

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014

(Unaudited)

NOTICE OF AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit & Risk Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian dollars)

	June 30, 2014	December 31, 2013
ASSETS	\$	\$
Current		
Cash and cash equivalents	3,879,760	4,276,480
Accounts receivable	60,361	49,499
Prepaid expenses	22,656	44,431
	<u>3,962,777</u>	4,370,410
Deposits	40,585	40,585
Investments (Note 3)	101,510	114,030
Plant and equipment (Note 4)	665,272	733,437
Exploration and evaluation assets (Note 5)	22,321,420	21,267,558
	<u>27,091,564</u>	<u>26,526,020</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	71,396	106,468
EQUITY		
Share capital (Note 6)	64,343,016	63,172,134
Share-based payments reserve	4,634,348	4,439,722
Accumulated other comprehensive loss	(12,520)	-
Deficit	(41,944,676)	(41,192,304)
	<u>27,020,168</u>	26,419,552
	<u>27,091,564</u>	<u>26,526,020</u>

Approved on behalf of the Board:
"David Petroff", Director
"Darren Morcombe", Director

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE
LOSS
FOR THE SIX MONTHS ENDED JUNE 30
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	\$	\$		
Expenses				
Depreciation	33,340	41,479	68,165	84,842
Investor relations	35,714	42,479	80,066	127,244
Office and administration	56,846	59,705	108,695	120,806
Professional fees	50,649	22,189	57,986	53,337
Salaries and benefits	148,386	175,036	285,216	478,199
Share-based payments expense (Note 6(d))	42,077	67,168	156,006	280,917
Transfer agent, regulatory and filing fees	8,650	7,859	32,314	28,272
Travel and accomodation	14,449	5,884	14,686	9,120
	<u>390,111</u>	<u>421,799</u>	<u>803,134</u>	<u>1,182,737</u>
Other Items				
Interest income	(12,866)	(25,367)	(26,784)	(42,515)
Other	(15,878)	-	(23,978)	-
Flow-through share premium reversal	-	-	-	(100,711)
	<u>(28,744)</u>	<u>(25,367)</u>	<u>(50,762)</u>	<u>(143,226)</u>
Net loss for the period	(361,367)	(396,432)	(752,372)	(1,039,511)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss				
Unrealized loss on available-for-sale investments	(224,380)	(90,473)	(12,520)	(120,630)
Total comprehensive loss for the period	(585,747)	(486,905)	(764,892)	(1,160,141)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Basic and diluted weighted average number of shares outstanding	83,373,922	77,198,922	81,982,347	77,198,922

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian dollars)

	Number of shares	Share capital \$	Share-based payments reserve \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance, December 31, 2012	77,198,922	63,172,134	3,939,956	(417,224)	(38,814,722)	27,880,144
Net loss for the period	-	-	-	-	(1,039,511)	(1,039,511)
Other comprehensive loss	-	-	-	(120,630)	-	(120,630)
Share-based payments expense	-	-	368,585	-	-	368,585
Balance, June 30, 2013	77,198,922	63,172,134	4,308,541	(537,854)	(39,854,233)	27,088,588
Net loss for the period	-	-	-	-	(1,338,071)	(1,338,071)
Other comprehensive income	-	-	-	537,854	-	537,854
Share-based payments expense	-	-	131,181	-	-	131,181
Balance, December 31, 2013	77,198,922	63,172,134	4,439,722	-	(41,192,304)	26,419,552
Net loss for the period	-	-	-	-	(752,372)	(752,372)
Other comprehensive income	-	-	-	(12,520)	-	(12,520)
Private placement, net of share issuance costs	6,075,000	1,152,882	-	-	-	1,152,882
Shares issued pursuant to NPI purchase (Note 5(b))	100,000	18,000	-	-	-	18,000
Share-based payments expense	-	-	194,626	-	-	194,626
Balance, June 30, 2014	83,373,922	64,343,016	4,634,348	(12,520)	(41,944,676)	27,020,168

