EVERTON RESOURCES INC.

(An exploration stage Company)

Consolidated Annual Consolidated financial statements

For the years ended October 31, 2013 and 2012

(Expressed in Canadian Dollars)

Everton Resources Inc.
(An exploration stage Company)

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Management's Responsibility for the consolidated financial statements

The consolidated financial statements of Everton Resources Inc. and the information contained in the Management Discussion and Analysis have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and, where appropriate, reflect management's best estimates and judgements based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Company's independent auditors, Ernst & Young LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

"Andre Audet"
Chief Executive Officer

"Sabino Di Paola"
Chief Financial Officer

February 4, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Everton Resources Inc.

We have audited the accompanying consolidated financial statements of **Everton Resources Inc.**, which comprise the consolidated statements of financial position as at October 31, 2013 and 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Everton Resources Inc.** as at October 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2(c) in the consolidated financial statements which indicates that **Everton Resources Inc.** has working capital deficit, excluding marketable securities and warrants of $285,157 including $531,174 in cash as at October 31, 2013. In addition, the Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and to meet its entire general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions, along with other matters as set forth in note 2(c), indicate the existence of a material uncertainty that may cast significant doubt on **Everton Resources Inc.'s** ability to continue as a going concern.

Ernst & Young LLP

Vancouver, Canada,
February 4, 2014.

Chartered Accountants

Everton Resources Inc.
(An exploration stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	**October 31, 2013**	October 31, 2012
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	**531,174**	1,358,737
Marketable securities and warrants (Note 5)	**68,200**	2,361,357
Accounts receivable	**28,813**	83,359
Prepaid expenses	**129,725**	210,488
	757,912	4,013,941
Non-current assets		
Equipment (Note 6)	**17,903**	26,855
Option to acquire mineral exploration property (Note 7)	**1,162,781**	1,162,781
Mineral exploration properties (Note 8)	**2,282,355**	2,644,635
Exploration and evaluation assets (Note 8)	**13,872,843**	16,070,322
Total assets	**18,093,794**	23,918,534
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**974,869**	586,978
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	**37,593,346**	37,493,346
Warrants (Note 10)	**521,707**	888,362
Contributed surplus	**9,220,696**	8,830,898
	47,335,749	47,212,606
Accumulated other comprehensive income	**-**	1,833,136
Accumulated deficit	**(30,216,824)**	(25,714,186)
	(30,216,824)	(23,881,050)
Total shareholders' equity	**17,118,925**	23,331,556
Total liabilities and shareholders' equity	**18,093,794**	23,918,534

Contingencies and commitments (Note 19)
Post reporting date events (Note 20)
Going concern (Note 2c)

On behalf of the Board

(signed) "Andre Audet"
Andre Audet, Director

(signed) "Michael Farrant"
Michael Farrant, Director

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

Everton Resources Inc.

(An exploration stage Company)

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Year ended October 31, 2013	Year ended October 31, 2012
	$	$
Operating expenses		
Management fees	**324,896**	202,684
Salaries and benefits	**29,930**	359,976
Travel and promotion expense	**242,427**	235,987
Professional fees	**246,806**	243,563
General and administrative expense (Note 13)	**204,140**	76,343
Write-down of mineral exploration properties and exploration and evaluation assets (Note 8)	**3,395,971**	4,975,989
Settlement of royalty (Note 9, 11 & 14)	**111,044**	-
Amortization (Note 6)	**-**	16,157
Stock-based compensation (Note 11)	**12,099**	190,389
	(4,567,313)	(6,301,088)
Other income (loss)		
Interest and other income	**9,340**	8,231
Net gain on sale of marketable securities (Note 5)	**702,000**	1,009,014
Unrealized gain (loss) on financial assets at fair value through profit or loss	**7,450**	(50,499)
(Loss) gain on sale of marketable securities and expired warrants (Note 5)	**(18,277)**	136,194
	700,513	1,102,940
Net loss before tax	**(3,866,800)**	(5,198,148)
Tax expense	**635,838**	498,042
Net loss after tax	**(4,502,638)**	(5,696,190)
Other comprehensive income (loss)		
Reclassification of gain on available-for-sale investments	**(2,113,125)**	(1,145,208)
Net unrealized gain on available-for-sale investments	**-**	228,027
Tax on other comprehensive income	**279,989**	148,042
Comprehensive loss	**(1,833,136)**	(769,139)
Total Comprehensive loss	**(6,335,774)**	(6,465,329)
Basic and diluted loss per common share	**(0.03)**	(0.05)
Basic and diluted weighted average number of common shares outstanding	**147,881,622**	115,739,533

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

Everton Resources Inc.
(An exploration stage Company)
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Subtotal	Accumulated OCI	Accumulated Deficit	Total
	# of shares	$	$	$	$	$	$	$
Balance, October 31, 2011	**111,691,725**	**35,084,315**	**1,436,482**	**7,840,441**	**44,361,238**	**2,602,275**	**(20,017,996)**	**26,945,517**
Shares issued for cash (net of issue costs)	19,962,500	1,284,031	-	-	1,284,031	-	-	1,284,031
Shares issued for option agreement	15,000,000	1,125,000	-	-	1,125,000	-	-	1,125,000
Stock-based compensation	-	-	-	190,389	190,389	-	-	190,389
Warrants issued	-	-	251,948	-	251,948	-	-	251,948
Expiry of warrants	-	-	(800,068)	800,068	-	-	-	-
Transactions with owners	34,962,500	2,409,031	(548,120)	990,457	2,851,368	-	-	2,851,368
Net loss	-	-	-	-	-	-	(5,696,190)	(5,696,190)
Reclassification of net realized gain on available-for-sale investments	-	-	-	-	-	(1,145,208)	-	(1,145,208)
Net unrealized gain on available-for-sale investments	-	-	-	-	-	228,027	-	228,027
Taxes on other comprehensive loss	-	-	-	-	-	148,042	-	148,042
Comprehensive loss	-	-	-	-	-	(769,139)	(5,696,190)	(6,465,329)
Balance, October 31, 2012	**146,654,225**	**37,493,346**	**888,362**	**8,830,898**	**47,212,606**	**1,833,136**	**(25,714,186)**	**23,331,556**
Shares issued for settlement of royalty	2,000,000	100,000	-	-	100,000	-	-	100,000
Stock-based compensation	-	-	-	23,143	23,143	-	-	23,143
Expiry of warrants	-	-	(366,655)	366,655	-	-	-	-
Transactions with owners	2,000,000	100,000	(366,655)	389,798	123,143	-	-	123,143
Net loss	-	-	-	-	-	-	(4,502,638)	(4,502,638)
Reclassification of net realized gain on available-for-sale investments	-	-	-	-	-	(2,113,125)	-	(2,113,125)
Taxes on other comprehensive loss	-	-	-	-	-	279,989	-	279,989
Comprehensive loss	-	-	-	-	-	(1,833,136)	(4,502,638)	(6,335,774)
Balance, October 31, 2013	**148,654,225**	**37,593,346**	**521,707**	**9,220,696**	**47,335,749**	**-**	**(30,216,824)**	**17,118,925**

