

Condensed Consolidated Interim Financial Statements of

**American CuMo Mining
Corporation**

(Formerly Mosquito Consolidated Gold Mines Limited)
September 30, 2014

UNAUDITED

NOTICE

The accompanying unaudited condensed consolidated interim financial statements of American CuMo Mining Corporation (the "Company") have been prepared by and are the responsibility of the Company's management. 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.

American CuMo Mining Corporation			
(formerly Mosquito Consolidated Gold Mines Limited)			
Condensed consolidated interim statements of financial position - Unaudited			
(Expressed in Canadian dollars)			
		September 30,	June 30,
ASSETS	Note	2014	2014
Current		\$	\$
Cash and cash equivalents		33,678	42,652
Trade and other receivables	6	131,541	7,070
Prepaid expenses and deposits		72,160	72,160
Investments	5	41,963	87,584
		279,343	209,466
Non-current assets			
Reclamation bonds	12	348,159	348,159
Property, plant and equipment	8	6,776	6,776
Assets held for sale	9	18,214	-
Unproven mineral right interests	10	19,813,714	19,751,979
Other		22,673	
		20,488,879	20,316,380
LIABILITIES			
Current			
Trade and other payables	7	941,096	1,299,173
Convertible notes	11	189,288	201,533
		1,130,384	1,500,706
Non-current liabilities			
Convertible notes	11	2,324,326	2,324,326
Reclamation provision	12	348,159	348,159
		3,802,868	4,173,191
EQUITY			
Equity component of convertible notes	11	294,147	294,147
Share capital	15	51,095,199	50,545,199
Equity reserve		10,753,735	10,753,735
Deficit		(45,887,758)	(45,906,761)
Accumulated other comprehensive income (loss)		430,687	456,869
		16,686,010	16,143,189
		20,488,879	20,316,380
Nature of Operations	1		
Commitments	18		
Contingencies	17		
Subsequent	20		
Approved on Behalf of the board Of directors			
Trevor Burns		Joseph Baird	

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation			
(formerly Mosquito Consolidated Gold Mines Limited)			
Condensed consolidated interim statements of financial position - Unaudited			
(Expressed in Canadian dollars)			
		Three months ended September 30	
	Note	2014	2013
		\$	\$
Expenses			
Interest expense and bank charges		1,550	537
Convertible note expense	11	0	1,155
Depreciation		0	656
Foreign exchange loss		33,872	(19,491)
Salaries and management fees	14	28,014	201,240
Office and miscellaneous		8,618	23,609
Consulting and professional fees		40,001	170,390
Rent		21,824	15,750
Shareholder communications and regulatory		190,165	85,014
Share-based expense	15	0	3,711
Travel and business development		(3,239)	15,137
		320,805	497,708
Loss before other items		(320,805)	(497,708)
Other items			
Gain on sale of unproven mineral right interests	10	-	23,213
Recovery of reclamation bond	12	0	-
Recovery of accounts payable			
Impairment of unproven mineral right interests	10		
Gain (loss) on sale or forfeiture of investments	5	47,500	
Other income		0	23
Net loss from continuing operations		(273,305)	(474,472)
Discontinued operations, net of tax	13	292,308	0
Net loss		19,003	(474,472)
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to net loss			
Unrealized gain (loss) on investments	5	(7,941)	(23,864)
Transfer of other comprehensive loss on sale of investments	5	0	
Cumulative translation adjustment		(18,241)	(23,177)
		(26,182)	(47,041)
Comprehensive loss		(7,179)	(521,513)
Loss per common share:			
Basic and diluted		(0.001)	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted		92,262,446	82,262,446

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation		
(formerly Mosquito Consolidated Gold Mines Limited)		
Condensed consolidated interim statements of financial position - Unaudited		
(Expressed in Canadian dollars)		
	Three months ended September 30	
	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Net loss from continuing operations	19,003	(474,472)
Items not involving cash		
Depreciation	0	656
Share-based expense	0	3,711
Gain on sale of unproven mineral right interests	-	(23,213)
Impairment of unproven mineral right interests	0	-
Loss on sale or forfeiture of investments	(47,500)	
Convertible note expense	0	1,155
Changes in non-cash working capital items:		
Decrease (increase) in trade and other receivables	(124,471)	(19,751)
(Increase) decrease in prepaid expenses	0	(64,825)
Increase (decrease) in trade and other payables	(358,077)	155,139
	(511,046)	(421,600)
INVESTING ACTIVITIES		
Purchase of other asset	(22,673)	-
Proceeds from sale of property, plant and equipment	-	81,606
Expenditures on unproven mineral right interests	(61,375)	(301,202)
Proceeds from sale of unproven mineral right interests	-	215,680
Proceeds from sale of investment	54,361	
	(29,687)	(3,916)
FINANCING ACTIVITIES		
Payment of interest on convertible notes	-	-
Proceeds from issuance of Shares	550,000	-
	550,000	-
Net change in cash and cash equivalents from continuing operations	9,267	(425,516.00)
Net change in cash and cash equivalents from discontinued operations	-	-
Effect of exchange rate changes on cash	(18,241)	(7,527)
Cash and cash equivalents, beginning of the period	42,652	471,945
Cash and cash equivalents, end of the period	33,678	38,902

Supplemental cash flow information (Note 19)

See accompanying notes to the condensed consolidated interim financial statements.

