



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

FOR THE PERIOD ENDED JANUARY 31, 2012

**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 interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed 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, 2012	October 31, 2011 (Note 13)	November 1, 2010 (Note 13)
ASSETS			
Current			
Cash and equivalents	\$ 1,509,609	\$ 8,101,059	\$ 4,384,055
Short-term investments	138,000	138,000	-
Receivables	266,418	98,570	80,936
Prepays	<u>98,608</u>	<u>73,966</u>	<u>-</u>
	2,012,635	8,411,595	4,464,991
Loans receivable (Note 4)	-	-	300,000
Exploration advances	1,526,431	-	-
Equipment (Note 5)	13,328	14,409	6,324
Exploration and evaluation assets (Note 6)	<u>13,862,603</u>	<u>7,784,032</u>	<u>5,851,489</u>
	<u>\$ 17,414,997</u>	<u>\$ 16,210,036</u>	<u>\$ 10,622,804</u>

LIABILITIES AND SHAREHOLDERS' EQUITY**Current**

Accounts payable and accrued liabilities	<u>\$ 370,450</u>	<u>\$ 410,853</u>	<u>\$ 307,779</u>
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Shareholders' equity

Share capital (Note 7)	28,315,632	26,268,900	12,659,871
Reserves (Note 7)	3,132,264	3,094,151	1,516,529
Deficit	<u>(14,403,349)</u>	<u>(13,563,868)</u>	<u>(3,861,375)</u>

	<u>17,044,547</u>	<u>15,799,183</u>	<u>10,315,025</u>
	<u>\$ 17,414,997</u>	<u>\$ 16,210,036</u>	<u>\$ 10,622,804</u>

Nature and continuance of operations (Note 1)**Subsequent events** (Note 14)

Approved and authorized by the Board on April XX, 2012:

"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 COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
THREE MONTHS ENDED

	January 31, 2012	January 31, 2011 (Note 13)
GENERAL EXPENSES		
Consulting fees	36,400	40,000
Depreciation (Note 5)	1,081	474
Investor relations and shareholder communications	170,722	72,543
Management fees	145,000	70,000
Office and miscellaneous	113,739	162,823
Professional fees	86,627	64,779
Property investigation costs	81,753	27,922
Share-based payments (Note 7)	38,113	138,519
Transfer agent and filing fees	12,236	9,139
Travel	99,993	67,419
Loss before other items	<u>(785,664)</u>	<u>(653,618)</u>
OTHER ITEMS		
Foreign exchange loss	(53,817)	-
Interest income	<u>-</u>	<u>8,751</u>
	<u>(53,817)</u>	<u>8,751</u>
Loss and comprehensive loss for the period	<u>\$ (839,481)</u>	<u>\$ (644,867)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	<u>69,360,891</u>	<u>40,503,565</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)
THREE MONTHS ENDED JANUARY 31

	2012	2011 (Note 13)
CASH FROM OPERATING ACTIVITIES		
Loss for the period	\$ (839,481)	\$ (644,867)
Items not affecting cash:		
Depreciation	1,081	474
Share-based payments	38,113	138,519
Changes in non-cash working capital items:		
Receivables	(167,848)	(58,498)
Prepays	(24,642)	-
Accounts payable and accrued liabilities	<u>1,587</u>	<u>(58,762)</u>
Net cash used in operating activities	<u>(991,190)</u>	<u>(623,134)</u>
CASH FROM INVESTING ACTIVITIES		
Expenditures on mineral property interests	(4,048,615)	(1,040,770)
Exploration advances	<u>(1,526,431)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,575,046)</u>	<u>(1,040,770)</u>
CASH FROM FINANCING ACTIVITIES		
Proceeds on issuance of capital stock	-	263,000
Share issuance costs	<u>(25,214)</u>	<u>-</u>
Net cash provided by financing activities	<u>(25,214)</u>	<u>263,000</u>
Change in cash and equivalents during the period	(6,591,450)	(1,400,904)
Cash and equivalents, beginning of period	<u>8,101,059</u>	<u>4,384,055</u>
Cash and equivalents, end of period	\$ 1,509,609	\$ 2,983,151
Cash paid for interest during the period	\$ -	\$ -
Cash paid for income taxes during the period	\$ -	\$ -
Cash and equivalents		
Cash	\$ 509,609	\$ 983,131
Guaranteed investment certificates	<u>1,000,000</u>	<u>2,000,000</u>
Total cash and equivalents	<u>\$ 1,509,609</u>	<u>\$ 2,983,131</u>

