

RED EAGLE MINING CORPORATION

Unaudited interim condensed consolidated financial statements

Three and six months ended June 30, 2015

NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. 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.

RED EAGLE MINING CORPORATION

Consolidated statements of financial position

(expressed in Canadian dollars)

As at	Notes	June 30, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	13	$ 789,651	$ 427,290
Other financial assets	5	609,985	160,000
Amounts receivable		184,766	84,216
Prepaid deposits and expenses	6	1,930,749	133,412
Deferred debt costs	10	360,417	-
		3,875,568	**804,918**
Non-current assets			
Equipment	7	192,831	267,101
Mineral properties	8	3,400,612	412,775
VAT and other receivables	9	780,461	-
		4,373,904	**679,876**
Total assets		$ **8,249,472**	$ **1,484,794**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 4,346,117	$ 469,201
Mineral property obligations	8	710,355	639,485
		5,056,472	**1,108,686**
Non-current liabilities			
Mineral property obligations	8	1,063,775	1,144,410
		1,063,775	**1,144,410**
Total liabilities		**6,120,247**	**2,253,096**
SHAREHOLDERS' EQUITY	10		
Share capital		$ 43,050,282	$ 37,163,964
Warrants reserve		91,615	122,153
Share option reserve		1,583,727	1,082,453
Foreign exchange reserve		(409,829)	(310,142)
Deficit		(42,186,570)	(38,826,730)
Total shareholders' equity		$ **2,129,225**	$ **(768,302)**
Total liabilities and shareholders' equity		$ **8,249,472**	$ **1,484,794**
Commitments	11		
Subsequent events – Equity and debt financing completed	13		

On behalf of the Board of Directors:

(signed) "Jeffrey Mason"
Director

(signed) "Ian Slater"
Director

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

RED EAGLE MINING CORPORATION

Consolidated statements of loss and comprehensive loss

(expressed in Canadian dollars)

	Notes	For the three months ended: June 30, 2015	For the three months ended: June 30, 2014	For the six months ended: June 30, 2015	For the six months ended: June 30, 2014
Expenses					
Mineral property exploration costs	8	$ -	$ 1,741,164	$ 1,960,655	$ 2,826,302
Office and administration		577,442	441,986	797,167	633,229
Salaries and benefits		432,951	297,671	584,703	418,813
Professional fees		110,778	36,141	250,684	150,661
Relations and business development		103,684	108,284	242,909	195,721
VAT recovery	9	(740,175)	-	(740,175)	-
		484,680	**2,625,246**	**3,095,943**	**4,224,726**
Other expenses (income)					
Foreign exchange		90,259	(10,933)	261,830	40,321
Interest		6,250	(15,129)	7,166	(24,085)
Other		(535)	-	25,439	-
Loss before tax		**580,654**	**2,599,184**	**3,390,378**	**4,240,962**
Deferred tax recovery		-	-	(3,970)	-
Net loss		**$ 580,654**	**$ 2,599,184**	**$ 3,386,408**	**$ 4,240,962**
OTHER COMPREHENSIVE LOSS (OCL)					
OCL to be classified to profit and loss in subsequent periods:					
Foreign currency translation difference for foreign operations		110,366	3,052	99,687	(6,076)
Total comprehensive loss		**$ 691,020**	**$ 2,602,236**	**$ 3,486,095**	**$ 4,234,886**
Net loss attributable to:					
Equity holders of the parent		580,654	2,584,049	3,386,408	4,207,292
Non-controlling interest		-	15,135	-	33,670
		$ 580,654	**$ 2,599,184**	**$ 3,386,408**	**$ 4,240,962**
Total comprehensive loss attributable to:					
Equity holders of the parent		691,020	2,588,263	3,486,095	4,204,800
Non-controlling interest		-	13,973	-	30,086
		$ 691,020	**$ 2,602,236**	**$ 3,486,095**	**$ 4,234,886**
Basic and diluted loss per share attributable to ordinary equity holders of the parent		$ 0.01	$ 0.04	$ 0.04	$ 0.06
Weighted average number of common shares outstanding		92,404,341	72,339,483	84,489,670	65,541,417

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RED EAGLE MINING CORPORATION

