



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

FOR THE PERIOD ENDED JANUARY 31, 2013

**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.

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

	January 31, 2013	October 31, 2012
ASSETS		
Current		
Cash and cash equivalents	\$ 582,566	\$ 930,527
Short-term investments	138,000	138,000
Receivables	38,590	91,841
Prepays	<u>44,684</u>	<u>32,850</u>
	803,840	1,193,218
Exploration advances (Note 4)	253,933	705,294
Equipment (Note 3)	9,331	10,087
Exploration and evaluation assets (Note 4)	<u>19,605,344</u>	<u>19,568,287</u>
	<u>\$ 20,672,448</u>	<u>\$ 21,476,886</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 482,105</u>	<u>\$ 680,780</u>
Shareholders' equity		
Share capital (Note 5)	32,870,775	32,870,775
Reserves (Note 5)	4,439,346	4,416,730
Deficit	<u>(17,119,778)</u>	<u>(16,491,399)</u>
	<u>20,190,343</u>	<u>20,796,106</u>
	<u>\$ 20,672,448</u>	<u>\$ 21,476,886</u>

Nature and continuance of operations (Note 1)
Subsequent event (Note 11)

Approved and authorized by the Board on March 11, 2013:

"Aaron Keay" Director _____
"Michael Williams" Director

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

REVOLUTION RESOURCES CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

FOR THE THREE MONTH PERIOD ENDED JANUARY 31

	2013	2012
GENERAL EXPENSES		
Consulting fees	\$ 15,000	\$ 36,400
Depreciation (Note 3)	756	1,081
Foreign exchange loss	4,003	53,817
Investor relations	13,342	56,647
Management fees	51,000	145,000
Office and miscellaneous	63,040	113,739
Professional fees	76,329	86,627
Property investigation costs	-	81,753
Shareholder communications	19,461	47,821
Share-based payments (Note 5)	22,616	38,113
Transfer agent and filing fees	23,699	12,236
Travel and trade shows	49,141	166,247
Loss before other items	<u>(338,387)</u>	<u>(839,481)</u>
OTHER ITEMS		
Write off of exploration and evaluation assets	<u>(289,992)</u>	<u>-</u>
Loss and comprehensive loss for the period	<u>\$ (628,379)</u>	<u>\$ (839,481)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>91,040,790</u>	<u>69,360,891</u>

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

REVOLUTION RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
FOR THE THREE MONTH PERIOD ENDED JANUARY 31

	2013	2012
CASH FROM OPERATING ACTIVITIES		
Loss for the period	\$ (628,379)	\$ (839,481)
Items not affecting cash:		
Depreciation	756	1,081
Share-based payments	22,616	38,113
Write off of exploration and evaluation assets	289,992	-
Changes in non-cash working capital items:		
Receivables	53,251	(167,848)
Prepays	(11,834)	(24,642)
Accounts payable and accrued liabilities	<u>105,715</u>	<u>1,587</u>
Net cash used in operating activities	<u>(167,883)</u>	<u>(991,190)</u>
CASH FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(172,491)	(4,048,615)
Exploration advances	<u>-</u>	<u>(1,526,431)</u>
Net cash used in investing activities	<u>(172,491)</u>	<u>(5,575,046)</u>
CASH FROM FINANCING ACTIVITIES		
Share issuance costs	<u>(7,587)</u>	<u>(25,214)</u>
Net cash used in financing activities	<u>(7,587)</u>	<u>(25,214)</u>
Change in cash and cash equivalents during the period	(347,961)	(6,591,450)
Cash and cash equivalents, beginning of period	<u>930,527</u>	<u>8,101,059</u>
Cash and cash equivalents, end of period	\$ 582,566	\$ 1,509,609
Cash and cash equivalents		
Cash	\$ 332,566	\$ 509,609
Guaranteed investment certificates	<u>250,000</u>	<u>1,000,000</u>
Total cash and cash equivalents	<u>\$ 582,566</u>	<u>\$ 1,509,609</u>

Supplemental disclosure with respect to cash flows (Note 7)

