



(“Revolution” or the “Company”)

**FORM 51-102F1  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED OCTOBER 31, 2013**

**Introduction**

This management's discussion and analysis (MD&A) of Revolution Resources Corp. and its subsidiaries, Revolution Resources (NC) Inc., Minera Golondrina S. de R.L. de C.V. and Minera Revolution, S.A. de C.V., is the responsibility of management and covers the year ended October 31, 2013. The MD&A takes into account information available up to and including January 24, 2014 and should be read together with the audited consolidated financial statements for the year ended October 31, 2013, October 31, 2012 and October 31, 2011, all of which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Throughout this document the terms *we*, *us*, *our*, *the Company* and *Revolution* refer to Revolution Resources Corp. All financial information in this document is prepared in accordance with International Financial Reporting Standards (“IFRS”) and presented in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.revolutionresourcescorp.com](http://www.revolutionresourcescorp.com).

**Forward-Looking Statements**

Some of the statements contained in this document constitute forward-looking information within the meaning of the Securities Act (British Columbia), Securities Act (Ontario), Securities Act (Nova Scotia) and the Securities Act (Alberta). Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

More specifically, forward-looking information contained here may include, without limitation, statements concerning Revolution's plans for mineral properties in Mexico and North Carolina, USA, the timing and amount of estimated future production and mine life, expected future prices of minerals, mineral reserve and mineral resource estimates, estimated capital and operating costs of the project, estimated capital pay-back period, estimated asset retirement obligations, timing of development and permitting time lines; all of which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Forward-looking information contained here is based on material factors and assumptions and is subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially from a conclusion, forecast or projection in the forward-looking information. These include, without limitation, material factors and assumptions relating to, and risks and uncertainties associated with, the availability of financing for activities when required and on acceptable terms, the accuracy of the interpretation of drill results and the estimation of mineral resources and reserves, the geology, grade and continuity of mineral deposits, the consistency of future exploration, development or mining results with our expectations, metal price fluctuations, the achievement and maintenance of planned production rates, the accuracy of component costs of capital and operating cost estimates, current and future environmental and regulatory requirements, favourable governmental relations, the availability of permits and the timeliness of the permitting process, the availability of shipping services, the availability of specialized vehicles and similar equipment, costs of remediation and mitigation, maintenance of title to mineral properties, industrial accidents, equipment breakdowns, contractor's costs, remote site transportation costs, materials costs for remediation, labour disputes, the potential for delays in exploration or development activities, timely completion of future mineral reserve or resource estimates, timely completion of scoping or feasibility studies, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, continuing global demand for base metals, expectations and beliefs of management and other risks and uncertainties as discussed in our MD&A. Although Revolution has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from any conclusions, forecasts or projections described in the forward-looking information. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, we undertake no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.

## Description of Business

Revolution is based in Vancouver and was incorporated on July 14, 2009 pursuant to the *Business Corporations Act* (British Columbia) and commenced business at that time. The Company trades on the Toronto Stock Exchange (the "TSX" or "Exchange") under the symbol "RV".

The Company is an exploration stage company in the business of acquiring, exploring and developing natural resource properties in the USA and Mexico. The Company has two main projects:

1. The Company has entered into numerous Option and Purchase and Option and Lease Agreements (the "Agreements") covering an area known as Champion Hills, North Carolina. The various Agreements entitle the Company to acquire up to 100% of the respective properties, subject to the terms of the agreements more particularly described in the financial statements.
2. The Company entered into and completed a purchase-and-sale agreement with Lake Shore Gold Corp. ("Lake Shore") to acquire 100% of Lake Shore's interests in the Mexico Property Portfolio.

Under the terms of the purchase-and-sale agreement, which replaced the existing option agreement, the Company acquired Lake Shore's subsidiary, Minera Golondrina S. de R.L. de C.V. (Mexico), which holds 100% of its rights, title and interest in the Mexico properties, subject to certain NSR's. Please refer to the financial statements for a detailed description of the terms of the acquisition.

