



# **IDM MINING**

**(Formerly Revolution Resources Corp.)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(Restated)**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

**FOR THE PERIOD ENDED JULY 31, 2014**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed consolidated interim financial statements of 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.

**IDM MINING LTD. (FORMERLY REVOLUTION RESOURCES CORP.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)  
**AS AT**

	July 31, 2014	October 31, 2013
	Restated Note 2	
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,269,129	\$ 312,458
Short-term investments	8,625	138,000
Receivables	99,270	23,038
Prepays	<u>106,198</u>	<u>15,679</u>
	1,483,222	489,175
<b>Equipment</b> (Note 5)	9,454	7,062
<b>Exploration and evaluation assets</b> (Note 6)	<u>9,733,882</u>	<u>15,139,805</u>
	<u>\$ 11,226,558</u>	<u>\$ 15,636,042</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 2,733,878	\$ 1,459,028
<b>Derivative liability</b> (Note 7)	<u>5,000,000</u>	<u>625,000</u>
	<u>7,733,878</u>	<u>2,084,028</u>
<b>Shareholders' equity</b>		
Share capital (Note 8)	39,398,599	35,235,620
Reserves (Note 8)	5,094,065	4,439,346
Deficit	<u>(40,999,984)</u>	<u>(26,122,952)</u>
	<u>3,492,680</u>	<u>13,552,014</u>
	<u>\$ 11,226,558</u>	<u>\$ 15,636,042</u>

**Nature and continuance of operations** (Note 1)

**Subsequent event** (Note 15)

Approved and authorized by the Board on December 19, 2014:

“Robert McLeod”

Director

“Michael McPhie”

Director

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

**IDM MINING LTD. (FORMERLY REVOLUTION RESOURCES CORP.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE**

	Three months ended July 31, 2014 (Restated Note 2)	Three months ended July 31, 2013	Nine months ended July 31, 2014 (Restated Note 2)	Nine months ended July 31, 2013
<b>GENERAL EXPENSES</b>				
Accretion	\$ -	\$ 91,812	\$ -	\$ 91,812
Consulting fees	45,750	608	49,698	20,546
Depreciation (Note 3)	851	756	1,909	2,269
Director fees (Note 9)	120,000	-	120,000	-
Foreign exchange loss (gain)	(37,275)	31,454	25,954	32,397
Investor relations	96,056	10,000	74,990	40,135
Management fees	77,000	45,000	149,000	162,000
Office and miscellaneous	30,195	100,082	118,105	291,681
Professional fees	132,775	103,974	214,117	243,258
Property investigation costs	-	-	17,408	-
Shareholder communications	1,326	5,809	2,134	45,971
Share-based payments (Note 8)	617,128	-	617,128	22,616
Transfer agent and filing fees	27,647	28,713	69,819	59,841
Travel and trade shows	960	10,319	5,459	92,214
<b>Loss before other items</b>	<u>(1,112,413)</u>	<u>(428,527)</u>	<u>(1,465,721)</u>	<u>(1,104,740)</u>
<b>OTHER ITEMS</b>				
Interest income	-	-	1,380	-
Recognition of flow-through premium liability	152,012	-	152,012	-
Recovery on mineral properties	37	250,000	10,134	250,000
Unrealized loss on derivative liability (Note 7)	(4,000,000)	-	(4,375,000)	-
Write-off of exploration and evaluation assets (Note 6)	<u>(9,193,484)</u>	<u>(1,964,751)</u>	<u>(9,199,837)</u>	<u>(7,395,021)</u>
<b>Loss and comprehensive loss for the period</b>	<u>\$ (14,153,848)</u>	<u>\$ (2,143,278)</u>	<u>\$ (14,877,032)</u>	<u>\$ (8,249,761)</u>
<b>Basic and diluted loss per share</b>	<u>\$ (0.68)</u>	<u>\$ (0.11)</u>	<u>\$ (0.748)</u>	<u>\$ (0.52)</u>
<b>Weighted average number of common shares outstanding</b>	<u>20,928,979</u>	<u>19,451,856</u>	<u>20,203,249</u>	<u>15,757,013</u>

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

**IDM MINING LTD. (FORMERLY REVOLUTION RESOURCES CORP.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE NINE MONTH PERIOD ENDED JULY 31**

