First Mining Finance Corp.

**Condensed Interim Consolidated Financial Statements**
**For the three and nine months ended September 30, 2015 and 2014**
**(Unaudited - expressed in Canadian dollars)**

**FIRST MINING FINANCE CORP.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015, DECEMBER 31, 2014, AND JANUARY 1, 2014
(Unaudited - expressed in Canadian dollars unless otherwise noted)

| | September 30, 2015 | December 31, 2014 RESTATED (Note 20) | January 1, 2014 RESTATED (Note 20) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash and cash equivalents | $ 2,288,325 | $ 39,914 | $ 32,697 |
| Restricted cash (Note 6) | - | 2,723,750 | - |
| Receivables and prepaid expenditures (Note 7) | 396,640 | 40,613 | 14,946 |
| Marketable securities | 8,830 | - | - |
| **Total current assets** | **2,693,795** | **2,804,277** | **47,643** |
| **Non-current** | | | |
| Mineral properties (Note 8) | 26,576,330 | 6,563,461 | 1,930,858 |
| Equipment | 76,343 | 6,016 | 13,983 |
| Value-added tax receivable (Note 9) | 219,983 | 175,090 | 82,091 |
| Deferred acquisition costs (Note 19(a)) | 182,392 | - | - |
| **Total non-current assets** | **27,055,048** | **6,744,567** | **2,026,932** |
| **TOTAL ASSETS** | **$ 29,748,843** | **$ 9,548,844** | **$ 2,074,575** |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities (Note 10) | $ 1,892,902 | $ 1,272,080 | $ 1,002,733 |
| Loans payable (Note 11) | 1,474,003 | 626,090 | 202,914 |
| Derivative liability | - | - | 100,930 |
| **Total liabilities** | **3,366,905** | **1,898,170** | **1,306,577** |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital (Note 12) | 31,458,359 | 9,047,179 | 4,582,429 |
| Subscription receipts in escrow (Note 6) | - | 2,723,750 | - |
| Warrant and share-based payment reserve (Note 12) | 1,552,140 | 274,416 | 274,416 |
| Accumulated other comprehensive income | 1,637,023 | 667,513 | 250,199 |
| Accumulated deficit | (8,265,584) | (5,062,184) | (4,339,046) |
| **Total shareholders' equity** | **26,381,938** | **7,650,674** | **767,998** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **$ 29,748,843** | **$ 9,548,844** | **$ 2,074,575** |

Going concern (Note 1)
Contingency (Note 18)
Subsequent events (Note 19)

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

Signed: "Keith Neumeyer", Director

Signed: "Raymond Polman", Director

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

**FIRST MINING FINANCE CORP.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited - expressed in Canadian dollars unless otherwise noted)

| | Three months ended September 30, 2015 | Three months ended September 30, 2014 RESTATED (Note 20) | Nine months ended September 30, 2015 | Nine months ended September 30, 2014 RESTATED (Note 20) |
|---|---|---|---|---|
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | | | |
| Administrative and office | $ 58,583 | $ 29,567 | $ 113,285 | $ 32,629 |
| Depreciation | 2,275 | 2,193 | 6,096 | 6,893 |
| Exploration and evaluation | 20,458 | 38,235 | 63,515 | 102,726 |
| Investor relations and marketing | 210,403 | - | 327,463 | - |
| Professional fees | 54,298 | 81,288 | 242,182 | 171,380 |
| Salaries and consultants | 294,356 | 28,209 | 463,129 | 121,777 |
| Share-based payments (Note 12(d)) | 301,090 | - | 999,218 | - |
| Transfer agent and filing fees | 56,253 | - | 99,252 | 4,470 |
| Travel and accommodation | 48,080 | 1,413 | 141,810 | 11,425 |
| Loss before other items | (1,045,796) | (180,905) | (2,455,950) | (451,300) |
| Charge related to public company listing (Note 4) | - | - | (655,130) | - |
| Foreign exchange (loss) gain | (8,570) | 19,859 | (92,661) | 18,136 |
| Gain on debt settlement (Note 12 (b)) | - | - | 96,114 | - |
| Gain on fair value adjustment of derivative liability | - | 18,820 | - | 85,608 |
| Interest and other expenses | (38,846) | (15,239) | (98,071) | (34,098) |
| Other (expenses) income | (7,936) | - | 2,298 | 62 |
| Write-down of mineral properties | - | (242,060) | - | (242,060) |
| **Net loss for the period** | **$ (1,101,148)** | **$ (399,525)** | **$ (3,203,400)** | **$ (623,652)** |
| **Other comprehensive income for the period** | | | | |
| Currency translation adjustment | 420,322 | 233,812 | 969,510 | 242,387 |
| **Net loss and comprehensive loss for the period** | **$ (680,826)** | **$ (165,713)** | **$ (2,233,890)** | **$ (381,265)** |
| Basic and diluted loss per share | $ (0.01) | $ (0.01) | $ (0.04) | $ (0.02) |
| **Weighted average number of shares outstanding** | **99,483,355** | **45,475,144** | **73,313,982** | **32,961,083** |

