



IDM MINING

(Formerly Revolution Resources Corp.)

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

FOR THE PERIOD ENDED APRIL 30, 2015

**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

	April 30, 2015	October 31, 2014
ASSETS		
Current		
Cash and cash equivalents	\$ 246,637	\$ 1,056,481
Short-term investments	8,625	8,625
Receivables	40,321	228,444
Prepaid expenses	<u>124,501</u>	<u>183,631</u>
	420,084	1,477,181
Land use deposits	50,000	50,000
Equipment	7,463	8,602
Exploration and evaluation assets (Note 3)	<u>6,171,837</u>	<u>5,996,930</u>
	<u>\$ 6,649,384</u>	<u>\$ 7,532,713</u>

LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)

Current

Accounts payable and accrued liabilities \$ 2,828,213 \$ 4,029,197

Derivative liability (Note 4)

2,750,000 4,750,000

5,578,213 8,779,197

Shareholders' equity/(deficit)

Share capital (Note 5) 42,169,191 41,492,346

Reserves (Note 5) 5,286,814 5,174,557

Deficit (46,384,834) (47,913,387)

1,071,171 (1,246,484)

\$ 6,649,384 \$ 7,532,713

Nature and continuance of operations (Note 1)

Subsequent event (Note 8)

Approved and authorized by the Board on June 15, 2015:

"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 INCOME/(LOSS) AND COMPREHENSIVE
INCOME/(LOSS)**
(Unaudited - Expressed in Canadian Dollars)
FOR THE PERIOD ENDED

	Three Months Ended April 30, 2015	Three Months Ended April 30, 2014	Six Months Ended April 30, 2015	Six Months Ended April 30, 2014
GENERAL EXPENSES				
Consulting fees	\$ 4,275	\$ -	\$ 9,163	\$ 3,948
Depreciation	569	529	1,139	1,058
Director fees (Note 6)	-	-	3,000	-
Foreign exchange loss (gain)	608	4,641	2,993	37,275
Investor relations	27,404	2,699	72,157	5,696
Management fees (Note 6)	45,820	33,000	103,423	72,000
Office and miscellaneous	23,980	43,137	55,856	87,910
Professional fees (Note 6)	30,766	41,707	79,374	81,342
Property investigation costs	-	-	-	17,408
Share-based compensation	112,257	-	112,257	-
Transfer agent and filing fees	21,047	17,948	39,998	42,172
Travel and trade shows	1,655	1,133	6,717	4,499
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before other items	<u>(268,381)</u>	<u>(144,794)</u>	<u>(486,077)</u>	<u>(353,308)</u>
OTHER ITEMS				
Interest income	-	17	-	1,380
Recovery on mineral properties	-	134	21,500	3,744
Unrealized gain/(loss) on derivative liability (Note 4)	500,000	(125,000)	2,000,000	(375,000)
Write-down of mineral properties	-	-	(6,870)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income/(Loss) and comprehensive income/(loss) for the period	<u>\$ 231,619</u>	<u>\$ (269,643)</u>	<u>\$ 1,528,553</u>	<u>\$ (723,184)</u>
Basic and diluted income/(loss) per share				
	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ 0.03</u>	<u>\$ (0.04)</u>
Weighted average number of common shares outstanding				
	<u>45,176,370</u>	<u>19,834,370</u>	<u>44,705,864</u>	<u>19,834,370</u>

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

IDM MINING LTD. (Formerly Revolutin Resources Corp)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
FOR THE SIX MONTH PERIOD ENDING APRIL 30,