Consolidated statements of changes in equity

(expressed in Canadian dollars)

		Attributable to equity holders of the parent							
	Number of shares	Share capital	Warrants	Share option reserve	Foreign exchange reserve	Deficit	Total	Non-controlling interest	Total
Balance as at December 31, 2013	**58,667,818**	**$ 32,665,403**	**$ 122,153**	**$ 2,775,301**	**$ (111,194)**	**$ (32,203,324)**	**$ 3,248,339**	**$ 192,099**	**$ 3,440,438**
Shares issued (*Note 10*)	15,164,896	4,454,882	-	-	-	-	4,454,882	-	4,454,882
Share option based payments (*Note 10*)	-	-	-	313,318	-	-	313,318	-	313,318
Shares issued under the option agreement	100,000	28,000	-	-	-	-	28,000	-	28,000
Unexercised share options	-	-	-	(44,000)	-	44,000	-	-	-
Total comprehensive loss	-	-	-	-	2,492	(4,207,292)	(4,204,800)	(30,086)	(4,234,886)
Funding of NCI net of dilutions	-	-	-	-	-	(59,077)	(59,077)	59,077	-
Balance as at June 30, 2014	**73,932,714**	**$ 37,148,285**	**$ 122,153**	**$ 3,044,619**	**$ (108,702)**	**$ (36,425,693)**	**$ 3,780,662**	**$ 221,090**	**$ 4,001,752**
Balance as at December 31, 2014	**73,932,714**	**$ 37,163,964**	**$ 122,153**	**$ 1,082,453**	**$ (310,142)**	**$ (38,826,730)**	**$ (768,302)**	**$ -**	**$ (768,302)**
Shares issued (*Note 10*)	18,471,627	5,886,318	-	-	-	-	5,886,318	-	5,886,318
Share option based payments (*Note 10*)	-	-	-	501,274	-	-	501,274	-	501,274
Expiry of warrants	-	-	(26,568)	-	-	26,568	-	-	-
Tax charge on expiry of warrants	-	-	(3,970)	-	-	-	(3,970)	-	(3,970)
Total comprehensive loss	-	-	-	-	(99,687)	(3,386,408)	(3,486,095)	-	(3,486,095)
Balance as at June 30, 2015	**92,404,341**	**$ 43,050,282**	**$ 91,615**	**$ 1,583,727**	**$ (409,829)**	**$ (42,186,570)**	**$ 2,129,225**	**$ -**	**$ 2,129,225**

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

RED EAGLE MINING CORPORATION

Consolidated statements of cash flows

(expressed in Canadian dollars)

For the six months ended	Notes	June 30, 2015	June 30, 2014
OPERATING ACTIVITIES			
Net loss		**$ (3,386,408)**	**$ (4,240,962)**
Adjustments for items not affecting cash:			
VAT recovery	9	(740,175)	-
Share based payments		501,274	313,318
Depreciation		86,106	63,925
Foreign exchange (gain) loss		(50,613)	44,416
Deferred tax recovery		(3,970)	-
Accretion expense		1,925	325
		(3,591,861)	**(3,818,978)**
Net changes in non-cash working capital items:			
Increase in amounts receivable and other assets		(550,535)	(68,281)
Increase in prepaid expenses		(166,996)	(2,454)
Increase (decrease) in accounts payable and accrued liabilities		1,908,910	(111,065)
Net cash outflows from operating activities		**(2,400,482)**	**(4,000,778)**
FINANCING ACTIVITIES			
Issuance of common shares, net of share issue costs	10	5,886,318	4,454,882
Deferred debt costs	10	(360,417)	-
Net cash inflows from financing activities		**5,525,901**	**4,454,882**
INVESTING ACTIVITIES			
Acquisition of mineral properties		(2,860,066)	(111,550)
Purchase of equipment		(15,255)	-
Net cash outflows from investing activities		**(2,875,321)**	**(111,550)**
Net foreign exchange differences		112,263	(11,619)
Net increase in cash and cash equivalents		362,361	330,935
Cash and cash equivalents, beginning of period		427,290	4,118,484
Cash and cash equivalents, end of period		**$ 789,651**	**$ 4,449,419**

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Red Eagle Mining Corporation was incorporated under the *Business Corporations Act* in British Columbia, Canada on January 4, 2010.