(formerly Mosquito Consolidated Gold Mines Limited)									
Condensed consolidated interim statements of financial position - Unaudited									
(Expressed in Canadian dollars)									
		Share Capital		Convertible	Equity	Deficit	Comprehensive	Other Total	
	note	Number of shares	Amount	Notes	Reserve		(Loss) Income	Equity	
			\$		\$	\$	\$	\$	
Balance on July 1, 2012	15	82,262,446	50,545,199	-	10,413,643	(29,899,037)	(1,284,788)	29,775,017	
Net loss			-	-	-	(12,231,517)	-	(12,231,517)	
Equity component of convertible notes			-	294,147	-	-	-	294,147	
Share-based expense			-	-	279,787	-	-	279,787	
Unrealized gain on investments			-	-	-	-	(162,385)	(162,385)	
Transfer of other comprehensive loss on sale of investments			-	-	-	-	74,000	74,000	
Cumulative translation adjustment			-	-	-	-	145,887	145,887	
Balance on June 30, 2013	15	82,262,446	50,545,199	294,147	10,693,430	(42,130,554)	(1,227,286)	18,174,936	
Balance on July 1, 2013	15	82,262,446	50,545,199	294,147	10,693,430	(42,130,554)	(1,227,286)	18,174,936	
Net loss			-	-	-	(3,776,207)	-	(3,776,207)	
Equity component convertible notes									
Share-based expense			-	-	60,305	-	-	60,305	
Unrealized loss on investments			-	-	-	-	(85,211)	(85,211)	
Transfer of other comprehensive loss on sale of investments			-	-	-	-	1,503,370	1,503,370	
Cumulative translation adjustment			-	-	-	-	265,996	265,996	
Balance on June 30 2014	15	82,262,446	50,545,199	294,147	10,753,735	(45,906,761)	456,869	16,143,189	
Net loss						19,003		(98,497)	
Share Financing			550,000					550,000	
Cumulative translation adjustment							(26,182)	(26,182)	
Balance on September 30 2014		93,262,446	51,095,199	294,147	10,753,735	(45,887,758)	430,687	16,686,010	

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)

Notes to the condensed consolidated interim financial statements

September 30, 2014

(Expressed in Canadian dollars)

1. Nature of operations

American CuMo Mining Corporation ("CuMoCo") is an exploration and development company with mineral right interests in the United States of America and formerly in Canada. CuMoCo was incorporated under the laws of British Columbia in 1971.

These consolidated financial statements include the accounts of CuMoCo and its wholly-owned subsidiaries (collectively, the "Company"): Idaho CuMo Mining Corporation ("Idaho CuMo", formerly Mosquito Mining Corp.), Kirkness Diamond Drilling Co., Inc. ("Kirkness"), 1156207 Ontario Ltd. and MSQ Operations Inc.

In recent years the Company also conducted operations as an operator of drilling rigs. These operations were discontinued in the fiscal year ended June 30, 2013 (Note 11).

The Company is in the process of exploring its mineral right interests in the United States and at the date of these consolidated interim financial statements, has not yet determined whether any of its mineral properties contain economically recoverable mineral reserves. Accordingly, the carrying amount of mineral right interests represents cumulative expenditures incurred to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of CuMoCo to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints. Uncertainty also exists with respect to the recoverability of the carrying value of certain mineral right interests. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company's title to the mineral properties.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company does not generate material cash flows from operations and accordingly, CuMoCo will need to raise additional funds through future issuance of securities. Although CuMoCo has been successful in raising funds in the past, there can be no assurance CuMoCo will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company has not determined whether any of its properties contain mineral reserves that are economically recoverable. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations. Since inception, the Company has incurred cumulative losses of \$46,005,258 as of September 30, 2014 (June 30, 2014: \$45,906,761), and at September 30, 2013, had a working capital deficiency of \$962,906 (June 30, 2014: \$1,291,240). Should CuMoCo be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

CuMoCo's common shares are listed on the TSX Venture Exchange ("TSX-V") and on the OTCQX stock exchange in the United States, under the trading symbols "MLY" and "MLYCF", respectively. CuMoCo's share options and warrants are not listed.

The head office and principal address of the Company is 638 Millbank, Vancouver, British Columbia, Canada V5Z 4B7.

These consolidated financial statements were authorized for issue by the board of directors on December 1, 2014.

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)

Notes to the condensed consolidated interim financial statements

September 30, 2014

(Expressed in Canadian dollars)

2. Basis of presentation and statement of compliance

The Company is following the same accounting policies and methods of computation in these condensed consolidated interim financial statements as were utilized in the preparation of the audited consolidated financial statements for the year ended June 30, 2013. Some accounts have been reclassified to ensure comparability with respect to the presentation of the June 30, 2013 consolidated financial statements.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

3. Accounting policies

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended June 30, 2014.