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

Everton Resources Inc.
(An exploration stage Company)
Consolidated Statements of Cash Flows
(*Expressed in Canadian dollars)*

	Year ended October 31, 2013	Year ended October 31, 2012
	$	$
OPERATING ACTIVITIES		
Net loss	**(4,502,638)**	(5,696,190)
Adjustments for:		
Deferred tax expense	**279,989**	148,042
Stock-based compensation	**12,099**	190,389
Amortization	**-**	16,157
Interest income	**(8,532)**	(8,173)
Amounts included in other income	**-**	(58)
Write-down of mineral exploration properties and exploration and evaluation assets	**3,395,971**	4,975,989
Settlement of royalty	**111,044**	-
Unrealized loss on financial assets at fair value through profit and loss	**(7,450)**	50,499
Net gain on sale of marketable securities and expired warrants	**(683,723)**	(1,145,208)
Impairment of accounts receivable	**50,000**	
Unrealized gain on foreign exchange	**20,881**	83,086
Changes in working capital items (Note 14)	**407,843**	603,230
Net cash used in operating activities	**(924,516)**	(782,237)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	**917,500**	1,757,017
Proceeds from sale of short-term investments	**-**	301,121
Interest and other income received	**8,532**	8,231
Exploration and evaluation costs	**(841,933)**	(2,391,389)
Tax credits and mining duties received	**-**	4,786
Net cash provided by (used) investing activities	**84,099**	(320,234)
FINANCING ACTIVITIES		
Common shares issued	**-**	1,597,000
Option payments received	**60,000**	95,000
Deferred corporate transaction costs	**-**	(25,000)
Share issue costs	**-**	(61,020)
Net cash provided by investing activities	**60,000**	1,605,980
Effect of exchange rate fluctuations on cash and cash equivalents	**(47,146)**	(91,736)
(Decrease) Increase in cash and cash equivalents	**(827,563)**	411,773
Cash and cash equivalents, beginning of the year	**1,358,737**	946,964
Cash and cash equivalents, end of the year	**531,174**	1,358,737

Supplemental cash flow information is provided in Note 14

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

1. NATURE OF OPERATIONS

Everton Resources Inc. ("Everton") was incorporated under the Business Corporations Act (Alberta) on November 7, 1996 and commenced operations on December 19, 1996. Until June 2002, the Company was involved in an internet related business. In November 2002, the Company commenced its current nature of operations which involves the acquisition, exploration and development of mineral resource properties. Everton and its subsidiaries (the "Company") are in the exploration stage and do not derive any revenue from the development of their properties. The address of the Company's corporate office is 2742 St. Joseph Blvd, Suite 205, Ottawa, Ontario, Canada, K1C 1G5. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V"') under the symbol "EVR" and on the OTCQX Exchange in the U.S. under the symbol "EVRRF".

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2(c).

These consolidated financial statements were authorized for issue by the Board of Directors on February 4, 2014.

(b) Basis of measurement and functional currency

These consolidated financial statements have been prepared on a historical cost basis, except for the available-for-sale financial instruments and financial assets at fair value through profit or loss which are measured at fair value, and are expressed in Canadian dollars, which is the Company's functional and presentation currency. The functional currency for each consolidated entity is determined by the currency of the primary economic environment in which it operates.

(c) Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

2. BASIS OF PRESENTATION (Cont'd)

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company and have the most significant effect on the consolidated financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgements. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (Note 3m).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

As at October 31, 2013, the Company had a working capital deficit, excluding marketable securities and warrants of $285,157 (surplus at October 31, 2012 - $1,065,606), including 531,174 (2012 - $1,358,737) in cash. The Company is seeking arbitration to have the Shoal Lake East option payments deferred to later periods (Note 8).

The Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties and to meet its entire general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

2. BASIS OF PRESENTATION (Cont'd)

Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgements to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Functional currency

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined the functional currency of each entity is the Canadian dollar. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

<u>Estimates and assumptions</u>

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of exploration and evaluation assets

Management determines at each reporting period whether there are any indicators of impairment. If there are indicators, the carrying value of the investment in mining property is compared to the recoverable amount to calculate the amount of impairment. If no indicators of impairment are identified, no impairment test is performed.

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgements and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expense will be recovered from either future exploration or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditures

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Cont'd)

are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

See note 8 for exploration and evaluation assets impairment analysis.

The total write-off of the exploration and evaluation assets recognized in profit or loss amounts to $3,395,971 for the year ended October 31, 2013 (October 31, 2012 - $4,975,989). No reversal of impairment losses has been recognized for the reporting periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (Note 11).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Everton Resources Inc. is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity, and generally exists where more than 50% of the voting power of the entity is held by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

An associate is an entity in which the Company or its subsidiaries have significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in, without having control over, the financial and operating policy decisions of the entity, and generally exists where between 20% and 50% of the voting power of the entity is held by the Company. As at October 31, 2013 and October 31, 2012, the Company did not have any associates.