	2015	2014
CASH FROM OPERATING ACTIVITIES		
Income/(Loss) for the period	\$ 1,528,553	\$ (723,184)
Items not affecting cash:		
Depreciation	1,139	1,058
Unrealized (gain)/loss on derivative liability	(2,000,000)	375,000
Write-off of exploration and evaluation assets	6,870	-
Share based compensation	112,257	-
Changes in non-cash working capital items:		
Receivables	188,123	(9,377)
Prepays	59,130	6,526
Accounts payable and accrued liabilities	<u>15,023</u>	<u>50,892</u>
Net cash used in operating activities	<u>(88,905)</u>	<u>(299,085)</u>
CASH FROM INVESTING ACTIVITIES		
Short-term investments	-	129,375
Expenditures on exploration and evaluation assets	<u>(720,939)</u>	<u>(98,438)</u>
Net cash used in investing activities	<u>(720,939)</u>	<u>30,937</u>
Change in cash and cash equivalents during the period	(809,844)	(268,148)
Cash and cash equivalents, beginning of period	<u>1,056,481</u>	<u>312,458</u>
Cash and cash equivalents, end of period	\$ 246,637	\$ 44,310

Supplemental disclosure with respect to cash flows (Note 7)

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/(DEFICIT)
(Unaudited - Expressed in Canadian Dollars)

	<u>Share capital</u>				
	Number	Amount	Reserves	Deficit	Total
Balance at October 31, 2013	19,834,370	\$ 35,235,620	\$ 4,439,346	\$ (26,122,952)	\$ 13,552,014
Loss for the period	-	-	-	(723,184)	(723,184)
Balance at April 30, 2014	19,834,370	35,235,620	4,439,346	(26,846,136)	12,828,830
Issued for:					
Private placements	12,705,508	3,367,562	-	-	3,367,562
Private placements - flow-through	6,092,823	2,414,360	-	-	2,414,360
Exploration and evaluation assets	4,955,500	1,214,098	-	-	1,214,098
Services	312,500	76,563	-	-	76,563
Debt	250,000	60,000	-	-	60,000
Stock options exercised	100,000	43,285	(19,285)	-	24,000
Share issue costs	-	(474,543)	-	-	(474,543)
Share-based payments	-	-	649,619	-	649,619
Agent warrants	-	(104,878)	104,878	-	-
Flow-through premium liability	-	(339,721)	-	-	(339,721)
Loss for the period	-	-	-	(21,067,251)	(21,067,251)
Balance at October 31, 2014	44,250,701	\$ 41,492,346	\$ 5,174,558	\$ (47,913,388)	\$ (1,246,484)
Issued for:					
Debt	4,512,301	676,845	-	-	676,845
Share-based payments	-	-	112,257	-	112,257
Income for the period	-	-	-	1,528,553	1,528,553
Balance at April 30, 2015	48,763,002	\$ 42,169,191	\$ 5,286,815	\$ (46,384,834)	\$ 1,071,173

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.

These 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” on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended October 31, 2014.

The condensed consolidated interim financial statements should be read in conjunction with the most recently issued audited consolidated financial statements, which include information necessary or useful to understandings the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies which were presented in Note 3 to the Consolidated Financial Statements for the fiscal year ended October 31, 2014 and have been consistently applied in the preparation of the Company’s condensed consolidated interim financial statements.

The Company’s condensed consolidated interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair presentation of results for the interim periods in accordance with IFRS as issued by the International Accounting Standards Board.

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, warrant, option and per share amounts in these consolidated financial statements have been adjusted to reflect the share consolidation.

IDM MINING LTD. (Formerly Revolution Resources Corp.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
APRIL 30, 2015

3. 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.

	April 30, 2015			
	<u>Red Mountain</u>	<u>Mexico</u>	<u>Champion Hills</u>	<u>Total</u>
Exploration costs				
Balance, beginning of period	\$ 3,609,724	\$ -	\$ -	\$ 3,609,724
Assay	4,835	-	-	4,835
Camp and road access	36,388	-	6,870	43,258
Field work and personnel	9,591	-	-	9,591
Geological	58,910	-	-	58,910
Metallurgical testwork	27,630	-	-	27,630
Permitting	34,978	-	-	34,978
Helicopter	1,383	-	-	1,383
Travel and transportation	1,192	-	-	1,192
	<u>174,907</u>	<u>-</u>	<u>6,870</u>	<u>181,777</u>
Write-off during the year	-	-	6,870	6,870
Balance, end of year	<u>3,784,631</u>	<u>-</u>	<u>-</u>	<u>3,784,631</u>
Acquisition costs				
Balance, beginning of period	<u>2,387,205</u>	<u>-</u>	<u>1</u>	<u>2,387,206</u>
Acquisition costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,387,205</u>	<u>-</u>	<u>1</u>	<u>2,387,206</u>
Write-off during the period	-	-	-	-
Balance, end of period	<u>2,387,205</u>	<u>-</u>	<u>1</u>	<u>2,387,206</u>
Balance, April 30, 2015	\$ 6,171,836	\$ -	\$ 1	\$ 6,171,837