5. Investments

	September 30	June 30
	2014	2014
Beginning of year	87,584	207,795
Dispositions	(45,000)	(111,000)
Additions		76,000
Changes in fair Value	(621)	(85,211)
End of year	41,963	87,584

American CuMo Mining Corporation

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September 30, 2014

(Expressed in Canadian dollars)

Investments include the following:

	September 30	June 30
	2014	2014
Golden Cariboo Resources Inc.	236	430
Barkerville Gold Mines Ltd.	9	8
Mega Precious metals	36,000	36,000
Salmon River Resources Ltd.	3,000	2,000
Ximen Resources	0	45,000
Detour Gold Corp	2,718	4,146
End of year	41,963	87,584

- a) The Company holds 4,300 shares of Golden Cariboo Resources Inc.
- b) The Company holds 300,000 shares of Mega Precious Metals Inc. ("Mega"). On September 30, 2014, 100,000 of the Mega shares were held as collateral by a former officer of the Company.
- c) The Company holds 100,000 shares of Salmon River Resources Ltd.
- d) The Company holds 284 shares of Detour Gold Corporation.
- e) During the quarter ended September 30, 2014, the Company sold the 75,000 shares of Ximen Resources and recorded a gain on disposal of investment of \$2,500.

6. Trade and other receivables

Trade and other receivables are comprised of the following:

	September 30, 2014	June 30, 2014
	\$	\$
Receivables from related parties (Note 13)	-	-
Receivable from financing (rcvd post sept 30)	117,500	
Taxes receivable	19,676	7,070
less cumulative adjustment	(5,635)	7,070
	<u>131,541</u>	<u>14,140</u>

7. Trade and other payables

Trade and other payables are comprised of the following:

	September 30, 2014	June 30, 2014
	\$	\$
Trade payables	881,582	1,175,681
Payables due to related parties (Note 13)	59,514	123,492
	<u>941,096</u>	<u>1,299,173</u>

American CuMo Mining Corporation

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Notes to the condensed consolidated interim financial statements

September 30, 2014

(Expressed in Canadian dollars)

8. Property, plant and equipment

	Aircraft	Land and Building	Office equipment and furniture	Rigs, mine and other equipment	Total
Cost	\$	\$	\$	\$	\$
Balance at July 1, 2012	214,970	1,192,544	166,458	6,509,877	8,083,849
Additions	-	2,857	9,234	4,260	16,351
Disposals	(214,970)	(673,566)	-	(524,850)	(1,413,386)
Write-downs	-	-	-	(1,278,704)	(1,278,704)
Impairment	-	-	-	(68,039)	(68,039)
held for sale	-	(507,081)	-	(1,309,867)	(1,816,948)
Due by former management	-	-	-	(1,353,456)	(1,353,456)
Exchange differences	-	(14,754)	(130)	(1,979,221)	(1,994,105)
Balance at June 30, 2013	-	-	175,562	-	175,562
Additions	-	-	-	-	-
Exchange differences	-	-	-	-	-
Balance at June 30, 2014	-	-	175,562	-	175,562
Balance at September 30, 2014	-	-	175,562	-	175,562
Accumulated depreciation					
Balance at July 1, 2012	166,492	78,244	165,182	4,610,766	5,020,684
Depreciation	3,636	10,332	1,768	224,870	240,606
Disposals	(170,128)	(75,731)	-	(192,847)	(438,706)
Write-downs	-	-	-	(1,120,760)	(1,120,760)
Impairment	-	-	-	(26,211)	(26,211)
Reclassification to assets	-	-	-	-	-
held for sale	-	(11,668)	-	(933,044)	(944,712)
Due by former management	-	-	-	(476,570)	(476,570)
Exchange differences	-	(1,177)	(131)	(2,086,204)	(2,087,512)
Balance at June 30, 2013	-	-	166,819	-	166,819
Depreciation	-	-	1,967	-	1,967
Exchange differences	-	-	-	-	-
Balance at June 30, 2014	-	-	168,786	-	168,786
Balance at September 30, 2014	-	-	168,786	-	168,786
Carrying amount					
At June 30, 2012	48,478	1,114,300	1,276	1,899,111	3,063,165
At June 30, 2013	-	-	8,743	-	8,743
At June 30, 2014	-	-	6,776	-	6,776
At September 30, 2014	-	-	6,776	-	6,776

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9. Assets held for sale

As at June 30, 2013, the Company determined the below assets should be held for sale as their carrying amounts would be recovered principally through sales transactions rather than from continuing use. These assets were acquired in connection with the Company's former operations as a provider of drilling services, which were discontinued (Note 12).

All assets previously held for sale were sold during fiscal 2014.

During quarter ending September 30, 2014, the house in Mina associated with the Pine Tree project was reclassified as an asset for sale. The Company has no interest in the Pine Tree project having disposed of the property.

	September 30, 2014	June 30, 2014
	\$	\$
Land and buildings	18,214	-
Vehicles	-	-
Drills	-	-
Drill parts and spares	-	-
	18,214	-

All assets previously held for sale were sold during fiscal 2013 and 2014.