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

**FIRST MINING FINANCE CORP.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited - expressed in Canadian dollars unless otherwise noted)

| | Nine months ended September 30, 2015 | Nine months ended September 30, 2014 RESTATED |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss for the period | $ (3,203,400) | $ (623,652) |
| Items not affecting cash: | | |
| Depreciation | 6,096 | 6,893 |
| Gain on fair value adjustment to derivative liability | - | (85,608) |
| Charge related to public company listing (Note 4) | 655,130 | - |
| Unrealized foreign exchange loss | 101,562 | 9,951 |
| Share-based payments (Note 12(d)) | 999,218 | - |
| Accrued interest expense | 93,463 | 28,518 |
| Write-down of mineral properties (Note 8) | - | 242,060 |
| Changes in non-cash working capital items: | | |
| (Increase) decrease in receivables and prepaid expenditures | (264,906) | 8,176 |
| (Decrease) increase in accounts payables and accrued liabilities | (316,001) | 240,067 |
| **Total cash used in operating activities** | **(1,928,838)** | **(173,595)** |
| **Cash flows from investing activities** | | |
| Equipment purchases | (2,704) | - |
| Mineral property expenditures (Note 8) | (1,329,386) | (678,627) |
| Value-added tax incurred (Note 9) | (44,893) | (12,760) |
| Deferred acquisition costs (Note 19) | (182,392) | - |
| Cash acquired from acquisition of Minera Terra Plata SA de CV and 0924682 BC Ltd., net of transaction costs | - | 4,939 |
| Cash expended in acquisition of Coastal Gold, net of transaction costs | (2,249,608) | - |
| **Total cash used in investing activities** | **(3,808,983)** | **(686,448)** |
| **Cash flows from financing activities** | | |
| Issuance of shares for cash, net of share issuance costs (Note 12(b)) | 4,478,580 | 524,750 |
| Release of restricted cash (Note 6) | 2,723,750 | - |
| Cash acquired in reverse takeover, net of transaction costs (Note 4) | 43,278 | - |
| Proceeds from exercise of warrants and share options (Note 12(b)) | 140,755 | |
| Proceeds from promissory notes issued (Note 11) | 635,550 | 386,925 |
| **Total cash provided by financing activities** | **8,021,913** | **911,675** |
| Foreign exchange effect on cash | (35,681) | (169) |
| **Change in cash and cash equivalents** | **2,248,411** | **51,463** |
| **Cash and cash equivalents, beginning** | **39,914** | **32,697** |
| **Cash and cash equivalents, ending** | **$ 2,288,325** | **$ 84,160** |

Supplemental cash flow information (Note 15)

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

**FIRST MINING FINANCE CORP.**
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited - expressed in Canadian dollars unless otherwise noted)

| | Number of common shares | Capital stock | Shares to be issued | Warrant reserve | Accumulated other comprehensive Income | Share-based payment reserve | Accumulated deficit | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at January 1, 2014 – RESTATED (Note 20)** | **26,600,345** | **$ 4,582,429** | **$ -** | **$ 34,481** | **$ 250,199** | **$ 239,935** | **$ (4,339,046)** | **$ 767,998** |
| Shares issued from private placement | 3,498,333 | 524,750 | - | - | - | - | - | 524,750 |
| Shares issued on settlement of debt | 266,665 | 40,000 | - | - | - | - | - | 40,000 |
| Shares issued on asset acquisitions of Minera Terra Plata and 0924682 BC Ltd. | 15,718,387 | 3,900,000 | - | - | - | - | - | 3,900,000 |
| Loss for the period | - | - | - | - | - | - | (623,652) | (623,652) |
| Currency translation adjustment | - | - | - | - | 242,387 | - | - | 242,387 |
| **Balance as at September 30, 2014 – RESTATED** | **46,083,730** | **$ 9,047,179** | **$ -** | **$ 34,481** | **$ 492,586** | **$ 239,935** | **$ (4,962,698)** | **$ 4,851,483** |
| | | | | | | | | |
| **Balance as at December 31, 2014 RESTATED (Note 20)** | **46,083,730** | **$ 9,047,179** | **$ 2,723,750** | **$ 34,481** | **$ 667,513** | **$ 239,935** | **$ (5,062,184)** | **$ 7,650,674** |
| Shares issued from private placement (Note 12(b)) | 12,562,412 | 5,024,965 | - | - | - | - | - | 5,024,965 |
| Less: issue costs – cash | - | (546,385) | - | - | - | - | - | (546,385) |
| issue costs – non-cash (Note 12(c)) | - | (105,946) | - | 105,946 | - | - | - | - |
| Conversion of subscription receipts (Note 6) | 10,895,000 | 2,723,750 | (2,723,750) | - | - | - | - | - |
| Shares issued on settlement of debt (Note 12(b)) | 1,533,185 | 383,296 | - | - | - | - | - | 383,296 |
| Shares of Albion upon RTO (Note 4) | 2,692,124 | 673,031 | - | - | - | - | - | 673,031 |
| Share-based payments (Note 12(d)) | - | - | - | - | - | 999,218 | - | 999,218 |
| Shares issued on acquisition of Coastal Gold (Note 5) | 27,499,461 | 14,024,725 | - | - | - | - | - | 14,024,725 |
| Options issued on acquisition of Coastal Gold (Note 5) | - | - | - | - | - | 265,549 | - | 265,549 |
| Exercise of options (Note 12(d)) | 422,500 | 219,812 | - | - | - | (88,837) | - | 130,975 |
| Exercise of warrants (Note 12(c)) | 24,450 | 13,932 | - | (4,152) | - | - | - | 9,780 |
| Loss for the period | - | - | - | - | - | - | (3,203,400) | (3,203,400) |
| Currency translation adjustment | - | - | - | - | 969,510 | - | - | 969,510 |
| **Balance as at September 30, 2015** | **101,712,862** | **$ 31,458,359** | **$ -** | **$ 136,275** | **$ 1,637,023** | **$ 1,415,865** | **$ (8,265,584)** | **$ 26,381,938** |