	2014	2013
<b>CASH FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (14,877,032)	\$ (8,249,761)
Items not affecting cash:		
Accretion	-	91,812
Depreciation	1,909	2,269
Recognition of flow-through premium liability	(152,012)	-
Share-based payments	617,128	22,616
Unrealized loss on derivative	4,375,000	-
Write-off of exploration and evaluation assets	9,199,837	7,395,021
Changes in non-cash working capital items:		
Receivables	(76,232)	76,981
Prepays	(90,519)	2,921
Accounts payable and accrued liabilities	226,886	101,174
Net cash used in operating activities	<u>(775,035)</u>	<u>(556,967)</u>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(384,279)	(999,803)
Exploration advances	-	531,494
Acquisition on exploration and evaluation assets	(1,000,000)	25,083
Purchase of equipment	(4,301)	-
Net cash used in investing activities	<u>(1,388,580)</u>	<u>(443,226)</u>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of share capital	3,296,942	557,580
Short-term investments	129,375	-
Share issuance costs	(306,031)	(13,585)
Net cash provided by financing activities	<u>3,120,286</u>	<u>543,995</u>
<b>Change in cash and cash equivalents during the period</b>	956,671	(456,198)
<b>Cash and cash equivalents, beginning of period</b>	<u>312,458</u>	<u>930,527</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 1,269,129</u>	<u>\$ 474,329</u>
<b>Cash and cash equivalents</b>		
Cash	\$ 1,269,129	\$ 324,329
Guaranteed investment certificates	-	150,000
Total cash and cash equivalents	<u>\$ 1,269,129</u>	<u>\$ 474,329</u>

**Supplemental disclosure with respect to cash flows (Note 10)**

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

**IDM MINING LTD. (FORMERLY REVOLUTION RESOURCES CORP.)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
(Unaudited - Expressed in Canadian Dollars)

	<u>Share capital</u>				
	Number	Amount	Reserves	Deficit	Total
<b>Balance at October 31, 2012</b>	15,173,465	\$ 32,870,775	\$ 4,416,730	\$ (16,491,399)	\$ 20,796,106
Issued for:					
Private placement	1,327,572	557,580	-	-	557,580
Acquisition of Minera Golondrina (note 4)	3,333,333	1,800,000	-	-	1,800,000
Share issue costs	-	(5,998)	-	-	(5,998)
Share-based payments	-	-	22,616	-	22,616
Loss for the period	-	-	-	(8,249,761)	(8,249,761)
<b>Balance at July 31, 2013</b>	19,834,370	35,222,357	4,439,346	(24,741,160)	14,920,543
Share issue costs	-	13,263	-	-	13,263
Loss for the period	-	-	-	(1,381,792)	(1,381,792)
<b>Balance at October 31, 2013</b>	19,834,370	35,235,620	4,439,346	(26,122,952)	13,552,014
Issued for:					
Private placement	10,716,508	2,571,962	-	-	2,571,962
Private placement - flow-through	2,338,645	724,980	-	-	724,980
Mineral property	4,955,500	1,214,098	-	-	1,214,098
Services	312,500	76,563	11,010	-	87,573
Debt	250,000	60,000	-	-	60,000
Share issue costs	-	(306,031)	-	-	(306,031)
Share-based payments	-	-	617,128	-	617,128
Agent warrants	-	(26,581)	26,581	-	-
Flow-through premium liability	-	(152,012)	-	-	(152,012)
Loss for the period	-	-	-	(14,877,032)	(14,877,032)
<b>Balance at July 31, 2014</b>	38,407,523	\$ 39,398,599	\$ 5,094,065	\$ (40,999,984)	\$ 3,492,680

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

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

IDM Mining Ltd. (the “Company”) is an exploration company incorporated on July 14, 2009 under the laws of the Province of British Columbia, Canada. The Company is listed on the Toronto Stock Exchange (“TSX”). On June 6, 2014, the Company changed its name from “Revolution Resources Corp.” to “IDM Mining Ltd.” and now trades under the symbol IDM.

The Company’s head office, principal address and registered and records office is 1500 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

The Company is in the business of acquiring and exploring economically viable mineral resource deposits on its mineral properties. The recoverability of the amounts shown for mineral properties acquisition costs and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

## **2. BASIS OF PREPARATION**

### **Statement of Compliance**

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

### **Basis of Presentation**

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s October 31, 2013 annual consolidated financial statements with the exception of those adopted as of November 1, 2013 as detailed in Note 3.

On June 6, 2014, the Company consolidated its issued and outstanding shares on the basis of 6 pre-consolidated shares for one post-consolidated share. Unless otherwise stated, all share and per share amounts in these condensed consolidated interim financial statements have been adjusted to reflect the share consolidation.

The interim financial statements as initially reported have been restated to correct for certain errors. Refer to Note 14 for a description of the nature and amount of the restatement corrections.