10. Unproven mineral right interests

The Company's flagship project is the CuMo molybdenum project, located in Idaho, in the United States. The Company's Boise property, also located in Idaho, is contiguous to and provides access to the CuMo project.

The Company also has other unproven mineral right interests in the United States and in Canada, which have been optioned to other exploration companies.

CUMO PROJECT

The CuMo Project is situated in the mountains of south-central Idaho, approximately 15 miles northeast of the town of Idaho City. It consists of eight unpatented mineral claims.

The project was optioned to the Company by CuMo Molybdenum Mining, Inc. in 2004. The terms of the option agreement called for a combination of advance royalty payments, 300,000 CuMoCo shares (issued) and work requirements outlined below.

1. Advance royalty payments:

- US\$10,000 upon signing (completed);
- US\$10,000 after 60 days (completed);
- US\$5,000 after 6 months (completed);
- US\$20,000 1st year anniversary (completed);
- US\$20,000 2nd year anniversary (completed);
- US\$15,000 3rd year anniversary (completed);
- US\$15,000 every 6 months thereafter (up-to-date).

These payments are to be credited against a 1.5% net smelter return ("NSR") which reduces to 0.5% NSR after cumulative payments of US\$3,000,000.

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2. Work requirements:

- US\$25,000 during the first year (completed);
- At least US\$50,000 each year thereafter (up-to-date).

BOISE COUNTY PROPERTY

On July 8, 2010, the Company entered into an option agreement, amended on July 5, 2011, to purchase certain mineral claims that included surface rights located in Boise County, Idaho. These patent mineral claims are contiguous to and provide access to the CuMo project. In order to maintain the option in good standing, the Company was required to make option payments of US\$1,200,000. These payments have been completed and the Company has obtained title to the Boise County property, which becomes part of the overall CuMo project.

PINE TREE PROPERTY

The Pine Tree property is located in the Pilot Mountains, Mineral County in western Nevada. The primary target on the property is a copper-molybdenum-rhenium porphyry deposit, with potential gold, silver and tungsten by-products.

In 2005 the Company entered into an option agreement to purchase the Pine Tree property through a combination of advance royalty payments that are currently \$25,000 per year until a total of US\$2,000,000 (the "NSR Royalty") has been paid after which a 2% NSR shall be reduced to 0.5%, share payments totaling 300,000 shares of the Company (issued) and an exploration commitment of US\$450,000 (completed).

On June 25, 2010 (the "Effective Date"), the Company entered into an option agreement with IEMR. Pursuant to the agreement, IEMR acquired an option to purchase a 100% interest in the Pine Tree property. In order to maintain the option in good standing, IEMR is required to make the following payments and share issuances to the Company:

	Cash Payments	Common Shares
	\$	
On the Effective Date (completed)	200,000	1,000,000
On or before the first anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the second anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the third anniversary of the Effective Date (completed)	200,000	1,000,000
On or before the fourth anniversary of the Effective Date	200,000	-
	1,000,000	5,000,000

In addition, IEMR must incur aggregate exploration and development expenditures on the property of \$3,000,000 on or before the fourth anniversary of the Effective Date, subject to minimum expenditures of \$500,000 incurred each year on or before the anniversary of the Effective Date (up-to-date).

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During the option period, IEMR will also be responsible for making advance royalty payments of US\$25,000 per year to the holders of the NSR Royalty. All payments are presently current with the agreement in good standing.

During the quarter ended September 30, 2013, the Company received cash proceeds of \$200,000 in connection with this option agreement.

During the year ended June 30, 2013, the Company received 1,000,000 IEMR shares valued on receipt at \$10,000 in connection with this option agreement. Option payments were credited against the carrying value of the Pine Tree property.

On June 30, 2013, the Company conducted an impairment analysis of the Pine Tree property and proceeded to impair the property to the carrying value of the then remaining option payments. An impairment expense of \$6,652,857 resulted from this adjustment.

In December 2013, the Company and IEMR reached an agreement to amend the Pine Tree option agreement (the "Amendment"). Prior to the Amendment, IEMR had:

- Made all cash payments due under the option agreement to the Company except the final US\$200,000 cash payment (the "Final Cash Payment");
- Issued a total of 4 million common shares of IEMR (the "Issued Shares") to the Company and was to issue an additional 1 million common shares (the "Final Share Instalment") to the Company on or before June 25, 2014; and
- Incurred the amount of exploration expenditures on the Pine Tree Property required to exercise the option.

Pursuant to the Amendment, the parties agreed to amend the option agreement to cause IEMR to pay the Company the Final Cash Payment immediately on the following terms:

- The size of the Final Cash Payment to be reduced to US\$185,000 (the "Amended Payment"); (completed)
- IEMR not be required to issue the Final Share Instalment to the Company (completed); and
- The Company return the Issued Shares to IEMR for cancellation. (completed)

Upon execution of the Amended Payment, IEMR earned a 100% interest in the Pine Tree Property, subject to the underlying NSR.

