

First Mining Finance Corp.

Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2015 and 2014
(Unaudited - expressed in U.S. dollars)

FIRST MINING FINANCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2015 AND DECEMBER 31, 2014
(Unaudited - expressed in U.S. dollars)

	June 30, 2015	December 31, 2014
ASSETS		
Current		
Cash and cash equivalents	$ 3,691,845	$ 34,406
Restricted cash (Note 5)	-	2,347,873
Receivables and prepaid expenditures (Note 6)	167,850	35,007
Marketable securities	8,830	-
Loan receivable (Note 9)	768,855	-
Total current assets	**4,637,380**	**2,417,286**
Non-current		
Mineral properties (Note 7)	6,147,765	5,657,669
Equipment	4,258	5,186
Value-added tax receivable (Note 8)	155,168	150,926
Deferred acquisition costs (Note 9)	411,592	-
Total non-current assets	**6,718,783**	**5,813,781**
TOTAL ASSETS	$ **11,356,163**	$ **8,231,067**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 402,786	$ 1,096,522
Loans payable (Note 11)	1,081,851	539,686
Total liabilities	**1,484,637**	**1,636,208**
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	15,456,927	8,792,917
Subscription receipts in escrow (Note 5)	-	2,347,873
Warrant and share-based payment reserve (Note 12)	908,991	275,542
Accumulated deficit	(6,494,392)	(4,821,473)
Total shareholders' equity	**9,871,526**	**6,594,859**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 11,356,163**	**$ 8,231,067**

Subsequent events (Note 18)

The condensed interim consolidated financial statements were approved by the Board of Directors:

Signed: "Keith Neumeyer", Director

Signed: "Raymond Polman", Director

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

FIRST MINING FINANCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(Unaudited - expressed in U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative and office	$ 31,479	$ 1,168	$ 44,286	$ 2,791
Depreciation	1,580	2,016	3,093	4,284
Exploration and evaluation	14,232	4,795	34,857	58,788
Investor relations and marketing	91,659	-	94,768	-
Professional fees	85,081	59,930	152,103	82,125
Salaries and consultants	81,041	49,099	136,633	85,294
Share-based payments (Note 12(d))	-	-	549,985	-
Transfer agent and filing fees	32,955	650	34,812	4,085
Travel and accommodation	30,718	7,465	75,881	9,127
Loss before other items	368,745	125,123	1,126,418	246,494
Charge related to public company listing (Note 4)	-	-	516,197	-
Foreign exchange (gain) loss	(55,765)	18,566	68,078	1,571
Gain on debt settlement (Note 12 (b))	-	-	(77,436)	-
Gain on fair value adjustment of derivative liability	-	(31,222)	-	(60,882)
Interest and other expenses	27,464	12,288	47,947	17,189
Other income	(8,285)	(57)	(8,285)	(57)
Net loss and comprehensive loss for the period	**$ 332,159**	**$ 124,698**	**$ 1,672,919**	**$ 204,315**
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.03)	$ (0.01)
Weighted average number of shares outstanding	**73,766,451**	**26,600,345**	**60,154,505**	**26,600,345**

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

FIRST MINING FINANCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(Unaudited - expressed in U.S. dollars)

	Six months ended June 30,	
	2015	**2014**
Cash flows from operating activities		
Net loss for the period	$ (1,672,919)	$ (204,315)
Items not affecting cash:		
Depreciation	3,093	4,284
Gain on fair value adjustment to derivative liability	-	(60,882)
Charge related to public company listing (Note 4)	516,197	-
Unrealized foreign exchange loss (gain)	34,110	(1,220)
Share-based payments (Note 12(d))	549,985	-
Accrued interest expense	42,165	16,528
Changes in non-cash working capital items:		
Increase in receivables and prepaid expenditures	(130,776)	(12,697)
(Decrease) increase in accounts payables and accrued liabilities	(373,810)	28,927
Total cash used in operating activities	**(1,031,955)**	**(229,375)**
Cash flows from investing activities		
Equipment purchases	(2,165)	-
Mineral property expenditures (Note 7)	(498,926)	(114,214)
Value-added tax (incurred) recovered (Note 8)	(4,242)	4,415
Loan receivable (Note 9)	(768,855)	-
Deferred acquisition costs (Note 9)	(411,592)	-
Total cash used in investing activities	**(1,685,780)**	**(109,799)**
Cash flows from financing activities		
Issuance of shares for cash, net of share issuance costs (Note 12(b))	3,527,402	-
Release of restricted cash (Note 5)	2,347,873	-
Cash acquired in reverse takeover, net of transaction costs (Note 4)	34,009	-
Proceeds from promissory notes issued (Note 11)	500,000	350,000
Total cash provided by financing activities	**6,409,284**	**350,000**
Foreign exchange effect on cash	(34,110)	203
Change in cash and cash equivalents	**3,657,439**	**11,029**
Cash and cash equivalents, beginning	**34,406**	**30,742**
Cash and cash equivalents, ending	**$ 3,691,845**	**$ 41,771**