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

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

	<u>Share capital</u>		Reserves	Deficit	Total
	Number	Amount			
Balance at October 31, 2011	66,814,550	\$ 26,268,900	\$ 3,094,151	\$ (13,563,868)	\$ 15,799,183
Issued for:					
Mineral property interests	5,713,740	2,056,946	-	-	2,056,946
Share issue costs	-	(10,214)	-	-	(10,214)
Share-based payments	-	-	38,113	-	38,113
Loss for the period	-	-	-	(839,481)	(839,481)
Balance at January 31, 2012	72,528,290	28,315,632	3,132,264	(14,403,349)	17,044,547
Issued for:					
Mineral property interests	1,550,000	329,250	-	-	329,250
Private placement	16,962,500	4,919,125	848,125	-	5,767,250
Share issue costs	-	(693,232)	95,127	-	(598,105)
Share-based payments	-	-	341,214	-	341,214
Loss for the period	-	-	-	(2,088,050)	(2,088,050)
Balance at October 31, 2012	91,040,790	32,870,775	4,416,730	(16,491,399)	20,796,106
Share-based payments	-	-	22,616	-	22,616
Loss for the period	-	-	-	(628,379)	(628,379)
Balance at January 31, 2013	91,040,790	\$ 32,870,775	\$ 4,439,346	\$ (17,119,778)	\$ 20,190,343

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

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

1. NATURE AND CONTINUANCE OF OPERATIONS

Revolution Resources Corp. (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”).

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, 2012 annual consolidated financial statements.

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

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

Use of Estimates

The preparation of these consolidated 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 consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 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 5. The Company has reviewed its exploration and evaluation assets for indications of impairment and determined that there is no such indication. 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 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.

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended January 31, 2013:

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets^(iv)
- IFRS 10 New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities⁽ⁱ⁾
- IFRS 11 New standard to account for the rights and obligations in accordance with a joint agreement⁽ⁱ⁾
- IFRS 12 New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39⁽ⁱ⁾
- IFRS 13 New standard on the measurement and disclosure of fair value⁽ⁱ⁾
- IAS 1 (Amendment) Presentation of other comprehensive income⁽ⁱⁱ⁾
- IAS 28 (Amendment) New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures⁽ⁱ⁾
- IAS 32 (Amendment) New standard amends IAS 32 to provide clarifications on the application of the offsetting rules⁽ⁱⁱⁱ⁾.

(i) Effective for annual periods beginning on or after January 1, 2013

(ii) Effective for annual periods beginning on or after July 1, 2012

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

(iv) Effective for annual periods beginning on or after January 1, 2015

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.

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

3. EQUIPMENT

	Computer equipment
Cost	
Balance, November 1, 2010	\$ 7,070
Additions for the year	<u>10,981</u>
Balance, October 31, 2012 and January 31, 2013	<u>\$ 18,051</u>
Accumulated depreciation	
Balance, October 31, 2011	\$ 3,642
Depreciation for the year	<u>4,322</u>
Balance, October 31, 2012	7,964
Depreciation for the period	<u>756</u>
Balance, January 31, 2013	<u>\$ 8,720</u>
Carrying amounts	
As at October 31, 2012	\$ 10,087
As at January 31, 2013	<u>\$ 9,331</u>

4. 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.

Mexico Property Portfolio

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

In order to acquire an initial 60% in the Mexican properties, the Company has 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 common shares to Lake Shore over a four year period (1,000,000 issued at a value of \$195,000).

During the quarter the Company entered into a purchase and sale agreement with Lake Shore, which will replace the existing option agreement. Under the terms of the new agreement the Company will acquire Lake Shore's subsidiary, Minera Golondrina S.A. de C.V. (Mexico), which holds 100% of its rights, title and interest in the Mexico properties, subject to certain net smelter royalties ("NSR"). The agreement is subject to certain approvals. Refer to Note 11 for additional information.

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)***Mexico Property Portfolio (cont'd...)***

The Company can acquire a 100% interest in either or both of Universo and Montana de Oro properties by completing 43-101 compliant technical reports and satisfying certain additional terms, as outlined below, on or before August 31, 2017:

1. With respect to Universo, by producing an 43-101 technical report showing a total resource of all categories of at least two million gold-equivalent ounces and paying Lake Shore \$30 per ounce of resources defined in such report, in cash or in common shares of the Company at the election of Lake Shore.
2. With respect to the Montana de Oro properties, by producing an NI 43-101 technical report showing a total resource of all categories of at least one million gold-equivalent ounces and paying Lake Shore \$30 per ounce of resources defined in such report in cash or in common shares of the Company at the election of Lake Shore.

The option to acquire a 100% interest with respect to either the Universo or Montana de Oro property may be exercised prior to the exercise of the option to acquire a 60% interest therein, provided that the Company pays to Lake Shore an amount equal to any expenditures under the 60% option not yet incurred by the Company to the date of completion of the applicable technical report.

In the event the Company acquires a 60% interest, but not a 100% interest, in respect of either property, the Company and Lake Shore will enter into a joint venture with respect to such property. The Company and Lake Shore will each have a right of first refusal on the transfer of the other party's interest in the joint venture.