Pursuant to the Amendment, the Company recorded a final impairment on mineral right interests of \$10,841 during the year ended June 30, 2014. Upon return of the Issued Shares to IEMR, the Company recorded a loss on forfeiture of investment of \$646,520.

The only remaining issue to be resolved is the return of the US\$36,716 exploration bond put in place by the Company.

BLACKPOINT PROPERTY

The Blackpoint gold-silver property is located in Eureka County, Nevada. The Company completed limited exploration work on this property and during the fiscal year 2008, management wrote down the carrying value of the property to a nominal amount.

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On August 24, 2011, the Company entered into an agreement with Uragstar to sell a 100% interest in the Blackpoint property. Uragstar terminated this agreement during the quarter ended September 30, 2012 and returned the Blackpoint property to the Company.

In the quarter ended September 30, 2013 these claims were formally dropped by the Company.

OTHER UNITED STATES PROPERTIES

Other unproven mineral right interests in the United States were the Spruce Mountain, Motley, Spring Creek and Copper Chief properties, which have been fully impaired. During the quarter ended September 30, 2013, the Spring Creek and Motley claims were formally dropped by the Company and a 70% interest on the Copper Chief property was optioned out.

CARIBOO PROPERTY

The Company was originally formed to establish a mining complex on the former producing mines known as Island Mountain Mine and Cariboo Gold Quartz Mine, located near Wells, in British Columbia. The Company has previously written down the carrying value of the property to a nominal amount \$1.

LAVERTY and CUMMINS PROPERTIES

In 2004 the Company acquired a 100% interest in 1156207 Ontario Ltd. for \$80,000 with the vendor retaining a 1% NSR. 1156207 Ontario Ltd. holds a 100% interest in two groups of patented mineral claims known as the Lavery property, located in Red Lake, Ontario and the Cummins property, located near Larder Lake, Ontario. The carrying value of these properties was written down to a nominal value during the fiscal year ended June 30, 2008.

By way of an option agreement dated January 26, 2009, and amended on March 11, 2009, the Company optioned the Lavery property to Mega (formerly Skybridge Development Corp. ("Skybridge")) in consideration of cash payments of \$500,000, 250,000 shares of Skybridge, 500,000 shares of Mega and a \$1,500,000 exploration expenditures commitment. During the quarter ended March 31, 2013, Mega completed the commitments and all consideration due to the Company pursuant to this option agreement.

The Company retains a 2% NSR on ore mined from the property. Given that the property had been written-down to a nominal value, the cash and share consideration received on the property are recognized through earnings.

During the year ended June 30, 2013, cash payments of \$100,000 and 200,000 Mega shares valued on receipt at \$48,000 were received by the Company, who recorded a gain on disposal of unproven mineral right interests of \$148,000.

The Cummins property consists of 5 patented mineral claims located in McElroy Township, near Larder Lake, Ontario. The Company has a 100% interest in the project and has not performed any work to date.

BRETT PROPERTY

In 2003 the Company completed an agreement to acquire a 100% interest in the Brett #1 and Brett #2 mineral claims located in the Vernon Mining District of British Columbia for a consideration of 500,000 shares of the Company. In 2004, Running Fox Resource Corp. ("Running Fox") and the Company entered into an option agreement on the Brett property whereby Running Fox earned a 50% interest in the property in 2004. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2008.

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In 2011, the Company entered into an agreement with Running Fox whereby the Company sold to Running Fox, subject to a NSR, the Company's remaining 50% interest in the Brett property. Consideration for this transaction consisted of a cash payment of \$1,000,000 and 3,000,000 common shares of Running Fox at a fair value of \$900,000. The Company recorded a gain on sale of unproven mineral right interest of \$1,899,999. In addition to this consideration the Company retains a sliding-scale royalty on the property based on the price of gold as follows:

- Gold price up to \$500 per ounce: 2% NSR;
- Gold price between \$501 and \$1,000 per ounce: 3% NSR;
- Gold price between \$1001 and \$1,500 per ounce: 5% NSR;
- Gold price between \$1501 and \$2,000 per ounce: 6% NSR;
- Gold price over \$2,001 per ounce: 8% NSR.

On December 20, 2013, the Company entered into an agreement (the "Agreement") whereby Ximen Mining Corp. ("Ximen") may acquire the Company's above NSR interest.

The consideration payable to the Company consists of up to \$1,350,000 cash and 100,000 common shares of Ximen payable prior to the third anniversary of the Agreement. In addition, there are additional share issuances of \$120,000 payable in shares due by the third year of the Agreement. The number of shares to be issued shall be calculated based on the deemed price per share being the volume-weighted average closing price (subject to TSX-V minimum pricing) of Ximen's common shares on the TSX-V for the ten trading days prior to the date the payment is due. The securities to be received pursuant to the Agreement will be subject to a four month hold period from the date of issuance in accordance with applicable Canadian securities law.

In May 2014, the Company received 100,000 Ximen shares. Until such time as all payments are delivered The Company still holds the royalty on any production recorded from the property.

