RED EAGLE MINING CORPORATION

Unaudited interim condensed consolidated financial statements

Three and six months ended June 30, 2014

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		**June 30, 2014**		December 31, 2013
ASSETS		***(unaudited)***		*(unaudited)*
Current assets				
Cash and cash equivalents (note 12)	**$**	**4,449,419**	$	4,118,484
Short term investments (note 12)		**160,000**		160,000
Amounts receivable		**116,672**		48,391
Prepaid expenses		**165,030**		162,576
		4,891,121		4,489,451
Non-current assets				
Equipment (note 5)	**$**	**384,060**	$	439,266
Mineral properties (note 6)		**1,173,821**		649,651
		1,557,881		1,088,917
TOTAL ASSETS	**$**	**6,449,002**	$	5,578,368
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (note 8)	**$**	**493,408**	$	597,950
Mineral property obligations (note 6)		**1,953,842**		1,539,980
TOTAL LIABILITIES	**$**	**2,447,250**	$	2,137,930
SHAREHOLDERS' EQUITY				
Share capital (note 7)	**$**	**37,148,285**	$	32,665,403
Warrants (note 7)		**1,692,316**		1,692,316
Share option reserve (note 7)		**3,223,836**		2,910,518
Foreign exchange reserve		**(108,702)**		(111,194)
Deficit		**(38,175,073)**		(33,908,704)
		3,780,662		3,248,339
Non-controlling interests		**221,090**		192,099
TOTAL EQUITY	**$**	**4,001,752**	$	3,440,438
TOTAL LIABILITIES AND EQUITY	**$**	**6,449,002**	$	5,578,368

Commitments (notes 6 and 10)
Segmented information (note 9)

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

RED EAGLE MINING CORPORATION
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the three months ended June 30, 2014	For the three months ended June 30, 2013	For the six months ended June 30, 2014	For the six months ended June 30, 2013
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
EXPENSES				
Mineral property exploration costs (note 6)	**$ 1,741,164**	$ 2,447,588	**$ 2,826,302**	$ 5,767,227
Office and administration	**441,986**	193,922	**633,229**	375,329
Relations and business development	**108,284**	105,264	**195,721**	326,241
Salaries and wages	**297,671**	109,439	**418,813**	252,157
Professional fees	**36,141**	105,603	**150,661**	120,529
	$ 2,625,246	$ 2,961,816	**$ 4,224,726**	$ 6,841,483
OTHER EXPENSES (INCOME)		-		
Foreign exchange (gain) loss	**(10,933)**	191,937	**40,321**	339,267
Interest and miscellaneous income	**(15,129)**	(20,365)	**(24,085)**	(52,027)
LOSS BEFORE TAX	**$ 2,599,184**	$ 3,133,388	**$ 4,240,962**	$ 7,128,723
Deferred tax recovery (note 7)	**-**	(217,000)	**-**	(217,000)
NET LOSS FOR THE PERIOD	**$ 2,599,184**	$ 2,916,388	**$ 4,240,962**	$ 6,911,723
OTHER COMPREHENSIVE (INCOME) LOSS				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	**3,052**	12,012	**(6,076)**	23,112
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**$ 2,602,236**	$ 2,928,400	**$ 4,234,886**	$ 6,934,835
		-		
Net loss attributable to:		-		
Equity holders of the parent	**$ 2,584,049**	$ 2,901,393	**$ 4,207,292**	$ 6,889,375
Non-controlling interests	**15,135**	14,995	**33,670**	22,348
	$ 2,599,184	$ 2,916,388	**$ 4,240,962**	$ 6,911,723
Total comprehensive loss attributable to:		-		
Equity holders of the parent	**$ 2,588,263**	$ 2,911,979	**$ 4,204,800**	$ 6,909,603
Non-controlling interests	**13,973**	16,421	**30,086**	25,232
	$ 2,602,236	$ 2,928,400	**$ 4,234,886**	$ 6,934,835
Basic and diluted loss per share attributable to ordinary equity holders of the parent	**$ 0.04**	$ 0.05	**$ 0.06**	$ 0.12
Weighted average number of common shares outstanding	**72,339,483**	58,574,411	**65,541,417**	58,571,133