**Selected Annual Information**

	October 31, 2013	October 31, 2012	October 31, 2011
Income	\$ -	\$ -	\$ -
Loss and comprehensive loss	9,631,553	2,927,531	9,702,493
Basic and diluted loss per share	0.09	0.04	0.18
Exploration and evaluation assets	15,139,805	19,568,287	7,784,032
Total assets	15,636,042	21,476,886	16,210,036
Total long-term liabilities	625,000	-	-

**Significant Events - Performance Summary**

The following is a summary of significant events and transactions that occurred during the quarter ended October 31, 2013:

- The Company announced the appointment of Mr. Robert McLeod, P.Ge, as president and chief executive officer of the Company. Mr. Aaron Keay resigned as president and chief executive officer, but will remain a director of the Company

Additional information, including the full news release and a brief bio for Mr. McLeod, can be found on [www.sedar.com](http://www.sedar.com) and the Company's website [www.revolutionresourcescorp.com](http://www.revolutionresourcescorp.com)

**Subsequent Events**

Subsequent to October 31, 2013 the Company announced:

- It has applied to list the common shares of the Company on the TSX Venture Exchange utilizing the streamlined listing procedure available to issuers whose shares are listed on the Toronto Stock Exchange. If the company's application is accepted, the transition to the TSX-V is anticipated to occur in January, 2014, with no disruption in trading. Approval for the listing of the company's shares on the TSX-V remains subject to completion of the application process and the company meeting all applicable TSX-V listing requirements.
- The appointment of Mr. Michael McPhie to the board of directors and Jodie Gibson, P.Ge, as vice-president of exploration. The Company also announced that Mr. Terry Bell and Mr. Michael Williams have resigned from the board of directors. The board would like to thank Mr. Bell and Mr. Williams for their contributions, and wish them well in their future endeavours

Additional information, including the full news release, can be found on [www.sedar.com](http://www.sedar.com) and the Company's website [www.revolutionresourcescorp.com](http://www.revolutionresourcescorp.com)

**Property and Exploration Summary****Universo and Montana de Oro Projects, Mexico**

Revolution's Mexico Portfolio includes the Montana de Oro, La Bufa and Lluvia de Oro Properties (Montana de Oro Project). The Company recently dropped the Universo Property. Revolution conducted core drilling programs at both the Universo and La Bufa properties during 2012. Additionally, Revolution conducted surface reconnaissance and geologic mapping at both projects with particular emphasis on generating new targets, collecting 947 surface and underground samples between the two projects. All drill core and rock samples were sent to one of three different ALS-Chemex prep laboratories within Mexico then shipped to Vancouver, Canada for analysis. A reclamation program was completed on all drill sites and access roads at the Universo Property.

## Property Acquisition

Please refer to the Financial Statements for the year ended October 31, 2013 for a description of the acquisition agreements, underlying agreements and consideration paid.

## Property Exploration by Revolution

### *Universo Project*

During the year ended October 31, 2013 the Company elected to abandon the Universo due to the significant costs of maintaining the property.

### *Montana de Oro Project*

During 2012, exploration on the Montana de Oro project was focused on the La Bufa property and included surface and underground sampling, detailed underground and surface mapping, ejido contract negotiations, drill hole permitting, and a helicopter supported core drilling program. The drilling program was initiated in mid-May and was completed in the later part of June, 2012. A total of 1485.6m was drilled in 11 widely spaced core holes, testing five different vein targets.

Initial reconnaissance work at the 18,000 hectare completed by Revolution confirmed the high-grade nature of the multiple structures on the Property. No historical drilling had been completed on these prospects by Revolution or previous operators. The Property is located 30 km east of Goldcorp's El Sauzal gold mine, and is centered on the historic Carmen copper-gold mine which produced in the 1940's. The La Bufa property also includes the historic Golondrina and San Fernando Mines and Revolutions newly defined Cazadores prospect.

2012 underground channel sampling at the Carmen Mine at La Bufa confirmed the historic underground grades with assay results of 1.10 g/t Au, 3.11 g/t Ag, 3.37% Cu; 0.90 g/t Au, 7.97 g/t Ag, 1.3% Cu and 2.4 g/t Au, 0.98 g/t Ag, 0.47 % Cu. Recent surface exploration at the Carmen Mine consisted of follow-up surface grab and chip sampling, covering 800 meters of strike length, returning results of 9.32 g/t Au, 5.45 g/t Ag, 1.49% Cu; 13.45 g/t Au, 12.90 g/t Ag, 3.90 % Cu; 4.46 g/t Au, 293.0 g/t Ag, 6.77 % Cu and 1.07 g/t Au, 118.0 g/t Ag, 7.77% Cu.