**2. BASIS OF PREPARATION (cont'd...)**

**Use of Estimates**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

These condensed consolidated interim financial statements include estimates and judgments which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant estimates and assumptions relate to the valuation of deferred income tax amounts, impairment testing, the valuation of certain financial liabilities, the valuation of the acquisition of Minera Golondrina S. de R.L. de C.V. ("Minera Golondrina"), the valuation of the derivative liability, and the calculation of share-based payments. Share-based payments, as measured with respect to stock options granted, are estimated by reference to the Black-Scholes Pricing Model; a detailed disclosure of management's estimates with respect to the pricing model is found in Note 8. The Company has reviewed its exploration and evaluation assets for indications of impairment and determined that there is no such indication in excess of what has been recorded. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes. The valuation of the net assets acquired upon the acquisition of Minera Golondrina is detailed in Note 4. The valuation of the derivative liability is discussed in Note 7.

The most significant judgments relate to the recoverability of capitalized amounts, the functional currency of the Company and its subsidiaries, recognition of deferred tax assets and liabilities and the determination of the economic viability of a project.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**New standards, interpretations and amendments adopted**

As of November 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

The nature and the impact of each new standard are described below:

*IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements*

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that 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. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Company.



**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New standards, interpretations and amendments adopted (cont'd...)**

*IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. As the Company does not have any partnerships in JCEs, the adoption of this standard had no impact on the financial statements of the Company.

*IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

*IFRS 13 Fair Value Measurement*

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

**New standards yet adopted**

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended October 31, 2014:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets<sup>(i)</sup>
- IAS 32 (Amendment) New standard that clarifies requirements for offsetting financial assets and financial liabilities.<sup>(ii)</sup>
- IAS 36 (Amendment) This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.<sup>(ii)</sup>
- IFRIC 21 This is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.<sup>(ii)</sup>

(i) Deferred indefinitely.

(ii) Effective for annual periods beginning on or after January 1, 2014

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

**IDM MINING LTD. (FORMERLY REVOLUTION RESOURCES CORP.)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
**JULY 31, 2014**

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**4. ACQUISITION OF MINERA GOLONDRINA**

During the year ended October 31, 2013, the Company executed a purchase and sale agreement with Lake Shore Gold Corp (“Lake Shore”) a Canadian public company, which supersedes the existing option agreement (Note 6). Under the terms of the new agreement the Company acquired Lake Shore’s subsidiary, Minera Golondrina, the sole material asset of which is 100% of the rights, title and interest in the Mexico Properties, subject to certain net smelter royalties (“NSR”). As consideration the Company:

- a) Issued 20,000,000 (post-consolidation – 3,333,333) common shares, subject to certain sale restrictions;
- b) Granted Lake Shore the following royalty interests, subject in each case to certain rights to repurchase a portion of the NSR:
  - i. A 2% NSR on the Universo Property;
  - ii. A 3.5% NSR on the properties comprising the Montana de Oro Project (forming part of the Montana de Oro Property);
  - iii. A 2.5% NSR on the properties comprising the La Bufa Project (forming part of the Montana de Oro Property);
  - iv. A 2% NSR on the properties comprising the Lluvia de Oro Project (forming part of the Montana de Oro Property), and:
- c) Will pay \$5,000,000 in cash or common shares valued at the greater of \$0.20 and a five-day volume-weighted average trading price on or before December 31, 2017 (Note 7).

The acquisition was treated as an asset acquisition. The net assets of Minera Golondrina were valued with reference to the fair market value of the Company’s common shares as at the time of issuance, being \$1,800,000, and the fair value of the derivative liability, which at the date of the transaction was \$2,250,000 (Note 7). It was determined that, given the inherent difficulty in providing an accurate valuation over unproven exploration and evaluation assets, the valuation of the net assets of Minera Golondrina was more reliably determined by reference to the market value of the shares issued and the future obligation. The Company incurred transaction costs associated with the acquisition of \$73,062 which have been recorded as acquisition costs.