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

RED EAGLE MINING CORPORATION
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Warrants	Share option reserve	Foreign exchange reserve	Deficit	Attributable to equity holders of the parent	Non-controlling interests	Total
Balance as at January 1, 2013	**58,567,818**	**$ 32,643,403**	**$ 1,909,316**	**$ 2,754,623**	**$ (23,817)**	**$ (24,172,555)**	**$ 13,110,970**	**$ 238,847**	**$ 13,349,817**
Shares issued for mineral properties (note 7)	100,000	22,000	-	-	-	-	**22,000**	**-**	**22,000**
Tax charge on expiry of warrants (note 7)	-	-	(217,000)	-	-	-	**(217,000)**	**-**	**(217,000)**
Share option based payments (note 7)	-	-	-	106,632	-	-	**106,632**	**-**	**106,632**
Total comprehensive loss for the period	-	-	-	-	(22,348)	(6,889,375)	**(6,911,723)**	**(23,112)**	**(6,934,835)**
Funding of NCI net of dilution	-	-	-	-	-	62,025	**62,025**	**(62,025)**	**-**
Balance as at June 30, 2013	**58,667,818**	**$ 32,665,403**	**$ 1,692,316**	**$ 2,861,255**	**$ (46,165)**	**$ (30,999,905)**	**$ 6,172,904**	**$ 153,710**	**$ 6,326,614**

	Number of shares issued	Share capital	Warrants	Share option reserve	Foreign exchange reserve	Deficit	Attributable to equity holders of the parent	Non-controlling interests	Total
Balance as at January 1, 2014	**58,667,818**	**$ 32,665,403**	**$ 1,692,316**	**$ 2,910,518**	**$ (111,194)**	**$ (33,908,704)**	**$ 3,248,339**	**$ 192,099**	**$ 3,440,438**
Issuance of shares as part of financing (note 7)	15,164,896	5,003,844	-	-	-	-	**5,003,844**	**-**	**5,003,844**
Share issue costs (note 7)	-	(548,962)	-	-	-	-	**(548,962)**	**-**	**(548,962)**
Shares issued for mineral properties (note 7)	100,000	28,000	-	-	-	-	**28,000**	**-**	**28,000**
Share option based payments (note 7)	-	-	-	313,318	-	-	**313,318**	**-**	**313,318**
Total comprehensive loss for the period	-	-	-	-	2,492	(4,207,292)	**(4,204,800)**	**(30,086)**	**(4,234,886)**
Funding of NCI net of dilution	-	-	-	-	-	(59,077)	**(59,077)**	**59,077**	**-**
Balance as at June 30, 2014	**73,932,714**	**$ 37,148,285**	**$ 1,692,316**	**$ 3,223,836**	**$ (108,702)**	**$ (38,175,073)**	**$ 3,780,662**	**$ 221,090**	**$ 4,001,752**

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 June 30, 2014		For the six months ended June 30, 2013
Cash flows provided by (used in):		*(unaudited)*		*(unaudited)*
OPERATING ACTIVITIES				
Net loss for the period	$	**(4,240,962)**	$	(6,911,723)
Adjustments for items not affecting cash:				
Depreciation		**63,925**		72,661
Share option based payments		**313,318**		106,632
Deferred tax recovery		**-**		(217,000)
Foreign exchange loss		**40,832**		362,860
Accretion of interest		**325**		-
	$	**(3,822,562)**	$	(6,586,570)
Net changes in non-cash working capital items:				
Amounts receivable		**(67,992)**		106,134
Prepaid expenses		**(746)**		266,472
Accounts payable and accrued liabilities		**(470,761)**		(305,124)
Net cash flows used in operating activities	$	**(4,362,061)**	$	(6,519,088)
FINANCING ACTIVITIES				
Issuance of common shares for cash, net of share issue costs		**4,454,882**		-
Net cash flows provided by financing activities	$	**4,454,882**	$	-
INVESTING ACTIVITIES				
Acquisition of mineral properties		**(111,550)**		(73,992)
Purchase of short-term investments		**-**		(160,000)
Purchase of equipment		**-**		(85,256)
Net cash flows used in investing activities	$	**(111,550)**	$	(319,248)
Net foreign exchange differences	$	**(11,619)**	$	(3,986)
Net decrease in cash and cash equivalents		**(30,348)**		(6,842,322)
Cash and cash equivalents, beginning of period		**4,118,484**		15,893,971
Cash and cash equivalents, end of period	$	**4,088,136**	$	9,051,649
Cash and cash equivalents consist of :				
Cash	$	**588,136**	$	771,649
Short term deposits (net of any deposits classified as "Other financial assets")		**3,500,000**		8,280,000
	$	**4,088,136**	$	9,051,649

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

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, 2014 were authorised for issue on August 29, 2014 in accordance with a resolution of the audit committee, to whom the authority was delegated by a resolution of the board of directors.