The Cazadores prospect was discovered during 2012, with a grab sample of a mineralized structure with copper and silver oxide and sulphide minerals returned 11.3% Cu and 2,170 g/t Ag, with other grab samples returning 1.99% Cu, 630 g/t Ag and 1.07 g/t Au, 271 g/t Ag. At the San Fernando prospect, a chalcopyrite-rich grab sample from the middle of a historic adit assayed 21.9 g/t Au, 14.2 g/t Ag and 5.7% Cu. Follow-up underground sampling at San Fernando returned channel assays of 9.14 g/t Au, 1.63% Cu; 7.11 g/t Au, 2.24% Cu and 4.13 g/t Au, 1.13%w Cu. The Golondrina vein system has been expanded along surface by recent grab and chip sampling with values of 12.85 g/t Au, 1.47 g/t Ag, 0.3% Cu; 7.95 g/t Au, 10.80 g/t Ag, 0.6% Cu and 12.90 g/t Au, 8.75 g/t Ag, 0.4% Cu. A grab sample collected on a historic mine dump at the Caballero Azteca vein assayed 4.51 g/t Au and 4.6 g/t Ag.

Geochemical results from the drilling were positive and 8 out of the 11 holes intercepted gold, copper, and silver in near surface veins. The results are highlighted by a 0.25m intercept of 21.3g/t Au with 40.2g/t Ag and 2.41% Cu starting at 78.55m in drill hole LB12-004 at the Carmen mine. Other notable intervals are LB12-002 with 1.45m of 2.91g/t Au, 10.43g/t Ag, and 0.784% Cu, drill hole LB12-005 with 6.25m of 0.51g/t Au and 0.642% Cu, and LB12-010 with 0.5m of 4.85g/t Au, 6.67g/t Ag, and 1.06% Cu. Complete drill results, maps and photos from the 2012 La Bufa Program can be found on the Company's website at [www.revolutionresources.com](http://www.revolutionresources.com)

Revolution's 2012 exploration program at La Bufa was completed under the supervision of Robert McLeod, P.Geo and Director of Revolution, a Qualified Persons as defined by NI 43-101. Drill cores was cut in half using a diamond saw, with one half placed in sealed bags, and delivered to ALS-Chemex or Activation Laboratories facilities. A sample quality control/quality assurance program utilizing standards and blanks, as well as third-party check labs was implemented

Additionally, negotiations to reduce the annual payment with ejido El Rodeo on the Montana de Oro property transpired in early January, 2013. The ejido agreed to accept a 30% reduction over the next 3 years, and then will revert to the original amount of \$1,000,000 pesos in 2016.

During the year end October 31, 2013 the Company elected to abandon the La Bufa and Lluvia de Oro properties.

## Champion Hills, North Carolina

### Property Description, Area and Location

All Champion Hills properties are located in the Cid mining district in central North Carolina. Silver Hill and Silver Valley are located in eastern Davidson County, and Loflin, Jones Keystone, Hoover Hill and Jerico Hill are located in west-central Randolph County. All properties are located within a 35 kilometer trend, approximately 15 kilometers west from the town of Asheboro, NC and 85 kilometers northeast of Charlotte, NC. All properties are privately owned, and are currently under lease/purchase agreements with the Company. The agreements cover approximately 936 acres within the Champion Hills Mineral Trend. Mineral and surface rights are included in all lease/purchase agreements and the Company has legal access to all properties.

### Property Acquisition

Please refer to the Financial Statements for the year ended October 31, 2013 for a description of the acquisition agreements, underlying agreements and consideration paid.

As at the date of this report, all option and purchase agreements held by the Company cover approximately 936 acres (October 30, 2012 – 3,000 acres).

### Exploration by Revolution Resources Corp.

Following the completion of the Phase I and II drill programs in 2010-early 2011, Revolution completed an additional 10,000 meters of drilling at Champion Hills during 2012. This phase of drilling was completed on the Loflin, Jones Keystone, Jerico Hill, Silver Valley and Silver Hill properties; focusing on areas of historic mining and drilling. Results from this drill program confirmed a significant gold mineralized system with geological similarities to mines and deposits in the Carolina Slate Belt. Jones Keystone and Loflin lie at the heart of the Champion Hills trend, with the Jerico Hill and Hoover Hill prospects about eight kilometers northeast and the Silver Valley and Silver Hill properties being located 15 kilometers southwest.