The net assets of Minera Golondrina acquired are as follows:

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	Net assets
Cash	\$ 25,083
Receivables	21,765
Exploration and evaluation assets	4,186,821
Accounts payable and accrued liabilities	<u>(110,607)</u>
<b>Total consideration</b>	<b>\$ 4,123,062</b>

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**IDM MINING LTD. (FORMERLY REVOLUTION RESOURCES CORP.)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
**JULY 31, 2014**

**5. EQUIPMENT**

	Computer equipment
<b>Cost</b>	
Balance, October 31, 2013	\$ 18,051
Depreciation for the year	<u>4,301</u>
<b>Balance, July 31, 2014</b>	<b>\$ 22,352</b>
<b>Accumulated depreciation</b>	
Balance, October 31, 2012	\$ 7,964
Depreciation for the year	<u>3,025</u>
Balance, October 31, 2013	10,989
Depreciation for the period	<u>1,909</u>
<b>Balance, July 31, 2014</b>	<b>\$ 12,898</b>
<b>Carrying amounts</b>	
As at October 31, 2013	\$ 7,062
As at July 31, 2014	<u>\$ 9,454</u>

**6. EXPLORATION AND EVALUATION ASSETS**

**Title to mineral properties**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all its properties and, to the best of its knowledge, title to all of its properties is in good standing.

***Red Mountain (B.C., Canada)***

On April 11, 2014, the Company entered into an option agreement with Seabridge Gold Inc. ("Seabridge") to acquire a 100% interest in the Red Mountain gold project located near Stewart, B.C.

Under the terms of the option agreement, the Company must issue 29,733,000 (post-consolidation – 4,955,500) (issued) common shares, pay \$2,000,000 cash in staged payments (\$1,000,000 payable within 90 days (paid), \$1,000,000 within 1.5 years) and incur \$7,500,000 million in exploration and development expenditures over three years (\$2,500,000 per year) (As at July 31, 2014, the Company has incurred \$901,621). The Company has the right to extend the deadline for expenditure of the final \$2,500,000 by one year upon payment to Seabridge of \$250,000.

Upon the commencement of commercial production, the Company is required to make an additional one-time \$1,500,000 cash payment to Seabridge, and Seabridge will also retain a gold metal stream on the Red Mountain project to acquire 10 per cent of the annual gold production from the property at a cost of \$1,000 (U.S.) per ounce up to a maximum of 500,000 ounces produced (50,000 ounces to Seabridge). Alternatively, Seabridge may elect to receive a one-time cash payment of \$4,000,000 at the commencement of production in exchange for the buyback of the gold metal stream. The share issuance related to the acquisition is subject to regulatory and shareholder approval.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

***Mexico Property Portfolio***

On December 14, 2011 and as amended July 26, 2012, the Company entered into an option agreement with Lake Shore to acquire up to a 100% interest in the Montana de Oro (comprised of Montana de Oro, Lluvia de Oro and La Bufa Projects) and Universo Properties in Mexico.

Under the amended agreement, in order to acquire an initial 60% in the Mexican Properties, the Company issued 5,713,740 common shares valued at \$2,056,946, must incur \$15,000,000 in expenditures on the Mexican Properties by August 31, 2016, including reimbursing Lake Shore for expenditures incurred with respect to the properties in 2011 for which the Company paid \$3,735,439, and, within 30 days of incurring \$15,000,000 in expenditures, issue to Lake Shore \$1,000,000 in common shares of the Company. Additionally, the Company will issue 7,500,000 (post-consolidation - 1,250,000) common shares to Lake Shore over a four year period (1,000,000 (post-consolidation - 166,667) issued at a value of \$195,000).

The Company could acquire a 100% interest in either or both of Montana de Oro and Universo properties by completing 43-101 compliant technical reports and satisfying certain additional terms and payments, as outlined in the Company's October 31, 2012 annual consolidated financial statements.

During the year ended October 31, 2013 the Company executed a purchase and sale agreement with Lake Shore, which supersedes the previous option agreements. Under the terms of the new agreement the Company acquired 100% of the issued and outstanding shares of Lake Shore's subsidiary, Minera Golondrina, which holds 100% of the rights, title and interest in the Mexico Properties, subject to certain net smelter royalties ("NSR") (Note 4).

The Montana de Oro properties are subject to certain underlying agreements. Underlying payments on the Montana de Oro Property total MXP 1,083,990 in the first year (paid), MXP 700,000 for the next three years and then MXP 1,083,990 every year thereafter.

During fiscal 2012, the Company entered into an option agreement to acquire three additional claims to the La Bufa claims in the Montana de Oro Property. The agreement requires cash payments totalling US\$350,000 (US\$50,000 paid) and issuing 800,000 common shares (300,000 (post-consolidation - 50,000) issued at a value of \$48,000) of the Company over a two year period. The vendor retains a 1.5% NSR with respect to these claims.

During the year ended October 31, 2013 the Company elected to abandon the Universo Property and a portion of the Montana de Oro Property and consequently wrote off associated capitalized costs of \$8,104,727 as at October 31, 2013.