Supplemental cash flow information (Note 15)

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

FIRST MINING FINANCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(Unaudited - expressed in U.S. dollars)

	Number of common shares	Capital stock	Shares to be issued	Warrant reserve	Share-based payment reserve	Accumulated deficit	Total
Balance as at December 31, 2013	**26,600,345**	**$ 4,613,348**	**$ -**	**$ 32,809**	**$ 242,733**	**$ (4,166,816)**	**$ 722,074**
Loss for the period	-	-	-	-	-	(204,315)	(204,315)
Balance as at June 30, 2014	**26,600,345**	**$ 4,613,348**	**$ -**	**$ 32,809**	**$ 242,733**	**$ (4,371,131)**	**$ 517,759**
Balance as at December 31, 2014	**46,083,730**	**$ 8,792,917**	**$ 2,347,873**	**$ 32,809**	**$ 242,733**	**$ (4,821,473)**	**$ 6,594,859**
Shares issued from private placement (Note 12(b))	12,562,412	3,958,825	-	-	-	-	3,958,825
Less: issue costs – cash	-	(431,423)	-	-	-	-	(431,423)
issue costs – non-cash (Note 12(c))	-	(83,464)	-	83,464	-	-	-
Conversion of subscription receipts (Note 5)	10,895,000	2,347,873	(2,347,873)	-	-	-	-
Shares issued on settlement of debt (Note 12(b))	1,533,185	341,985	-	-	-	-	341,985
Shares of Albion upon RTO (Note 4)	2,692,124	530,214	-	-	-	-	530,214
Share-based payments (Note 12(d))	-	-	-	-	549,985	-	549,985
Loss for the period	-	-	-	-	-	(1,672,919)	(1,672,919)
Balance as at June 30, 2015	**73,766,451**	**$ 15,456,927**	**$ -**	**$ 116,273**	**$ 792,718**	**$ (6,494,392)**	**$ 9,871,526**

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

1. NATURE OF OPERATIONS

First Mining Finance Corp. (formerly Albion Petroleum Ltd. ("Albion")) (the "Company" or "First Mining") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on April 4, 2005 and completed its initial public offering as a Capital Pool Company ("CPC") on September 30, 2005. As a CPC, the Company's only business had been to identify and evaluate businesses or assets with a view of completing a Qualifying Transaction.

On March 30, 2015, the Company completed the acquisition of all of the issued and outstanding shares of a private company, KCP Minerals Inc. ("KCP") (formerly Sundance Minerals Ltd. ("Sundance")) through a reverse takeover arrangement (the "RTO"), constituting its Qualifying Transaction under the applicable policies of the TSX Venture Exchange ("TSXV"). Upon completion of the RTO, the shareholders of KCP obtained control of the consolidated entity. Under the purchase method of accounting, KCP was identified as the acquirer, and accordingly the entity is considered to be a continuation of KCP with the net assets of the Company at the date of the RTO deemed to have been acquired by KCP (Note 4). The consolidated financial statements for the six months ended June 30, 2015 include the results of operations of KCP from January 1, 2015 and of the Company from March 30, 2015, the date of the RTO. The comparative figures are those of KCP.

The Company's principal activity is the acquisition of high-quality mineral assets, and exploration and evaluation of its North American property portfolio.

First Mining is a public company which is listed on the TSXV under the symbol "FF" and on the OTCQB under the symbol "FFMGF".