During the winter of 2012 an extensive soil geochemistry sampling program was carried out on the Virgilina land package. Results from this program confirmed the presence of copper +/- gold +/- silver mineralization on the leased mineral rights. Soil sampling on the newly acquired land at Jones Keystone and Loflin, as well as a detailed sampling program of the tailings at Silver Hill were also conducted during winter 2012. Continued data compilation, target generation and program planning was carried out during the spring of 2012.

During the year ended October 31, 2013 the Company elected to abandon the Silver Hill and Silver Valley options and wrote-off the capitalized costs of \$1,669,439 as at October 31, 2013. The company also abandoned certain other non-core properties.

### Select Champion Hills Drill Intercepts

#### Select Loflin and Jones Keystone Drill Intercepts

Hole-ID	From (m)	To (m)	Length (m)	Au (g/t)
<b>LF10-017</b>	26.0	96.0	70.0	1.10
<i>including</i>	26.0	46.0	20.0	2.19
	88.0	96.0	8.0	3.05
<b>LF10-018</b>	14.0	88.0	74.0	1.12
<i>including</i>	36.0	66.0	30.0	2.59
<b>JK11-017</b>	28.0	132.0	104.0	1.27
<i>including</i>	80.0	94.0	14.0	3.03

<b>JK11-026</b>	104.0	130.0	26.0	0.96
<i>including</i>	122.0	130.0	8.0	1.49
<b>JK11-027</b>	120.0	144.0	24.0	0.84
<i>including</i>	126.0	144.0	18.0	1.01
<b>JK11-028</b>	140.0	152.0	12.0	0.94

#### Select Silver Hill and Silver Valley Drill Intercepts

Hole-ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Cu %	Pb %	Zn %
<b>SH11-01</b>	287.0	290.0	3.0	0.19	3.53	0.13	0.14	4.78
	295.0	303.0	8.0	1.60	11.59	0.58	0.42	1.12
<i>including</i>	295.0	296.0	1.0	5.69	35.60	4.20	0.01	0.62
<b>SH11-02</b>	232.0	234.0	2.0	3.39	18.00	0.33	0.89	10.26
<i>including</i>	233.0	234.0	1.0	6.58	22.80	0.57	0.20	6.66
	238.0	242.0	4.0	1.39	37.28	0.10	4.66	8.47
<i>including</i>	241.0	242.0	1.0	2.80	106.00	0.33	13.45	22.40
<b>SV11-01</b>	14.0	22.0	8.0	0.61	21.11	0.05	0.86	1.21
<b>SV11-04</b>	78.0	80.0	2.0	0.22	62.90	0.05	0.35	0.53

#### Select Jerico Hill Drill Intercepts

Hole-ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
<b>JH11-001</b>	28.5	51.0	22.5	6.10	258.65
<i>including</i>	43.1	51.0	7.9	16.06	698.66
<i>including</i>	47.0	48.5	1.5	56.60	2430.00

These are estimated to be between 70% and 90% true widths.

Refer to the Technical Reports, and Annual Information Form at [www.sedar.com](http://www.sedar.com) for more information. Detailed expenditures for the year are included in the consolidated financial statements for the year ended October 31, 2013.

#### Future Exploration Plans

Mexico - The Company continues to focus on data compilation and review of the Mexican Property Portfolio and will continue to consider Joint Venture partnerships on all or some of the projects.

Champion Hills - The Company continues to withhold exploration as it awaits resolution to Romarco Minerals Inc. permitting issues on their Haile deposit.