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 engaged in the identification, acquisition, exploration and development of mineral resources in Colombia. The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production.

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. These unaudited interim condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

The Company has entered into mineral property acquisition agreements that will require future outlays of cash in order to maintain the properties in good standing or in order to fulfil contractual obligations. The Company has now paid the majority of these obligations so it is able to use the majority of its cash to fund exploration and development of the properties. The Company's continuing operations are dependent upon management's ability to raise required funding through the issuance of equity or debt, asset sales or a combination thereof.

2. BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, interim financial reporting, and accordingly they do not contain all the 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, 2013 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, 2013 except for the adoption of the new standards as discussed in note 3. The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. Certain minor comparative balances have been reclassified to conform with the current presentation.

Basis of consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Company as at June 30, 2014. The Company is the ultimate parent of the consolidated group of companies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The Company controls an investee if, and only if, the Company has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

2. BASIS OF PRESENTATION (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-Company balances, transactions, unrealised gains and losses resulting from intra-Company transactions and dividends are eliminated in full. Where the ownership of a subsidiary is less than 100%, and therefore a non-controlling interest exists, any losses of that subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities

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

- Red Eagle Mining de Colombia Ltd., a company incorporated in Canada (100% ownership);
- Rovira Mining Ltd., a company incorporated in Canada (70% ownership);

Both of these subsidiaries have a branch located in Colombia.

3. RECENTLY ADOPTED ACCOUNTING STANDARDS

The following accounting standard was adopted effective January 1, 2014.

IFRIC 21 Levies

In May 2013, the IASB issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The adoption of IFRIC 21 did not have a significant impact on the Company's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2014.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following accounting standard has been issued but is not yet effective:

IFRS 9 Financial instruments - classification and measurement

IFRS 9 is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding the instrument to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss. The effective date for the amendment is January 1, 2015 and is applied retrospectively. Early application is permitted. The Company has not yet determined the impact of this amendment on its unaudited interim condensed consolidated financial statements.

5. EQUIPMENT

	Computer hardware	Field equipment	Office equipment	Software	Vehicles	Total
Cost						
As at December 31, 2013	$ 86,155	$ 200,956	$ 165,320	$ 97,838	$ 359,963	$ 910,232
Effect of movement in exchange rates	1,644	4,163	3,741	1,153	8,231	18,932
Balance as at June 30, 2014	**$ 87,799**	**$ 205,119**	**$ 169,061**	**$ 98,991**	**$ 368,194**	**$ 929,164**
Depreciation						
As at December 31, 2013	$ (42,340)	$ (82,201)	$ (45,992)	$ (77,343)	$ (223,090)	$ (470,966)
Depreciation charged for the period	(6,543)	(12,288)	(12,041)	(10,298)	(22,751)	(63,921)
Effect of movement in exchange rates	(893)	(1,742)	(1,193)	(977)	(5,412)	(10,217)
Balance as at June 30, 2014	**$ (49,776)**	**$ (96,231)**	**$ (59,226)**	**$ (88,618)**	**$ (251,253)**	**$ (545,104)**
Net book value						
As at December 31, 2013	$ 43,815	$ 118,755	$ 119,328	$ 20,495	$ 136,873	$ 439,266
As at June 30, 2014	**$ 38,023**	**$ 108,888**	**$ 109,835**	**$ 10,373**	**$ 116,941**	**$ 384,060**

6. MINERAL PROPERTIES

Following is a continuity of the acquisition costs of the mineral properties:

	Santa Rosa	Pavo Real	Total
Balance as at January 1, 2013	**$ 2,771,728**	**$ 557,028**	**$ 3,328,756**
Acquisition costs	36,513	95,445	131,958
Sale of 1% royalty	(2,750,962)	-	(2,750,962)
Effect of movement in exchange rates	(57,279)	11,700	(45,579)
Balance as at December 31, 2013	**$ -**	**$ 664,173**	**$ 664,173**
Acquisition costs	399,617	113,150	512,767
Effect of movement in exchange rates	359	(3,478)	(3,119)
Balance as at June 30, 2014	**$ 399,976**	**$ 773,845**	**$ 1,173,821**

6. MINERAL PROPERTIES (continued)

Following is a summary of the mineral property exploration costs which were expensed when incurred for the six month periods ended June 30, 2014 and 2013:

For the six months ended June 30, 2014

	Santa Rosa	Pavo Real	Total
Mineral property exploration costs:			
Assays and sampling	$ 19,505	$ 9,644	**$ 29,149**
Concession fees	329	6,665	**6,994**
Depreciation	51,488	12,434	**63,922**
Field and camp expenses	279,366	25,858	**305,224**
Legal, office and administration	157,210	12,230	**169,440**
Licences and permits	37,577	-	**37,577**
Metallurgical test work	120,904	-	**120,904**
Salaries and consulting fees	959,976	48,961	**1,008,937**
Technical studies	957,994	-	**957,994**
Travel and transportation	119,193	6,968	**126,161**
Total exploration costs for the six months ended June 30, 2014	**$ 2,703,542**	**$ 122,760**	**$ 2,826,302**
Cumulative expenditures as at January 1, 2014	21,854,526	4,917,439	**26,771,965**
Cumulative exploration costs as at June 30, 2014	**$ 24,558,068**	**$ 5,040,199**	**$ 29,598,267**

For the six months ended June 30, 2013

	Santa Rosa	Pavo Real	Total
Mineral property exploration costs:			
Assays and sampling	$ 180,806	$ -	**$ 180,806**
Concession fees	5,447	6,598	**12,045**
Depreciation	56,245	16,313	**72,558**
Drilling	2,347,326	-	**2,347,326**
Field and camp expenses	661,744	14,264	**676,008**
Geological and geochemical	28,170	-	**28,170**
Hydrology	111,494	-	**111,494**
Legal, office and administration	182,513	31,790	**214,303**
Licences and permits	90,176	-	**90,176**
Metallurgical test work	240,507	-	**240,507**
Salaries and consulting fees	1,303,373	-	**1,303,373**
Technical studies	283,748	-	**283,748**
Travel and transportation	206,713	-	**206,713**
Total exploration costs for the six months ended June 30, 2013	**$ 5,698,262**	**$ 68,965**	**$ 5,767,227**

6. MINERAL PROPERTIES (continued)

Santa Rosa

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$8,900,000 has been paid with the remaining US$700,000 payable in November 2014. The Company also agreed to acquire certain adjacent concession contracts for US$780,000, of which US$40,000 has been paid and US$740,000 is due upon title transfer. As at June 30, 2014 the outstanding balance relating to these purchases was US$1,440,000 ($1,592,370).

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, (“Liberty”) a 19.9% 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 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 gold production. Liberty also has a participation right to maintain a 19.9% interest in the Company.

On October 24, 2012 the Company executed an agreement with Bullet Holdings Corp. to acquire additional mineral concession contracts totaling 35,910 hectares adjacent to the Company’s Santa Rosa 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. Liberty’s royalty does not cover these new properties.

On May, 28, 2014 the Company entered into a Purchase Agreement with AngloGold Ashanti Colombia S.A. ("AGAC"), pursuant to which Red Eagle Mining has agreed to acquire 100% of certain contiguous mineral exploration rights totaling 1,673 hectares within Red Eagle Mining's Santa Rosa Gold Project in Antioquia, Colombia. In consideration for the property, Red Eagle Mining has agreed to pay US$375,000 to AGAC and grant AGAC a 2% net smelter return royalty on the properties acquired. The cash payments are to be made as follows:

Condition	**Amount (USD)**
Within 10 days of execution of contract (paid)	$ 25,000
Upon transfer of concession contract	100,000
On first anniversary of transfer	125,000
On second anniversary of transfer	125,000
	$ 375,000

The Company paid the initial US$25,000 and has recorded the balance as a provision, discounted at the risk free rate of 1%. The fair value of total payments is $399,617 representing the initial $26,150 (US$25,000) and $373,467 relating to the outstanding US$350,000, and this has been recorded as an increase in capitalized mineral properties. As at June 30, 2014 the mineral property obligation relating to this acquisition was $366,192 which represents the discounted value of the US$350,000 remaining to be paid. The Company has recorded an interest expense of $325 relating to the unwinding of the discount on the obligation.