The registered office of First Mining is Suite 1805 - 925 West Georgia Street, Vancouver, BC V6C 3L2.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including IAS 34, *Interim Financial Reporting*. The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements of KCP for the year ended December 31, 2014, which should be read in conjunction with these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been prepared on an historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. The consolidated financial statements are presented in US dollars, which is the functional and presentation currency of the Company and all of its subsidiaries.

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

These condensed interim consolidated financial statements were approved for issue by the Board of Directors on August 13, 2015.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The Company has not adopted any new accounting standards for the year ending December 31, 2015, however, the accounting policies applied by the Company in the unaudited condensed interim consolidated financial statements are consistent with those applied in the annual consolidated financial statements of KCP for the year ended December 31, 2014. The following are accounting standards anticipated to be effective January 1, 2016 or later:

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
In May 2014 the IASB issued a new IFRS 15 Revenue from Contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2017. Currently, no impact on the Company's consolidated financial statements is expected.

IFRS 7 Financial instruments: Disclosure
Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

IFRS 10 Consolidated Financial Statements
The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is held in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. Upon adoption, the amendments may impact the Company in respect of future sale or contribution of assets with its associates or joint ventures. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016.

IAS 34 Interim Financial Reporting: Disclosure
Amended to require interim disclosures to be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report such as Management Discussion and Analysis. Other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The Company is currently evaluating the impact this standard is expected to have on its consolidated financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact.

4. REVERSE TAKEOVER TRANSACTION

On July 1, 2014, Albion and Sundance entered into an Arrangement Agreement ("Arrangement"), whereby Albion would acquire all of the issued and outstanding shares of Sundance, in exchange for shares of the resulting entity.

On March 11, 2015, Sundance was renamed as KCP and on March 30, 2015, Albion completed the acquisition of all of the issued and outstanding shares of KCP on a 1:1 basis, constituting a qualifying transaction under the applicable policies of the TSX Venture Exchange. On the same day, Albion was renamed as First Mining. Prior to completion of the transaction, Albion consolidated all of its issued and outstanding shares on a four-for-one basis.

In accordance with IFRS 3, Business Combinations ("IFRS 3"), the substance of the transaction was a reverse takeover ("RTO") of a non-operating company. The transaction does not constitute a business combination since Albion does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition with KCP being identified as the acquirer (legal subsidiary) and Albion being treated as the accounting subsidiary (legal parent) with the transaction being measured at the fair value of the equity consideration issued to Albion.

The consideration received was the fair value of the net assets of Albion, which on March 30, 2015 was $53,505. The amount was calculated as follows:

Category		
Cash and cash equivalents	$	73,497
Accounts receivable		2,067
Accounts payable and accrued liabilities		(22,059)
Net assets acquired	**$**	**53,505**
Fair value of 2,692,124 shares issued by KCP at CAD$0.25 per share		530,214
Fair value of consideration paid in excess of net assets acquired		476,709
Transaction costs related to acquisition		39,488
Charge related to public company listing	**$**	**516,197**

5. RESTRICTED CASH

At December 31, 2014, KCP had received $2,347,873 (CAD$2,723,750) in subscription receipts to purchase 10,895,000 common shares of KCP at CAD$0.25 per share. The subscription receipts were held in escrow until immediately before the completion of the RTO on March 30, 2015, when they were released.

6. RECEIVABLES AND PREPAID EXPENDITURES

Category	**June 30, 2015**	**December 31, 2014**
Taxes receivable (GST)	$ 74,129	$ 9,797
Prepaid expenditures	93,721	25,210
Total	**$ 167,850**	**$ 35,007**

Prepaid expenditures primarily include amounts in connection with investor relations conferences and marketing activities.