FORAN MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Operating Activities				
Net loss for the period	(361,367)	(396,432)	(752,372)	(1,039,511)
Items not involving cash:				
Depreciation	33,340	41,479	68,165	84,842
Flow-through share premium reversal	-	-	-	(100,711)
Share-based payments expense	42,077	67,168	156,006	280,917
Other	(15,878)	-	(23,978)	-
Interest income	882	-	583	(11,674)
	(300,946)	(287,785)	(551,596)	(786,137)
Net change in non-cash working capital (Note 7)	(362)	132,730	(23,993)	(923)
Cash used in operating activities	(301,308)	(155,055)	(575,589)	(787,060)
Investing Activities				
Purchase of NPI (Note 5(b))	-	-	(50,000)	-
Exploration and evaluation assets expenditures	(515,923)	(710,186)	(947,991)	(2,649,607)
Redemption of short-term investments (net)	15,878	1,000,000	23,978	2,000,000
Cash provided by (used in) investing activities	(500,045)	289,814	(974,013)	(649,607)
Financing Activities				
Issuance of shares for cash pursuant to private placement	-	-	1,200,000	-
Share issue costs	-	-	(47,118)	-
Cash provided by financing activities	-	-	1,152,882	-
Net increase (decrease) in cash and cash equivalents	(801,353)	134,759	(396,720)	(1,436,667)
Cash and cash equivalents, beginning of period	4,681,113	3,615,859	4,276,480	5,187,285
Cash and cash equivalents, end of period	3,879,760	3,750,618	3,879,760	3,750,618
Cash and cash equivalents is comprised of:				
Guaranteed Investment Certificates	20,000	20,000	20,000	20,000
Cash	3,859,760	3,730,618	3,859,760	3,730,618
	3,879,760	3,750,618	3,879,760	3,750,618

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Foran Mining Corporation (the "**Company**") is a publicly listed company on the TSX Venture Exchange, incorporated under the laws of British Columbia. The Company and its subsidiary are involved in activities that include the acquisition and exploration of mineral properties.

The Company's head office and registered and records office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company has incurred significant operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. While the Company has been successful in raising financing to date, there can be no assurances that it will be able to do so in the future.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the fifteen month period ended December 31, 2013 which include the accounting policies used in the preparation of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors approved these condensed consolidated interim financial statements on August 12, 2014.

3. INVESTMENTS

As at June 30, 2014, the Company owned investments that were classified as available-for-sale ("**AFS**") and carried at fair market value based on quoted market prices. A summary of the changes in AFS investments is presented below:

Balance, December 31, 2013	\$ 114,030
Unrealized loss on AFS investments	<u>(12,520)</u>
Balance, June 30, 2014	<u>\$ 101,510</u>

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

4. PLANT AND EQUIPMENT

As at June 30, 2014, the Company's plant and equipment consisted of the following:

	Computer and survey equipment	Equipment	Furniture and fixtures	Plant	Trailers	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, December 31, 2013	138,894	332,552	40,278	734,656	22,409	100,613	1,369,402
Additions	-	-	-	-	-	-	-
Balance, June 30, 2014	138,894	332,552	40,278	734,656	22,409	100,613	1,369,402
Accumulated Amortization							
Balance, December 31, 2013	81,912	236,154	22,142	223,120	17,327	55,310	635,965
Depreciation for the period	8,162	13,807	1,754	37,342	611	6,489	68,165
Balance, June 30, 2014	90,074	249,961	23,896	260,462	17,938	61,799	704,130
Carrying Amount							
Balance, December 31, 2013	56,982	96,398	18,136	511,536	5,082	45,303	733,437
Balance, June 30, 2014	48,820	82,591	16,382	474,194	4,471	38,814	665,272

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

	McIlvenna Bay	Other Saskatchewan Projects	Manitoba Projects	Total
	\$	\$	\$	\$
Balance, December 31, 2013	17,218,285	4,047,514	1,759	21,267,558
Acquisition and Maintenance Costs				
Purchase of exploration and evaluation asset interests (Note 5(b))	-	68,000	-	68,000
License fees	-	30,760	-	30,760
Total Acquisition and Maintenance Costs	-	98,760	-	98,760
Exploration Costs				
Administration	144,048	40,019	-	184,067
Camp costs	29,091	50	-	29,141
Consulting	99,783	83,846	-	183,629
Geophysics	64,992	-	-	64,992
Drilling and analysis	282,545	-	-	282,545
Equipment and communications	17,861	420	-	18,281
Fuel	94,662	1,500	-	96,162
Salaries and benefits	58,865	12,075	-	70,940
Transportation and travel	25,098	247	-	25,345
Total Exploration Costs	816,945	138,157	-	955,102
Balance, June 30, 2014	18,035,230	4,284,431	1,759	22,321,420

	McIlvenna Bay	Other Saskatchewan Projects	Manitoba Projects	Total
	\$	\$	\$	\$
Balance, December 31, 2012	15,582,731	2,355,288	88,056	18,026,075
Acquisition Costs				
License fees	-	19,383	-	19,383
Exploration Costs				
Administration	245,463	254,313	-	499,776
Camp costs	31,588	25,058	-	56,646
Consulting	681,841	167,670	-	849,511
Drilling and analysis	292,186	739,045	-	1,031,231
Equipment and communications	35,342	24,077	-	59,419
Fuel	72,776	90,548	-	163,324
Salaries and benefits	37,528	76,096	-	113,624
Transportation and travel	17,001	20,070	-	37,071
Total Exploration Costs	1,413,724	1,396,877	-	2,810,601
Balance, June 30, 2013	16,996,455	3,771,548	88,056	20,856,059

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

a) Mcllvenna Bay, Saskatchewan

The Company owns a 100% interest in the Mcllvenna Bay mineral property located in Saskatchewan ("**Mcllvenna Bay**").

