2nd year anniversary (completed);
- US\$15,000 3rd year anniversary (completed);
- US\$15,000 every 6 months thereafter (up-to-date).

These payments are to be credited against a 1.5% net smelter return ("NSR") which reduces to 0.5% NSR after cumulative payments of US\$3,000,000.

2. Work requirements:

- US\$25,000 during the first year (completed);
- At least US\$50,000 each year thereafter (up-to-date).

BOISE PROPERTY

On July 8, 2010, the Company entered into an option agreement, amended on July 5, 2011, to purchase certain mineral claims that included surface rights located in Boise County, Idaho. These patent mineral claims are contiguous to and provide access to the CuMo project. In order to maintain the option in good standing, the Company was required to make option payments of US\$ 1,200,000. These payments have been completed and the Company has obtained title to the Boise property, which becomes part of the overall CuMo project.

American CuMo Mining Corporation

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Notes to the condensed consolidated interim financial statements

March 31, 2013

(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

8. Unproven mineral right interests (continued)

PINE TREE PROPERTY

The Pine Tree property is located in the Pilot Mountains, Mineral County in western Nevada. The primary target on the property is a copper-molybdenum-rhenium porphyry deposit, with potential gold, silver and tungsten by-products.

In 2005 the Company entered into an option agreement to purchase the Pine Tree property through a combination of advance royalty payments that are currently \$25,000 per year until a total of US\$2,000,000 (the "NSR Royalty") has been paid after which a 2% NSR shall be reduced to 0.5%, share payments totaling 300,000 shares of the Company (issued) and an exploration commitment of US\$450,000 (completed).

On June 25, 2010 (the "Effective Date"), the Company entered into an option agreement with IEMR. Pursuant to the agreement, IEMR acquired an option to purchase a 100% interest in the Pine Tree property. In order to maintain the option in good standing, IEMR is required to make the following payments and share issuances to the Company:

	Cash Payments	Common Shares
	\$	
On the Effective Date (completed)	200,000	1,000,000
On or before the first anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the second anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the third anniversary of the Effective Date	200,000	1,000,000
On or before the fourth anniversary of the Effective Date	200,000	-
	<u>200,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>5,000,000</u>

In addition, IEMR must incur aggregate exploration and development expenditures on the property of \$3,000,000 on or before the fourth anniversary of the Effective Date, subject to minimum expenditures of \$500,000 incurred each year on or before the anniversary of the Effective Date (up-to-date).

During the option period, IEMR will also be responsible for making advance royalty payments of US\$25,000 per year to the holders of the NSR Royalty. All payments are presently current with the agreement in good standing.

During the year ended June 30, 2012, the Company received cash proceeds of \$200,000 and 2,000,000 IEMR shares valued on receipt at \$336,520 in connection with this option agreement. Option payments were credited against the carrying value of the Pine Tree property.

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(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

8. Unproven mineral right interests (continued)

BLACKPOINT PROPERTY

The Blackpoint gold-silver property is located in Eureka County, Nevada. The Company completed limited exploration work on this property and during the fiscal year 2008, management wrote down the carrying value of the property to a nominal amount.

On August 24, 2011, the Company finalized an agreement with Urastar to sell a 100% interest in the BlackPoint property. Pursuant to the agreement, Urastar could earn a 100% interest in Blackpoint by making the following cash and share payments to the Company:

	Cash Payments	Common Shares
	US\$	
On signing of Letter of Intent (completed)	25,000	-
At closing (completed)	225,000	250,000
Year 1 from closing	350,000	250,000
Year 2 from closing	1,000,000	250,000
Year 3 from closing	1,500,000	250,000
Year 4 from closing	2,500,000	250,000
Year 5 from closing	4,400,000	250,000
	<u>10,000,000</u>	<u>1,500,000</u>

Urastar terminated this agreement during the quarter ended September 30, 2012 and returned the Blackpoint property to the Company.

During the year ended June 30, 2012, cash payments of \$246,810 (US\$250,000) and 250,000 Urastar shares (valued on receipt at \$66,250) were received by the Company, who recorded a gain on disposal of unproven mineral right interests of \$313,060.

OTHER UNITED STATES PROPERTIES

Other unproven mineral right interests in the United States were the Spruce Mountain, Motley, Spring Creek and Copper Chief properties, which have been fully impaired.