The subsidiaries of the Company at October 31, 2013 and their principal activities are described below:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Everton Minera Dominicana S.A.	Dominican Republic	100%	Exploration Company
Tropical Resources S.A.	Dominican Republic	100%	Exploration Company
Pan Caribbean Metals Inc.	British Virgin Islands	100%	Holding Company
Dominican Metals Inc.	British Virgin Islands	100%	Holding Company
Hays Lake Gold Inc.	Canada	100%	Exploration Company

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Business combinations

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses. Goodwill is reviewed annually for impairment or when there is an indication of potential impairment. If the fair value of the Company's share of the net identifiable assets exceeds the fair value of the consideration transferred and non-controlling interest at the acquisition date, the difference is immediately recognized in net income (loss). If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through net income (loss). The Company does not currently have goodwill.

Acquisition costs are expensed as incurred in net income (loss). Costs associated with the issuance of equity are charged to the relevant account within equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and attributed to the shareholders of the Company, through contributed surplus.

(c) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars. The Company has foreign operations in the Dominican Republic.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

(d) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; and
- Available-for-sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income/ (loss) (all income and expenses relating to financial assets that are recognized in profit or loss are presented within interest income or interest expenses).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and accounts receivable fall into this category of financial instruments.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. The Company's warrants fall into this category of financial instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company has no financial assets in this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company has no financial assets in this category (marketable securities and long-term investment in the year ended October 31, 2013).

All available-for-sale financial assets are measured at fair value. Unrealized gains and losses are recognized in other comprehensive income/ (loss), except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income/(loss) is reclassified to profit or loss and presented as a reclassification adjustment within other comprehensive income/(loss). Interest calculated using the effective interest method and dividends are recognized in profit or loss within interest income.

Reversals of impairment losses are recognized in other comprehensive income/(loss).

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.
Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of marketable securities designated as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write-down is then based on recent historical counterparty default rates for each identified group. Impairment of receivables are presented in profit or loss.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within interest expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Mineral exploration properties and exploration and evaluation assets

Mineral exploration properties include the cost of acquiring mining rights. Exploration and evaluation assets include expenses directly related to the exploration and evaluation activities. These costs are capitalized as intangible assets and are carried at cost less any impairment loss recognized.

Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statement of comprehensive income/(loss).

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. No amortization is recognized during the exploration and evaluation phase. Costs capitalized include drilling, project consulting, geophysical, geological and geochemical studies, as well as other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

Whenever a project is considered no longer viable or is abandoned, the capitalized amounts are written down to fair value less cost of disposal.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction. Before the reclassification, mineral exploration properties and exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized with mining assets under construction. After the development stage, all assets included in mining assets under construction are transferred to mining assets and amortized over the expected productive lives of the assets

Although the Company has taken steps to verify title to the mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's title. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

<u>Farm-outs in the exploration and evaluation phase</u>

The Company does not record any expenditures made by the farmee on its account. It does not recognize any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash considerations received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

(f) Property, Plant and Equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated amortization and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amortization is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Exploration equipment	20%	Straight line

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

(g) Impairment of non-financial assets

Impairment assessment and testing is done at the level of a cash generating unit ("CGU"). The Company considers each mineral property to be a separate CGU, and therefore assesses for indicators of impairment individually for each mineral property.

The Company assesses non-financial assets including mineral property assets and exploration equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in net income (loss).

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income (loss).

(h) Cash and cash equivalents

Cash and cash equivalents includes cash in interest-bearing accounts with high credit quality financial institutions, and an original maturity of three months or less.

(i) Provisions, contingent liabilities and contingent assets

<u>General</u>

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed — for example, under an insurance contract — the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss and other comprehensive income (loss).

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Rehabilitation and environmental provision

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized in the carrying amount of the asset at the start of each project as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions as at October 31, 2013, and October 31, 2012.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

In the normal conduct of operations, the Company is party to litigation and potential litigation, the outcome of which is not determinable. It is in management's opinion that these matters will not materially affect the Company.

Any contingent liabilities or assets will be recorded by management in the period in which management has been able to reasonably quantify the asset or liability and the amount of cash inflow or outflow resulting from the contingent asset or liabilities can be reasonably assured.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Equity-settled share-based payment transactions

The Company operates an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees, or consultants providing similar services, are rewarded using share-based payments, the fair values of the services rendered are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

All share-based payments under the plan are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance cost of equity instruments with a corresponding credit to warrants, in equity.

Options Issued to key management and employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the expected term of the option.

Options Issued to service providers

Options issued to service providers, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

(l) Equity

Share capital represents the amount received on the issue of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

Warrants includes charges related to the issuance of warrants until such equity instruments are exercised.

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accumulated other comprehensive income/(loss) includes the available-for-sale assets reserve. Unrealized gains and losses on available-for-sale financial assets are recognized in this reserve.

Accumulated deficit includes all current and prior period net income or losses.

(m) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income taxes

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, that affects neither the accounting profit nor taxable profit (loss).
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venture and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred taxes are recognized for all temporary differences, the carry forward of unused tax credits, any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductable temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax assets relating to the deductable temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, and at the time of the transaction, that affects neither the accounting profit nor taxable profit (loss).
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

<u>Sales tax</u>

Revenues, expenses, assets and liabilities are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(n) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on loss per share. The diluted loss per share is equal to the basic loss per share because the effect of warrants and stock options (Notes 10 & 11) is antidilutive, by application of the treasury stock method.

(o) Segmented reporting

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of mineral properties.