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

**1. NATURE OF OPERATIONS AND GOING CONCERN**

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

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

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

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its properties and settle liabilities. The Company has incurred losses since inception and expects to incur further losses in the development of its business. As at September 30, 2015, the Company had an accumulated deficit of $8,265,584, which has been funded primarily by the issuance of equity. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

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

The Company's head office and principal address is located at 925 West Georgia Street, Suite 1805, Vancouver, British Columbia, Canada, V6C 3L2.

## 2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with, International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Except as described in Note 3, the Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements of KCP for the year ended December 31, 2014, which should be read in conjunction with these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's Canadian entities. The functional currency of the Company's foreign subsidiaries is US dollars.

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

These condensed interim consolidated financial statements were approved by the Board of Directors on November 27, 2015.

## 3. ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements, except as described below.

<u>Change in presentation and functional currency</u>
These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company's parent as well as the Company's Canadian subsidiaries. The functional currency of the Company's foreign subsidiaries is US dollars.

The functional currency of both the parent company and the Canadian subsidiaries changed from US to Canadian dollars effective July 1, 2015. This change reflects the Company's financing, and development activities which are now primarily in Canadian dollars after the acquisition of Coastal Gold Corp. ("Coastal") on July 7, 2015, as well as the acquisitions of both Gold Canyon Resources Inc. ("Gold Canyon") and PC Gold Inc. ("PC Gold") which were entered into subsequent to September 30, 2015 (see Note 19). On July 1, 2015, all assets and liabilities of the foreign subsidiaries were translated into Canadian dollars at the July 1, 2015 rate of 1.2490 CAD per 1.00 USD. All share capital and other components of equity were translated at the historical rates. This change has been accounted for prospectively.

Concurrent with the change in functional currency, on July 1, 2015, the Company changed its presentation currency from US dollars to Canadian dollars. The change in presentation currency is to better reflect the Company's business activities. In making this change to the Canadian dollar presentation currency, the Company followed the guidance in IAS 21*, The Effects of Changes in Foreign Exchange Rates* ("IAS 21") and has thus applied the change retrospectively.

## 3. ACCOUNTING POLICIES (continued)

Change in presentation and functional currency (continued)
In accordance with IAS 21, the financial statements for all periods presented have been translated to the new Canadian dollar presentation currency (Note 20). For the 2014 comparative balances, assets and liabilities have been translated into the presentation currency at the rate of exchange prevailing at the reporting date. The statements of comprehensive loss were translated at the average exchange rates for the reporting period. Exchange differences arising on translation have been recognized in other comprehensive income and accumulated as a separate component of equity. The Company has presented an opening statement of financial position as at January 1, 2014 without the related notes except for the disclosure requirements outlined in IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8").

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

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

IFRS *15 Revenue from Contracts with Customers*
In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. Currently, no impact on the Company's consolidated financial statements is expected.

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

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

(Unaudited - expressed in Canadian dollars unless otherwise noted)

## 3. ACCOUNTING POLICIES (continued)

Accounting standards issued but not yet applied (continued)

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

## 4. REVERSE TAKEOVER TRANSACTION

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

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

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

The net assets acquired was the fair value of the net assets of Albion, which on March 30, 2015 was $67,917. The amount was calculated as follows:

| **Category** | | **RESTATED** (Note 20) |
|---|---|---|
| Cash and cash equivalents | $ | 93,294 |
| Accounts receivable | | 2,624 |
| Accounts payable and accrued liabilities | | (28,001) |
| **Net assets acquired** | **$** | **67,917** |
| Fair value of 2,692,124 shares issued by KCP at $0.25 per share | | 673,031 |
| Fair value of consideration paid in excess of net assets acquired | | 605,114 |
| Transaction costs related to acquisition | | 50,016 |
| **Charge related to public company listing** | **$** | **655,130** |

(Unaudited - expressed in Canadian dollars unless otherwise noted)

## 5. ACQUISITION OF COASTAL GOLD CORP.

On July 7, 2015, the Company completed the acquisition of all of the outstanding common shares of Coastal Gold Corp. ("Coastal") on the basis of 0.1625 common share of First Mining for each Coastal common share (the "Transaction"). The Transaction was conducted by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario), which resulted in Coastal becoming a wholly-owned subsidiary of First Mining.

For accounting purposes, the acquisition of Coastal has been recorded as an asset acquisition as Coastal is not considered to be a business when applying the guidance within IFRS 3.