6. MINERAL PROPERTIES (continued)

Pavo Real

On June 25, 2010 the Company entered into a share purchase agreement ("SPA") and shareholder agreement ("SA") with Miranda Gold Corp. ("Miranda"), which has two directors in common with the Company. Pursuant to the SPA, Miranda assigned 70% of the shares of Rovira Mining Limited ("Rovira"), a wholly-owned subsidiary of Miranda, to the Company in return for contributing US$4,000,000 which was used to fund exploration work at Pavo Real. To maintain its 70% shareholding in Rovira, effectively representing a 70% interest in the Pavo Real Option and the Cajamarca Option, the Company must contribute an additional US$10,000,000 at a rate of not less than US$1,000,000 per year from June 25, 2014, all of which shall be expended on exploration operations, development operations, concession fees and payments made to acquire and maintain applications, concessions and land and must be expended by June 30, 2020.

On June 24, 2010 Miranda entered into an option agreement with Expogold to acquire Pavo Real (the "Pavo Real Option"). The commitments under the Pavo Real Option are the responsibility of the Company pursuant to the Pavo Real SA. Cash payments are made directly by Rovira, and for every share issued by Miranda to Expogold, the Company will issue one common share to Miranda. The schedules of shares to be issued and US dollar cash payments to be made are as follows:

Cash payments:		
On or before June 24, 2010 (paid)	$	20,000
On or before December 24, 2010 (paid)		20,000
On or before June 24, 2011 (paid)		50,000
On or before June 24, 2012 (paid)		60,000
On or before June 24, 2013 (paid)		70,000
On or before June 24, 2014 (paid)		80,000
On or before June 24, 2015		100,000
	$	**400,000**

Common shares to be issued:	**Number of common shares**
On or before June 24, 2010 (issued)	100,000
On or before December 24, 2010 (issued)	100,000
On or before June 24, 2011 (issued)	100,000
On or before June 24, 2012 (issued)	100,000
On or before June 24, 2013 (issued)	100,000
On or before June 24, 2014 (issued)	100,000
On or before June 24, 2015	100,000
	700,000

6. MINERAL PROPERTIES (continued)

In addition, commencing on June 25, 2016, and payable on each succeeding anniversary, Rovira must pay US$100,000 and deliver 100,000 common shares of Miranda to Expogold until the date on which there is a defined measured and indicated mineral resource within a defined area of interest on the Pavo Real property of greater than 250,000 total ounces of gold or gold equivalent, which complies with an independent NI 43-101 compliant technical report (the "Pavo Real Defined Resource"). Once there is a Pavo Real Defined Resource, Rovira will be required to make one of the following additional payments to Expogold:

a) If the Pavo Real Defined Resource is greater than 250,000 ounces, but less than 500,000 ounces, Rovira shall pay US$100,000; or
b) If the Pavo Real Defined Resource is equal to or greater than 500,000 ounces, Rovira shall pay US$250,000.

In addition, Rovira shall pay to Expogold:

a) US$250,000 upon completion of a feasibility study;
b) US$500,000 upon achieving commercial production;
c) US$500,000 upon producing 250,000 ounces of gold or gold equivalent ounces;
d) US$750,000 upon producing 500,000 ounces of gold or gold equivalent ounces; and
e) US$1,000,000 upon producing 1 million ounces of gold or gold equivalent ounces.

Each of the above payments may be in cash or common shares of Miranda. Thereafter, Rovira shall pay US$1 million for each 1 million ounces of gold or gold equivalent ounces produced.

On December 10, 2010 Miranda entered into an option agreement with Expogold to acquire the Cajamarca project (the “Cajamarca Option”). The commitments under the Cajamarca Option are the responsibility of the Company pursuant to the Cajamarca SA. On November 8, 2013 the Company executed amendments to the Cajamarca and Pavo Real share purchase agreements with Miranda Gold Corp. The amendments transferred the Cajamarca concession from Rovira and include the Cajamarca Option in the Pavo Real SA going forward. On May 14, 2014 the Company informed Expogold of the decision to drop the Cajamarca concession.