(p) Employee benefits

The cost of short-term employee benefits (including non-monetary benefits such as group medical and dental insurance) are recognized in the period in which the service is rendered and are not discounted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Standards, amendments and interpretations not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. These are the changes that the Company reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9, "Financial Instruments"

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015.

In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the Company's financial assets but it will not have an impact on classification and measurement of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10, "Consolidated Financial Statements"

This new standard provides guidance on the determination of control where this is difficult to assess and replaces IAS 27 Consolidated and Separate Consolidated Financial Statements that address the accounting for consolidated financial statements. It also addresses the issues covered in SIC 12, "Consolidation – Special Purpose Entities". This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 11, "Joint Arrangements"

This new standard replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation. JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. This standard is not expected to have a material impact on the Company's consolidated financial statements.

IFRS 12, "Disclosure of Interests in Other Entities"

This new standard provides disclosure guidance on interests in subsidiaries, joint arrangements, associates and structured entities. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 13, "Fair Value Measurement"

This new standard sets out a single IFRS definition and measurement framework for fair value. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

(Expressed in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes the following:

	October 31, 2013	October 31, 2012
	$	$
Cash	**357,939**	1,187,476
Investment savings accounts	**173,235**	171,261
Total cash and cash equivalents	**531,174**	1,358,737

As at October 31, 2013 and October 31, 2012, cash includes amounts held in investment saving accounts with interest rates ranging from 1.20% to 1.50%.

5. MARKETABLE SECURITIES AND WARRANTS

As at October 31, 2013, the following securities were included in marketable securities and warrants:

	Fair value
	$
Augyva Inc. - 25,000 common shares	2,500
Electra Gold Limited - 3,300,000 common shares	33,000
Majescor Resources Inc. - 2,500,000 common shares	25,000
Marketable securities	**60,500**
Majescor - 250,000 warrants	7,700
Warrants	**7,700**
Marketable securities and warrants	**68,200**

On March 5, 2013, Everton sold 700,000 shares of Electra Gold for gross proceeds of $17,500. The Electra shares had a cost of $7,000, the Company also paid transaction fees of $170.

On April 30, 2013, Everton as part of the settlement entered into an agreement to sell the 3.3 million common shares of Focus Graphite Inc. (“Focus”) that are being released pursuant to the May 2010 escrow agreement entered into among Focus and Everton, to a third party for gross proceeds to Everton of $900,000, realizing a net realized gain on sale of marketable securities of $702,000. The net realized gain on sale of marketable securities results from the difference between the $900,000 in proceeds received and the original cost of investment of $198,000. As the shares had a value of $2,113,125 unrealized gain on available-for-sale as of October 31, 2012, this gain has been reclassified from accumulated other comprehensive income to the statements of operations due to the sale of the shares. Everton completed the first closing of the transaction by selling 900,000 common shares of Focus for gross proceeds of $600,000. The Focus shares had a cost of $54,000.

On May 27, 2013, Everton received the balance of the Focus common shares and closed the second and final tranche of the settlement transaction, which resulted in gross proceeds of $300,000. The Focus shares had a cost of $144,000.

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES AND WARRANTS (Cont'd)

On July 17, 2013, Everton received 2,000,000 shares of Electra Gold as part of the option agreement on Hot Springs (refer to note 8n). The shares had an initial value of $0.01 per share and were recognized as a decrease in deferred exploration expenditures of the Hot Spring property.

During the year, 750,000 warrants in Exploration Nemaska Inc., expired unexercised. The warrants had an original cost of $161,123. The expiry of the warrants resulted in a realized loss on marketable securities of $18,277 in the current year.

On August 9, 2013, Everton purchased 2,500,000 units of Majescor Resources Inc. A unit consists of one common share and one common share purchase warrant. The shares were acquired for $0.01 per share for a total cost of $25,000. The warrants have an exercise price of $0.05 if exercised prior to August 9, 2014 and an exercise price of $0.10 thereafter. The warrants have an expiry date of August 9, 2015 (refer to note 10).

Investment in Focus Graphite Inc.

The Company held common shares in Focus, which were classified as available-for-sale financial assets and were measured at fair value. The Company did not exercise significant influence over Focus.

Under a Surplus Security Escrow agreement, the 6,000,000 common shares of Focus, received by the Company in May 2010 further to the sale of certain properties, were subject to a 36 month staged release escrow, and have been released according to the following schedule:

	Number of shares	**Date of release from escrow**
Shares issued under escrow agreement	6,000,000	
	(300,000)	May 27, 2010
	(300,000)	November 27, 2010
	(600,000)	May 27, 2011
	(600,000)	November 27, 2011
	(900,000)	May 27, 2012
Shares released as at October 31, 2012	**(2,700,000)**	
	900,000	November 27, 2012
	2,400,000	May 27, 2013
Shares escrowed as at October 31, 2012	**3,300,000**	
Shares Sold on April 30, 2013	(900,000)	
Shares sold on May 27, 2013	(2,400,000)	
Shares escrowed as at October 31, 2013	**-**	

On April 30, 2013, Everton entered into a settlement agreement to sell the 3.3 million common shares of Focus that are being released pursuant to the May 2010 escrow agreement entered into among Focus and Everton, to a third party for gross proceeds to Everton of $900,000. Of the $900,000, the Company received $600,000 on April 30, with the balance of $300,000 received on May 27, 2013. As part of the settlement agreement, Everton acquired the Labrador Trough Gold royalty and subsequently cancelled it (refer to Note 9).

(Expressed in Canadian dollars)

5. MARKETABLE SECURITIES AND WARRANTS (Cont'd)

During the year ended October 31, 2012, the Company sold 1,500,000 shares of Focus for net proceeds of $1,099,014, realizing a gain of $1,009,014.