CARIBOO PROPERTY

The Company was originally formed to establish a mining complex on the former producing mines known as Island Mountain Mine and Cariboo Gold Quartz Mine, located near Wells, in British Columbia. In 1994 an agreement was reached with Barkerville Gold Mines Limited ("Barkerville") under which the Company granted to Barkerville the right to earn a 50% in the Cariboo property.

In December 2011, the Company entered into an agreement to sell to Barkerville all residual property interests owned by the Company in the Cariboo property for \$5,000,000. These interests included a 50% Interest in the Cariboo Gold Quartz property, placer mining rights on CuMo Creek and a 3% Net Smelter Return royalty on the Cariboo Gold Quartz Mine property, Island Mountain Mine property and CuMo Creek Mine property.

In January 2012, Barkerville paid the \$5,000,000 amount to the Company, who recorded a gain on disposal of unproven mineral right interests of \$4,992,448 after adjustments to capitalized expenses associated with the property, as the carrying value of the property had been impaired to a nominal value of \$1 in prior fiscal years.

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(Unaudited and expressed in Canadian dollars, except number of shares and per share amounts)

8. Unproven mineral right interests (continued)

LAVERTY and CUMMINS PROPERTIES

In 2004 the Company acquired a 100% interest in 1156207 Ontario Ltd. for \$80,000 with the vendor retaining a 1% NSR. 1156207 Ontario Ltd. holds a 100% interest in two groups of patented mineral claims known as the Laverty property, located in Red Lake, Ontario and the Cummins property, located near Larder Lake, Ontario. The carrying value of these properties was written down to a nominal value during the fiscal year ended June 30, 2008.

By way of an option agreement dated January 26, 2009, and amended on March 11, 2009, the Company optioned the Laverty property to Mega (formerly Skybridge Development Corp. ("Skybridge")) in consideration of cash payments of \$500,000, 250,000 shares of Skybridge, 500,000 shares of Mega and a \$1,500,000 exploration expenditures commitment. During the quarter ended March 31, 2013, Mega completed the commitments and all consideration due to the Company pursuant to this option agreement.

The Company retains a 2% NSR on ore mined from the property. Given that the property had been written-down to a nominal value, the cash and share consideration received on the property are recognized through earnings.

During the nine months ended March 31, 2013, cash payments of \$100,000 and 200,000 Mega shares valued on receipt at \$48,000 were received by the Company, who recorded a gain on disposal of unproven mineral right interests of \$148,000.

During the year ended June 30, 2012, cash payments of \$100,000 and 100,000 Mega shares valued on receipt at \$46,000 were received by the Company, who recorded a gain on disposal of unproven mineral right interests of \$146,000.

The Cummins property consists of 5 patented mineral claims located in McElroy Township, near Larder Lake, Ontario. The Company has a 100% interest in the project and has not performed any work to date.

BRETT PROPERTY

In 2003 the Company completed an agreement to acquire a 100% interest in the Brett #1 and Brett #2 mineral claims located in the Vernon Mining District of British Columbia for a consideration of 500,000 shares of the Company. In 2004, Running Fox Resource Corp. ("Running Fox") and the Company entered into an option agreement on the Brett property whereby Running Fox earned a 50% interest in the property in 2004. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2008.

In 2011, the Company entered into an agreement with Running Fox whereby the Company sold to Running Fox, subject to a NSR, the Company's remaining 50% interest in the Brett property. Consideration for this transaction consisted of a cash payment of \$1,000,000 and 3,000,000 common shares of Running Fox at a fair value of \$900,000. The Company recorded a gain on sale of unproven mineral right interest of \$1,899,999. In addition to this consideration the Company retains a sliding-scale royalty on the property based on the price of gold as follows:

- Gold price up to \$500 per ounce: 2% NSR;
- Gold price between \$501 and \$1,000 per ounce: 3% NSR;
- Gold price between \$1001 and \$1,500 per ounce: 5% NSR;
- Gold price between \$1501 and \$2,000 per ounce: 6% NSR;
- Gold price over \$2,001 per ounce: 8% NSR.