Consideration paid:

| | | |
|---|---|---|
| Fair value of 27,499,461 common shares issued | $ | 14,024,725 |
| Replacement share options issued | | 265,549 |
| Transaction costs incurred by the Company | | 2,273,541 |
| **Total consideration paid** | **$** | **16,563,815** |

The fair value of identifiable assets acquired and liabilities assumed from Coastal were as follows:

| | | |
|---|---|---|
| Cash | $ | 68,933 |
| Receivables and prepaids | | 98,219 |
| Equipment | | 84,340 |
| Mineral properties (Book value at acquisition of $3,439,422) | | 17,659,163 |
| Accounts payable and accrued liabilities | | (1,346,840) |
| **Net identifiable assets acquired** | **$** | **16,563,815** |

## 6. RESTRICTED CASH

At December 31, 2014 (Restated – Note 20), KCP had received $2,723,750 in subscription receipts to purchase 10,895,000 common shares of KCP at $0.25 per share. The subscription receipts were held in escrow until immediately before the completion of the RTO on March 30, 2015, when they were released.

## 7. RECEIVABLES AND PREPAID EXPENDITURES

| Category | | September 30, 2015 | | December 31, 2014 RESTATED |
|---|---|---|---|---|
| Taxes receivable (GST) | $ | 243,408 | $ | 11,366 |
| Interest receivable | | 372 | | - |
| Prepaid expenditures | | 152,860 | | 29,247 |
| **Total** | **$** | **396,640** | **$** | **40,613** |

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

(Unaudited - expressed in Canadian dollars unless otherwise noted)

## 8. MINERAL PROPERTIES

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

| | Canada | Mexico | | | | | | | | | USA | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hope Brook | Miranda | Socorro | San Ricardo | Peñasco Quemado | La Frazada | Pluton | Los Lobos | Others[1] | Mexico Total | Turquoise Canyon | Total |
| **Balance December 31, 2013, RESTATED** | $ - | $ 335,781 | $ 194,896 | $ 268,134 | $ - | $ - | $ 525,805 | $ - | $ 153,158 | $ 1,477,774 | $ 453,084 | $ 1,930,858 |
| Acquisition | - | - | - | - | 1,834,140 | 1,493,651 | - | 295,242 | 276,967 | 3,900,000 | - | 3,900,000 |
| Mineral concessions and option payments | - | 23,833 | 87,184 | 76,042 | 105,930 | 948 | 90,807 | 45,592 | 98,431 | 528,767 | 37,791 | 566,558 |
| Geological consulting and lab | - | 4,418 | 1,111 | 1,111 | - | - | 1,802 | - | 1,111 | 9,553 | - | 9,553 |
| Field supplies and other | - | 794 | - | - | - | - | - | - | - | 794 | - | 794 |
| Travel and administration | - | 3,420 | 2,638 | 5,952 | 1,820 | 328 | 4,923 | 1,131 | 9,897 | 30,109 | - | 30,109 |
| Total expenditures | - | 32,465 | 90,933 | 83,105 | 1,941,890 | 1,494,927 | 97,532 | 341,965 | 386,406 | 4,469,223 | 37,791 | 4,507,014 |
| Write-down of mineral properties | - | - | - | - | - | - | - | - | (242,060) | (242,060) | - | (242,060) |
| Option payments and expenditures recovered | - | - | - | (40,247) | - | - | - | - | (6,150) | (46,397) | - | (46,397) |
| Impact of change in presentation currency | - | 32,093 | 22,249 | 26,478 | 110,989 | 86,042 | 52,600 | 19,341 | 21,252 | 371,044 | 43,002 | 414,046 |
| **Balance December 31, 2014, RESTATED** | **-** | **400,339** | **308,078** | **337,470** | **2,052,879** | **1,580,969** | **675,937** | **361,306** | **312,606** | **6,029,584** | **533,877** | **6,563,461** |
| Acquisition | 17,659,163 | - | - | - | - | - | - | - | - | - | - | 17,659,163 |
| Mineral concessions | - | 44,982 | 103,438 | 113,640 | 305,359 | 1,979 | 106,904 | 95,208 | 208,588 | 980,098 | 40,730 | 1,020,828 |
| Surveying, geological consulting and lab | 7,446 | 92,064 | 44,238 | 17,248 | - | - | 53 | - | 9,164 | 162,767 | 982 | 171,195 |
| Field supplies and other | 13,295 | 18,950 | 33,055 | 10,833 | - | 29 | 632 | - | 1,382 | 64,881 | - | 78,176 |
| Travel and administration | 12,291 | 20,360 | 17,467 | 6,030 | - | 1,075 | 122 | - | 1,580 | 46,634 | 262 | 59,187 |
| Total expenditures | 17,692,195 | 176,356 | 198,198 | 147,751 | 305,359 | 3,083 | 107,711 | 95,208 | 220,714 | 1,254,380 | 41,974 | 18,988,549 |
| Option payments and expenditures recovered | - | - | - | (8,830) | - | - | - | - | - | (8,830) | - | (8,830) |
| Impact of change in presentation currency | - | 70,666 | 54,756 | 54,366 | 323,983 | 237,803 | 93,701 | 59,107 | 57,685 | 952,067 | 81,083 | 1,033,150 |
| **Balance September 30, 2015** | **$17,692,195** | **$ 647,361** | **$ 561,032** | **$ 530,757** | **$ 2,682,221** | **$ 1,821,855** | **$ 877,349** | **$ 515,621** | **$ 591,005** | **$ 8,227,201** | **$ 656,934** | **$ 26,576,330** |

(1) Other mineral properties include the Puertecitos, Los Tamales, Margaritas, La Sorpresa, Geranio, El Apache, El Roble, Batacosa, Lachatao, Tierritas and Montana.