As at October 31, 2012, the following securities were included in marketable securities:

	Fair value
	$
Augyva Inc. - 25,000 common shares	2,750
Electra Gold Ltd - 2,000,000 common shares	20,000
Focus Graphite - 3,300,000 common shares	2,310,000
Marketable securities	**2,332,750**
Exploration Nemaska Inc. ("Nemaska") - 500,000 warrants	9,445
Nemaska - 250,000 warrants	19,162
Warrants	**28,607**
Marketable securities and warrants	**2,361,357**

During the year ended October 31, 2012, the Company sold 398,000 shares of Nemaska for net proceeds of $147,962 realizing a loss of $3,347.

The Company received 25,002 common shares of Monarques Resources Inc. as part of a spinoff of Nemaska Exploration Inc. The shares were sold for gross proceeds of $3,525 and realized a gain of $3,525.

During the year ended October 31, 2012, the Company sold 5,700,000 shares of Strike Minerals Inc. for net proceeds of $506,515, realizing a gain of $136,015.

6. PROPERTY, PLANT AND EQUIPMENT

During the year ended October 31, 2013, the Company allocated amortization of exploration equipment, in the amount of $8,952 (2012 - $8,952), to exploration and evaluation assets, and included amortization of computer equipment and furniture and equipment in the amount of $NIL (October 31, 2012 - $16,157) in the statement of comprehensive income/(loss).

	Computer equipment	Furniture & equipment	Exploration equipment	Total
	$	$	$	$
Cost				
Balance, October 31, 2012	**40,259**	**31,952**	**44,759**	**116,970**
Additions	-	-	-	-
Balance, October 31, 2013	**40,259**	**31,952**	**44,759**	**116,970**
Accumulated amortization				
Balance, October 31, 2012	40,259	31,952	17,904	90,115
Amortization	-	-	8,952	8,952
Balance, October 31, 2013	**40,259**	**31,952**	**26,856**	**99,067**
Net Book Value, October 31, 2013	**-**	**-**	**17,903**	**17,903**

(Expressed in Canadian dollars)

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Computer equipment	Furniture & equipment	Exploration equipment	Total
	$		$	$
Cost				
Balance, November 1, 2011	40,259	31,952	44,759	116,970
Additions	-	-	-	-
Cost, October 31, 2012	**40,259**	**31,952**	**44,759**	**116,970**
Accumulated amortization				
Balance, November 1, 2011	33,962	22,092	8,952	65,006
Amortization	6,297	9,860	8,952	25,109
Accumulated amortization, October 31, 2012	**40,259**	**31,952**	**17,904**	**90,115**
Net Book Value, October 31, 2012	**-**	**-**	**26,855**	**26,855**

7. OPTION TO ACQUIRE MINERAL EXPLORATION PROPERTY

	October 31, 2013	October 31, 2012
	$	$
Option to acquire Linear Gold Caribe SA.	**1,162,781**	1,162,781

Option Agreement

On September 26, 2012, Everton, Brigus Gold Corp., Brigus Gold ULC and Linear Gold Caribe SA., executed an option agreement (the "Option Agreement") pursuant to which Everton was granted an option to have the sole and exclusive right to acquire all of the issued and outstanding common shares of Linear Gold Caribe SA. (the "Option") in order to to purchase Brigus's remaining interest in the APV (Note 8.e), Ponton (Note 8.f) and La Cueva (Note 8.b) concessions ("the Concessions"). The exercise price of the Option was 15,000,000 common shares of Everton (the "Shares"). Everton placed the 15,000,000 common shares in trust with the Company's corporate lawyers.

On October 23, 2012, Everton proceeded with the issuance of the Shares in favour of Brigus Gold ULC thereby exercising the Option. The 15,000,000 shares were valued at $0.075 per share, the fair value on that day. On the same day, Everton delivered an Acquisition Notice to Brigus Gold under Section 4.3 of the Option Agreement confirming that Everton has elected to exercise its right to acquire all of the issued and outstanding shares of Linear Gold.

Initial Share Purchase Agreement

Prior to the November 21, 2013 amendment (discussed below), the purchase price agreed to by the parties was $1,000,000 payable in two (2) equal installments of $500,000. The first installment was payable upon the receipt of the final approval of the TSX Venture Exchange and was payable in cash. The second installment was payable in cash, in shares or a combination of both at the sole discretion of Everton, and payable on or before November 15, 2012. Subsequent to October 31, 2012 both parties agreed that the second payment would be delayed until approval of the transaction was received by the TSX Venture and the renewal of certain concessions.

7. OPTION TO ACQUIRE MINERAL EXPLORATION PROPERTY (Cont'd)

Brigus will also receive a sliding scale NSR royalty on the Concessions equal to 1.0% when the price of gold is less than US$1,000 per ounce, 1.5% when the price of gold is between US$1,000 and US$1,400 per ounce, and 2.0% when the price of gold is above US$1,400 per ounce.

Everton will also issue Brigus a promissory note equal to the greater of $5 million or the value of 5,000,000 common shares of Everton. The promissory note will be subject to completion of a NI 43-101 compliant measured and indicated resource estimate on the Concessions of a minimum 1 million ounces of gold equivalent ("AuEq") (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) or actual gold production from the Concessions plus a NI 43-101 compliant measured and indicated resource estimate on the Concessions (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) exceeding 1 million ounces of gold equivalent.

In connection with the acquisition of the outstanding shares of Linear Gold Caribe SA., the parties need to execute a share purchase agreement to confirm the transaction. As at October 31, 2013, no such agreement had been signed by the parties and no payment had been made by Everton.

Amended Share Purchase Agreement

On November 21, 2013, pursuant to an amendment agreement entered into by the parties, Everton has reduced the purchase price from the October 21, 2012 amount of $1,000,000 payable in two (2) equal installments of $500,000 to $175,000 in cash and 6,000,000 in common shares of Everton to acquire 100% of the common shares of Linear Gold (Note 20).

There was no amendment to the promissory note or sliding scale NSR royalty.