Supplemental disclosure with respect to cash flows (Note 9)

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

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

	<u>Share capital</u>				
	Number	Amount	Reserves	Deficit	Total
Balance at November 1, 2010	39,602,500	\$ 12,659,871	\$ 1,516,529	\$ (3,861,375)	\$ 10,315,025
Issued for:					
Stock options and warrants exercised	526,000	389,995	(126,995)	-	263,000
Mineral property interests	2,000,000	930,000	-	-	930,000
Share-based payments	200,000	132,000	6,519	-	138,519
Loss for the period	-	-	-	(644,867)	(644,867)
Balance at January 31, 2011	42,328,500	\$ 14,111,866	\$ 1,396,053	\$ (4,506,242)	\$ 11,001,677
Issued for:					
Private placement	24,000,000	12,780,000	720,000	-	13,500,000
Share issue costs	-	(921,307)	180,592	-	(740,715)
Stock options and warrants exercised	136,050	103,841	(35,816)	-	68,025
Mineral property interests	250,000	147,500	38,775	-	186,275
Share-based payments	100,000	47,000	794,547	-	841,547
Loss for the period	-	-	-	(9,057,626)	(9,057,626)
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)	(849,081)
Balance at January 31, 2012	72,528,290	\$ 28,315,632	\$ 3,132,264	\$ (14,403,349)	\$ 17,044,547

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**

JANUARY 31, 2011

(Unaudited)

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 completed its Initial Public Offering ("IPO") during the year ended October 31, 2010 and 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, exploring and developing economically viable mineral resource deposits on its mineral properties. The recoverability of the amounts shown for mineral properties 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.

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 unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS is November 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("GAAP"). Historical results and balances have been restated under IFRS. These condensed consolidated interim financial statements should be read in conjunction with the Company's 2011 GAAP annual financial statements, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS included in Note 13. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these interim financial statements nor in the Company's most current annual GAAP financial statements.

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

JANUARY 31, 2011

(Unaudited)

2. BASIS OF PREPARATION (cont'd...)**Basis of Presentation**

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed consolidated interim financial statements are in accordance with IFRS and have not been audited.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation and depreciation of equipment and exploration and evaluation assets, valuation of share-based payments, recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

3. SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company (Note 8). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

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 periods, 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.

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2011

(Unaudited)

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

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash is classified as FVTPL. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At January 31, 2012, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

JANUARY 31, 2011

(Unaudited)

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

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates:

Computer equipment	30%
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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.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2011

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Provisions***a) Environmental rehabilitation provisions*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of comprehensive loss. The Company had no rehabilitation obligations as at January 31, 2012, October 31, 2011 or November 1, 2010.

b) Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

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 contributed surplus are transferred to share capital.

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

JANUARY 31, 2011

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

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.

New standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as of January 31, 2012 and have not been applied in preparing these consolidated financial statements: None of these are expected to have a material effect on the financial statements of the Company.

IAS 12, "Income Taxes"

The IASB issued amendments to IAS 12, "Income Taxes" to introduce an exception to the general measurement requirements in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amended standard is effective for annual periods beginning on or after January 1, 2012.

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2011

(Unaudited)

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

New standards not yet adopted (cont'd...)

IFRS 9, "Financial Instruments"

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively.

IFRS 10, "Consolidated Financial Statements"

IFRS 10, "Consolidated Financial Statements", requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation - Special Purpose Entities", and parts of IAS 27, "Consolidated and Separate Financial Statements". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 11, "Joint Arrangements"

IFRS 11, "Joint Arrangements", requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Venturers". The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12, "Disclosure of Interests in Other Entities", establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Entities early adopting this standard must also adopt the other standards included in the 'suite of five' standards on consolidation, joint arrangements and disclosures: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IAS 27 (2011), "Separate Financial Statements" and IAS 28 (2011), "Investments in Associates and Joint Ventures".

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2011

(Unaudited)

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

New standards not yet adopted (cont'd...)