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued during the six months ended June 30, 2014 and 2013

On April 9, 2014, the Company closed an underwritten bought deal equity financing for the sale of 12,121,212 common shares at $0.33 per share for gross proceeds of $4,000,000. Concurrently the Company's largest shareholder, Liberty Metals and Mining Holdings LLC, exercised its participation rights in order to maintain its pro rata 19.9% interest in the Company. As a result the Company issued 3,011,387 common shares at $0.33 per share, 7,453 at $0.42 per share and 24,844 at $0.28 per share for gross proceeds of $1,003,844.The Company incurred share issue costs of $548,692.

On June 24, 2014 the Company issued 100,000 common shares in accordance with the Pavo Real Option agreement (June 24, 2013: 100,000 common shares).

c) Warrants

No warrants were issued, exercised, cancelled or expired during the six month ended June 30, 2014.

On June 28, 2013, 6,581,883 warrants expired unexercised. The expiry of these warrants created a capital gain and the Company recorded a $217,000 tax charge in equity which was offset by a deferred tax recovery.

The following summarizes the share purchase warrants outstanding at June 30, 2014:

Expiry Date	Warrants Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
February 12, 2015	4,500,000	$	0.25	0.62
	4,500,000	**$**	**0.25**	**0.62**

7. SHARE CAPITAL (continued)

d) Options and Share Purchase Option Plan

On April 27, 2011, the Board of Directors adopted an incentive share purchase option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V regulations, grant to directors, officers, employees and service providers to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant. Such options will be exercisable for a period of up to 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

- On March 9, 2014, 100,000 share purchase options that had been granted to a director expired unexercised following his resignation in December 2013. In addition 50,000 options expired unexercised following the departure of an employee from the Company.
- On April 9, 2014 the Company granted 2,180,000 share purchase options to directors, officers, employees and consultants at a price of $0.33 exercisable for a period of 5 years and vesting in tranches of up to 18 months.
- On May 1, 2014 the Company cancelled a total of 2,700,000 share purchase options with an exercise price of $1.25 and 160,000 options at an exercise price of $1.00.

A summary of the status of options granted under the option plan as at June 30, 2014 and 2013, and the changes for the periods then ended are as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Measurement Date Fair Value
Outstanding, December 31, 2013	**5,215,000**	**$ 0.93**	**$ 0.53**
Granted,	2,180,000	0.33	0.31
Cancelled	(2,860,000)	1.24	0.72
Expired	(150,000)	0.78	0.44
Outstanding, June 30, 2014	**4,385,000**	**$ 0.44**	**$ 0.19**

The following summarizes information about share options outstanding and exercisable at June 30, 2014:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (in Years)
December 6, 2017	2,205,000	2,092,500	0.55	3.44
April 9, 2019	2,180,000	1,670,000	0.33	4.78
	4,385,000	**3,762,500**	**$ 0.44**	**4.10**

7. SHARE CAPITAL (continued)

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

Grant Date	April 9, 2014	December 6, 2012
Share price on measurement date	$0.24	$0.46
Exercise price	$0.33	$0.55
Risk-free interest rate	1.15% - 1.71%	1.08% - 1.26%
Expected annual volatility	100%	100%
Expected life (years)	2.5 – 5.0	2.5 - 5.0
Expected dividend yield	0%	0%
Fair value at measurement date	$0.12 - $0.17	$0.25 - $0.33

The Company applied a forfeiture rate of 5% on grant of options which vest. Volatility is estimated based on actual volatility for the Company since IPO and a review of comparable exploration stage Colombia focused listed companies.

The expense for the six months ended June 30, 2014 is $313,318 (2013: $106,632) and has been recorded in the statement of comprehensive income as follows:

		Canada		Santa Rosa		Total
Investor relations	$	4,779	$	-	$	4,779
Mineral property exploration costs		-		26,930		26,930
Office and administration - directors		249,496		-		249,496
Office and administration - non directors		17,465		-		17,465
Salaries and benefits		14,648		-		14,648
	$	**286,388**	**$**	**26,930**	**$**	**313,318**

Amounts recorded as mineral property expenditures are all sub-categorized as salaries and consulting fees.