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	CuMo	Boise	Pinetree	Other	Total
	\$	\$	\$	\$	\$
Balance, July 1 2012	16,543,532	808,450	7,077,857	19,754	24,449,593
Exploration expenditures					
Assays and analysis	83,019	-	-	-	83,019
Community Relations	95,150	-	-	-	95,150
Drilling	473,330	-	-	-	473,330
Geological/professional fees	83,569	-	-	-	83,569
Environmental studies	530,036	-	-	-	530,036
Other exploration costs	7,297	-	-	-	7,297
	17,815,933	808,450	7,077,857	19,754	25,721,994
Other item:					
Acquisition costs and payments	78,717	405,600	-	5,757	490,074
Impairment charges	-	-	(6,652,857)	(5,760)	(6,658,617)
Option payments received	-	-	(10,000)	-	(10,000)
Balance, June 30 2013	17,894,650	1,214,050	415,000	19,751	19,543,451
Balance, July 1 2013	17,894,650	1,214,050	415,000	19,751	19,543,451
Exploration expenditures					
Assays and analysis	339	-	-	-	339
Community Relations	99,500	-	-	-	99,500
Drilling	-	-	-	-	0
Geological/professional fees	63,500	-	-	-	63,500
Environmental studies	444,824	-	-	-	444,824
Other exploration costs	-	-	-	-	0
	18,505,599	1,214,050	415,000	19,751	20,151,614
Other item:					
Acquisition costs and payments	96,851	-	9,526	-	106,377
Impairment charges	-	-	(10,841)	-	(10,841)
Option payments received	-	-	(413,685)	(6,751)	(420,436)
Recovery of reclamation bond	-	-	-	(13,000)	(13,000)
Balance, September 30 2014	18,602,450	1,214,050	0	0	19,813,714

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11. Convertible notes

In order to finance the ongoing development of the CuMo Project the Company has borrowed from International Energy & Mineral Resources Investment (Hong Kong) Company Limited ("HK CO") the principal amount of \$1,500,000 and US\$1,500,000, and issued secured convertible notes (the "Notes") in respect of such indebtedness to HK CO (the "Financing").

The Notes have face values of \$1,500,000 and US\$1,500,000 and mature on October 25, 2017 and November 25, 2017 (the "Maturity Dates"), respectively. The Notes accrue interest at a rate of 6.5% per annum, calculated and paid annually. Interest payments of \$97,500 on the \$1,500,000 note are due on October 25, 2013 (paid), October 25, 2014 (subsequently paid), October 25, 2015, October 25, 2016 and October 25, 2017. Interest payments of US\$97,500 on the US\$1,500,000 note are due on November 25, 2013 (paid), November 25, 2014 (subsequently paid), November 25, 2015, November 25, 2016 and November 25, 2017.

At the option of HK CO the Notes shall be convertible at any time prior to the Maturity Dates, in whole or in part, into common shares of the Company at a price of \$0.28 per common share, provided that HK CO shall only be permitted to exercise such conversion right to the extent that it results in HK CO holding no greater than 19.9% of the issued and outstanding common shares of CuMoCo.

The Canadian dollar Note is being treated as a compound financial instrument with a debt element treated as a liability and an equity conversion element treated as equity. On issuance the equity conversion feature was valued at \$297,394. Share issue costs of \$3,247 were allocated to the equity conversion feature, resulting on a net equity conversion feature of \$294,147.

The U.S. dollar Note, given it is not denominated in the functional currency of CuMo, is accounted for as a financial liability with an embedded derivative and host debt contract.

The Notes carrying value contains the following components:

	September 30, 2014	June 30, 2014
	\$	\$
Liability component	2,381,345	2,393,590
Option conversion component	132,269	132,269
	2,513,614	2,525,859

The current and long-term portions of the Notes are as follows:

	September 30, 2014	June 30, 2014
	\$	\$
Short-term	189,288	201,533
Long-term	2,324,326	2,324,326
	2,513,614	2,525,859

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Changes in the Notes balances are comprised of the following:

	September 30,	June 30,
	2014	2014
	\$	\$
Issue of Notes	2,997,996	2,997,996
Note issue costs	(21,575)	(21,575)
Allocation of equity conversion feature	(297,394)	(297,394)
Accreted interest	573,950	573,950
Coupon Payments	(201,883)	(201,883)
Change in option conversion component valuation	(591,334)	(591,334)
Foreign exchange loss	53,854	66,099
	2,513,614	2,525,859

The aggregate of accreted interest, changes in the option conversion component valuation and foreign exchange expense of nil (2014: \$218,144) is reported as convertible note recoveries in the Company's statement of loss and comprehensive loss.

HK CO is a "Related Party" of the Company pursuant to the policies of the TSX-V, as HK CO holds approximately 16.12% of the issued and outstanding common shares of CuMoCo. As such, the Financing constituted a "Related Party Transaction" under the policies of the TSX-V. The Company has relied on exemptions from the formal valuation and minority approval requirements which are available to the Company.