(Unaudited - expressed in Canadian dollars unless otherwise noted)

**8. MINERAL PROPERTIES (continued)**

**Hope Brook, Newfoundland, Canada**

The Company acquired 100% interest in the Hope Brook property through the acquisition of Coastal Gold (see Note 5). The property is subject to a 2% net smelter return royalty ("NSR"), and the Company shall have the option to purchase half of the NSR for $1,000,000 at any time. The Company agreed to pay an advance royalty of $20,000 per annum commencing January 22, 2015 (payment made January 2015) until production is achieved. These advance royalty payments of $20,000 per annum will be deducted from royalty payments due following the commencement of production on the property.

**San Ricardo, Sonora, Mexico**

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

**Pluton, Durango, Mexico**

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

## 9. VALUE-ADDED TAX RECEIVABLE

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

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| Category | | September 30, 2015 | | December 31, 2014 RESTATED |
|---|---|---|---|---|
| Accounts payable | $ | 1,742,452 | $ | 1,059,741 |
| Other accrued liabilities | | 150,450 | | 212,339 |
| **Total** | **$** | **1,892,902** | **$** | **1,272,080** |

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

## 11. LOANS PAYABLE

In 2013 and 2014, the Company received cash and issued promissory notes for a total of $546,465 (USD$500,000) to First Majestic Silver Corp. ("First Majestic"), a related party. The promissory notes carry an interest rate of 9% per annum and are repayable 30 days following the date First Majestic demands repayment.

In January 2015, the Company received cash and issued an additional $635,550 (USD$500,000) promissory note to First Majestic, also under similar terms. As at September 30, 2015, the total loan principal outstanding was $1,334,500 (USD$1,000,000) and interest of $139,503 has been accrued (December 31, 2014 - $580,050 and $46,040, respectively).

## 11. LOANS PAYABLE (continued)

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

## 12. SHARE CAPITAL

### a) Authorized

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

### b) Issued and Fully Paid

Common shares: 101,712,862 (December 31, 2014 – 46,083,730).
Preferred shares: nil (December 31, 2014 – nil).

During the nine months ended September 30, 2015, the Company:

- completed a $5,024,965 private placement by issuing 12,562,412 common shares at $0.40 per share;
- issued 10,895,000 common shares at a fair value of $2,723,750 on conversion of subscription receipts at a price of $0.25 per share (see Note 6);
- issued 1,533,185 common shares for the settlement of debt in the amount of $419,421. The common shares issued were recorded at a fair value of $383,296 or $0.25 per share, resulting in a gain on debt settlement of $96,114;
- issued 2,692,124 common shares at a fair value of $673,031, or $0.25 per share in the RTO transaction (see Note 4);
- Issued 27,499,461 common shares for the acquisition of Coastal in the amount of $14,024,725 (see Note 5);
- Issued 422,500 common shares for the exercise of options in the amount of $219,812; and
- Issued 24,450 common shares for the exercise of warrants in the amount of $13,932.

There were a total of 7,332,273 common shares of the Company held in escrow under the Escrow Value Security Agreement dated March 30, 2015, on the completion of the RTO. Under this agreement, 10% of the shares were released immediately and 15% will be released every six months thereafter with the final release being on March 30, 2018. As at September 30, 2015, there were 5,499,206 common shares of the Company held in escrow (December 31, 2014 – nil).

There were a total of 1,369,500 common shares of the Company held in escrow under the CPC Escrow Agreement dated August 2, 2005. At completion of the RTO, 10% of the common shares were released and 15% will be released every six months thereafter with the final release being March 30, 2018. As at September 30, 2015 there were 1,027,124 common shares of the Company held in escrow (December 31, 2014 – 1,369,500 based on 4:1 rollback).

During the year ended December 31, 2014, the Company:

- completed a $524,750 private placement by issuing 3,498,333 common shares at $0.15 per share to certain directors and officers of the Company;
- issued 266,665 common shares for a settlement of promissory notes. The common shares issued were recorded at a fair value of $40,000 or $0.15 per share; and
- completed the acquisition of Minera Terra Plata, S.A. de C.V. and 0924682 BC Ltd. by issuing 15,718,387 common shares of the Company. The common shares issued were valued at $3,900,000 or $0.25 per share.

(Unaudited - expressed in Canadian dollars unless otherwise noted)

## 12. SHARE CAPITAL (continued)

### c) Warrants

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

| | Number | | Weighted Average Exercise Price |
|---|---|---|---|
| **Balance as at December 31, 2013** | **2,423,281** | **$** | **0.30** |
| Expired | (2,423,281) | | 0.30 |
| **Balance as at December 31, 2014** | **-** | **$** | **-** |
| Issued | 623,925 | | 0.40 |
| Exercised | (24,450) | | 0.40 |
| **Balance as at September 30, 2015** | **599,475** | **$** | **0.40** |

As at September 30, 2015, the 599,475 warrants outstanding have an expiry date of September 30, 2016 and a weighted average remaining life of 1.0 year.