7. MINERAL PROPERTIES

As at June 30, 2015 and December 31, 2014, the Company has capitalized the following acquisition, exploration and evaluation costs on its 100% owned mineral properties:

	Mexico													USA	
	Miranda	Socorro	San Ricardo	Peñasco Quemado	La Frazada	Los Tamales	Puertecitos	Pluton	Margaritas	Los Lobos	La Sorpresa	Others[1]	Total	Turquoise Canyon	Total
Balance December 31, 2013	**$ 315,701**	**$ 183,241**	**$ 252,100**	**$ -**	**$ -**	**$ -**	**$ 82,890**	**$ 494,362**	**$ -**	**$ -**	**$ -**	**$ 61,116**	**$ 1,389,410**	**$ 425,990**	**$ 1,815,400**
Acquisition	-	-	-	1,672,036	1,361,640	-	-	-	45,661	269,148	206,828	-	3,555,313	-	3,555,313
Mineral concessions and option payments	21,576	78,928	68,841	95,898	858	10,948	12,444	82,208	12,480	41,274	10,829	42,898	479,182	34,212	513,394
Geological consulting and lab	4,000	1,006	1,006	-	-	1,006	-	1,631	-	-	-	-	8,649	-	8,649
Field supplies and other	719	-	-	-	-	-	-	-	-	-	-	-	719	-	719
Travel and administration	3,096	2,388	5,388	1,648	297	2,193	297	4,457	-	1,024	3,564	3,067	27,419	-	27,419
Total expenditures	29,391	82,322	75,235	1,769,582	1,362,795	14,147	12,741	88,296	58,141	311,446	221,221	45,965	4,071,282	34,212	4,105,494
Write-down of mineral properties	-	-	-	-	-	-	-	-	-	-	(221,221)	-	(221,221)	-	(221,221)
Option payments and expenditures recovered	-	-	(36,436)	-	-	(5,568)	-	-	-	-	-	-	(42,004)	-	(42,004)
Balance December 31, 2014	**$ 345,092**	**$ 265,563**	**$ 290,899**	**$ 1,769,582**	**$ 1,362,795**	**$ 8,579**	**$ 95,631**	**$ 582,658**	**$ 58,141**	**$ 311,446**	**$ -**	**$ 107,081**	**$ 5,197,467**	**$ 460,202**	**$ 5,657,669**
Mineral concessions	18,458	42,355	46,718	125,000	810	5,327	5,902	44,644	4,768	38,985	-	68,768	401,735	-	401,735
Surveying, geological consulting and lab	55,019	7,208	1,625	-	-	130	575	43	-	-	-	-	64,600	-	64,600
Field supplies and other	5,338	5,709	213	-	-	-	13	195	-	-	-	-	11,468	-	11,468
Travel and administration	14,832	5,524	668	-	-	-	-	99	-	-	-	-	21,123	-	21,123
Total expenditures	93,647	60,796	49,224	125,000	810	5,457	6,490	44,981	4,768	38,985	-	68,768	498,926	-	498,926
Option payments and expenditures recovered	-	-	(8,830)	-	-	-	-	-	-	-	-	-	(8,830)	-	(8,830)
Balance June 30, 2015	**$ 438,739**	**$ 326,359**	**$ 331,293**	**$ 1,894,582**	**$ 1,363,605**	**$ 14,036**	**$ 102,121**	**$ 627,639**	**$ 62,909**	**$ 350,431**	**$ -**	**$ 175,849**	**$ 5,687,563**	**$ 460,202**	**$ 6,147,765**

(1) Other mineral properties include the Geranio, El Apache, El Roble, Batacosa, Lachatao, Tierritas and Montana Negra properties.

San Ricardo, Sonora, Mexico

The Company had optioned the property to Paget Minerals ("Paget") in 2012, however, in November 2014, Paget provided notice to the Company that it had elected not to incur and fund further work costs for the San Ricardo concessions under the option agreement. In March 2015, the Company received 882,968 shares of Paget at a fair value of CAD$0.01 per share as settlement of the agreement, which is recorded in Marketable Securities.

Pluton, Durango, Mexico

In 2009, the Company entered into an option agreement, which was subsequently amended in January 2015, with the VP Exploration, a related party, to acquire a 100% interest in the Pluton property. In order to exercise the option, the Company must, on or before May 5, 2017, make a final option payment of $2,000,000 in cash or shares and satisfy a work commitment to incur $500,000 in exploration expenditures.