During the period ended July 31, 2014, the Company elected to abandon the remaining Mexico Properties and consequently wrote off associated capitalized costs of 9,199,837 as at July 31, 2014.

***Champion Hills Properties (USA)***

During fiscal 2011, the Company acquired, from a non-arm's length private company, a 90% interest in two option and lease agreements by issuing 2,000,000 (post-consolidation - 333,333) common shares valued at \$930,000 and paying \$375,312 (US\$375,000). The Company has the right of first refusal on the remaining 10% after incurring US\$1,000,000 in exploration expenditures.

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

*Champion Hills Properties (USA) (cont'd...)*

The Company has entered into various additional option and purchase agreements, certain of which have been terminated, to complement the initial land package directly with property owners which entitle the Company to acquire 100% of these properties. As at July 31, 2014, the various option and purchase agreements cover approximately 704 acres (October 31, 2013 – 704 acres), require annual lease payments ranging from US\$50 to US\$200 per acre over a five year term and US\$1 per foot drilled. The Company has the option to purchase each land package for the greater of 150% of the appraised value or a certain fixed price. Upon commencement of commercial production the properties are subject to a 2% NSR.

During the year ended October 31, 2013 the Company elected to abandon certain non-core option agreements and consequently wrote-off the associated capitalized costs of \$761,443 as at October 31, 2013.

*Silver Hill and Silver Valley*

During the year ended October 31, 2013 the Company elected to abandon the options on the Silver Hill and Silver Valley properties in North Carolina held with Carolina Mineral Resources Inc. and wrote-off the capitalized costs of \$1,669,439 as at October 31, 2013.

*Hoover Hill*

During fiscal 2011 the Company entered into an option and purchase agreement on the Hoover Hill mine property, North Carolina. The Company has a four year option to purchase each land package for the greater of 150% of the appraised value or a certain fixed price. The Company paid \$295,680 (US\$300,000) on signing and issued 100,000 (post-consolidation – 16,667) share purchase warrants with a fair value of \$38,775. The option can be extended for an additional year for US\$100,000. Each warrant entitles the holder to one common share at an exercise price of \$0.75 for a period of four years. The Company paid other acquisition costs of \$104,548. The property is subject to a 2% NSR, of which one-half (1%) may be purchased for US\$1,000,000.

*Nuukfjord (Greenland)*

During the year ended October 31, 2013 the Company sold its 15% interest in certain mineral licences in Greenland, which had been previously written-off, known as the Storo Gold Project, for \$250,000.

**IDM MINING LTD. (FORMERLY REVOLUTION RESOURCES CORP.)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited - Expressed in Canadian Dollars)  
**JULY 31, 2014**

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

	July 31, 2014			
	<u>Red Mountain</u>	<u>Mexico</u>	<u>Champion Hills</u>	<u>Total</u>
<b>Exploration costs</b>				
Balance, beginning of period	\$ -	\$ 743,643	\$ 4,773,560	\$ 5,517,203
Assay	12,597	-	-	12,597
Camp and road access	-	-	27,411	27,411
Field work and personnel	329,388	100,157	(1,110)	428,435
Geological consulting	24,517	76,763	16,437	117,717
Lease payments and permitting	145,445	398,528	2,373	431,174
Project administration and report preparation	335,534	5,738	-	341,272
Travel and transportation	54,140	8,449	-	62,589
	<u>901,621</u>	<u>589,635</u>	<u>45,111</u>	<u>1,421,195</u>
Write-off during the period	-	1,333,278	-	1,218,106
Balance, end of period	<u>901,621</u>	<u>-</u>	<u>4,818,671</u>	<u>5,720,292</u>
<b>Acquisition costs</b>				
Balance, beginning of period	-	7,866,559	1,756,043	9,622,602
Acquisition costs	2,214,098	-	43,449	2,257,547
	<u>2,214,098</u>	<u>7,866,559</u>	<u>1,799,492</u>	<u>11,880,149</u>
Write-off during the period	-	7,866,559	-	7,866,559
Balance, end of period	<u>2,214,098</u>	<u>-</u>	<u>1,799,492</u>	<u>4,013,590</u>
<b>Balance, July 31, 2014</b>	<u>\$ 3,115,719</u>	<u>\$ -</u>	<u>\$ 6,618,163</u>	<u>\$ 9,733,882</u>