Copper Reef Mining Corporation holds a Net Tonnage Royalty of \$0.75 per tonne of ore extracted, with a right of first refusal in favour of the Company.

Cameco Corporation and BHP Billiton Limited collectively hold a 1% net smelter return ("**NSR**") royalty interest in Mcllvenna Bay, which can be purchased at any time for \$1,000,000.

b) Other Saskatchewan Projects

The Company holds interests ranging from 65% to 100% in five mining claim groups in its Saskatchewan property portfolio, exclusive of Mcllvenna Bay.

The Company has committed, through previous mineral property ownership agreements associated with these Saskatchewan projects, to pay various NSR and net profits interest ("**NPI**") royalty fees. The NSR royalty fees range from 2% to 2.5%, with buyout provisions for up to one-half of some of these NSR royalties, and the NPI royalty fees range from 6% to 10%. Teck Resources Limited holds a back-in right to the majority of these Other Saskatchewan Projects.

On January 29, 2014, the Company purchased various NPI royalty fees from Thundermin Resources Inc. ("**Thundermin**") on certain of the Company's Other Saskatchewan Projects and Manitoba Projects in consideration for a cash payment of \$50,000 and 100,000 common shares of the Company with a fair value of \$18,000.

c) Manitoba Projects

The Company holds a 100% interest in one Manitoba property consisting of one claim.

6. SHARE CAPITAL

a) Authorized

An unlimited number of common shares

b) Share issuance details

(i) On February 11, 2014, the Company completed a non-brokered private placement of 6,000,000 units of the Company (the "**Units**") at a price of \$0.20 per Unit for gross proceeds of \$1,200,000. Each Unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of \$0.30 per share, expiring August 11, 2015. All securities issued in this private placement are subject to a four month hold period.

In connection with the private placement, the Company issued 75,000 finder units, with each finder unit having the same terms as a Unit with the exception that the common shares were not issued on a flow-through basis. The Company paid a total of \$47,118 in share issuance fees.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

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6. SHARE CAPITAL (continued)

c) Stock options

The Company has a Rolling Stock Option Plan whereby the Company may grant options to directors, officers, employees and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
Balance, December 31, 2013	5,440,000	0.89
Granted	2,125,000	0.20
Forfeited	(450,000)	0.59
Balance, June 30, 2014	<u>7,115,000</u>	<u>0.71</u>

The following stock options were outstanding as at June 30, 2014:

Outstanding	Exercisable	Weighted average Exercise Price \$	Expiry Date	Weighted average remaining life (in years)
200,000	200,000	0.40	September 23, 2015	1.23
1,600,000	1,600,000	1.25	February 2, 2016	1.59
400,000	400,000	1.25	February 27, 2016	1.67
500,000	500,000	0.90	April 13, 2016	1.79
925,000	925,000	0.80	January 24, 2017	2.57
200,000	200,000	0.67	April 19, 2017	2.81
1,165,000	776,667	0.59	January 24, 2018	3.57
2,025,000	674,933	0.20	January 24, 2019	4.57
100,000	33,333	0.17	May 28, 2019	4.91
<u>7,115,000</u>	<u>5,309,933</u>	<u>0.70</u>		<u>2.98</u>

d) Share-based payments

- (i) The share-based payments expense for the stock options that vested during the six month period ended June 30, 2014 was \$194,626 (2013: \$368,585). Of this amount, \$156,006 (2013: \$280,917) was recorded as share-based payments expense in the condensed consolidated interim statement of loss and comprehensive loss and \$38,620 (2013: \$87,668) was capitalized to exploration and evaluation assets. The fair value of the stock options that were vested during the six month periods ended June 30, 2014 and June 30, 2013, was calculated using the following weighted average assumptions:

	2014	2013
Risk-free interest rate	1.47%	1.77%
Expected stock price volatility	74%	82%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

e) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2013	1,000,000	0.70
Issued pursuant to private placement	3,037,500	0.30
Balance, June 30, 2014	<u>4,037,500</u>	<u>0.40</u>