The Universo and Montana de Oro properties are subject to underlying agreements. Payments related to the maintenance of the underlying agreements qualify as expenditures under the agreement with Lake Shore:

1. Upon entering the agreement underlying payments on the Universo property totaled US\$4,500,000 over the term of the Lake Shore agreement with US\$550,000 payable in the first year of the agreement (USD\$385,000 paid). During fiscal 2012 the Company terminated one underlying agreement, reducing the remaining payments by US\$865,000, of which US\$165,000 was due during fiscal 2012. Subsequent to October 31, 2012 the Company amended one underlying agreement, deferring \$55,000 due in 2012 to 2014. In consideration for the deferral the Company agreed to pay an additional \$50,000 in 2016. There is a NSR of 1.5% payable on certain claims upon commencement of commercial production.
2. Underlying payments on the Montana de Oro property total MXP 1,083,990 in the first year (paid) and MXP 1,000,000 every year thereafter.

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 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.

Exploration advances

As at January 31, 2013, the Company had advanced \$253,933 (October 31, 2012 - \$705,294) to contractors and exploration partners to be applied against future exploration on the exploration and evaluation assets in Mexico.

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

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

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 January 31, 2013, the various option and purchase agreements cover approximately 1,859 acres (October 31, 2012 – 1,859 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.

Silver Hill and Silver Valley

During fiscal 2011 the Company entered into two separate letter agreements with a private company, Carolina Mineral Resources Inc. ("CMRI"), on properties known as the Silver Hill mine and the Silver Valley Mine, North Carolina.

Under the terms of the Silver Hill property agreement the Company can earn 100% of CMRI's rights to a mineral lease agreement for consideration of US\$220,000 and exploration expenditures totaling US\$2,500,000 paid in stages to March 2015 and the issuance of 300,000 common shares in stages to March 2014. The Company is also required to issue 500,000 common shares upon completion of a positive, bankable feasibility study and an additional 500,000 common shares upon commencement of commercial production. The property is subject to a 4% NSR. During the year ended October 31, 2011, the Company issued 75,000 common shares valued at \$44,250 and paid \$59,146 (US\$60,000). During the year ended October 31, 2012, the Company issued an additional 75,000 common shares valued at \$25,875, paid \$40,000 and completed the first tranche of exploration expenditures totaling US\$500,000.

Under the terms of the Silver Valley mine agreement the Company can earn 100% of CMRI's rights to a mineral lease agreement for consideration of US\$200,000 and exploration expenditures totaling US\$2,500,000 paid in stages to March 2015 and the issuance of 300,000 common shares in stages to March 2014. The Company is also required to issue 500,000 common shares upon completion of a positive, bankable feasibility study, and an additional 500,000 common shares upon commencement of commercial production. The property is subject to a 4-5% NSR. During the year ended October 31, 2011, the Company issued 75,000 common shares valued at \$44,250 and paid \$39,430 (US\$40,000). During the year ended October 31, 2012, the Company issued an additional 75,000 common shares valued at \$25,875, paid \$40,000 and completed the first tranche of exploration expenditures totaling US\$500,000.

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 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 fair value of these warrants was estimated using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.87%; dividend yield 0%; volatility of 100%; and an expected life of 3 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.

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)*Virgilina*

During fiscal 2011 the Company entered into an option agreement on the Virgilina copper property, North Carolina. The Company can earn a 100% interest in the property for consideration of US\$600,000 and exploration expenditures totalling US\$1,500,000 paid in stages to March 2015 and the issuance of 400,000 common shares in stages to March 2014. The Company is also required to issue 500,000 common shares upon completion of a positive, bankable feasibility study and an additional 500,000 common shares upon commencement of commercial production. During the year ended October 31, 2011, the Company issued 100,000 common shares valued at \$59,000 and paid \$118,291 (US\$120,000). During the year ended October 31, 2012, the Company issued an additional 100,000 common shares valued at \$34,500, paid \$120,000 and completed the first tranche of exploration expenditures totalling US\$100,000. Subsequent to October 31, 2012, the Company elected to abandon the option and wrote-off the capitalized costs of \$441,576 as at October 31, 2012.