(Expressed in Canadian dollars)

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
Dominican Republic				
a) Cuance	**-**	**-**	-	1,025,517
a) Los Hojanchos	**-**	**-**	-	325,776
b) La Cueva (Loma El Mate)	**183,836**	**994,719**	183,836	974,573
c) Jobo Claro	**-**	**-**	302,280	537,530
d) Maimon Copper	**-**	**-**	-	873,003
e) Ampliacion Pueblo Viejo	**1,258,460**	**6,945,450**	1,258,460	6,503,442
e) La Lechoza	**-**	**929,056**	-	919,056
f) Ponton (Loma Hueca)	**197,198**	**670,428**	197,198	506,685
g) Pun	**24,944**	**383,996**	24,944	269,342
h) Other	**-**	**-**	-	166,204
	1,664,438	**9,923,649**	1,966,718	12,101,128
Canada				
Quebec				
l) Opinaca	**440,452**	**2,754,707**	500,452	2,754,707
m) Wildcat	**176,465**	**1,125,390**	176,465	1,125,390
British Columbia				
n) Hot Springs	**1,000**	**69,097**	1,000	89,097
	617,917	**3,949,194**	677,917	3,969,194
TOTAL	**2,282,355**	**13,872,843**	2,644,635	16,070,322

Dominican Republic

a) Cuance and Los Hojanchos, Dominican Republic

On August 18, 2003, Everton entered into an option agreement with Perilya Limited, formerly Globestar Mining Corporation (''Perilya'') to earn up to a 70% interest in three gold and base metals concessions, namely Cuance, Los Hojanchos and Loma de Payabo concessions. The concessions, collectively known as the Everton Concession Group, are located in the Central Cordillera of the Dominican Republic within the Maimon Copper and Los Ranchos Formations. The above agreement was amended on August 25, 2005, August 22, 2006, December 28, 2006, August 14, 2007, February 20, 2008, September 29, 2008 and September 3, 2009.

Everton agreed to incur exploration expenditures totaling US$1,170,000 (CAD$1,184,000) by July 31, 2010 to earn a 50% interest in two of these properties, Cuance and Los Hojanchos (a minimum of US$585,000 (CAD$592,000) per concession). The Company has earned its undivided 50% interest in the two properties, and a joint venture has been formed with Perilya effective March 31, 2009, with Everton acting as the operator.

During the year ended October 31, 2013, the Company wrote down the cost of Cuance and Los Hojanchos concessions to $Nil as there are no exploration programs scheduled for these projects in the near future budgets or plans. The Company has retained these concessions and fully intends to re-evaluate exploration activities on them in the future.

The exploration licenses are currently in the process of being renewed from the Ministry of Industry and Commerce in Dominican Republic. Management expects the licenses to be renewed in the near future.

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

b) La Cueva (Loma El Mate), Dominican Republic

On December 8, 2003, the Company entered into an earn-in agreement with Brigus Gold Corp. ("Brigus") for the La Cueva (Loma El Mate) Project, located in the Dominican Republic, which is contiguous to the southeast corner of the Pueblo Viejo Gold Mine concession. The Company had the option to acquire a 50% interest in the property by incurring cumulative expenditures of US$500,000 (CAD$567,000) over a two year period, issuing 200,000 common shares and paying an option fee of US$70,000 (CAD$79,000). All of the above conditions were met and the Company acquired its 50% interest.

On September 26, 2012, the Company signed an option agreement with Brigus whereby Everton can acquire Brigus' remaining interest in the property. On November 21, 2013, the Company signed an amended share purchase agreement. The terms of the agreements are described in Note 7.

The exploration licenses are currently in the process of being renewed from the Ministry of Industry and Commerce in Dominican Republic. Management expects the licenses to be renewed in the near future.

c) Jobo Claro, Dominican Republic

The Company holds a 100% interest in the Jobo Claro concession which it acquired from a local concession holder in 2007. The property is adjacent to the Pueblo Viejo Mine in the Dominican Republic.

During the year ended October 31, 2013, the Company wrote down the cost of Jobo Claro concessions to $Nil as there is no exploration program scheduled for this project in the near future budgets or plans. The Company has retained this concession and fully intends to re-evaluate exploration activities on them in the future.

The exploration licenses are currently in the process of being renewed from the Ministry of Industry and Commerce in Dominican Republic. Management expects the licenses to be renewed in the near future.

d) Maimon Copper, Dominican Republic

In January 2005, five polymetallic concessions were granted to the Company: Miranda, Loma Blanca, Caballero, Los Naranjos and Tocoa. These five concessions which are located within the Maimon Formation in the Dominican Republic were held 100% by the Company. In November 2005, the Company was granted another three polymetallic concessions in the same area: La Cidra, El Llano and La Yautia.

During the year ended October 31, 2009, the Company wrote down the cost of the Loma Blanca, Caballero and Los Naranjos concessions to $Nil ($120,318 in exploration and evaluation costs) as the projects no longer fit the Company's strategy.

Maimon Copper consists of 3 properties: La Sidra, El Llano and La Yautia. During the year ended October 31, 2013, management has reviewed the status of the Maimon property and due to current economic conditions as well as no substantive expenditures budgeted in the near future, an impairment of $899,334 was recorded on these properties.

The exploration licenses are currently in the process of being renewed from the Ministry of Industry and Commerce in Dominican Republic. Management expects the licenses to be renewed in the near future.

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

e) Ampliacion Pueblo Viejo, La Lechoza, Dominican Republic

In April 2007, the Company obtained an option to acquire from Brigus an undivided 50% interest in the Ampliacion Pueblo Viejo ("APV") (which includes the La Lechoza prospect) concession.

APV and La Lechoza

To earn its 50% interest in the APV Concession, which includes the La Lechoza prospect, the Company was required to make cash payments totaling US$700,000 (CAD$818,460), incur US$2,500,000 (CAD$2,660,000) in exploration work and issue 1,200,000 common shares over a three-year period. During the year ended October 31, 2010, all remaining conditions were met and the Company earned its initial 50% interest in the property.