The address and domicile of the Company's registered office and its principal place of business is Suite 920 - 1030 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2Y3.

The Company is primarily engaged in the exploration, development and permitting of its mineral properties, including the construction of the San Ramon Gold Mine and Mill. The Company is considered to be in the exploration and development stage given that its mineral properties are not yet in production and, to date, have not earned any significant revenues. The recoverability of amounts shown for exploration and evaluation assets is dependent on the existence of economically recoverable reserves, obtaining and maintaining the necessary permits to operate a mine, obtaining the financing to complete development and future profitable production. These unaudited interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern that assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Management has carried out an assessment of the going concern assumption and has concluded that the Company has sufficient cash and cash equivalents, along with a debt credit facility (*Note 10*) to continue operating for the ensuing twelve months. These unaudited interim condensed consolidated financial statements do not give effect to any adjustment, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the unaudited interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim financial reporting" and accordingly they do not contain all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Therefore, they should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2014, except for the adoption of the new standards as discussed in *Note 3*. Additionally, effective April 1, 2015, the Company commenced capitalization of all direct costs related to the development of mineral properties.

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

The unaudited interim condensed consolidated financial statements of Red Eagle Mining Corporation and all of its subsidiaries (the "Company") for the three and six months ended June 30, 2015 were authorized for issue on August 31, 2015 in accordance with a resolution of the audit committee, to whom the authority covering interim and not annual financial statements was delegated by a resolution of the board of directors.

Basis of consolidation

These unaudited interim condensed consolidated financial statements comprise the accounts of the Company and the following 100% owned subsidiaries:

- REMDC Holdings Limited, a company incorporated in Canada;
- Red Eagle Mining de Colombia S.A.S., a company incorporated in Colombia; and
- Red Eagle Finance Limited, a company incorporated in the British Virgin Islands.

The comparative financial information for the six months ended June 30, 2014 includes the results of Rovira Mining Limited, a company incorporated in Canada, where the Company had a 70% share ownership interest.

3. RECENTLY ADOPTED ACCOUNTING STANDARDS

The following accounting standards were adopted effective January 1, 2015:

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions, which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

Adoption of the standard had no impact on the consolidated financial position and consolidated financial results of the Company.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following accounting standards have been issued but not yet effective:

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. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an immaterial effect on the Company's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

5. OTHER FINANCIAL ASSETS

Other financial assets consist of a guaranteed investment certificate ("GIC") of $70,000 (2014: $160,000) and funds of $539,985 (2014: nil) related to the financing that was completed subsequent to June 30, 2015 (*Note 13*).

6. PREPAID DEPOSITS AND EXPENSES

As at	June 30, 2015	December 31, 2014
Deposits on mill equipment	$ 1,630,341	$ -
General operational prepaids	300,408	133,412
	$ 1,930,749	**$ 133,412**

7. EQUIPMENT

	Computer hardware	Field equipment	Office equipment	Software	Vehicles	Total
Cost						
Balance, December 31, 2014	**90,978**	**170,801**	**142,951**	**101,865**	**247,077**	**753,672**
Additions	3,049	186	-	12,021	(1)	15,255
Foreign currency translation	(2,529)	(2,537)	(4,359)	-	(6,688)	(16,113)
Balance, June 30, 2015	**91,498**	**168,450**	**138,592**	**113,886**	**240,388**	**752,814**
Accumulated depreciation						
Balance, December 31, 2014	**(45,764)**	**(85,799)**	**(71,731)**	**(88,845)**	**(194,432)**	**(486,571)**
Depreciation charged	(17,983)	(21,624)	(23,242)	(3,011)	(20,246)	(86,106)
Foreign currency translation	2,461	1,875	2,509	-	5,849	12,694
Balance, June 30, 2015	**(61,286)**	**(105,548)**	**(92,464)**	**(91,856)**	**(208,829)**	**(559,983)**
Net book value, December 31, 2014	**45,214**	**85,002**	**71,220**	**13,020**	**52,645**	**267,101**
Net book value, June 30, 2015	**30,212**	**62,902**	**46,128**	**22,030**	**31,559**	**192,831**