8. RELATED PARTY TRANSACTIONS

Following is a list of subsidiaries including country of incorporation and % of ordinary shares and voting rights held:

Name	Country of incorporation	Principal activities	% of ordinary shares held & voting rights
Red Eagle Mining de Colombia Limited	Canada	Exploration company	100%
Rovira Mining Limited	Canada	Exploration company	70%

The aggregate value of key management compensation is as follows:

		Six months ended June 30, 2014		Six months ended June 30, 2013
Short-term employee benefits	**$**	**403,175**	$	237,981
Share option based payments		**155,161**		37,459
	$	**558,336**	$	275,440

The following table provides the total amount of transactions which have been entered into by the Company with related parties during the six month periods ended June 30, 2014 and 2013 and the balances with related parties at June 30, 2014 and December 31, 2013:

			Purchases from		**Amounts due to**
Rent, salary and related costs recharged from SB Management Ltd.,	2014	$	450,000	$	12,500
a company controlled by Ian Slater, Robert Bell and Tim Petterson	2013	$	162,500	$	-
Legal fees to Anfield Sujir Kennedy & Durno LLP, a partnership in	2014	$	108,970	$	-
which Jay Sujir, a director of the Company, is a partner;	2013	$	16,757	$	22,718

Ian Slater and Ken Cunningham are directors in common to both the Company and Miranda Gold Corp., which entered into share purchase and shareholder agreements on the Pavo Real Project as described in Note 6.

Related party transactions are measured at the amounts agreed upon by the parties.

9. SEGMENTED INFORMATION

The Company has one operating segment, which is the exploration and development of mineral properties. The Company's net assets are distributed in two geographic regions, Canada and Colombia, as follows:

		Canada		Colombia		Total
As at June 30, 2014						
Cash and cash equivalents	$	4,283,001	$	166,418	**$**	**4,449,419**
Short term investments		160,000		-		**160,000**
Amounts receivable		107,339		9,333		**116,672**
Prepaid expenses		88,055		76,975		**165,030**
Equipment		17,437		366,623		**384,060**
Mineral properties		-		1,173,821		**1,173,821**
	$	**4,655,832**	**$**	**1,793,170**	**$**	**6,449,002**
Accounts payable and accrued liabilities		(343,761)		(149,647)		**(493,408)**
Mineral property obligation		-		(1,953,842)		**(1,953,842)**
	$	**4,312,071**	**$**	**(310,319)**	**$**	**4,001,752**

		Canada		Colombia		Total
As at December 31, 2013						
Cash and cash equivalents	$	4,023,426	$	95,058	**$**	**4,118,484**
Other financial assets		160,000		-		**160,000**
Amounts receivable		30,618		17,773		**48,391**
Prepaid expenses		88,835		73,741		**162,576**
Equipment		24,373		414,893		**439,266**
Mineral properties		-		649,651		**649,651**
	$	**4,327,252**	**$**	**1,251,116**	**$**	**5,578,368**
Accounts payable and accrued liabilities		(323,861)		(274,089)		**(597,950)**
Mineral property obligation		-		(1,539,980)		**(1,539,980)**
	$	**4,003,391**	**$**	**(562,953)**	**$**	**3,440,438**

Net loss for the six months ended June 30, 2014	$	1,906,111	$	2,334,851	**$**	**4,240,962**
Net loss for the six months ended June 30, 2013	$	1,206,721	$	5,705,002	**$**	**6,911,723**

10. COMMITMENTS AND CONTINGENCIES

The Company has to make certain cash and share payments, as well as exploration expenditures in order to meet the terms of the mineral property option agreements as described in Note 6.

In addition the Company has a number of short term operating leases and equipment rental leases relating to the Colombian offices and camps. The total minimum lease payments under these contracts are as follows:

		Less than one year
Office and camp rental	$	87,262
Equipment rental		11,527
	$	98,789

The Company has no contingencies or off balance sheet arrangements as at June 30, 2014.

11. CAPITAL MANAGEMENT

The Company’s capital consists of common shares and all other equity reserves attributable to shareholders of the Company. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets to reduce debt. In addition the Company is cognizant of the impact of diluting equity shareholders and so considers this when planning the timing and amount of equity financings or other changes to the group’s capital structure.