8. VALUE-ADDED TAX RECEIVABLE

The Company, through its Mexican subsidiaries, pays value added tax on the purchases of goods and services at a rate of 16%. The amount paid or payable is recoverable and the Company has been successful in applying for and receiving refunds in the past from the local tax authorities. However, there is no guarantee this will continue and, as such, these receivables are recorded as a non-current asset.

9. ACQUISITION OF COASTAL GOLD CORP.

On May 12, 2015, the Company entered into a definitive arrangement agreement (the "Arrangement Agreement") with Coastal Gold Corp. ("Coastal") under which the Company would acquire all of the outstanding common shares of Coastal on the basis of 0.1625 common shares in the capital of First Mining for each Coastal common share by way of a plan of arrangement under the *Business Corporations Act* (Ontario) (the "Transaction"). The Transaction will be conducted by way of a court-approved plan of arrangement, resulting in Coastal becoming a wholly-owned subsidiary of First Mining.

The parties have also entered into a loan agreement whereby First Mining has advanced to Coastal $760,570 (CAD $950,000) (the "Loan") in order to allow Coastal to settle the termination fee payable under a previous agreement (the "Sulliden Agreement") with Sulliden Mining Capital Inc. ("Sulliden"), to repay the loan previously advanced by Sulliden to Coastal and to pay Coastal's expenses in connection with the Transaction and the Sulliden Agreement. The Loan accrues interest at the rate of 8% per annum and matures on the earlier of: (a) the completion of the Transaction; (b) termination of the Arrangement Agreement; and (c) the date that is six months following the date of the Loan. As at June 30, 2015, interest of $8,285 has been accrued.

Transaction costs associated with the Arrangement Agreement will be included in the consideration paid to acquire the net assets of Coastal. Accordingly, the Company has deferred the transaction costs to date of $411,592.

The Arrangement Agreement was completed on July 7, 2015 (see Note 18).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Category	June 30, 2015	December 31, 2014
Accounts payable	$ 280,440	$ 913,486
Other accrued liabilities	122,346	183,036
Total	**$ 402,786**	**$ 1,096,522**

Other accrued liabilities primarily include unpaid concession taxes on a Mexico property which was relinquished by the Company.

11. LOANS PAYABLE

In 2013 and 2014, the Company received cash and issued promissory notes for a total of $500,000 to First Majestic Silver Corp. ("First Majestic"), a related party. The promissory notes carry an interest rate of 9% per annum and are repayable 30 days following the date First Majestic demands repayment.

In January 2015, the Company received cash and issued an additional $500,000 promissory note to First Majestic, which carries the same terms as previous promissory notes. As at June 30, 2015, the total loan principal outstanding was $1,000,000 and interest of $81,851 has been accrued (December 31, 2014 - $500,000 and $39,686 respectively).

As at the date of approval of these condensed interim consolidated financial statements, the lender has not demanded repayment.

12. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value
Unlimited number of preferred shares with no par value

b) Issued and Fully Paid

Common shares: 73,766,451 (December 31, 2014 – 46,083,730)
Preference shares: nil (December 31, 2014 – nil)

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

- completed a $3,958,825 (CAD$5,024,965) private placement by issuing 12,562,412 common shares at CAD$0.40 per share;
- issued 10,895,000 common shares at a fair value of $2,347,873 (CAD$2,723,750) on conversion of subscription receipts at a price of CAD$0.25 per share (see Note 5);
- issued 2,692,124 common shares at a fair value of $530,214 (CAD$673,031), or CAD$0.25 per share in the RTO transaction (see Note 4); and
- issued 1,533,185 common shares for the settlement of debt in the amount of $419,421. The common shares issued were recorded at a fair value of $341,985 or CAD$0.25 per share, resulting in a gain on debt settlement of $77,436.

There were a total of 7,332,273 common shares of the Company held in escrow under the Escrow Value Security Agreement dated March 30, 2015, on the completion of the RTO. Under this agreement, 10% of the shares were released immediately and 15% will be released every six months thereafter with the final release being on March 30, 2018. As at June 30, 2015, there were 6,599,047 common shares of the Company held in escrow (December 31, 2014 – nil).

There were a total of 1,369,500 common shares of the Company held in escrow under the CPC Escrow Agreement dated August 2, 2005. At completion of the RTO, 10% of the common shares were released and 15% will be released every six months thereafter with the final release being March 30, 2018. As at June 30, 2015 there were 1,232,550 common shares of the Company held in escrow (December 31, 2014 – 1,369,500 based on 4:1 rollback).