	January 31, 2013		
	Mexico	Champion Hills	Total
Exploration costs			
Balance, beginning of period	\$ 4,667,012	\$ 6,390,125	\$ 11,057,137
Assays	-	179	179
Camp and road access	-	9,064	9,064
Equipment rental and maintenance	-	6,870	6,870
Field work and personnel	85,749	4,081	89,830
Geological consulting	81,533	15,858	97,391
Lease payments and permitting	-	36,601	36,601
Project management fees	-	750	750
Project administration and report preparation	7,072	-	7,072
Travel and transportation	10,275	150	10,425
	<u>184,629</u>	<u>73,553</u>	<u>258,182</u>
Write-off of mineral property	<u>-</u>	<u>(147,058)</u>	<u>(147,058)</u>
Balance, end of period	<u>4,851,641</u>	<u>6,316,620</u>	<u>11,168,261</u>
Acquisition costs			
Balance, beginning of period	<u>6,132,581</u>	<u>2,378,569</u>	<u>8,511,150</u>
Acquisition costs	<u>68,867</u>	<u>-</u>	<u>68,867</u>
Write-off of mineral property	<u>-</u>	<u>(142,934)</u>	<u>(142,934)</u>
Balance, end of period	<u>6,201,448</u>	<u>2,235,635</u>	<u>8,437,083</u>
Balance, January 31, 2013	<u>\$ 11,053,089</u>	<u>\$ 8,552,255</u>	<u>\$ 19,605,344</u>

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	October 31, 2012		
	<u>Mexico</u>	<u>Champion Hills</u>	<u>Total</u>
Exploration costs			
Balance, beginning of year	\$ -	\$ 5,372,038	\$ 5,372,038
Assays	456,190	190,192	646,382
Camp and road access	285,046	25,032	310,078
Drilling	796,319	15,395	811,714
Equipment rental and maintenance	-	48,688	48,688
Field work and personnel	669,264	155,294	824,558
Geological consulting	1,217,743	103,680	1,321,423
Lease payments and permitting	859,141	442,929	1,302,070
Project management fees	-	62,149	62,149
Project administration and report preparation	178,001	-	178,001
Travel and transportation	205,308	82,804	288,112
	<u>4,667,012</u>	<u>1,126,163</u>	<u>5,793,175</u>
Write-off of mineral property	-	(108,076)	(108,076)
Balance, end of year	<u>4,667,012</u>	<u>6,390,125</u>	<u>11,057,137</u>
Acquisition costs			
Balance, beginning of year	-	2,411,994	2,411,994
Acquisition costs	6,093,273	300,075	6,393,348
Staking costs	39,308	-	39,308
	<u>6,132,581</u>	<u>300,075</u>	<u>6,432,656</u>
Write-off of mineral property	-	(333,500)	(333,500)
Balance, end of year	<u>6,132,581</u>	<u>2,378,569</u>	<u>8,511,150</u>
Balance, October 31, 2012	\$ 10,799,593	\$ 8,768,694	\$ 19,568,287

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian Dollars)

JANUARY 31, 2013

5. SHARE CAPITAL AND RESERVES**Authorized share capital**

As at January 31, 2013, 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

The Company did not complete any private placements during the period ended January 31, 2013.

During the year ended October 31, 2012, the Company completed a bought deal financing, including the full exercise of the over-allotment option, whereby the Company issued 16,962,500 units at a price of \$0.34 per unit for gross proceeds of \$5,767,250. 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 \$0.60 for a period of 18 months following the closing of the offering. The warrants were assigned a residual value of \$848,125.

The Company paid \$403,708, issued 1,187,375 brokers' warrants valued at \$95,127 and paid other share issue costs of \$204,611. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.60 for a period of 18 months following the closing of the offering. The fair value of these broker warrants was estimated using the *Black-Scholes Option Pricing Model* with the following assumptions: risk-free interest rate of 1.26%; dividend yield of 0%; volatility of 100%; and an expected life of 1.5 years.

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, 2011	6,317,950	\$ 0.73	5,680,000	\$ 0.58
Granted	9,668,625	0.60	1,175,000	0.43
Expired	<u>(1,717,950)</u>	0.62	<u>(1,200,000)</u>	0.50
Outstanding, October 31, 2012 and January 31, 2013	14,268,625	\$ 0.65	5,655,000	\$ 0.57
Number currently exercisable	14,268,625	\$ 0.65	5,361,250	\$ 0.57

REVOLUTION RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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5. SHARE CAPITAL AND RESERVES (cont'd...)**Stock options and warrants outstanding**

The following incentive stock options and warrants were outstanding at January 31, 2013:

Number	Exercise price	Expiry date
Stock options		
100,000	\$ 0.80	April 12, 2013
225,000	0.80	May 15, 2014
2,300,000	0.50	April 27, 2015
1,225,000	0.70	February 15, 2016
150,000	0.80	May 11, 2016
330,000	0.70	June 15, 2016
150,000	0.50	October 25, 2016
1,175,000	0.43	February 1, 2017
Warrants		
8,481,250	\$ 0.60	October 3, 2013
4,500,000	0.75	October 18, 2015
Brokers Warrants		
1,187,375	\$ 0.60	October 3, 2013
Special Warrants		
100,000	\$ 0.75	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.