12. FINANCIAL INSTRUMENTS

The Company has designated its cash and receivables as loans and receivables; short-term investments as held-for-trading and accounts payable as other financial liabilities.

a) Fair value

The fair value of these financial instruments approximates their carrying value, due to the short-term nature 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 following table information as at June 30, 2014 for financial instruments for which fair value is disclosed. The Company currently has no financial instruments measured at fair value:

		Carrying amount / fair value	Carrying amount / fair value
Fair Value Hierarchy		**June 30, 2014**	December 31, 2013
Level 2			
Cash and cash equivalents	*Loans and receivables*	$ 4,449,419	$ 4,118,484
Short term investments	*Loans and receivables*	160,000	160,000
Level 3			
Amounts receivable	*Loans and receivables*	116,672	48,391
Accounts payable	*Loans and borrowings*	(493,408)	(597,950)
Mineral Property obligation	*Loans and borrowings*	(1,953,842)	1,539,980

12. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

Credit risk

The Company is exposed to credit risk with respect to its cash, cash equivalents and other financial assets. Other financial assets are short term investments that have been placed on deposit with major Canadian financial institutions. All cash and cash equivalents are on deposit with major Canadian or Colombian financial institutions. The short term investment recorded as other financial assets is a GIC with a 12 month maturity that has been placed on deposit with a major Canadian institution. The short term investment of $160,000 is a 12 month (maturing February 18, 2015) 1% Guaranteed Investment Certificate placed on deposit at a major Canadian bank which is held as collateral for the Company's credit cards.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions.

Concentration of credit risk with respect to the Company's cash, cash equivalents and short term investments is mitigated since the amounts are held at several major Canadian financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

		June 30, 2014		December 31, 2013
Held at major Canadian financial institutions:				
Cash and cash equivalents	**$**	**4,283,001**	$	4,023,426
Short-term investments		**160,000**		160,000
	$	**4,443,001**	$	4,183,426
Held at major Colombian financial institutions:				
Cash and cash equivalents		**166,418**		95,058
Total cash, cash equivalents and short-term investments	**$**	**4,609,419**	$	4,278,484

The credit risk associated with cash, cash equivalents and short term investments is minimized by ensuring the majority of these Canadian financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency. The amounts held in Colombia are with a major Colombian financial institution.

Interest rate risk

The Company has cash balances, investment-grade short-term deposit certificates issued by banking institutions. Interest income is not material to the Company. The Company is not exposed to significant interest rate risk.

12. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

Certain of the Company's cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities are held in Colombian Peso ("COP"); therefore, COP amounts are subject to fluctuation against the Canadian dollar (CAD).

The Company had the following balances in foreign currency as at June 30, 2014:

	USD	COP	CAD Equivalent
Cash	$ -	$ 293,073,747	$ 166,418
Amounts receivable	-	16,436,066	9,333
Accounts payable and accrued liabilities	-	(263,537,081)	(149,647)
Mineral property obligation	(1,790,000)	-	(1,953,842)
	$ (1,790,000)	**$ 45,972,732**	**$ (1,927,738)**

Assuming that all other variables remain constant, a 10% appreciation or depreciation of the COP against the CAD would have a negligible impact on net loss since translation of the COP functional currency to the presentation currency results in translation differences being recorded within other comprehensive income.

The Company's mineral property obligations are denominated in US dollars. Consequently the Company is exposed to the foreign exchange risk relating to this balance. The balance as at June 30, 2014 was US $1,790,000 ($1,953,842) and the Company has recorded a loss of $40,832 for the six months ended June 30, 2014.

The Company also has transactional currency exposures. Such exposures arise from purchases in currencies other than the respective functional currencies, typically the US dollar. The Company manages this risk by matching receipts and payments in the same currency and monitoring.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to significant other price risk.

12. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company anticipates that there is sufficient capital and liquidity to meet liabilities when due.

The Company maintained sufficient cash and cash equivalents at June 30, 2014 in the amount of $4,449,419 (December 31, 2013: $4,118,484) in order to meet short-term business requirements. At June 30, 2014, the Company had accounts payable of $493,408 (December 31, 2013: $597,950), which will be paid within three months and mineral property obligations of $1,953,842 (December 31, 2013: $1,539,980) of which $746,307 is due in November 2014 and $1,207,535 upon title transfer or the anniversary of title transfer of certain concessions (see note 6).