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8. Unproven mineral right interests (continued)

	CuMo \$	Boise \$	Pinetree \$	Other \$	Total \$
Balance, June 30, 2011	12,996,014	415,160	7,638,205	14,256	21,063,635
Exploration expenditures:					
Assays and analysis	16,443	-	21,740	-	38,183
Drilling	1,510,193	-	(54,108)	-	1,456,085
Geological, professional fees	362,853	-	-	-	362,853
Environmental studies	489,903	-	-	-	489,903
Other exploration costs	791,818	-	(30)	-	791,788
Reclamation costs	295,470	-	-	5,500	300,970
	16,462,694	415,160	7,605,807	19,756	24,503,417
Other items:					
Acquisition costs and payments	80,838	393,290	8,570	-	482,698
Impairment charges	-	-	-	(2)	2
Option payments received	-	-	(536,520)	-	(536,520)
Balance, June 30, 2012	16,543,532	808,450	7,077,857	19,754	24,449,593
Balance, July 1, 2012	16,543,532	808,450	7,077,857	19,754	24,449,593
Exploration expenditures:					
Assays and analysis	63,567	-	-	-	63,567
Community relations	55,352	-	-	-	55,352
Drilling	1,109,213	-	-	-	1,109,213
Geological, professional fees	70,008	-	-	-	70,008
Environmental studies	324,147	-	-	-	324,147
Other exploration costs	4,884	-	-	-	4,884
	18,170,703	808,450	7,077,857	19,754	26,076,764
Other items:					
Acquisition costs and payments	48,793	405,600	-	5,758	460,151
Impairment charges	-	-	-	(5,760)	(5,760)
Balance, March 31, 2013	18,219,496	1,214,050	7,077,857	19,752	26,531,155

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9. Segmented information

The Company operates in three geographical areas, being Canada, the United States and Mexico. The following is an analysis of the Company's assets by geographical area and reconciled to the Company's consolidated financial statements:

	March 31, 2013	June 30, 2012
	\$	\$
Assets by geographic segment, at cost		
Canada		
Current assets	1,461,838	3,013,614
Reclamation bonds	19,749	19,749
Property, plant and equipment	27,521	339,225
Unproven mineral right interests	1	3,501
Other	-	-
	1,509,109	3,376,089
United States		
Current assets	409,644	626,769
Reclamation bonds	341,410	341,410
Property, plant and equipment	1,799,815	2,142,975
Unproven mineral right interests	26,531,154	24,446,092
Other	20,591	20,750
	29,102,614	27,577,996
Mexico		
Current assets	284,582	123,637
Reclamation bonds	-	-
Property, plant and equipment	646,198	580,965
Unproven mineral right interests	-	-
Other	-	-
	930,780	704,602
	31,542,503	31,658,687

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10. Reclamation provision

The Company's reclamation provision relates to the following Company properties:

	March 31, 2013	June 30, 2012
	\$	\$
CuMo	299,255	299,255
Pine Tree	42,155	42,155
Cariboo	3,500	3,500
General reclamation costs	16,249	16,249
	361,159	361,159

The reclamation provision is comprised of deposits to the Bureau of Land Management, the Boise National Forest, the United States Forest Service and other agencies for the above properties.

Although the Company does not anticipate being required to perform significant reclamation activities, it has recorded a provision for estimated reclamation costs based on the amount of the reclamation bonds. The bonds represent the fair value of the maximum reclamation costs associated with the Company's properties. Due to the uncertainty around the timing and amount of the associated reclamation cash flows, the amount of the provision is not discounted. The reclamation deposits will be refunded once the agencies are satisfied that the Company has performed all necessary decommissioning activities.

The continuity of the reclamation provision is as follows:

	March 31, 2013	June 30, 2012
	\$	\$
Balance at the beginning of the period	361,159	65,869
Reclamation work performed - Brett	-	(5,680)
Increase in estimate - Brett	-	5,500
Increase in estimate - CuMo	-	295,470
Balance at the end of the period	361,159	361,159

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11. Convertible notes

In order to finance the ongoing development of the CuMo project the Company has borrowed from International Energy & Mineral Resources Investment (Hong Kong) Company Limited ("HK CO") the principal amount of \$1,500,000 and US\$1,500,000, and issued a secured convertible note (the "Note") in respect of such indebtedness to HK CO (the "Financing").

The Note has face values of \$1,500,000 and US\$1,500,000, and matures in October 2017 (the "Maturity Date"). The Note accrues interest at a rate of 6.5% per annum, calculated and paid annually. At the option of HK CO the Note shall be convertible at any time prior to the Maturity Date, in whole or in part, into common shares of the Company at a price of \$0.28 per common share, provided that HK CO shall only be permitted to exercise such conversion right to the extent that it results in HK CO holding no greater than 19.9% of the issued and outstanding common shares of CuMoCo.

On issuance, the relative face value of \$297,394 attributed to the equity conversion features of the Note was classified as an equity component of the convertible debt. The debt component will be accreted systematically to its face value over the term of the note by the recording of additional interest expense.