IDM MINING LTD. (Formerly Revolution Resources Corp.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
APRIL 30, 2015

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

	October 31, 2014			
	Red Mountain	Mexico	Champion Hills	Total
Exploration costs				
Balance, beginning of year	\$ -	\$ 743,643	\$ 4,773,560	\$ 5,517,203
Assay	68,232	-	-	68,232
Camp and road access	120,158	-	33,666	153,824
Field work and personnel	251,779	106,811	-	358,590
Geological consulting	442,015	61,217	21,292	524,524
Drilling	395,857	-	-	395,857
Equipment rental and maintenance	144,985	-	-	144,985
Helicopter	764,448	-	-	764,448
Lease payments and permitting	978,404	558,868	15,287	1,552,559
Project administration and report preparation	314,617	14,752	-	329,369
Travel and transportation	129,229	13,768	-	142,997
	<u>3,609,724</u>	<u>755,416</u>	<u>70,245</u>	<u>4,435,385</u>
Write-off during the year	-	1,499,059	4,843,805	6,342,864
Balance, end of year	<u>3,609,724</u>	-	-	<u>3,609,724</u>
Acquisition costs				
Balance, beginning of year	-	7,866,559	1,756,043	9,622,602
Acquisition costs	2,387,205	-	34,598	2,421,803
	<u>2,387,205</u>	<u>7,866,559</u>	<u>1,790,641</u>	<u>12,044,405</u>
Write-off during the year	-	7,866,559	1,790,640	9,657,199
Balance, end of year	<u>2,387,205</u>	-	1	<u>2,387,206</u>
Balance, October 31, 2014	\$ 5,996,929	\$ -	\$ 1	\$ 5,996,930

Red Mountain (B.C., Canada)

In April 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 issued 4,955,500 common shares, is required to pay \$2,000,000 in cash in two payments (\$1,000,000 paid, \$1,000,000 due December 2015) and incur \$7,500,000 million in exploration and development expenditures over three years (\$2,500,000 per year) (As at April 30, 2015, the Company has incurred \$3,784,631). 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.

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

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% of the annual gold production from the property at a cost of US\$1,000 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.

Mexico Property Portfolio

The Company, through its wholly-owned subsidiary Minera Golondrina, held 100% of the rights, title and interest in Montana de Oro (comprised of Montana de Oro, Lluiva de Oro and La Bufa projects) and Universo Properties in Mexico ("Mexico Properties"). During fiscal year 2013, the Company abandoned the Universo Properties and a portion of the Montana do Oro Properties. During the year ended October 31, 2014, the Company elected to abandon the remaining Mexico Properties and consequently wrote off associated capitalized costs of \$9,365,618.

Concession fees on the Mexico Properties were due semi-annually in January and July of each year. The Company, through its owned entity Minera Golondrina has accrued \$1,438,148 for the concession fees payable plus penalties and interest on the Mexico Properties from July 2013 to the date these properties were returned to the government authorities.

The Company has commenced the process to place its two Mexican subsidiaries into liquidation and begun settlement discussions with certain creditors to resolve the amounts payable with respect to the Mexican operations.

Champion Hills Properties (USA)

The Company had entered into various additional option and purchase agreements to acquire 100% of the Champion Hills properties covering approximately 704 acres located in North Carolina. The Company has elected not to purchase or extend the lease periods on these properties. During the year ended October 31, 2014, the Company has written down the carrying value of the Champion Hills properties by \$6,634,445 to a nominal value.