Warrants with a fair value of $105,946 were issued to the agents and other finders for their services in connection with the private placement completed on March 30, 2015. The Black-Scholes Pricing Model was used to estimate a warrant fair value of $0.17 per unit using the following assumptions: expected warrant life of 1.5 years; a risk-free interest rate of 0.78%; a dividend yield of nil and an expected volatility of 90.43%.

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

### d) Share Options

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

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

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

| | Number | | Weighted Average Exercise Price |
|---|---|---|---|
| **Balance as at December 31, 2014** | **-** | **$** | **-** |
| Issued – March 30, 2015 | 2,550,000 | | 0.40 |
| Issued – July 7, 2015 (Replacement Coastal Gold options) | 2,121,600 | | 0.87 |
| Issued – July 27, 2015 | 980,000 | | 0.40 |
| Issued – September 9, 2015 | 100,000 | | 0.40 |
| Exercised (Replacement Coastal Gold options) | (422,500) | | 0.31 |
| **Balance as at September 30, 2015** | **5,329,100** | **$** | **0.58** |

The total share-based payment expense recorded during the period ended September 30, 2015 was $999,218 (2014: $nil).

(Unaudited - expressed in Canadian dollars unless otherwise noted)

## 12. SHARE CAPITAL (continued)

### d) Share Options (continued)

The following table summarizes information about the share options as at September 30, 2015:

| Exercise Price Per Share | Number of Options Outstanding | Weighted Average Remaining Life (Years) | Number of Options Exercisable | Expiry Date |
|---|---|---|---|---|
| $0.40 | 2,550,000 | 4.50 | 2,550,000 | March 29, 2020 |
| $0.31-$6.09[(1)] | 1,699,100 | 0.01 | 1,699,100 | October 5, 2015 |
| $0.40 | 980,000 | 4.82 | 980,000 | July 27, 2020 |
| $0.40 | 100,000 | 4.95 | 100,000 | September 8, 2020 |

(1) Originally issued by Coastal Gold with various exercise prices and expiry dates. Following the acquisition of Coastal Gold the share options were replaced with First Mining share options using the transaction share exchange ratio. These options have an expiry date of October 5, 2015, being 90 days after the transaction, in accordance with First Mining's share option plan.

The Black-Scholes Pricing Model was used to estimate the fair value of the share options using the following assumptions:

| Issue date | Expected Option Life | Risk Free Interest Rate | Dividend Yield | Expected Volatility | Weighted Average Fair Value |
|---|---|---|---|---|---|
| March 30, 2015 | 5.0 years | 1.38% | nil | 87.67% | $0.27 |
| July 7, 2015 | 0.25 years | 0.46% | nil | 77.44% | $0.13 |
| July 27, 2015 | 5.0 years | 1.50% | nil | 89.69% | $0.28 |
| September 9, 2015 | 5.0 years | 1.50% | nil | 91.96% | $0.28 |

## 13. SEGMENTED INFORMATION

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

| Non-current assets | | September 30, 2015 | | December 31, 2014 RESTATED |
|---|---|---|---|---|
| Canada | $ | 17,950,930 | $ | 6,016 |
| Mexico | | 8,447,184 | | 6,204,674 |
| USA | | 656,934 | | 533,877 |
| **Total** | **$** | **27,055,048** | **$** | **6,744,567** |

(Unaudited - expressed in Canadian dollars unless otherwise noted)

## 14. RELATED PARTY TRANSACTIONS

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

| Service or Item | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 RESTATED | 2015 | 2014 RESTATED |
| Administration and office | $ 29,217 | $ - | $ 72,450 | $ 52,724 |
| Consulting fees | - | 28,209 | - | 107,232 |
| Legal fees | - | 1,490 | - | 49,287 |
| **Total** | **$ 29,217** | **$ 29,699** | **$ 72,450** | **$ 209,243** |

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

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

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

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

As at September 30, 2015, included in accounts payable is an amount of $31,020 (December 31, 2014 - $423,250) due to the Chief Executive Officer and the VP Exploration who were consultants prior to the RTO, and included in current liabilities is an amount of $1,475,643 (December 31, 2014 - $626,090) due to First Majestic relating to the promissory notes (Note 11).

### Key Management Compensation

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

| Service or Item | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 RESTATED | 2015 | 2014 RESTATED |
| Directors' fees | $ - | $ - | $ - | $ 13,164 |
| Salaries and consultants | 96,894 | 28,209 | 252,998 | 107,194 |
| Share-based payments | 97,423 | - | 795,551 | - |
| **Total** | **$ 194,317** | **$ 28,209** | **$ 1,048,549** | **$ 120,358** |

## 15. SUPPLEMENTAL CASH FLOW INFORMATION

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

- 10,895,000 subscription receipts were converted into common shares with a value of $2,723,750 (see Note 6);
- Issued 1,533,185 common shares for settlement of $383,296 in debt (see Note 12 (b));
- 2,692,124 shares issued as part of the RTO transaction with Albion and Sundance (see Note 4);
- 27,499,461 shares issued as part of the acquisition of Coastal Gold (see Note 5); and
- Paid or accrued $nil for income taxes (2014 - $nil).

## 16. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

- Foreign currency risk as a result of certain payables and the loan to First Majestic being based in US dollars; and
- Liquidity risk as a result of the completed acquisition of Coastal Gold, and the acquisitions of both Gold Canyon and PC Gold subsequent to September 30, 2015.