The debt component of the Note is calculated as the present value of the debt and required interest payments are discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the notes were issued.

HK CO is a "Related Party" of the Company pursuant to the policies of the TSX-V, as HK CO holds approximately 16.12% of the issued and outstanding common shares of CuMoCo. As such, the Financing constitutes a "Related Party Transaction" under the policies of the TSX-V. The Company has relied on exemptions from the formal valuation and minority approval requirements which are available to the Company.

The Financing was unanimously approved by the Board of Directors of the Company, other than a director who declared his interest in the Financing and abstained from voting with respect to the Financing as he holds a controlling interest in HK CO. If the principal amount of the Note is converted to the full extent possible, HK CO will increase its shareholdings in the Company from 13,256,666 common shares (approximately 16.12% of the issued and outstanding common shares) to 16,370,226 common shares (which would represent approximately 19.9% of the issued and outstanding common shares), assuming that no additional common shares of CuMoCo are issued prior to such conversion.

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12. Capital and equity reserve

(a) *Capital*

At December 31, 2012, CuMoCo's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

No shares were issued during the nine months ended March 31, 2013.

On August 25, 2011, CuMoCo completed a non-brokered private placement consisting of 2,490,649 units (the "Units") in CuMoCo at a price of \$0.75 per Unit, for gross proceeds of \$1,867,687. Each Unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company until August 25, 2014, at an exercise price of \$0.85. The fair value of the warrants issued in this private placement was \$174,345, determined using the residual method.

The Company incurred cash share issue costs of \$103,654 in connection with the private placement.

Agents were paid an aggregate fee of \$66,296, 102,986 share purchase warrants exercisable at \$0.85 for three years and 14,592 units, comprised of one share and one share purchase warrant exercisable at \$0.85 for three years. The fair value of the warrants for the units was \$1,021, determined using the residual method. The fair value of the 102,986 share purchase warrants was estimated at \$40,285 using the Black-Scholes pricing model. The assumptions used for the valuation of the warrants were a risk-free interest 1.17%, volatility of 91%, dividend of \$nil, exercise price of \$0.85 per share and expected life of the warrants of 3 years.

(b) *Equity reserve*

Share Options

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments.

CuMoCo has an incentive share option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan is equal to 10% of the then issued and outstanding common shares. No more than 5% of the issued shares may be issued to any eligible person other than a consultant in any 12 month period unless disinterested shareholder approval has been obtained. No more than 2% of the issued shares may be issued to any one consultant in any 12 month period. No more than 2% of the issued shares may be issued to all employees in the aggregate conducting investor relations activities in any 12 month period.

The exercise price of share options is determined by the Board of Directors at the time of grant and may not be less than the discounted market price as calculated and defined in accordance with the policies of the TSX-V. Options granted must be exercised no later than 10 years commencing from the later of the date of grant or such lesser period as determined by the Board. Options shall terminate automatically or 90 days after optionees no longer act as officers, directors or consultants of the Company. In the case of death, options shall terminate within one year from the event.

Once approved, all options are considered vested and are exercisable at any time, except where other vesting periods are determined by the Board.

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12. Capital and equity reserve (continued)

Share options were awarded during the period ended March 31, 2013 and the year ended June 30, 2012 as follows:

	Nine months ended March 31, 2013		Year ended June 30, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning of period	10,779,972	0.49	6,775,600	0.44
Options granted	3,700,000	0.35	5,225,622	0.53
Options exercised	-	-	(456,250)	0.35
Options expired	-	-	-	-
Options forfeited	(10,529,972)	0.49	(765,000)	0.47
Balance, end of period	3,950,000	0.35	10,779,972	0.49

For the 456,250 share options exercised during the year ended June 30, 2012, the weighted average closing share price at the date of exercise was \$0.44.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2013:

Exercise price	Options outstanding	Options outstanding		Options exercisable		
		Weighted average exercise price	Weighted average remaining contractual life (years)	Options outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life (years)
\$		\$			\$	
0.35-0.36	3,900,000	0.35	4.67	3,625,000	0.35	4.67
0.80	50,000	0.80	2.34	50,000	0.80	2.34
	3,950,000	0.35	4.59	4,912,500	-	-

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12. Capital and equity reserve (continued)

The fair value of the share options awarded to employees and directors was estimated using the Black-Scholes option pricing model with the following assumptions for the periods presented below:

	Three months ended March 31, 2013	Year ended June 30, 2012
Risk free interest rate	3.70%	2.08-2.50%
Expected life	3.5 years	10 years
Expected volatility	68.19%	99-103%
Expected dividend per share	\$Nil	\$Nil

The weighted average fair value of share options awarded during the nine months ended March 31, 2013, estimated using the Black-Scholes option pricing model was \$0.08 per option.