IFRS 13, "Fair Value Measurement"

IFRS 13, "Fair Value Measurement", is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1, "Presentation of Financial Statements"

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, 11, 12 and 13.

4. LOANS RECEIVABLE

During the year ended October 31, 2010, the Company granted loans to certain Directors totaling \$300,000. The loans were solely used for acquiring shares of the Company and were repayable on August 12, 2014. The loans did not bear interest, unless in default, at which time the loans bore interest at 6% per annum. The loans were secured by the 2,000,000 common shares of the Company acquired by the loan.

During the year ended October 31, 2011, the Company entered into an agreement with the Directors to offset the loans receivable with amounts payable under the Champion Hills purchase and sale agreement (Note 6).

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

5. EQUIPMENT

	Computer equipment
Cost	
Balance, November 1, 2010	\$ 7,070
Additions for the period	<u>10,981</u>
Balance, October 31, 2011	18,051
Additions for the period	<u>-</u>
Balance, January 31, 2012	\$ 18,051
Accumulated depreciation	
Balance, November 1, 2010	\$ 746
Depreciation for the period	<u>2,896</u>
Balance, October 31, 2011	3,642
Depreciation for the period	<u>1,081</u>
Balance, January 31, 2012	\$ 4,723
Carrying amounts	
As at October 31, 2011	\$ 14,409
As at January 31, 2012	<u>\$ 13,328</u>

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

6. EXPLORATION AND EVALUATION ASSETS

	January 31, 2012		
	<u>Mexico</u>	<u>Champion Hills</u>	<u>Total</u>
Exploration costs			
Balance, beginning of period	\$ -	\$ 5,372,038	\$ 5,372,038
Assays	48,345	85,492	133,837
Camp and road access	132,873	-	132,873
Drilling	174,325	-	174,325
Equipment rental and maintenance	-	22,249	22,249
Field work and personnel	96,383	81,213	177,596
Geological consulting	162,282	68,387	230,669
Lease payments	386,416	55,024	441,440
Project management fees	6,669	-	6,669
Project administration and report preparation	59,056	-	59,056
Travel and transportation	<u>20,740</u>	<u>80,754</u>	<u>101,494</u>
	<u>1,087,089</u>	<u>393,119</u>	<u>1,480,208</u>
Balance, end of period	<u>1,087,089</u>	<u>5,765,157</u>	<u>6,852,246</u>
Acquisition costs			
Balance, beginning of period	-	2,411,994	2,411,994
Acquisition costs	4,556,946	2,109	4,559,055
Staking costs	<u>39,308</u>	<u>-</u>	<u>39,308</u>
Balance, end of period	<u>4,596,254</u>	<u>2,414,103</u>	<u>7,010,357</u>
Balance, January 31, 2012	\$ 5,683,343	\$ 8,179,260	\$ 13,862,603

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

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

	October 31, 2011		
	<u>Nuukfjord</u>	<u>Champion Hills</u>	<u>Total</u>
Exploration costs			
Balance, beginning of year	\$ 3,931,986	\$ 172,987	\$ 4,104,973
Assays	-	486,204	486,204
Drilling	-	2,487,657	2,487,657
Equipment rental and maintenance	-	342,382	342,382
Fees & licenses	1,650	1,082	2,732
Field work, field personnel and geological consulting	6,419	1,425,968	1,432,387
Lease payments	-	140,773	140,773
Project management fees	13,750	13,750	27,500
Project administration and report preparation	3,068	-	3,068
Travel and transportation	-	301,235	301,235
	<u>24,887</u>	<u>5,199,051</u>	<u>5,223,938</u>
Balance, end of year	<u>3,956,873</u>	<u>5,372,038</u>	<u>9,328,911</u>
Acquisition costs			
Balance, beginning of year	1,727,389	19,127	1,746,516
Acquisition costs	-	2,392,867	2,392,867
Balance, end of year	<u>1,727,389</u>	<u>2,411,994</u>	<u>4,139,383</u>
Write-off of mineral property	<u>(5,684,262)</u>	<u>-</u>	<u>(5,684,262)</u>
Balance, October 31, 2011	<u>\$ -</u>	<u>\$ 7,784,032</u>	<u>\$ 7,784,032</u>

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.

REVOLUTION RESOURCES CORP.