During the six months ended June 30, 2014, the Company did not issue any shares.

c) Warrants

The Company's warrants outstanding as at June 30, 2015 and December 31, 2014 and the changes for the periods then ended are as follows:

	Number	Weighted Average Exercise Price (CAD$)
Balance as at December 31, 2013	**2,423,281**	**$ 0.30**
Expired	(2,423,281)	0.30
Balance as at December 31, 2014	**-**	**$ -**
Issued	623,925	0.40
Balance as at June 30, 2015	**623,925**	**$ 0.40**

12. SHARE CAPITAL (continued)

c) Warrants (continued)

As at June 30, 2015, the 623,925 warrants outstanding have an expiry date of September 30, 2016 and a weighted average remaining life of 1.25 years.

Warrants with a fair value of $83,464 were issued to the agents and other finders for their services in connection with the private placement completed on March 30, 2015. The Black-Scholes Pricing Model was used to estimate a warrant fair value of $0.13 per unit using the following assumptions: expected warrant life of 1.5 years; a risk-free interest rate of 0.78%; a dividend yield of nil and an expected volatility of 90.43%.

The related expense was treated as a share-issuance cost.

d) Share Options

The Company has adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees and consultants to the Company. Stock options granted under the plan may be subject to vesting provisions as determined by the Board of Directors. All options granted and outstanding are fully vested and exercisable.

All share options of the Company prior to the RTO were cancelled effective July 1, 2014 as part of the Arrangement (Note 4).

The Company granted the following options to directors and officers during the period ended June 30, 2015:

	Number	Weighted Average Exercise Price (CAD$)
Balance as at December 31, 2014	**-**	**$ -**
Issued – March 30, 2015	2,550,000	0.40
Balance as at June 30, 2015	**2,550,000**	**$ 0.40**

These options vested immediately and the total share-based payment expense recorded during the period ended June 30, 2015 was $549,985. As at June 30, 2015, the 2,550,000 outstanding options have an expiry date of March 30, 2020 and a weighted average remaining life of 4.75 years.

The Black-Scholes Pricing Model was used to estimate a share options fair value of $0.21 per option using the following assumptions: expected option life of 5.0 years; a risk-free interest rate of 1.38%; a dividend yield of nil and an expected volatility of 87.67%.

13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition of and the exploration and development of mineral property assets. Geographic segment information of the Company's assets and liabilities as at June 30, 2015 and December 31, 2014 is as follows:

Identifiable assets	**June 30, 2015**	**December 31, 2014**
Canada	$ 5,216,970	$ 2,615,752
Mexico	5,678,722	5,153,669
USA	460,471	461,646
Total	**$ 11,356,163**	**$ 8,231,067**

Identifiable liabilities	**June 30, 2015**	**December 31, 2014**
Canada	$ (1,363,538)	$ (1,521,057)
Mexico	(121,099)	(115,151)
USA	-	-
Total	**$ (1,484,637)**	**$ (1,636,208)**

Geographic segmentation of the Company's net loss for the three and six months ended June 30, 2015 and 2014 is as follows:

Net loss	**Three months ended June 30,**		**Six months ended June 30,**	
	2015	**2014**	**2015**	**2014**
Canada	$ (304,155)	$ (64,372)	$ (1,615,469)	$ (128,487)
Mexico	(26,216)	(59,114)	(54,277)	(73,714)
USA	(1,788)	(1,212)	(3,173)	(2,114)
Total	**$ (332,159)**	**$ (124,698)**	**$ (1,672,919)**	**$ (204,315)**

14. RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's Directors and Officers, and any companies associated with them. The Company incurred the following expenditures during the three and six months ended June 30, 2015 and 2014:

Service or Item	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Administration and office	$ 20,000	$ 26,553	$ 35,000	$ 48,062
Consulting fees	-	36,000	-	72,000
Legal fees	-	42,449	-	43,570
Total	**$ 20,000**	**$ 105,002**	**$ 35,000**	**$ 163,632**

Administration and office include amounts paid to First Majestic Silver Corp. ("First Majestic"), a company with three Directors in common, which provides management services, a Chief Financial Officer ("CFO"), Corporate Secretary and office space to the Company.