The weighted average fair value of share options awarded during the year ended June 30, 2012, estimated using the Black-Scholes option pricing model was \$0.49 per option.

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. CuMoCo uses expected volatility rates which are based upon their historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

The total share-based payment expense calculated for the nine months ended March 31, 2013 was \$276,077 (nine months ended March 31, 2012: \$2,598,673).

Warrants

During the year ended June 30, 2012, the Company granted 2,608,227 warrants at an exercise price of \$0.85 with an expiry date of August 25, 2014. The fair value of the warrants issued in 2012 was estimated at \$0.36 per warrant at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used for the calculation are presented in the following table:

	Year ended June 30, 2012
Risk free interest rate	1.17%
Expected life	3 years
Expected volatility	91.00%
Expected dividend per share	\$Nil

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12. Capital and equity reserve (continued)

Warrants were awarded during the period ended March 31, 2013 and the year ended June 30, 2012 as follows:

	Nine months ended March 31, 2013		Year ended June 30, 2012	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance, beginning of period	2,608,227	0.85	5,262,116	1.25
Warrants granted	-	-	2,608,227	0.85
Warrants exercised	-	-	-	-
Warrants expired	-	-	(5,262,116)	1.25
Balance, end of period	2,608,227	0.85	2,608,227	0.85

13. Related party transactions

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

(a) Trading transactions

The Company's related parties consist of companies owned by or associated with executive officers and directors, and former executive officers and directors as follows:

	<u>Nature of transactions</u>
1330275 Ontario Inc.	Management fees
Geologic Systems Inc.	Exploration and administration fees
Delphis Financial Strategies Inc.	Management fees
International Energy & Mineral Resources Investment (Hong Kong) Company Limited	Management fees
Jurisino Group	Management fees

During the nine months ended March 31, 2013 and 2012 the Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	2013	2012
	\$	\$
Salaries and management fees	246,761	247,500
Exploration fees	12,500	76,470
Administration fees	-	9,296
	259,261	333,266

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13. Related party transactions (continued)

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Trade and other payables at March 31, 2013 included \$48,037 (June 30, 2012: \$147,715), which were due to private companies controlled by directors and officers of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the nine months ended March 31, 2013 and 2012 were as follows:

	Note	2013	2012
		\$	\$
Salaries and fees	(i)	259,261	333,266
Share-based payment	(ii)	260,465	2,553,121
	(iii)	519,726	2,886,387

(i) Salaries and fees and include consulting and management fees disclosed in note 11(a).

(ii) Share-based payments are the fair-value of options granted to key management personnel.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the nine months ended March 31, 2013 and 2012.

14. Supplemental cash flow information

The following significant non-cash transactions have been excluded from the statements of cash flows:

a) Nine months ended March 31, 2013:

- The Company received 200,000 shares valued at \$48,000 in connection with the sale of the Lavery property to Mega (Note 8).
- The Company recorded an equity component on convertible notes of \$592,715 (Note 11).

b) Year ended June 30, 2012:

- The Company received 250,000 shares valued at \$66,250 in connection with the sale of the Blackpoint property to Urastar (Note 8).
- The Company received 100,000 shares valued at \$46,000 in connection with the sale of the Lavery property to Mega (Note 8).
- The Company received 2,000,000 shares valued at \$336,520 in connection with the sale of Pinetree Property to IEMR (Note 8).

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15. Commitments and contingencies

- The Company has entered into a lease agreement for the lease of office premises in Vancouver. The commencement date of the lease was December 1, 2011, for a five year term. The Company's basic rent commitments for the remaining term of the contract are approximately \$162,800.
- Liberty Mutual Insurance Company asserted a claim against the Company for unpaid premium of US\$142,374 plus interest, costs of suit and attorney's fees. The amount in dispute is included in accounts payable and accrued liabilities. Management is in the process of settling the matter without further litigation.
- On February 13, 2013, the Company was served with a Notice of Civil Claim by Bill Jefferies, CuMoCo's former Chief Financial Officer, Corporate Secretary and director, relating to management fees that Mr. Jefferies has claimed are owed to him in the amount of \$107,510. CuMoCo is currently undergoing a detailed financial review of the activities of past management, including Mr. Jefferies, and will file a response to the claim in due course.