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

Mexico Property Portfolio

On December 14, 2011, the Company entered into an option agreement with Lake Shore Gold Corp. ("Lake Shore") 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 \$35,000,000 in expenditures on the Mexican properties by August 31, 2016, including reimbursing Lake Shore for expenditures incurred with respect to the properties in 2011, and, within 30 days of incurring \$15,000,000 in expenditures, issue to Lake Shore \$1,000,000 in common shares of the Company.

The Company can acquire a 100% interest in either or both of Universo and Montana de Oro properties by completing National Instrument 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 NI 43-101 technical report showing a total resource of all categories of at least two million gold-equivalent ounces and paying Lake Shore \$20 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 \$20 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.

Lake Shore will have the right to have one nominee appointed to the board of directors of the Company following the execution of the option agreement. The nomination right will continue during the period of the Company's option to acquire a 60% interest described above and subsequently so long as Lake Shore holds at least 5% of the issued and outstanding common shares of the Company.

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. Underlying payments on the Universo property total 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). There is a royalty 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 (MXP 73,144 paid) and MXP 1,000,000 every year thereafter.

REVOLUTION RESOURCES CORP.

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(Unaudited)

6. 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)(Note 3). 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 to complement the initial land package directly with property owners which entitle the Company to acquire 100% of these properties.

As at January 31, 2012, the various option and purchase agreements cover approximately 1,857 acres (October 31, 2011 – 1,817 acres), require annual lease payments of 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% Net Smelter Return Royalty ("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 totalling US\$2,500,000 paid in stages to March 2015 and the issuance 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). Subsequent to the period ended January 31, 2012, the Company issued an additional 75,000 common shares.

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 totalling 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 \$39,430 (US\$40,000). Subsequent to the period ended January 31, 2012, the Company issued an additional 75,000 common shares.

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). Subsequent to the period ended January 31, 2012, the Company issued an additional 100,000 common shares.

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

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

Nuukfjord (Greenland)

By agreement dated July 17, 2009, as amended July 18, 2009, December 21, 2009 and February 25, 2010 (the "Acquisition Agreement") the Company acquired all of the issued and outstanding shares of Storgold Resources Ltd. ("Storgold"). Storgold's material asset at that time was a property option agreement (the "Option Agreement") with NunaMinerals A/S (a public Danish company) on certain mineral licenses in Greenland (the "Property"). Pursuant to the Acquisition Agreement, the Company issued 6,650,000 common shares valued at \$1,662,500, granted a 0.5% NSR and reimbursed the vendors' prior expenditures incurred in negotiating the Option Agreement of \$64,889, which were recorded as other acquisition costs, and \$13,967 recorded as exploration costs.

The Option Agreement entitled the Company to earn up to a 65% interest in the Property, in incremental phases. To earn the full 65% interest the Company is required to pay \$23,000,000 towards exploration expenditures over four years. Pursuant to the Option Agreement, NunaMinerals A/S is the operator, and will conduct all work on the Property. NunaMinerals A/S may, at its election, incur exploration expenses in advance of the option payment dates, which will be subsequently reimbursed by the Company. The Company advanced \$3,500,000 in exploration expenditures to earn an initial 15% interest (Phase A). The Company has elected to not continue to fund additional phases under the Option Agreement.

The Company's completion of Phase A was mandatory, whereas advancement of funds required to exercise the option in respect of Phase B, C and D are entirely at the Company's option. Upon the completion of any of Phases A, B or C, the Company has the option to form a joint venture partnership with NunaMinerals A/S or to complete the next phase. The Company elected not to complete Phase B; therefore, a joint venture partnership is deemed to have formed. When a joint venture is formed a new Danish company will be formed to hold title to the Property, which will be owned by Storgold and NunaMinerals A/S as to their respective interests. Contributions will be made based on each company's interest.

If subsequent to joining the joint venture the Company elects not to contribute its proportionate share of costs, the Company's interest is subject to dilution. If the Company's interest dilutes to less than 10%, its interest will automatically convert to a 1% NSR.

Given the Company's passive interest and election to not participate in Phase B, the Company wrote-off the capitalized costs of \$5,684,262 as at October 31, 2011.

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

7. SHARE CAPITAL AND RESERVES

Authorized share capital

As at January 31, 2012, 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.

Issued share capital

As at January 31, 2012, the Company had 72,528,290 common shares issued and outstanding.