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

	October 31, 2013		
	<u>Mexico</u>	<u>Champion Hills</u>	<u>Total</u>
<b>Exploration costs</b>			
Balance, beginning of year	\$ 4,667,012	\$ 6,390,125	\$ 11,057,137
Assays	-	701	701
Camp and road access	-	33,233	33,233
Equipment rental and maintenance	2,744	18,435	21,179
Field work and personnel	207,803	4,110	211,913
Geological consulting	328,244	35,850	364,094
Lease payments and permitting	1,054,326	97,865	1,152,191
Project management fees	-	750	750
Project administration and report preparation	27,003	-	27,003
Travel and transportation	37,472	847	38,319
	<u>1,657,592</u>	<u>191,791</u>	<u>1,849,383</u>
Write-off of mineral property	<u>(5,580,961)</u>	<u>(1,808,356)</u>	<u>(7,389,317)</u>
Balance, end of year	<u>743,643</u>	<u>4,773,560</u>	<u>5,517,203</u>
<b>Acquisition costs</b>			
Balance, beginning of year	<u>6,132,581</u>	<u>2,378,569</u>	<u>8,511,150</u>
Acquisition costs	70,923	-	70,923
Acquisition – Mineral Golondrina (Note 4)	<u>4,186,821</u>	<u>-</u>	<u>4,186,821</u>
	4,257,744	-	4,257,744
Write-off of mineral property	<u>(2,523,766)</u>	<u>(622,526)</u>	<u>(3,146,292)</u>
Balance, end of year	<u>7,866,559</u>	<u>1,756,043</u>	<u>9,622,602</u>
<b>Balance, October 31, 2013</b>	<b>\$ 8,610,202</b>	<b>\$ 6,529,603</b>	<b>\$ 15,139,805</b>

**7. DERIVATIVE LIABILITY**

Pursuant to the acquisition of 100% of the issued and outstanding shares of Minera Golondrina (Note 4), the Company is obligated to pay \$5,000,000 in cash or common shares, at the option of the Company, on or before December 31, 2017. If the Company elects to issue common shares they will be valued at the greater of \$0.20 and a five-day volume-weighted average trading price, resulting in a maximum of 25,000,000 shares being issued.

This floor creates a derivative liability as the Company is under no obligation to deliver cash and may issue shares with a fair value less than the \$5,000,000. The value of the derivative liability has been determined to be the value of the common shares required to settle the derivative liability.

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**7. DERIVATIVE LIABILITY (cont'd...)**

The table below illustrates the movement of the derivative liability which is based on the share price on the applicable date.

	July 31, 2014	October 31, 2013
Opening balance	\$ 625,000	\$ -
Fair value of derivative liability	-	2,250,000
Unrealised loss (gain) on derivative liability	<u>4,375,000</u>	<u>(1,625,000)</u>
Closing Balance	<u>\$ 5,000,000</u>	<u>\$ 625,000</u>

**8. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

As at July 31, 2014, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

**Private placements**

On June 13, 2014, the Company closed a brokered private placement for gross proceeds of \$2,776,140, consisting of 2,098,000 flow-through units at \$0.31 per flow-through unit and 8,857,334 common units at \$0.24 per common unit. Each unit consists of one common share and one half-warrant, with each whole warrant exercisable for a period of 15 months at \$0.36 per share. The Company incurred finders' fees of \$143,303 and issued 377,243 agent warrants exercisable for a period of 15 months at \$0.36 per share.

Concurrently, the Company also closed a non-brokered private placement with characteristics consistent with the brokered private placement. The Company issued 240,645 flow-through units and 1,859,174 common units for additional gross proceeds of \$520,801.

The warrants are subject to an accelerated expiry in the event that the Company's common shares trade at a closing price greater than \$0.55 per share for a period of 20 consecutive trading days at any time in the 4 month period subsequent to the warrants issuance. The Company may accelerate the expiry date of the warrants by giving notice via press release; in such case, the warrants will expire 30 days from the date of notice.

During the year ended October 31, 2013, the Company completed a private placement and issued 7,965,428 (post-consolidation – 1,327,571) units at a price of \$0.07 (post-consolidation \$0.42) per unit for gross proceeds of \$557,580. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$0.125 (post-consolidation - \$0.75) for a period of 2 years.

**Other share issuance**

During the period ended July 31, 2014 the Company:

- a) Issued 312,500 units in exchange for advisory services on the Red Mountain property valued at \$75,000. Each unit comprises one common share and one half-warrant. Each whole warrant is exercisable for a period of 15 months at \$0.36 per share.
- b) Issued 250,000 commons shares for debt relating to legal services, valued at \$60,000.