The Company did not grant any stock options during the periods ended January 31, 2013 or 2012. Total share-based payments for options granted and vested recognized in the statement of loss and comprehensive loss for the period ended January 31, 2013 was \$22,616 (2012 – \$38,113) 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:

	2013	2012
Risk-free interest rate	-	1.35%
Expected life of options	-	2.7 years
Annualized volatility	-	100%
Dividend rate	-	0.00%
Forfeiture rate	-	0.00%

REVOLUTION RESOURCES CORP.

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6. RELATED PARTY TRANSACTIONS

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

During the period ended January 31, 2013, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Management fees of \$75,000 (2012 - \$145,000) to officers of the Company of which \$24,000 (2011 - \$Nil) was capitalized to exploration and evaluation assets.
- b) Professional fees of \$15,000 (2012 - \$20,000) to an officer of the Company.
- c) Consulting fees of \$15,000 (2012 - \$30,000) to directors of the Company.
- d) Trade show fees of \$26,182 (2012 - \$Nil) to a company controlled by a director of the Company.

Share-based payment expense for the period ended January 31, 2013 included compensation to directors and officers of \$18,393 (2012 - \$Nil) for stock options vesting during the period.

Included in accounts payable is \$87,104 (October 31, 2012 - \$20,000) due to directors, officers and companies controlled by directors and officers of the Company.

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 \$70,812 (October 31, 2012 - \$66,394) due to a related private company. During the period ended January 31, 2013, the Company paid or accrued \$42,391 (2012 - \$72,838) for geological consulting, and \$4,757 (2012 - \$8,575) 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 January 31, 2013, the Company paid or accrued \$12,865 (2012 - \$11,000) for investor relations services, \$19,272 (2012 - \$10,780) for accounting services and \$13,551 (2011 - \$Nil) for administration expenses.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

- a) Incurring exploration and evaluation asset expenditures of \$165,424 through accounts payable and accrued liabilities and \$451,361 through exploration advances.

Significant non-cash transactions for the period ended January 31, 2012, include the Company:

- a) Incurring exploration and evaluation asset expenditures of \$124,697 through accounts payable and accrued liabilities.
- b) Issuing 5,713,740 common shares at a value of \$2,056,946 pursuant to the acquisition of mineral properties.

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8. 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. Loans receivable are long-term and are recorded at amortized cost.

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.

Financial risk factors

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2013, the Company had a cash and cash equivalents and short-term investments balance of \$803,840 to settle current liabilities of \$482,105.

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 HST receivable from the Government of Canada. 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 January 31, 2013, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The majority of the Company's business is conducted in Mexico in Canadian dollars 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.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**Financial risk factors (cont'd...)***Market risk (cont'd...)*

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.

9. 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.

10. SEGMENTED INFORMATION

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

	January 31, 2013	October 31, 2012
Capital assets:		
Canada	\$ 9,331	\$ 10,087
USA	8,552,255	8,768,694
Mexico	<u>11,053,089</u>	<u>10,799,593</u>
	<u>\$ 19,614,675</u>	<u>\$ 19,578,374</u>

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11. SUBSEQUENT EVENT

The Company entered into a purchase-and-sale agreement with Lake Shore to acquire 100 per cent of Lake Shore's interests in the Mexico property portfolio (Note 4).

Under the terms of the new agreement, which replaces the existing option agreement, the Company will acquire Lake Shore's subsidiary, Minera Golondrina S.A. de C.V. (Mexico), which holds 100% of its rights, title and interest in the Mexico properties, subject to certain NSR's. As consideration the Company will:

- a) Issue 20,000,000 common shares on closing, subject to certain sale restrictions;
- b) Grant Lake Shore the following royalty interests, subject in each case to certain rights to repurchase a portion of the NSR:
 - A 2% NSR on the Universo property;
 - A 3.5% NSR on the properties comprising the Montana de Oro project (forming part of the Montana de Oro property);
 - A 2.5% NSR on the properties comprising the La Bufa project (forming part of the Montana de Oro property);
 - A 2% NSR on the properties comprising the Lluvia de Oro project (forming part of the Montana de Oro property), and:
- c) 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.

Completion of the transaction is subject to acceptance of the TSX, which the Company anticipates will involve approval of the shareholders of the Company.