8. MINERAL PROPERTIES

Santa Rosa

a) On April 15, 2011, the Company acquired 100% of the Santa Rosa Gold Project in Antioquia, Colombia, for US $9,600,000. Of this, US $9,150,000 ($9,402,956) has been paid with the remaining US $450,000 ($555,930) paid subsequent to June 30, 2015 on July 23, 2015. The Company also agreed to acquire certain adjacent concession contracts for US$780,000, of which US$40,000 ($40,600) has been paid and US$740,000 ($914,196) is due upon title transfer, which is expected after 2015.

b) On October 22, 2012, concurrent with a private placement financing, the Company completed the sale of a 2% NSR royalty over the Santa Rosa property to Liberty Metals and Mining Holdings, LLC, ("LMM") a 19.9% common shareholder of the Company, for gross proceeds of $8,333,333. The Company had the option to sell an additional 1% royalty for $4,166,667 at any time until December 31, 2013 and on December 20, 2013, the Company exercised this option. These transactions were recorded as a credit to the mineral property asset class, reducing the value of the property to nil and the excess was reflected as a gain of $1,415,704 in the statement of comprehensive loss. The Company has the option to repurchase a 1% royalty for $8,333,333 at any time during the first two years of commercial gold production. LMM also has a participation right to maintain LMM's then current share ownership interest in the Company.

c) On October 24, 2012, the Company executed a purchase agreement with Bullet Holdings Corp. to acquire mineral concession contracts totaling 35,910 hectares adjacent to the Company's Santa Rosa Gold Project. The consideration for the transaction was the issuance of 905,000 common shares, reimbursement of current year concession fees and the granting of a 1.5% NSR royalty over the properties acquired. LMM's royalty does not cover these new properties.

d) On May 28, 2014, the Company executed a purchase agreement with AngloGold Ashanti Colombia S.A. ("AGAC"), to acquire 100% of contiguous mineral concession contracts totaling 1,673 hectares within the Company's Santa Rosa Gold Project. In consideration for the property, the Company has agreed to pay US$375,000 to AGAC and grant AGAC a 2% net smelter return royalty over the properties acquired. The cash payments completed and to be made, are as follows:

	US $
Within 10 days of execution of contract (paid)	25,000
Upon title transfer (paid)	100,000
March 18, 2016	125,000
March 18, 2017	125,000
	375,000

As at June 30, 2015 the mineral property obligation relating to this acquisition was $304,004, which represents the discounted value of the US$250,000 remaining to be paid. The Company has recorded an interest expense of $1,925 relating to the unwinding of the discount on the obligation in the six months ended June 30, 2015.

Pavo Real

As Red Eagle Mining terminated its option agreement with Miranda Gold Corp. on the Pavo Real Project, the Company's 70% interest in Rovira Mining Limited was transferred to Miranda Gold Colombia I Ltd. on December 31, 2014 for no consideration. The Pavo Real Project was dropped as exploration results to date did not merit further work and the Company is focused on developing the Santa Rosa Gold Project.

8. MINERAL PROPERTIES (CONTINUED)

CB Gold

On June 30, 2015, the Company commenced a share exchange takeover bid by way of an offer circular to acquire all of the issued and outstanding common shares of CB Gold Inc. ("CB Gold"), a TSX-V public company. Under the terms of the offer, each CB Gold common share will be exchanged for 0.162 of a Red Eagle Mining common share with an implied value of $0.05 per CB Gold Share and an implied total offer value for all outstanding CB Gold Shares of approximately $8,400,000 based on Red Eagle Mining's 20-day volume weighted average share price ("VWAP") of $0.31. The offer expires on August 31, 2015, unless withdrawn or extended.