*Jodie Gibson, P. Geo., a Qualified Person under the meaning of Canadian National Instrument 43-101 and an Officer of the Company, is responsible for the technical content of this Management Discussion and Analysis.*

**Fourth Quarter and Summary of Quarterly Results**

	October 31, 2013	Three Month Period Ended		
		July 31, 2013	April 30, 2013	January 31, 2013
	\$'000	\$'000	\$'000	\$'000
Total Assets	15,636	17,757	15,683	20,672
Mineral Properties	15,140	17,088	14,762	19,605
Working Capital	(970)	167	371	322
Derivative liability	625	2,342	-	-
Shareholders' Equity	13,552	15,012	15,239	20,190
Net Loss	(1,383)	(2,143)	(5,478)	(628)
Loss per Share	(0.01)	(0.02)	(0.06)	(0.01)

	October 31, 2012	Three Month Period Ended		
		July 31, 2012	April 30, 2012	January 31, 2012
	\$'000	\$'000	\$'000	\$'000
Total Assets	21,477	21,893	22,357	17,415
Mineral Properties	19,568	19,210	17,195	13,863
Working Capital	512	1,511	3,515	1,643
Debt	-	-	-	-
Shareholders' Equity	20,796	21,432	21,649	17,045
Net Loss	(892)	(455)	(742)	(839)
Loss per Share	(0.01)	(0.01)	(0.01)	(0.01)

The variability in Revolution's net loss over the last the eight quarters resulted primarily from the abandonment and write-off of certain mineral properties, changing levels in capital expenditures, share-based payments, finance charges, and office and administrative expenses. Changing levels in capital expenditures expenses and general and administrative costs fluctuate independently according to exploration activities and corporate activities including shareholder communication.

Significant financial items during previous quarters include:

Fourth Quarter - During the quarter ended October 31, 2013 the Company recognized an unrealized gain on the derivative liability of \$1,625,000. The Company also wrote-off an additional \$3,140,588 relating to exploration and evaluation projects the Company has abandoned, of which the majority related to Mexico. A portion of this balance relates to unpaid mining taxes in Mexico which the Company is disputing.

During the quarter ended July 31, 2013 the Company sold its 15% interest in certain mineral licences in Greenland, known as the Storo gold project, for \$250,000; executed the purchase and sale agreement on the Mexican properties; and elected to abandon certain additional Champion Hills option agreements and wrote-off the associated capitalized costs of \$1,909,067.

During the quarter ended April 30, 2013 the Company elected to abandon the Universo project in Mexico and wrote of the associated capitalized costs of \$4,975,464 and elected to abandon certain Champion Hills option agreements and wrote-off the associated capitalized costs of \$164,814.

During the quarter ended January 31, 2013 the Company abandoned certain Champion Hills option agreements and wrote-off the capitalized costs of \$289,992. The Company also entered into a purchase and sale agreement on the Mexico Portfolio.

During the quarter ended October 31, 2012 the Company abandoned the option on the Virgilina property, Champion Hills, North Carolina, and wrote-off the capitalized costs of \$441,576.

During the quarters ended July 31, 2012, April 30, 2012, and January 31, 2012 the Company continued exploration on its projects and did not incur any significant transactions.

## Results of Operations

*Year Ended October 31, 2013*

The financial statements reflect the financial condition of the Company's business for year ended October 31, 2013.

During the year ended October 31, 2013 the Company incurred a loss of \$9,631,553 as compared to a loss of \$2,927,531 for the year ended October 31, 2012. These losses include non-cash deductions for unrealized gain on derivative liability of \$1,625,000 (2012 - \$Nil), depreciation of \$3,025 (2012 - \$4,322), share-based payments of \$22,616 (2012 - \$379,327) and write-off of exploration and evaluation assets of \$10,535,609 (2012 - \$441,576). Excluding non-cash deductions, the loss for the year ended October 31, 2013 was \$695,303 compared to \$2,102,306 for the year ended October 31, 2012. The gain on derivative liability arose as a result of the Company's obligation to pay \$5,000,000 in cash or common shares in 2017 for the acquisition of Minera Golondrina .

Significant expenditures and movements during the year ended October 31, 2013 include, investor relations and shareholder communication \$90,600 (2012 - \$435,543), management fees \$181,000 (2012 - \$284,000), office and miscellaneous \$288,292 (2012 - \$397,561), professional fees \$225,357 (2012 - \$378,426), property investigation \$4,722 (2012 - \$123,475), share-based payments \$22,616 (2012 - \$379,327), travel \$94,016 (2012 - \$301,922). The Company also recognized a recovery from the sale of the previously written-off Greenland interest of \$250,000 (2012 - \$Nil), and wrote off exploration and evaluation expenditures relating to Universo property, certain Montana de Oro claims and certain Champion Hills properties totaling \$10,535,609 (2012 - \$Nil). The Company recorded an unrealized gain on derivative liability of \$1,625,000 (2012 - \$Nil) as there was a decrease in the fair value of the derivative liability at year end. The Company realized a decrease in the majority of general expenses as it focuses on conserving capital due to market conditions.