The Financing was unanimously approved by the Board of Directors of the Company, other than a director who declared his interest in the Financing and abstained from voting with respect to the Financing as he holds a controlling interest in HK CO. If the principal amount of the Note is converted to the full extent possible, HK CO will increase its shareholdings in the Company from 13,256,666 common shares (approximately 16.12% of the issued and outstanding common shares) to 16,370,226 common shares (which would represent approximately 19.9% of the issued and outstanding common shares), assuming that no additional common shares of CuMoCo are issued prior to such conversion.

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12. Reclamation bonds and provisions

The Company's reclamation provision relates to the following Company properties:

	September 30, 2014	June 30, 2014
	\$	\$
CuMo	299,255	299,255
Pine Tree	42,155	42,155
Cariboo	3,500	3,500
General reclamation costs	3,249	3,249
	348,159	348,159

The reclamation provision is comprised of deposits to the Bureau of Land Management, the Boise National Forest, the United States Forest Service and other agencies for the above properties.

Although the Company does not anticipate being required to perform significant reclamation activities, it has recorded a provision for estimated reclamation costs based on the amount of the reclamation bonds. The reclamation deposits are expected to be refunded once the agencies are satisfied that the Company has performed all necessary decommissioning activities.

The continuity of the reclamation provision is as follows:

	September 30, 2014	June 30, 2014
	\$	\$
Balance at the beginning of the period	348,159	361,159
Reclamation work performed - Brett	-	-
Return of work performance bond general	-	(13,000)
Balance at the end of the period	348,159	348,159

13. Discontinued operations

During the year ended June 30, 2013, the Company discontinued all operations as a provider of drilling services. The Company reached this decision following a change of management in October 2012. Current management has determined it is in the best interest of shareholders to focus corporate efforts to the development of the Company's unproven mineral right interests, and in particular, the CuMo Project.

All costs associated with drilling operations have been classified as discontinued operations in the statement of loss and comprehensive loss.

The credit under operating expenses is the result of writing off certain payables accrued as a result of previous operations.

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Discontinued operations are comprised of the following:

	2014	2013
	\$	\$
Revenue	-	397,937
Depreciation	-	(105,186)
Operating expenses	292,308	(396,491)
	292,308	(103,740)

14. Related party transactions

Details of the transactions between the Company and other related parties are disclosed below.

(a) Trading transactions

The Company's related parties consist of companies owned by or associated with executive officers and directors, and former executive officers and directors as follows:

	<u>Nature of transactions</u>
1330275 Ontario Inc.	Management fees
Geologic Systems Inc.	Exploration and administration fees
Delphis Financial Strategies Inc.	Management fees
International Energy & Mineral Resources Investment (Hong Kong) Company Limited	Management fees
Jurisino Group	Management fees

During the quarters ended September 30, 2014 and 2013 the Company incurred the following fees in the normal course of operations in connection with companies owned by key management and directors. Fees have been measured at the exchange amount which is determined on a cost recovery basis.

	Quarters ended September 30,	
	2014	2013
	\$	\$
Salaries and management fees	28,014	91,000
Exploration fees	7,500	7,500
Investor relations and other fees	24,000	15,000
	59,514	113,500

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Trade and other payables at September 30, 2014 included \$59,514 (June 30, 2014: \$123,492), which were due to officers, director and private companies controlled by directors and officers of the Company.

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Amounts payable by related parties are unsecured, non-interest bearing and payable on demand. Trade and other receivables at September 30, 2014 included \$nil (September 30, 2013: \$118,034), which were due by a private company controlled by a director and officer of the Company, and by a director and officer of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the quarters ended September 30, 2014 and 2013 were as follows:

	Note	Quarter ended September 30,	
		2014	2013
		\$	\$
Salaries and fees	(i)	59,514	113,500
Share-based payment	(ii)	-	2,721
	(iii)	59,514	116,221

- (i) Salaries and fees include salaries, management fees, exploration fees and administration fees disclosed in Note 13(a).
- (ii) Share-based payments are the fair-value of options granted to key management personnel.
- (iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the quarters ended September 30, 2014 and 2013.

15. Share capital

(a) *Capital*

At September 30, 2014, CuMoCo's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

On October 9, 2014, the Company closed a non-brokered private placement of 11,000,000 units at a price of \$0.05 per unit for gross proceeds of \$550,000. Each unit is comprised of a share and a share purchase warrant, with an exercise price of \$0.10 and expiring October 9, 2016. For accounting purposes the funds and share issuance were included in the September 30, 2014 statements as majority of funds were received prior to end of quarter. The remaining \$117,500 was included as a receivable.

As of September 30, 2014 the Company had 93,262,446 shares outstanding.

(b) *Equity reserve*

Share Options

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments.

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CuMoCo has an incentive share option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan is equal to 10% of the then issued and outstanding common shares. No more than 5% of the issued shares may be issued to any eligible person other than a consultant in any 12 month period unless disinterested shareholder approval has been obtained. No more than 2% of the issued shares may be issued to any one consultant in any 12 month period. No more than 2% of the issued shares may be issued to all employees in the aggregate conducting investor relations activities in any 12 month period.