The following are the changes to mineral properties for the six months ended June 30, 2015:

December 31, 2014	**$ 412,775**
Capitalized cost	2,787,047
Foreign currency translation and other	200,790
June 30, 2015	**$ 3,400,612**

Mineral property obligations represent the Company's outstanding payables to the following parties:

As at	June 30, 2015	December 31, 2014
Santa Rosa		
Individuals – (a) above	$ 1,470,126	$ 1,383,613
AngloGold Ashanti Colombia S.A. – (d) above	304,004	400,282
Total obligations	**1,774,130**	**1,783,895**
Non-current portion of obligations	(1,063,775)	(1,144,410)
Current obligations	**$ 710,355**	**$ 639,485**

The following are changes in mineral property obligations during the six months ended June 30, 2015:

December 31, 2014	**$ 1,783,895**
Repayments	(124,680)
Foreign exchange translation loss	112,990
Interest charge	1,925
June 30, 2015	**$ 1,774,130**

8. MINERAL PROPERTIES (CONTINUED)

Following is a summary of the Santa Rosa and Pavo Real exploration costs:

For the six months ended June 30, 2015	Santa Rosa	Pavo Real	Total
Salaries and consulting	$ 1,404,346	$ -	$ 1,404,346
EPCM	1,151,766	-	1,151,766
Field and camp	879,914	-	879,914
Engineering	490,658	-	490,658
Legal and office administration	467,906	-	467,906
Travel and transportation	145,521	-	145,521
Depreciation	96,867	-	96,867
Metallurgical	64,227	-	64,227
Concession fees	30,597	-	30,597
Assays and sampling	15,900	-	15,900
Exploration and development costs	**$ 4,747,702**	$ -	**$ 4,747,702**
Capitalized costs	(2,787,047)	-	(2,787,047)
Cost recognized in comprehensive loss	**1,960,655**	**-**	**1,960,655**
Cumulative costs as at June 30, 2015	**$ 32,275,574**	**$ 5,424,853**	**$ 37,700,427**

For the six months ended June 30, 2014	Santa Rosa	Pavo Real	Total
Salaries and consulting	$ 959,976	$ 48,961	$ 1,008,937
Field and camp	279,366	25,858	305,224
Legal and office administration	157,210	12,230	169,440
Travel and transportation	119,193	6,968	126,161
Depreciation	51,488	12,434	63,922
Metallurgical	120,904	-	120,904
Concession fees	329	6,665	6,994
Assays and sampling	19,505	9,644	29,149
Technical studies	957,994	-	957,994
License and permits	37,577	-	37,577
Cost recognized in comprehensive loss	**$ 2,703,542**	**$ 122,760**	**$ 2,826,302**
Cumulative costs as at June 30, 2014	**$ 24,558,068**	**$ 5,040,199**	**$ 29,598,267**

9. VAT AND OTHER RECEIVABLES

As at	June 30, 2015	December 31, 2014
VAT credits receivable	$ 770,725	$ -
Other receivables	9,736	-
	$ 780,461	**$ -**

During the three months ended June 30, 2015, the Company recognized value added tax ("VAT") credits receivable, representing the cumulative amount of VAT paid to the Colombian Government. These VAT credits are recoverable against corporate taxes payable in Colombia. These amounts are classified as long term as the Company does not expect to fully recover them in the next year.

10. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued during the six months ended June 30, 2015

During the six months ended June 30, 2015 the Company issued 18,471,627 common shares at $0.33 per share for gross proceeds of $6,095,636 in two tranches to Orion Mine Finance ("Orion"). As a result, Orion has become a 19.9% holder of the issued and outstanding shares of the Company and has a participation right to maintain Orion's then current share ownership interest in the Company.

The Company also executed a secured US $60,000,000 credit facility (the "Credit Facility") with Orion on the following key terms:

- Draw down of the Credit Facility is subject to the Company completing an additional equity financing of at least US $15,000,000, which was subsequently completed on July 17, 2015 (*Note 13*);
- The Credit Facility will have a five year term with a principal holiday and capitalized interest for up to 18 months from the first advance;
- Advances under the Credit Facility will bear interest at LIBOR +7.5%;
- A Production Payment of US $30 per ounce produced is payable on the first 405,000 ounces of gold produced;
- Granting of 5,000,000 warrants to Orion to purchase shares of the Company exercisable for a five year term, which were granted on July 17, 2015 at a strike price of $0.275 (*Note 13*).

Amounts outstanding under the Credit Facility, to which there are none as at June 30, 2015, will be secured against all of the Company's property and assets. The Company incurred $360,417 of legal fees to execute the Credit Facility, which was recorded as deferred debt costs as at June 30, 2015, and will be amortized to expense over the life of the debt on an effective interest basis.