For the year ended October 31, 2013 operating expenditures continue to trend down compared to the comparative period. The overall decrease in expenditures is due to a decrease in activities due to challenging market conditions for resource and exploration companies.

## Liquidity and Capital Resources

Revolution's mineral exploration and development activities do not provide a source of income and the Company therefore has a history of losses, working capital deficiencies and an accumulated deficit. The Company's financial success is dependent on management's ability to raise money and to discover economically viable mineral deposits. Given the nature of the Company's business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of the Company's valuation.

**Operating Activities:** The Company does not generate cash from operating activities. Net cash used by the Company for operating activities for the year ended October 31, 2013 was \$495,155 compared to \$2,087,661 for the year ended October 31, 2012. The overall decrease in cash used in operating activities is due to decreased activities.

**Investing Activities:** Revolution's capital assets include equipment and its interests in the Mexico property portfolio and the Champion Hills Property in North Carolina. Cash used by the Company in investing activities on exploration and evaluation assets for year ended October 31, 2013 was \$1,171,731 compared to \$9,529,095 for the year ended October 31, 2012. Additionally, the Company recovered \$539,539 (2012 - advanced \$705,294) from exploration contractors in unapplied exploration advances on the Mexico properties. The Company acquired \$25,083 (2012 - \$Nil) in cash and incurred transaction costs of \$73,062 through the acquisition of Mineral Golondrina.

**Financing Activities:** During the year ended October 31, 2013, the Company completed a private placement and received proceeds of \$557,580 (2012 - \$5,767,250) and paid share issuance costs of \$322 (2012 - \$615,731). The Company has financed its operations and capital investments to date primarily through the issuance of common shares.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money from equity sales and from the exercise of convertible securities. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from



those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

The consolidated interim financial statements for the year ended October 31, 2013 do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

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.

### Off-Balance Sheet Arrangements

At October 31, 2013, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

### Contractual Obligations for the Next Five Years

The following table sets out the contractual obligations of the Company, including payments to be made, for the next five years:

Contractual Obligation	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long Term Debt	\$625,000	nil	nil	\$625,000	nil
Capital Lease Obligations	nil	nil	nil	nil	nil
Operating Leases	nil	nil	nil	nil	nil
Purchase Obligations <sup>1,2,3</sup>	nil	nil	nil	nil	nil
Other Long Term Obligations	nil	nil	nil	nil	nil
Total Contractual Obligations	\$625,000	nil	nil	\$625,000	nil

Note 1: All payments under the Champion Hills Option agreements are optional to the Company.

Note 2: All option agreements relating to the Mexican Property Portfolio are optional to the Company.

Note 3: The Company is required to pay \$5,000,000 in cash or common shares under the purchase and sale agreement with Lake Shore. If the Company elects to issue the common shares they will be valued at the greater of \$0.20 and a five-day volume-weighted average trading price. As at October 31, 2013 the derivative liability, based on the close share price on October 31, 2013, was \$625,000.

### Outstanding Share Data

As at the date of this report, the Company had an unlimited number of common shares authorized for issuance with 119,006,218 common shares issued and outstanding.

The Company has the following incentive stock options and warrants outstanding at the date of this report:

	Number	Exercise price	Expiry date
<b>Stock Options</b>	1,975,000	\$ 0.50	April 27, 2015
	675,000	0.70	February 15, 2016
	25,000	0.80	May 11, 2016
	200,000	0.70	June 15, 2016
	50,000	0.50	October 25, 2016
	850,000	0.43	February 1, 2017
<b>Warrants</b>	3,982,714	\$ 0.125	April 2, 2015
	4,500,000	0.75	October 18, 2015
<b>Special Warrants</b>	100,000	\$ 0.75	March 15, 2015