Prior to July 1, 2014, Seabord Services Corp. ("Seabord") was a management services company which provided a CFO, a Corporate Secretary, accounting and administration staff and office space to the Company. Under this arrangement, the CFO and Corporate Secretary were employees of Seabord and were not paid directly by the Company. Seabord ceased to be a related party on July 1, 2014 after termination of their agreement.

Consulting fees include amounts paid to the Chief Executive Officer and the VP Exploration prior to signing employment agreements with the Company.

Legal fees include amounts paid to a firm in which a former Director was a partner. The law firm ceased to be a related party on July 1, 2014 after resignation of the related Director.

As at June 30, 2015, included in accounts payable is an amount of $15,372 (December 31, 2014 - $364,839) due to the Chief Executive Officer and the VP Exploration who were consultants prior to the RTO, and included in current liabilities is an amount of $1,081,851 (December 31, 2014 - $569,686) due to First Majestic.

Key Management Compensation

Key management includes the Officers and Directors of the Company. The compensation paid or payable to key management for services during the three and six months ended June 30, 2015 and 2014 is as follows:

Service or Item	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Directors' fees	$ -	$ 12,000	$ -	$ 12,000
Salaries and consultants	76,786	36,000	126,377	72,000
Share-based payments	-	-	549,985	-
Total	**$ 76,786**	**$ 48,000**	**$ 676,362**	**$ 84,000**

15. SUPPLEMENTAL CASH FLOW INFORMATION

During the six months ended June 30, 2015, significant non-cash investing and financing transactions were as follows:

- 10,895,000 subscription receipts were converted into common shares with a value of $2,347,873 (see Note 5);
- Issued 1,533,185 common shares for settlement of $341,985 in debt (see Note 12 (b)); and
- Paid or accrued $nil for income taxes (2014 - $nil).

16. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including market risk (including foreign currency risk, interest rate risk, commodity price risk and equity price risk), credit risk and liquidity risk. Since the audited consolidated financial statements for the year ended December 31, 2014, management has included the following updates to its assessment of financial risks:

- Foreign currency risk as a result of financings based in Canadian dollar currency;
- Credit risk as a result of the Loan to Coastal; and
- Liquidity risk as a result of the Arrangement Agreement with Coastal.

Other than noted above, there have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them since December 31, 2014.

17. FAIR VALUE

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within 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: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and cash equivalents, receivables and prepaid expenses, accounts payable and accrued liabilities, loans receivable and loans payable approximated their fair value because of the short-term nature of these instruments. The carrying value of marketable securities was based on the quoted market prices of the shares as at June 30, 2015 and is therefore considered to be Level 1.

18. SUBSEQUENT EVENTS

a) Completion of Coastal Gold Corp. Acquisition

On July 7, 2015, the Company completed by court-approval under the Business Corporations Act (Ontario) the Transaction with Coastal Gold Corp. ("Coastal"). Under the Plan of Arrangement, the Company acquired all of the issued and outstanding common shares of Coastal on the basis of 0.1625 Company shares for each common share of Coastal previously held. The Arrangement implied a value of CAD $0.065 per Coastal common share and an overall equity value of approximately $8.7 million (CAD $11.0 million) upon issuance of 27,499,461 common shares of the Company. At the time of filing these condensed interim consolidated financial statements, sufficient information to determine the Purchase Price Allocation ("PPA") of the Arrangement is not yet available.

All share options of Coastal outstanding immediately prior to closing of the Arrangement are exercisable for that number of common shares of the Company using the same exchange ratio applicable to the Coastal common shares under the Arrangement resulting in 2,264,607 share options of the Company, with the corresponding exercise price adjustment on the basis of such exchange ratio.

b) Exercise of Warrants

Subsequent to June 30, 2015, 24,450 warrants of the Company were exercised for gross proceeds of $7,731 (CAD $9,780).

c) Issuance of Share Options

On July 27, 2015, 980,000 share options of the Company were granted at an exercise price of CAD $0.40 and expire five years from the grant date.