4. DERIVATIVE LIABILITY

Pursuant to the purchase and sale agreement with Lake Shore Gold Corp ("Lake Shore") whereby the Company acquired Lake Shore's subsidiary, Minera Golondrina, the Company is obligated to pay \$5,000,000 in cash or common shares ("Additional Consideration"), 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.

IDM MINING LTD. (Formerly Revolution Resources Corp.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
APRIL 30, 2015

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

	April 30, 2015	October 31, 2014
Opening balance	\$ 4,750,000	\$ 625,000
Unrealised loss (gain) on derivative liability	<u>(2,000,000)</u>	<u>4,125,000</u>
Closing Balance	<u>\$ 2,750,000</u>	<u>\$ 4,750,000</u>

5. SHARE CAPITAL AND RESERVES

Authorized share capital

As at April 30, 2015, 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

During the year ended October 31, 2014, the Company completed the following:

- a) a non-brokered private for gross proceeds of \$2,484,980, 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. The finder's warrants have been recorded at a fair value of \$46,241, which is included in reserves. The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 1.16%, expected life of 1.00 years, expected volatility rate of 197.57% and a dividend rate of 0.00%.

5. SHARE CAPITAL AND RESERVES (cont'd...)

- b) 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. The agents' warrants have been recorded at a fair value of \$58,637, which is included in reserves. The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 1.09%, expected life of 1.25 years, expected volatility rate of 188.35% and a dividend rate of 0.00%.
- c) 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 \$520,802.
- d) As the Company has incurred the exploration expenditures related to the financings completed in fiscal year end October 31, 2014, the flow-through premium has been fully recognized.

Other share issuance

During the six months ended April 30, 2015 the Company:

- a) Issued 4,512,301 common shares for debt relating to services provided on the Red Mountain project, valued at \$676,845.

During the year ended October 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 common shares for debt relating to legal services, valued at \$60,000.

IDM MINING LTD. (Formerly Revolution Resources Corp.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
APRIL 30, 2015

5. 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, 2013	1,430,455	\$ 2.76	662,500	\$ 3.16
Granted	10,242,489	0.41	3,350,000	0.24
Exercised	-	-	(100,000)	0.24
Forfeited	-	-	(283,330)	3.26
Outstanding, October 31, 2014	11,672,944	0.70	3,629,170	\$ 0.54
Granted	-	-	1,230,000	0.11
Forfeited	(680,455)	0.84	(545,835)	1.76
Outstanding, April 30, 2015	10,992,489	\$ 0.70	4,313,335	\$ 0.26
Number currently exercisable	10,992,489	\$ 0.70	4,313,335	\$ 0.26

The following incentive stock options and warrants were outstanding at April 30, 2015:

Number	Exercise price	Expiry date
Stock options		
37,501	\$ 4.20	February 15, 2016
45,834	2.58	February 1, 2017
2,850,000	0.24	July 3, 2019
150,000	0.30	October 10, 2019
1,230,000	0.11	April 27, 2020
Warrants		
750,000	\$ 4.50	October 18, 2015
7,186,071	0.36	September 13, 2015*
142,828	0.55	September 19, 2015
42,000	0.55	October 10, 2015
1,565,978	0.55	September 19, 2016
738,250	0.50	September 19, 2016
311,111	0.55	October 10, 2016
256,250	0.50	October 10, 2016

*These 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. 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.

5. SHARE CAPITAL AND RESERVES (cont'd...)

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.

During the six months ended April 30, 2015 the Company granted 1,230,000 (2014 – Nil) stock options, with a fair value \$112,257 (2014 - \$Nil). All options vest immediately.

The following weighted-average assumptions were used in the Black-Scholes valuation of stock options granted during the period:

	2015	2014
Risk free interest rate	0.87%	-
Expected life of Option	5 years	-
Annualized volatility	121.51%	-
Dividend rate	0.00	-
Weighted average fair value	\$0.09	-

6. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of the Company and its 100% owned subsidiaries Storgold Resources Ltd (Canada – Inactive), Revolution Resources (NC) Inc. (USA), Minera Revolution, S.A. de C.V. (Mexico) and Minera Golondrina, (Mexico). The Company has commenced the process to place its two wholly owned Mexican subsidiaries into liquidation.