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**8. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options and warrants**

Stock option and warrant transactions are summarized as follows:

	Warrants		Stock options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, October 31, 2012	2,378,104	\$ 3.90	942,500	\$ 3.42
Granted	663,786	0.78	-	-
Expired	(1,611,438)	3.60	(280,000)	3.90
Outstanding, October 31, 2013	1,430,452	2.76	662,500	3.16
Granted	7,186,071	0.36	3,200,000	0.24
Forfeited	-	-	(283,333)	3.29
Outstanding, July 31, 2014	8,616,523	\$ 0.76	3,579,167	\$ 0.54
Number currently exercisable	8,616,523	\$ 0.76	379,167	\$ 3.08

**Stock options and warrants outstanding**

The following incentive stock options and warrants were outstanding at July 31, 2014:

	Number	Exercise price	Expiry date
<b>Stock options</b>			
	229,167	\$ 3.00	April 27, 2015
	58,333	4.20	February 15, 2016
	91,667	2.58	February 1, 2017
	3,200,000	0.24	July 3, 2019
<b>Warrants</b>			
	663,785	\$ 0.75	April 2, 2015
	750,000	4.50	October 18, 2015
	7,186,071	0.36	September 13, 2015
<b>Special Warrants</b>			
	16,667	\$ 4.50	March 15, 2015

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

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**8. SHARE CAPITAL AND RESERVES (cont'd...)**

**Share-based payments (cont'd...)**

During the period ended July 31, 2014, the Company granted 3,200,000 stock options to directors, officers, consultants and employees, exercisable for a period of five years at a price of \$0.24 per share. The Company did not grant any options during the period ended July 31, 2013. Total share-based payments for options vested recognized in the statement of loss and comprehensive loss for the period ended July 31, 2014 was \$617,128 (2013 – \$22,616) pursuant to vesting incentive options. This amount was also recorded as reserves on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	2014	2013
Risk-free interest rate	1.61%	-
Expected life of options	5 years	-
Annualized volatility	124%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

**9. RELATED PARTY TRANSACTIONS**

The consolidated financial statements include the financial statements of the Company and its 100% owned subsidiaries Revolution Resources (NC) Inc. (USA), Minera Revolution, S.A. de C.V. (Mexico) and Minera Golondrina, (Mexico).

During the period ended July 31, 2014, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Management fees of \$149,000 (2013 - \$180,000) to officers of the Company.
- b) Professional fees of \$67,500 (2013 - \$45,000) to an officer of the Company.
- c) Director fees of \$120,000 (2013 - \$Nil) to a director of the Company and a company controlled by a director of the Company.
- d) Consulting fees of \$Nil (2013 - \$45,000) to directors of the Company.
- e) Shareholder communications fees of \$Nil (2013 - \$26,182) to a company controlled by a former director of the Company.

Share-based payment expense for the period ended July 31, 2014 included compensation to directors and officers of \$535,166 (2013 - \$18,393) for stock options vesting during the period.

Included in accounts payable is \$4,936 (October 31, 2013 - \$20,000) due to directors and officers of the Company. Additionally there was \$15,750 owing from a director (October 31, 2013 - \$Nil).

**9. RELATED PARTY TRANSACTIONS (cont'd...)**

The Company operates from the premises of a group of public and private companies with common directors. Certain companies provide geological consulting and office and administrative services to the Company and various other public companies. Included in accounts payable and accrued liabilities is \$151,441 (October 31, 2013 - \$93,359) due to a related private company. During the period ended July 31, 2014, the Company paid or accrued \$65,262 (2013 - \$91,673) for geological consulting, and \$76,819 (2013 - \$83,160) for office and administrative expenditures.

A private company controlled by a director of the Company provides management and professional services to public companies. During the period ended July 31, 2014, the Company paid or accrued \$Nil (2013 - \$39,065) for investor relations services, \$18,000 (2013 - \$42,072) for accounting services and \$Nil (2013 - \$33,822) for administration expenses.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions for the period ended July 31, 2014, include the Company:

- a) Incurring exploration and evaluation asset expenditures of \$992,792 through accounts payable and accrued liabilities (net of payables carried forward from year end).
- b) Issuing 4,955,500 common shares with a fair value of \$1,214,098 as acquisition costs on the Red Mountain property.
- c) Issuing 377,243 agent warrants with a fair value of \$26,581 in relation to the brokered private placement.
- d) Issuing 312,500 units with a fair value of \$75,000 in exchange for advisory services on the Red Mountain option agreement.
- e) Issuing 250,000 common shares with a fair value of \$60,000 in settlement of debt.