On February 14, 2011, the Company signed an amended agreement with Brigus whereby Everton could earn an additional 20% interest in the concession by incurring an additional US$2,500,000 (CAD$2,471,000) in exploration work by April 10, 2012. Everton's interest in the property at October 31, 2013 remains at 50%.

The exploration licenses are currently granted by the Ministry of Industry and Commerce, with expiration date on April 7, 2014. The Company intends to extend the exploration license after expiration.

On September 26, 2012, the Company signed an option agreement with Brigus whereby Everton can acquire Brigus' remaining interest in the property. On November 21, 2013, the Company signed an amended share purchase agreement. The Terms of the agreements are described in Note 7.

f) Ponton (Loma Hueca), Dominican Republic

In April 2007, the Company obtained an option to acquire from Brigus an undivided 50% interest in the Ponton (Loma Hueca) concession.

Under the initial option agreement, the Company could earn a 50% interest in the Ponton (Loma Hueca) Concession by making cash payments totaling US$100,000, completing work commitments of US$600,000 and issuing 200,000 common shares over a three-year period. The Company has made the US$100,000 and issued the 200,000 common shares in accordance with the agreement, and has earned a 50% interest in the Ponton (Loma Hueca Concession).

Furthermore, the Company could increase its interest in the concession to 65% by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Brigus US$250,000 (CAD$247,000) and issuing 300,000 additional common shares.

On September 26, 2012, the Company signed an option agreement with Brigus whereby Everton can acquire Brigus' remaining interest in the property. On November 21, 2013, the Company signed an amended share purchase agreement. The Terms of the agreements are described in Note 7. The Company has applied for a new concession covering the same area, which is in the renewal process.

g) Pun

In September 2011 the Company entered into a purchase agreement for the Pun exploration concession adjacent to Ponton. The Pun concession covers an area of 3,675 Ha.

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

The Company is required to make a payment of US$50,000 on the first (paid), second (paid) and third anniversaries of the option (not yet paid). Everton may opt to acquire 100% ownership of the concession for a payment of US$200,000. Everton can at any time without penalty drop the option or transfer the rights to a third party after giving the optionor a right of first refusal.

The optionor retains a 1% NSR if Everton opts to acquire the concession. Everton is the operator and has complete discretion on how to conduct the exploration activities without any limitations as to minimum expenditures or work commitment.

h) Other

Other properties consist of several eastern Dominican Republic concessions. During the year ended October 31, 2013, management had decided to write-down minor exploration properties as they no longer fit the Company's strategic plan. As of October 31, 2013 the Company incurred $160,124 write-downs on other properties.

Canada

On September 1, 2010, and as amended by a formal agreement in February 2011, and June 2011, the Company entered into a binding letter agreement to sell all of the issued and outstanding shares of its wholly-owned subsidiary Hays Lake Gold Inc. (''HLG'') to Kaskattama Inc. ("Kaskattama") for a total consideration of approximately $6,000,000. HLG holds the Shoal Lake Gold properties comprised of two significant high-grade gold deposits: Duport and Cedar Island, on 81.3 km^2, located in the Shoal Lake area, near Kenora, Ontario. Consequently, all of the cash payments and exploration expenditure commitments on the Shoal Lake West and East (Machin and KPM) properties (Note 8.i), Note 8.j) and Note 8.k) below) were to be assumed by Kaskattama, once the sale transaction was finalized.

On March 23, 2012, the Company announced that the agreement with Kaskattama had been terminated.

i) Shoal Lake West (Duport), Ontario

Under an option agreement, dated October 7, 2008, between the Company and Halo Resources Ltd. (''Halo''), the Company can acquire a 51% interest in mining claims located in Glass Township, Shoal Lake Ontario, by issuing 5,438,400 HLG common shares (converted to 2,012,208 Everton shares on September 17, 2009), making cash payments totalling $770,000 over 4 years and incurring $1,500,000 in exploration work by May 1, 2010.

On July 5, 2012, the Company signed a mutual release and quitclaim deed with Halo Resources in which the Company released all of its claims in the Shoal Lake West (Duport) property. Under the quitclaim deed the Company no longer has any commitments or obligations with respect to Halo Resources and the Shoal Lake West (Duport) property. In association with the return of the Duport claims the Company recognized a write off of exploration and evaluation costs of $3,249,322 during the year ended October 31, 2012.

j) Shoal Lake East (Machin), Ontario

Under an option agreement, dated September 19, 2008, between the Company and Machin Mines Ltd. (''Machin''), the Company can acquire a 100% interest in 15 patents and 8 claims located in Glass Township, Shoal Lake Ontario, for cash consideration of $1,517,000 over 4 years and the issuance of 500,000 HLG common shares (converted to 185,000 Everton shares on September 17, 2009).

(Expressed in Canadian dollars)

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

As at October 31, 2013, the remaining commitments are as follows:

	Cash payments
	$
2 quarterly payments of $27,000 ending September 30, 2012	54,000
On or before September 30, 2012	1,114,000
	1,168,000

Machin retains a 1.5% NSR on the first 500,000 ounces of gold produced and 2% on all gold produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for $1,000,000.

In October 2012 the Company has sought arbitration to have the amounts and timing of the remaining option payments adjusted. During the year ended October 31, 2012, in association with the arbitration of the Machin claims, the Company has recognized a write off of exploration and evaluation costs of $675,067. As at October 31, 2013, no arbitration meeting date has been set yet.

k) Shoal Lake East (KPM), Ontario

On December 19, 2008, the Company signed an agreement with Kenora Prospectors & Miners Ltd ("KPM") to acquire a 100% interest in the Kenora property, located in Glass Township, Ontario, for cash consideration of $3,260,000 over 4 years.

As at October 31, 2013, the remaining commitments are as follows:

	Cash payments
	$
3 quarterly payments of $30,000, ending December 31, 2012	90,000
On or before December 31, 2012	2,242,684
	2,332,684

KPM retains a 1.5% NSR on the first 500,000 ounces of gold and silver produced and 2% on all gold and silver produced in excess of 500,000 ounces. The Company has the right to purchase one-third of the NSR at any time prior to commercial production for $1,000,000.