10. SHARE CAPITAL (CONTINUED)

c) Warrants

No warrants were issued during the six months ended June 30, 2015.

On February 12, 2015, 1,125,000 warrants expired unexercised.

The following summarizes the share purchase warrants outstanding at June 30, 2015:

Expiry date	Warrants outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
June 28, 2016	3,375,000	$ 0.25	1.25
	3,375,000	**$ 0.25**	**1.25**

On July 17, 2015, 5,000,000, warrants to purchase shares of the Company were granted to Orion exercisable for a five year term at a strike price of $0.275 (*Note 13*).

d) Options and Share Purchase Option Plan

On March 9, 2015, 87,500 share purchase options that had been granted to an employee expired unexercised following his departure.

On May 6, 2015, the Company announced the grant of 3,160,000 incentive stock options exercisable at a price of $0.33 until May 6, 2020 to directors, officers and employees.

The following summarizes information about share options outstanding and exercisable at June 30, 2015:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (years)
December 6, 2017	2,155,000	2,155,000	$ 0.55	2.44
April 9, 2019	2,105,000	1,947,500	0.33	3.78
May 6, 2020	3,160,000	2,402,500	0.33	4.85
	7,420,000	**6,505,000**	**$ 0.39**	**3.85**

The Company has calculated the fair value of options granted using the Black-Scholes option valuation model with the following variables:

Grant date	May 6, 2015
Share price on measurement date	$ 0.33
Exercise price	$ 0.33
Risk free interest rate	0.69% - 1.73%
Expected annual volatility	100%
Expected life (years)	2.5 - 5.0
Expected dividends (yield)	0%
Fair value at measurement date	$ **0.18 - 0.21**

The total share based payments expense for the six months ended June 30, 2015 was $501,274 (2014: $313,318), including capitalized amount of $143,892 (2014: nil).

11. COMMITMENTS

The Company has commitments related to capital expenditures for the development and construction of the San Ramon Gold Mine and Mill as at June 30, 2015 of $4,137,301.

The Company has to make certain cash payments in order to meet the terms of the mineral property acquisition agreements as described *(Note 8)*.

12. FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents and receivables as loans and receivables; short-term investments as held-for-trading and accounts payable as other financial liabilities. There has been no change to the designations of financial instruments during the six months ended June 30, 2015.

Fair value

Management assessed that the fair values of cash and other financial assets, amounts receivable and payable and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices 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 that are not based on observable market data.

The Company currently has no financial instruments measured at fair value.

The Company uses the Bank of Canada prime rate in assessing the fair value of level 2 instruments.

The following table discloses the carrying value, which approximates fair value for mineral property obligations as at June 30, 2015 and December 31, 2014:

As at	June 30, 2015	December 31, 2014
Level 3		
Mineral property obligations	$ 1,774,130	$ 1,783,895

13. SUBSEQUENT EVENTS

Equity and Debt Financing Completed

On July 17, 2015 and August 21, 2015, the Company completed a private placement for gross proceeds of $19,352,939, consisting of 71,677,550 common shares at a price of $0.27 per Share (the "Financing"). LMM elected to exercise its participation right and has purchased 18,930,000 shares maintaining a 19.9% ownership interest in the Company.

STRACON GyM ("SGyM"), part of the Graña y Montero Group, agreed to purchase 33,539,360 shares for US $7,000,000, representing 19.9% of the outstanding shares of the Company upon completion of the Offering. Under the terms of the subscription agreement, so long as SGyM owns at least 15% of the issued and outstanding shares of the Company, SGyM shall have the right to appoint a director to the board of the Company and have the right to participate in any future equity financings in order to maintain SGyM's then current equity ownership in the Company. Accordingly, Mr. Steve Dixon, co-founder and Chief Executive Officer of SGyM has been appointed to the Board of Directors of the Company.

The condition precedent of completing an additional equity financing of at least US $15,000,000 in order to draw down the previously announced US $60,000,000 credit facility has been met. The Company has issued Orion (a) 4,104,804 common shares pursuant to an adjustment provision in the subscription agreement and (b) 5,000,000 warrants pursuant to the terms of the credit facility. Each warrant is exercisable for one common share at a price of $0.275 per share for a period of 5 years.