Significant non-cash transactions for the period ended July 31, 2013, include the Company:

- a) Incurring exploration and evaluation asset expenditures of \$156,165 through accounts payable and accrued liabilities and \$173,800 through exploration advances.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Instruments**

Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying value of short-term investments, receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The derivative liability is measured at fair value using a level 2. The Company calculates the fair value of the derivative liability based on the company's share price.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2014, the Company had a cash and cash equivalents and short-term investments balance of \$1,269,129 to settle current liabilities of \$2,618,706. The derivative liability recognized in order to complete the acquisition of Minera Golondrina (Note 4) may be settled at the Company's option in shares; therefore, the debt is not considered to materially increase the liquidity risk of the Company.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance on-going exploration of its properties, such capital to be derived from the exercise of outstanding warrants and the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and short-term investments. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of GST receivable from the Government of Canada and IVA receivable from the Government of Mexico. The Company has been successful in recovering input tax credits and believes credit risk with respect to receivables to be insignificant.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and equivalents and short-term investments balances. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at July 31, 2014, the Company did not have any investments in investment-grade short-term deposit certificates.

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**Financial risk factors (cont'd...)**

b) Foreign currency risk

The majority of the Company's business is conducted in Mexico in the Canadian dollar, US dollar and Mexican pesos and in the USA in the US dollar. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar, the Mexican peso and the US dollar. Fluctuations in the exchange rate among the Canadian dollar, the Mexican peso and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

c) Price risk

The mining industry is heavily dependent upon the market price of the metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for their sale. There can be no assurance that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond control of the Company may affect the marketability of any minerals discovered. The price of gold has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the Company's control. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**12. CAPITAL MANAGEMENT**

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

**13. SEGMENTED INFORMATION**

The Company's one reportable operating segment is the acquisition and exploration of mineral property concessions. Geographic information is as follows:

	July 31, 2014	October 31, 2013
Capital assets:		
Canada	\$ 3,125,173	\$ 7,062
USA	6,618,163	6,529,603
Mexico	-	8,610,202
	<u>\$ 9,743,336</u>	<u>\$ 15,146,867</u>

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**14. RESTATEMENT**

The Company in reviewing its obligations became aware that certain disclosures in the interim financial statements contained errors. Errors corrected in these statements concern the value of the derivative liability as of July 31, 2014 (Note 7). In June 2014, the Company completed a consolidation of its shares (6:1) and previously used an adjusted floor price of \$1.20 to determine the number of shares required to settle the obligation as of July 31, 2014. After further review of the agreement, it was determined that there was no provision in the agreement to adjust the floor price in the event of a share consolidation, stock split or otherwise. Therefore the floor price of \$0.20 remains unchanged as a result of a restructuring of the Company's share structure. These interim financial statements have been restated to reflect a floor price of \$0.20 in determining the maximum number of shares to be issued and the value of the derivative liability.

There was no impact on the net cash provided by (used in) operating, investing or financing activities on the Statement of Cash Flows.

Effect on the Statement of Financial Position as of July 31, 2014:

	As Previously Reported	Adjustment	Restated
Derivative Liability	\$1,875,000	\$3,125,000	\$5,000,000
Accumulated Deficit	\$(37,874,984)	\$(3,125,000)	\$(40,999,984)

Effect on the Condensed Consolidated Interim Statements of loss and Comprehensive Loss

For the three months ended July 31, 2014	As Previously Reported	Adjustment	Restated
Loss and comprehensive loss for the period	\$(11,028,848)	\$(3,125,000)	\$(14,153,848)
Basic and Diluted Loss Per Share	\$(0.53)	\$(0.15)	\$(0.68)

For the nine months ended July 31, 2014	As Previously Reported	Adjustment	Restated
Loss and comprehensive loss for the period	\$(11,752,032)	\$(3,125,000)	\$(14,877,032)
Basic and Diluted Loss Per Share	\$(0.58)	\$(0.16)	\$(0.74)

**15. SUBSEQUENT EVENT**

Subsequent to July 31, 2014, the Company closed in two tranches a non-brokered private placement for gross proceeds of \$2,484,979, consisting of 3,754,178 flow-through units at \$0.45 per flow-through unit and 1,989,000 common units at \$0.40 per common unit. Each flow-through unit consisted of one common share and one half-warrant, with each whole warrant exercisable for a period of 24 months at \$0.55 per share. Each common unit consisted of one common share and one half-warrant exercisable for a period of 24 months at \$0.50 per share. Finder's fees payable in connection with the financing consisted of a total of \$82,809 and 184,828 finder's warrants.