Private placements

During the period ended January 31, 2012, the Company did not complete any private placements.

During the year ended October 31, 2011, the Company:

- a) Completed a brokered private placement and issued 15,000,000 common shares at a price of \$0.60 per common share for proceeds of \$9,000,000. The Company paid \$540,000 and issued 900,000 broker warrants as finder's fees. Each broker warrant entitles the holder to acquire one common share at a price of \$0.80 for a period of one year. An estimated fair value of \$162,976 was assigned to the brokers' warrants. 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 1.74%; dividend yield 0%; volatility of 100%; and an expected life of 1 year. The Company paid other share issuance costs of \$107,432.
- b) Completed a non-brokered private placement and issued 9,000,000 units at a price of \$0.50 per unit for proceeds of \$4,500,000. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of \$0.75 per share for a period of four years. The warrants were assigned a residual value of \$720,000.

The Company paid \$60,000, issued 120,000 brokers' warrants as finder's fees valued at \$17,616 and paid other share issue costs of \$33,283. Each warrant entitles the holder to acquire one common share at a price of \$0.60 per share for a period of one year. 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 1.01%; dividend yield of 0%; volatility of 100%; and an expected life of 1 year.

Bonus Shares

During fiscal 2011, the Company issued 200,000 bonus shares valued at \$132,000 to a service provider of the Company for performance, which are recorded in share-based payments expense.

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

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(Unaudited)

7. 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, 2010	1,260,000	\$ 0.50	3,775,000	\$ 0.50
Granted	5,620,000	0.75	2,180,000	0.71
Exercised	(562,050)	0.50	(100,000)	0.50
Cancelled	-	-	(175,000)	0.50
Outstanding, October 31, 2011	6,317,950	0.73	5,680,000	0.58
Cancelled	-	-	(1,200,000)	0.50
Outstanding, January 31, 2012	6,317,950	\$ 0.73	4,480,000	\$ 0.60
Number currently exercisable	6,317,950	\$ 0.73	4,153,750	\$ 0.59

Stock options and warrants outstanding

The following incentive stock options and warrants were outstanding at January 31, 2012:

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
Warrants		
4,500,000	\$ 0.75	October 18, 2015
Brokers Warrants		
900,000	\$ 0.80	February 4, 2012*
697,950	0.50	April 27, 2012
120,000	0.60	October 18, 2012
Special Warrants		
100,000	\$ 0.75	March 15, 2015

*Expired unexercised subsequent to period end.

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7. 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 executive officers and directors, 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 in the periods ended January 31, 2012 or 2011. Total share-based payments for options granted and vested recognized in the statement of comprehensive loss for the period ended January 31, 2012 was \$38,113 (2011 - \$6,519) pursuant to vesting incentive options. This amount was also recorded as reserves on the statement of financial position. Additional share-based payments recognized in the three month period ended January 31, 2010 of \$132,000 relates to the issuance of 200,000 bonus shares.

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

	2012	2011
Risk-free interest rate	1.35%	1.74%
Expected life of options	2.7 years	2 years
Annualized volatility	100%	100%
Dividend rate	0.00%	0.00%

8. 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, 2012, the Company paid or accrued:

- Management fees of \$145,000 (2011 - \$70,000) to officers of the Company.
- Geological consulting fees of \$Nil (2011 - \$20,000) to a former officer of the Company.
- Professional fees of \$20,000 (2011 - \$30,000) to an officer and former officer of the Company.
- Consulting fees of \$30,000 (2011 - \$40,000) to directors of the Company.
- Shareholder communications fees of \$Nil (2011 - \$19,575) to a company controlled by a director of the Company.

Share-based payment expense for the period ended January 31, 2012 included compensation to directors and officers of \$Nil (2011 - \$Nil).

Included in accounts payable is \$14,437 (October 31, 2011 - \$117,622) due to directors of the Company.

During the year ended October 31, 2011, the Company entered into an agreement with certain directors to offset loans receivable (Note 4) with amounts payable under the Champion Hills purchase and sale agreement pursuant to the acquisition of an interest in certain option agreements from a non-arm's length private company (Note 6).