### 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, S. de R.L. de C.V (Mexico).

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

- a) Management fees of \$135,000 (2012 - \$230,000) to Aaron Keay, CEO and director of the Company and \$46,000 (2012 - \$150,000) to Robert McLeod, VP of Exploration and a director of the Company of which \$Nil (2012 - \$96,000) was capitalized to exploration and evaluation assets.
- b) Professional fees of \$60,000 (2012 - \$65,000) to Red Fern Consulting Ltd, a Company controlled by Jonathan Richards, an officer of the Company.
- c) Consulting fees of \$15,000 (2012 - \$77,500) to McLeod Williams Capital Corp., a Company controlled by Robert McLeod and Michael Williams, directors of the Company.
- d) Shareholder communication fees of \$26,182 (2012 - \$20,000) to General Research GmbH, a Company controlled by Georg Hochwimmer, a director of the Company.

Share-based payment expense for the year ended October 31, 2013 included compensation to directors and officers of \$18,393 (2012 - \$271,146) for stock options vesting during the year.

Included in accounts payable is \$48,300 (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 \$93,359 (October 31, 2012 - \$66,394) due to a McLeod Williams Capital Corp, a related private company. During the year ended October 31, 2013, the Company paid or accrued \$156,181 (2012 - \$328,494) for geological consulting, and \$106,647 (2012 - \$157,940) for office and administrative expenditures.

A private company controlled by Aaron Keay, a director of the Company provides management and professional services to public companies. During the year ended October 31, 2013, the Company paid or accrued \$39,065 (2012 - \$61,194) for

investor relations services, \$51,411 (2012 - \$77,060) for accounting services and \$34,741 (2012 - \$36,746) for administration expenses.

### **New standards not yet adopted**

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

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

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

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

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

### **Proposed Transactions**

As at the date of this report, unless disclosed elsewhere in this document, there are no proposed transactions.

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.

### **Critical Accounting Policies and Estimates**

Revolution's accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements for the year ended October 31, 2013. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- 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 year. Actual results could differ from these estimates.

The 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 year in which the estimate is revised and future years if the revision affects both current and future years. 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 of the consolidated financial statements. 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 valuation of the net assets acquired upon the acquisition of Minera Golondrina is detailed in Note 4 of the consolidated financial statements. The valuation of the derivative liability is discussed in Note 7 of the consolidated financial statements.

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.

- Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

- Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of comprehensive loss. The Company expenses costs related to the exploration and development of mineral properties as they are incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

- Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

- Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

## **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 fair value measurement. 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

### *Risk Management*

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

#### *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.

#### *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 October 31, 2013, the Company had a cash and cash equivalents and short-term investments balance of

\$450,458 to settle current liabilities of \$1,459,028. The derivative liability recognized in order to complete the acquisition of Minera Golondrina allows the Company to settle, at its option, the obligation 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.

#### *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 cash 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 October 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.

##### 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.

#### **Risk Factors**

Companies in the exploration stage face a variety of risks and investments are highly speculative. While unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

During October 2013, the Mexican Congress approved the 2014 Tax Reform which the Company is monitoring. The reform proposes the implementation of a 7.5% tax on earnings before interest, tax, depreciation and amortization and a 0.5% environmental erosion fee based on gross revenues. In addition, the approved proposal disallows immediate deductions for exploration expenses in the period in which they occurred, replacing the current practice with an allowable 10% amortization of exploration expenses per year. These changes will be effective January 1, 2014. The Company does not expect to have a significant impact on the Company's current operations.

Readers are referred to the Company's Annual Information Form, located on SEDAR at [www.sedar.com](http://www.sedar.com), for a full list of applicable risk factors.

## **Evaluation of Disclosure Controls and Procedures**

### *Disclosure Controls and Procedures*

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related audited consolidated financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under Canadian Securities Administration regulations, as at October 31, 2013. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certifying officers believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

### *Internal controls over Financial Reporting*

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is satisfied that the Company has adequate financial expertise, has conducted appropriate planning and research, has performed appropriate review and has involved the board of directors and audit committee to provide reasonable assurance over the reliability of financial reporting in the transition period.

During the year ended October 31, 2013, there were no changes in the operations or controls, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the year. The Company acquired Minera Golondria, which will not result in significant adjustments to the internal control structure of the company due to existing control structures in place in Canada and Mexico.

### *Limitations of Controls and Procedures*

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part

upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.