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

## 17. FAIR VALUE

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

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

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

## 18. CONTINGENCY

A statement of claim was filed against Coastal Gold, a wholly owned subsidiary of the Company, on September 8, 2015. The claim seeks damages in the amount of $485,580 against Coastal Gold for amounts alleged to be owed to certain former consultants for past services provided. In November 2015, the Company agreed to settle this claim out of court and to pay these amounts in full by January 31, 2016. No further action is required at this time.

**19. SUBSEQUENT EVENTS**

**a) Completion of Gold Canyon Resources Inc. and PC Gold Inc. Acquisitions**

On November 13, 2015 and November 16, 2015, the Company completed the acquisition of all the common shares of both Gold Canyon Resources Inc. ("Gold Canyon") and PC Gold Inc. ("PC Gold"), respectively, by way of separate court approved plans of arrangements. Deferred costs related to these acquisitions were $182,392 as at September 30, 2015.

**(i) Gold Canyon**

Under the terms of the Gold Canyon Arrangement, each Gold Canyon shareholder is entitled to receive one First Mining common share for each common share of Gold Canyon. As part of the Gold Canyon Arrangement, Gold Canyon has also transferred its early stage non-gold exploration properties together with $500,000 in cash and certain other assets to Irving Resources Inc. ("Irving Resources", formerly 1047431 B.C. Ltd.). Under the terms of the Gold Canyon Arrangement, in addition to the First Mining securities referred to above, each Gold Canyon shareholder is entitled to receive 0.03333 Irving Resources common shares (rounded down to the nearest whole share) for each common share of Gold Canyon.

The Gold Canyon Arrangement implied a value of $0.35 per Gold Canyon common share and an overall equity value of approximately $56.4 million upon issuance of 161,200,447 common shares of the Company. In the most recent publicly filed financial statements as at August 31, 2015, the net assets of Gold Canyon were $69,781,572 and working capital was $790,729. At the time of filing these condensed interim consolidated financial statements, sufficient information to determine the Purchase Price Allocation ("PPA") of the Gold Canyon Arrangement is not yet available.

The Gold Canyon Arrangement will also provide for the issuance by the Company of an aggregate of 11,310,000 replacement warrants to holders of unexercised Gold Canyon warrants and 6,012,500 replacement stock options to holders of unexercised Gold Canyon options (the "Replacement Options") (assuming no exercise of existing warrants or options). Replacement Options will expire on the earlier of the expiry date of the Gold Canyon options for which they were exchanged and the date 12 months after closing.

Holders of unexercised Gold Canyon warrants are also entitled to one warrant of Irving Resources entitling the holder to purchase 0.03333 Irving Resources common share at an exercise price of $0.30. This being the fair market portion, as adjusted by the applicable Irving Resources exchange ratio and rounded to the nearest whole cent, of the exercise price per share of such Gold Canyon share purchase warrant assigned to a Irving Resources share purchase warrant rounded up to the nearest whole cent.

**(ii) PC Gold**

Under the terms of the PC Gold Arrangement, each PC Gold shareholder is entitled to receive 0.2571 First Mining common shares for each common share of PC Gold. In connection with the PC Gold Arrangement, the Company has also issued First Mining common shares to certain creditors of PC Gold to settle approximately $277,600 of outstanding debt.

The PC Gold Arrangement implied a value of $0.09 per PC Gold Canyon common share and an overall equity value of approximately $10.0 million upon issuance of 28,575,806 common shares of the Company. In the most recent publicly filed financial statements as at June 30, 2015, the net assets of PC Gold were $9,733,200 and working capital was negative $918,872. At the time of filing these condensed interim consolidated financial statements, sufficient information to determine the Purchase Price Allocation ("PPA") of the PC Gold Arrangement is not yet available.

**19. SUBSEQUENT EVENTS (continued)**

The PC Gold Arrangement will also provide for the issuance by the Company of an aggregate of 4,958,430 replacement warrants (the "Replacement Warrants") to holders of unexercised PC Gold warrants and 1,786,844 replacement stock options to holders of unexercised PC Gold options (the "Replacement Options") (assuming no exercise of existing warrants or options). Replacement Options will expire on the earlier of the expiry date of the PC Gold options for which they were exchanged and the date 12 months after closing.

**b) Exercise of Warrants and Share Options**

Subsequent to September 30, 2015, a total of 84,000 warrants of the Company were exercised for gross proceeds of $33,600, and a total of 438,750 options of the Company were exercised for gross proceeds of $133,496.

**c) Cancellation of Share Options**

A total of 1,260,350 share options expired unexercised on October 5, 2015.

**d) Issuance of Share Options**

On October 27, 2015, a total of 200,000 share options of the Company were granted at an exercise price of $0.47 per share option and expire five years from the grant date.

**e) Option Agreement with Major Mexican Mining Company, Peñoles**

On November 20, 2015, the Company announced that it had signed an option agreement with Exploraciones Mineras Peñoles, S.A. de C.V., an indirect Mexican subsidiary of Industrias Peñoles S.A.B. de C.V. (Peñoles, BMV: PE) under which Peñoles may acquire First Mining's Puertecitos and Los Tamales copper properties (the "Properties") located in northern Sonora, Mexico within the prolific Sonora-Arizona, Copper Belt. The region hosts large copper-molybdenum porphyry deposits, such as at the world-class Cananea and La Caridad copper mines.