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

8. RELATED PARTY TRANSACTIONS

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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 \$93,495 (October 31, 2011 - \$29,147) due to a related private company. During the period, the Company paid or accrued \$72,838 (2011 - \$171,970) for geological consulting, and \$64,384 (2011 - \$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, 2012, the Company paid or accrued \$11,000 (2011 - \$Nil) for investor relations services, \$10,780 (2011 - \$Nil) for accounting services and \$7,173 (2011 - \$Nil) for administration expenses.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

- a) Incurring mineral property 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.

Significant non-cash transactions for the period ended January 31, 2011, include the Company:

- a) Incurring mineral property expenditures of \$278,371 through accounts payable and accrued liabilities.
- b) Issuing 2,000,000 common shares at a value of \$930,000 pursuant to the acquisition of mineral properties.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Cash and equivalents is 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.

REVOLUTION RESOURCES CORP.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial risk factors

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

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 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.

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, 2012, the Company had a cash and equivalents and short-term investments balance of \$1,647,609 to settle current liabilities of \$370,450.

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, 2012, 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.

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

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11. CAPITAL MANAGEMENT

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.

12. SEGMENTED INFORMATION

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

	January 31, 2012	October 31, 2011
Capital assets:		
Canada	\$ 13,328	\$ 14,409
USA	8,179,260	7,784,032
Mexico	<u>5,683,343</u>	<u>-</u>
	<u>\$ 13,875,931</u>	<u>\$ 7,798,441</u>

13. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these financial statements are for the period covered by the Company's first condensed consolidated interim financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the condensed consolidated interim financial statements for the periods ended January 31, 2012 and 2011, the financial statements for the year ended October 31, 2011 and the opening IFRS statement of financial position on November 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended January 31, 2012, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

Share-based payment transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and vested before the Transition Date. As a result of applying this exemption, the Company will apply the provision of IFRS 2 only to all outstanding instruments that are unvested as at the Transition Date to IFRS. The Company had unvested awards at the Transition Date which did not require adjustment for compliance with IFRS.

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

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(Unaudited)

13. FIRST TIME ADOPTION OF IFRS (cont'd...)**Estimates**

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of November 1, 2010 are consistent with its GAAP estimates for the same date.

The reconciliation between GAAP and IFRS statement of financial position as at November 1, 2010 (date of transition to IFRS), January 31, 2011 and October 31, 2011 is provided below:

	November 1, 2010	January 31, 2011	October 31, 2011
Total assets under Canadian GAAP	\$ 10,622,804	\$ 11,472,581	\$ 16,210,036
Adjustment	-	-	-
Total IFRS adjustment to total assets	-	-	-
Total assets under IFRS	\$ 10,622,804	\$ 11,472,581	\$ 16,210,036

The reconciliation between GAAP and IFRS statement of equity as at November 1, 2010 (date of transition to IFRS), January 31, 2011 and October 31, 2011 is provided below:

	November 1, 2010	January 31, 2011	October 31, 2011
Equity under Canadian GAAP	\$ 10,315,025	\$ 11,001,677	\$ 15,799,183
Adjustment to equity	-	-	-
Total IFRS adjustment to equity	-	-	-
Equity under IFRS	\$ 10,315,025	\$ 11,001,677	\$ 15,799,183

The reconciliation between GAAP and IFRS total comprehensive loss for the period ended January 31, 2011 and the year ended October 31, 2011 is provided below:

	Three Months Ended January 31, 2011	October 31, 2011
Comprehensive loss under Canadian GAAP	\$ (644,867)	\$ (9,702,493)
Adjustment	-	-
Total IFRS adjustment to comprehensive loss	-	-
Comprehensive loss under IFRS	\$ (644,867)	\$ (9,702,493)

There are no significant differences between IFRS and Canadian GAAP in connection with the Company's statement of cash flows for the period ended January 31, 2011 or the year ended October 31, 2011.

REVOLUTION RESOURCES CORP.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2011

(Unaudited)

14. SUBSEQUENT EVENTS

Subsequent to the period ended January 31, 2012, the Company:

- a) 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 will entitle 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 underwriters received a cash fee on the sale of the units equal to 7% of the gross proceeds raised and broker warrants equal in number to 7% of the units sold in the offering. Each broker warrant will entitle 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.

- b) Granted 1,175,000 stock options exercisable at \$0.43 per common share for a period of 5 years to directors, officers and consultants of the Company subject to certain vesting conditions.