During the six month period ended April 30, 2015, the Company paid or accrued the following amounts as compensation to key management personnel:

- a) Management fees of \$80,000 (2014 - \$72,000) to an officer of the Company.
- b) Professional fees of \$47,500 (2014 - \$45,000) to executive director, officers and former officers of the Company.
- c) Director fees of \$3,000 (2014 - \$Nil) to non-executive directors of the Company and a company controlled by a director of the Company.
- d) Share-based compensation for the period ended April 30, 2015 included compensation to directors and officers of \$109,560 (2014 - \$Nil) for stock options vesting during the period.

Included in accounts payable is \$67,917(October 31, 2014 - \$105,126) due to directors and officers of the Company.

6. RELATED PARTY TRANSACTIONS (cont'd...)

The Company operates from the premises of a group of public and private companies with a common director. 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 \$141,203 (October 31, 2014 - \$174,326) due to a related private company. During the six months ended April 30, 2015, the Company paid or accrued \$59,194 (2014 - \$55,767) for office and administrative expenditures and \$Nil (2014 - \$65,262) for geological consulting.

A private company controlled by a former director of the Company provided management and professional services to public companies. During the period ended April 30, 2015, the Company paid or accrued \$Nil (2014 - \$12,000) for accounting services.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended April 30, 2015, include the Company:

- a) Changes in accounts payables and accrued liabilities relating to exploration and evaluation assets expenditures of (\$539,162)
- b) Issuing 4,512,301 common shares with a fair value of \$676,845 in settlement of debt.

Significant non-cash transactions for the period ended April 30, 2014, include the Company:

- a) Changes in accounts payables and accrued liabilities relating to exploration and evaluation asset expenditures of \$352,202.

8. SUBSEQUENT EVENTS

- a) In May 2015, the Company announced a non-brokered private placement offering (the "Private Placement") to sell flow-through share units ("Flow-Through Units") at a price of \$0.14 per Flow-Through Unit and common share units ("Common Share Units") at a price of \$0.10 per Common Share Unit, for aggregate gross proceeds of up to \$2.0 million. In June 2015 the Company announced it was increasing the size of the Private Placement to raise gross proceeds of \$2.5 million.

Each Common Share Unit shall consist of one common share of the Company (a "Common Share") and one-half of one non-transferable share purchase warrant, with each such whole warrant entitling the holder to acquire one Common Share at a price of \$0.15 per Common Share for a period of twenty-four (24) months following the closing of the Private Placement.

Each Flow-Through Unit shall consist of one-through common share and one-half of one non-transferable share purchase warrant, with each whole warrant, entitling the holder thereof to acquire one non flow-through Common Share in the capital of the Company at a price \$0.18 per Common Share for a period of twenty-four (24) months following the closing of the Private Placement.

Closing of the Private Placement is subject to approval of from the Toronto Stock Exchange, including shareholder approval.

8. SUBSEQUENT EVENTS (cont'd...)

- b) In June 2015, the Company announced that it has entered into an agreement (the “Letter Agreement”) with Lake Shore to amend the terms of the Additional Consideration due on or before December 31, 2017 pursuant to the purchase and sale agreement (Refer to Note 4). Under the terms of the Letter Agreement, the Company and Lake Shore have revised the Additional Consideration as follows
- Lake Shore to subscribe for \$250,000 of Common Share Units under the terms of the Private Placement;
 - the Company to issue Lake Shore 7,500,000 common shares;
 - the Company to issue Lake Shore 20,000,000 common share purchase warrants. Each warrant will entitle Lake Shore to acquire one common share at a price of \$0.20 for a period 60 months following the issuance of the warrants. The warrants will be subject to an acceleration provision if the Company’s shares trade at or above \$0.40 per share for 20 consecutive trading days; and
 - Lake Shore shall have the right, for so long as it holds common shares of the Company representing not less than 9.9% of the issued and outstanding common shares of the Company, but not the obligation, to nominate one director to the board of directors of the Company.

The closing of the transaction is subject to completion of final documentation and receipt of approval from the Toronto Stock Exchange, including shareholder approval.