The exercise price of share options is determined by the Board of Directors at the time of grant and may not be less than the discounted market price as calculated and defined in accordance with the policies of the TSX-V. Options granted must be exercised no later than 10 years commencing from the later of the date of grant or such lesser period as determined by the Board. Options shall terminate automatically or 90 days after optionees no longer act as officers, directors or consultants of the Company. In the case of death, options shall terminate within one year from the event.

Once approved, all options are considered vested and are exercisable at any time, except where other vesting periods are determined by the Board.

Share options were awarded during the quarter ended September 30, 2014 and the year ended September 30, 2014 as follows:

	Quarter ended September 30, 2013		Year ended June 30, 2014	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning of period	4,100,000	0.35	3,950,000	0.35
Options granted	-	-	1,150,000	0.35
Options forfeited	(50,000)	0.80	(1,000,000)	0.35
Balance, end of period	4,050,000	0.36	4,100,000	0.36

The following table summarizes information about stock options outstanding and exercisable at September 30, 2014:

Exercise price \$	Options outstanding	Options outstanding		Options exercisable		
		Weighted average exercise price \$	Weighted average remaining contractual life (years)	Options outstanding and exercisable	Weighted average exercise price \$	Weighted average remaining contractual life (years)
0.35-0.36	4,050,000	0.35	2.94	3,700,000	0.35	3.31
	4,050,000	0.35	2.94	3,700,000	0.35	3.03

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The fair value of the share options awarded to employees and directors was estimated using the Black-Scholes option pricing model with the following assumptions for the periods presented below:

	September 2014	Year ended June 30, 2014
Risk free interest rate	1.64%	1.64%
Expected life	3.5 years	3.5 years
Expected volatility	80.01%	80.01%
Expected dividend per share	\$Nil	\$Nil

The weighted average fair value of share options awarded during the year ended June 30, 2014, estimated using the Black-Scholes option pricing model was \$0.08 per option.

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. CuMoCo uses expected volatility rates which are based upon their historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

The total share-based payment expense calculated for the quarter ended September 30, 2014 was \$nil (2013: \$3,711).

Warrants

At September 30, 2014, the Company had 11 million warrants outstanding as a result of the private placement. Warrants are exercisable at a price of 0.10 and expire October 10, 2016. There is an acceleration clause that allows the Company to request the warrant exercise should the stock trade above 0.12 for 10 consecutive trading days. Warrant holders have 20 days to exercise the warrants.

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of recovery through successful litigation, the Company would record a gain on settlement of litigation.

- b) Liberty Mutual Insurance Company asserted a claim against the Kirkness (USA) for unpaid premium of US\$142,374 plus interest, costs of suit and attorney's fees. The amount in dispute is included in accounts payable and accrued liabilities.
- c) On February 13, 2013, the Company was served with a Notice of Civil Claim by Bill Jefferies, CuMoCo's former Chief Financial Officer, Corporate Secretary and director, relating to management fees that Mr. Jefferies has claimed are owed to him in the amount of \$107,510. Subsequent to June 30, 2013, the Company filed a Notice of Civil Claim against Mr. Jefferies and other former members of management (Note 22).
- d) In the year ended June 30, 2013, the Company received an invoice for \$77,705 from Multi-Power Products Ltd., a supplier of drill supplies, and disputed this invoice. The drill supplies were shipped directly by the supplier to a Mexican company owned by a former director and officer of the Company. During the year ended June 30, 2014, Kirkness and the Company were served with a Notice of Civil Claim by the supplier.
- e) A lawsuit was filed by International Energy & Mineral Resources Investment (Hong Kong) Company Limited ("IEMR HK") against Shaun Dykes (President and CEO) and American CuMo Mining Corporation for the default in the USD\$1,500,000 and CAD\$1,500,000 convertible notes (Note 10). IEMR HK is a company which is controlled by Mr. Hongxue Fu, who was the Chairman of the Company at the time the lawsuit was filed. This lawsuit was filed on June 17, 2014 and stayed on July 17, 2014.
- f) IEMR HK filed an additional lawsuit in an attempt to place the Company into receivership. The Company is vigorously defending this lawsuit. This was filed July 21, 2014, just prior to the shareholder-requisitioned general meeting and was adjourned on August 1, 2014 at the request of the opposing counsel.

18. Supplemental cash flow information

The following significant non-cash transactions have been excluded from the statements of cash flows:

Quarter ended September 30, 2014 – No significant transactions.

Year ended June 30, 2014:

- The Company received 200,000 shares valued at \$48,000 in connection with the sale of the Laverty property to Mega (Note 8).
- The Company recorded an equity component on convertible notes of \$294,147 (Note 9).

19. Subsequent events

Subsequent to September 30, 2014:

- October 10, 2014: The TSX Venture Exchange approved the private placement announced July 3, 2014 (funds and shares included in this quarter) and the placement was closed.
- November 25: The Company paid the interest due on the IEMR(HK) \$US convertible debenture.
- With regards to the legal action taken by IEMR(HK) (17 f), the hearing has been scheduled for January 27 and 28 2015. The Company maintains that with the interest payments having been paid, the debentures are in good standing and the case has no merit.