Under the option agreement, Peñoles may earn-in up to a 100% interest in the Properties by paying to First Mining a total of $1.5 million over five years. If Peñoles completes the acquisition of the Properties, First Mining will retain a 2% net smelter return (NSR) royalty, of which Peñoles has the right to purchase 50% for $1.0 million and the remaining 50% may be purchased for an additional $2.0 million. All mining concession taxes and assessment work for these properties as required by law, will be paid by Peñoles.

**f) Arrangement Agreement with Goldrush Resources Ltd.**

On November 24, 2015, the Company entered into a definitive arrangement agreement (the "Arrangement Agreement") with Goldrush Resources Ltd. ("Goldrush") under which the Company would acquire all of the outstanding common shares of Goldrush on the basis of 0.0714 common shares in the capital of First Mining for each Goldrush share by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the "Transaction"). The Transaction will be conducted by way of a court-approved plan of arrangement, resulting in Goldrush becoming a wholly owned subsidiary of First Mining.

Transaction costs associated with the Arrangement Agreement will be included in the consideration paid to acquire the net assets of Goldrush.

## 20. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY

For comparative purposes, the consolidated statements of financial position as at December 31, 2014 and January 1, 2014 include adjustments to reflect the change in accounting policy resulting from the change in presentation currency to Canadian dollars. The amounts previously reported in US dollars as shown below have been translated into Canadian dollars at the December 31, 2014 and January 1, 2014 exchange rate of 1.1601 CAD per 1.00 USD and 1.0636 CAD per 1.00 USD, respectively.

| | As previously reported USD | At translated rate of 1.0636 CAD |
|---|---|---|
| **As at January 1, 2014** | | |
| Current assets | $ 44,794 | $ 47,643 |
| Non-current assets | 1,905,728 | 2,026,932 |
| **Total assets** | **1,950,522** | **2,074,575** |
| Current liabilities | 1,228,448 | 1,306,577 |
| **Total liabilities** | $ **1,228,448** | $ **1,306,577** |

| **As at December 31, 2014** | As previously reported USD | At translated rate of 1.1601 CAD |
|---|---|---|
| Current assets | $ 2,417,286 | $ 2,804,277 |
| Non-current assets | 5,813,781 | 6,744,567 |
| **Total assets** | **8,231,067** | **9,548,844** |
| Current liabilities | 1,636,208 | 1,898,170 |
| **Total liabilities** | $ **1,636,208** | $ **1,898,170** |

**20. ADJUSTMENT OF PREVIOUSLY REPORTED FINANCIAL INFORMATION DUE TO CHANGE IN PRESENTATION CURRENCY (continued)**

For comparative purposes, the condensed interim consolidated statement of comprehensive loss for the three and nine month periods ended September 30, 2014 includes adjustments to reflect the change in accounting policy resulting from the change in presentation currency to Canadian dollars. The amounts previously reported in US dollars as shown below have been translated into Canadian dollars at the average exchange rate for the period of 1.0889 CAD per 1.00 USD for the three months ended September 30, 2014 and 1.0942 CAD per 1.00 USD for the nine months ended September 30, 2014.

The effect of the translation is as follows:

| | Three months ended September 30, 2014 | | Nine months ended September 30, 2014 | |
|---|---|---|---|---|
| | **As previously reported USD** | **At translated rate of 1.0889 CAD** | **As previously reported USD** | **At translated rate of 1.0942 CAD** |
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | | | |
| Administrative and office | $ 27,029 | 29,567 | 29,820 | 32,629 |
| Depreciation | 2,016 | 2,193 | 6,300 | 6,893 |
| Exploration and evaluation | 35,094 | 38,235 | 93,882 | 102,726 |
| Professional fees | 74,501 | 81,288 | 156,627 | 171,380 |
| Salaries and consultants | 25,999 | 28,209 | 111,293 | 121,777 |
| Transfer agent and filing fees | - | - | 4,085 | 4,470 |
| Travel and accommodation | 1,316 | 1,413 | 10,443 | 11,425 |
| Loss before other items | (165,955) | (180,905) | (412,450) | (451,300) |
| Foreign exchange gain | 18,146 | 19,859 | 16,574 | 18,136 |
| Gain on fair value adjustment of derivative liability | 17,356 | 18,820 | 78,238 | 85,608 |
| Interest and other expenses | (13,971) | (15,239) | (31,102) | (34,098) |
| Other income | - | - | - | 62 |
| Write-down of mineral properties | (221,221) | (242,060) | (221,221) | (242,060) |
| **Net loss and comprehensive loss for the period** | **$ (365,645)** | **$ (399,525)** | **$ (569,961)** | **$ (623,652)** |
| **Other comprehensive income for the period** | | | | |
| Currency translation adjustment | - | 233,812 | - | 242,387 |
| **Net loss and comprehensive loss for the period** | **$ (365,645)** | **$ (165,713)** | **$ (569,961)** | **$ (381,265)** |
| Basic and diluted loss per share | $ (0.01) | $ (0.01) | $ (0.02) | $ (0.02) |
| **Weighted average number of shares outstanding** | **45,475,144** | **45,475,144** | **32,961,083** | **32,961,083** |