The following warrants were outstanding as at June 30, 2014:

Outstanding	Exercisable	Exercise Price \$	Expiry Date
1,000,000	750,000	0.70	December 22, 2015
<u>3,075,000</u>	<u>3,075,000</u>	0.30	August 11, 2015
<u>4,075,000</u>	<u>3,825,000</u>		

7. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three and six month periods ended June 30, 2014 and June 30, 2013 consisted of the following:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Accounts receivable	(11,754)	129,249	(11,445)	66,361
Prepaid expenses	37,551	8,475	21,775	45,977
Accounts payable and accrued liabilities	(26,159)	(4,994)	(34,323)	(113,261)
	<u>(362)</u>	<u>132,730</u>	<u>(23,993)</u>	<u>(923)</u>

During the six month periods ended June 30, 2014 and June 30, 2013, share-based payments amounting to \$38,620 and \$87,668, respectively, were capitalized to exploration and evaluation assets.

As at June 30, 2014, accounts payable and accrued liabilities included \$30,738 (December 31, 2013: \$31,487) of expenditures for exploration and evaluation assets.

The non-cash transaction for the six month period ended June 30, 2014 consisted of the Company issuing 100,000 common shares to Thundermin as part of the purchase of various NPI royalty fees from Thundermin.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS

The Company examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market price risk (including currency, interest rate and other price risks). The risk related to financial instruments is managed by senior management of the Company under policies and directions approved by the Board of Directors (the “**Board**”). Relevant policies include the Treasury Management Policy and the approval allowing a portion of the Company’s cash to be held in US dollars at the discretion of the Chief Executive Officer and the Chief Financial Officer. The Board monitors these policies on a quarterly basis. The Company’s Board has not approved the use of derivative financial products.

a) Fair value of financial instruments

The fair value hierarchy established by IFRS 7 “*Financial Instruments: Disclosures*” has three levels to classify the inputs to valuation techniques used to measure fair value described 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 assets or liabilities either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of the Company’s accounts receivable and accounts payable and accrued liabilities are equivalent to their carrying values due to their short-term nature. AFS financial instruments are comprised of marketable securities which are valued using Level 1 measurements.

b) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations.

The credit risk associated with cash and cash equivalents and investments is minimized as these financial instruments are held with major Canadian commercial banks. In respect to accounts receivable, the Company is not exposed to significant credit risk as the majority consists of amounts due from Canadian governmental agencies.

c) 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 has in place a planning and budgeting process to determine the funds required to support the Company’s operating requirements as well as its planned capital expenditures. The Company manages its financial resources to ensure that there is sufficient working capital to fund near term planned exploration work and operating expenditures. The Company has considerable discretion to reduce or increase plans or budgets depending on current or projected liquidity. When appropriate, the Company will seek joint venture partners in order to fund or share the funding of its exploration properties to minimize shareholder risk. As at June 30, 2014, the Company had sufficient cash to meet its obligations related to accounts payable and accrued liabilities and required administrative and property expenditures over the next twelve months.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS (continued)

d) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash and cash equivalents. A 1% change in short-term rates would not have a material impact on net loss.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds substantially all of its cash resources in Canadian dollars with an insignificant amount held in US dollars, making currency risk minimal.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financing instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk in terms of its investment. A 10% change in price would not have a material impact on other comprehensive loss.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the fifteen month period ended December 31, 2013.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's treasury management policy is to invest its cash in highly rated liquid short-term interest bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

FORAN MINING CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel at the Company are the directors and officers of the Company.

The remuneration of key management personnel during the three and six month periods ended June 30, 2014 and June 30, 2013, was as follows:

	Three months ended		Six months ended		
	June 30,		June 30,		
	2014	2013	2014	2013	
Short-term benefits	1	179,270	217,890	369,128	624,589
Share-based payments	2	48,761	77,417	187,975	331,427
Total		<u>228,031</u>	<u>295,307</u>	<u>557,103</u>	<u>956,016</u>

¹ Short-term benefits consisted exclusively of salaries, bonuses, health benefits and consulting fees for key management personnel, some of which have been capitalized to exploration and evaluation assets.

² Share-based payments were non-cash items that consisted of the fair value of stock options and warrants that had been granted to key management personnel, some of which have been capitalized to exploration and evaluation assets.

11. COMMITMENT

In March 2011, the Company entered into a five year office lease agreement, which commenced on July 1, 2011 and ends on June 30, 2016.

Future minimum lease payments over the next three calendar years are estimated to be as follows:

2014	\$ 54,798
2015	\$ 109,596
2016	\$ 54,798