In October 2012 the Company has exercised its arbitration in the option agreement to have the amounts and timing of the remaining option payments adjusted. During the year ended October 31, 2012, in association with the arbitration of the KPM claims, the Company has recognized a write off of exploration and evaluation costs of $1,051,600. As at October 31, 2013, no arbitration meeting date has been set yet.

l) Opinaca, Quebec

On December 9, 2004, Everton signed an option agreement with Azimut Exploration to initially earn 50% undivided interest in the Opinaca property by incurring a minimum $2,800,000 in exploration work and making cash payments totaling $180,000 over 5 years. Everton has earned 50% of the property to date.

(Expressed in Canadian dollars)

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

On November 15, 2011, the Company executed an option agreement with Helca Mining Company, formerly Aurizon Mines Ltd., ("Helca") whereby Hecla can acquire an initial 50% ownership interest in the Opinaca property, in which Everton and Azimut Exploration (''Azimut") each hold an undivided 50% interest, by making total cash payments of $580,000, $290,000 payable to Everton, and incurring exploration expenditures of $9,000,000. Hecla may then elect to earn an additional interest of 10%, for a total interest of 60%, by making cash payments totaling $300,000 ($150,000 to Everton) over three years from the election date, incurring exploration expenditures totaling $3,000,000 over three years from the election date, and delivering an independent pre-feasibility study on or before the fourth anniversary of the second option.

To earn its 50% interest in the property, Hecla must make cash payments totaling $360,000 ($180,000 to Everton) and incur exploration expenditures of $6,000,000 over four years, including 5,000 meters of drilling by the second anniversary.

Hecla will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are estimated with at least 1,000,000 ounces classified in the indicated category or higher, Helca shall make a payment of $1,500,000 ($750,000 to Everton), payable in Hecla common shares, subject to regulatory approval. So far, approximately $3,200,000 has been spent on Opinaca and $1,800,000 on Wildcat. The program consists of surface sampling and geochemical analysis, geochemical surveys at the Opinaca-Wildcat properties.

On November 1, 2013, Everton signed an amendment to the option agreement dated November 15, 2011.

The amendment changes the timing of the exploration expenditures but does not change the aggregate amounts. Under the amendment to the option a cash payment of $60,000 and $2,190,000 in expenditures (including a minimum of 3,800 meters of diamond drilling) on or before November 15, 2013 (the second anniversary of the November 15, 2011); a cash payment of $60,000 and $350,000 in expenditures (including a minimum of 1,200 meters of diamond drilling) on or before November 15, 2014 (the third anniversary of the November 15, 2011); a cash payment of $60,000 and $820,000 in expenditures on or before November 15, 2015 (the fourth anniversary of the November 15, 2011); $820,000 in expenditures on or before November 15, 2016 (the fifth anniversary of the November 15, 2011); and $820,000 in Expenditures on or before the First Option Deadline (November 15, 2017).

Date		Cash payments		Exploration expenditures
On approval from the TSX Venture Exchange (received)	$	50,000	$	-
On November 15, 2012 (received and expenses incurred)	$	60,000	$	1,000,000
On November 15, 2013 (received and expenses incurred)	$	60,000	$	2,190,000
On November 15, 2014	$	60,000	$	350,000
On November 15, 2015	$	60,000	$	820,000
On November 15, 2016	$	-	$	820,000
On November 15, 2017	$	-	$	820,000
	$	290,000	$	6,000,000

The cash payments in the table relate to the cash payments to be made by Hecla to Everton and do not include cash payments made by Hecla to Azimut.

(Expressed in Canadian dollars)

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

m) Wildcat, Quebec

On January 25, 2005, Everton acquired a 100% interest in claims grouped in 7 different blocks. These claims were acquired from an independent prospector for a cash consideration of $100,000 and the issuance of 300,000 shares of Everton for a value of $120,000.

On October 13, 2010, the Company executed an option agreement with Hecla whereby Hecla can acquire up to an undivided 65% interest in Everton's wholly-owned Wildcat property, by making total cash payments of $300,000 and incurring expenditures of $6,250,000.

Hecla can earn an initial 50% interest in the property by incurring expenditures of $3,250,000 over four years, including 3,000 meters of drilling within two years. Hecla will be the operator during the earn-in period for the initial 50% interest in the property, after which a joint venture will be formed.

After earning its initial 50% interest in the property, Hecla may then elect to earn an additional interest of 15%, for a total interest of 65%, by making cash payments totaling $300,000 over three years from the election date, incurring exploration expenditure of $1,000,000 by each of the first, second and third anniversary dates ($3,000,000 in total) of the second option election deadline, and delivering an independent pre-feasibility study by the end of the fourth anniversary of the of the second option.

In addition, in the event that prior to the end of the eighth year of the initial option agreement, mineral resources of at least 2,000,000 ounces of gold, at an average grade of at least 6 grams of gold per tonne, are estimated with at least 1,000,000 ounces classified in the indicated category or higher, Aurizon shall make a payment of $1,500,000 payable in Aurizon common shares, subject to regulatory approval. During the summer of 2012 Aurizon spent approximately $1,300,000 in exploration (combined on Opinaca-Wildcat properties). The program consists of surface sampling and geochemical analysis, geochemical surveys at the Opinaca-Wildcat properties.

On November 1, 2013, Everton signed an amendment to the option agreement dated October 13, 2010.

The amendment changes the timing of the exploration expenditures but does not change the aggregate amounts. Under the amendment to the option $1,280,000 (including a minimum of 2,093 metres of drilling) on or before September 14, 2012 (the second anniversary of the September 14, 2010); 100,000 in expenditures on or before September 13, 2014 (the fourth anniversary of the September 14, 2010); $250,000 (including a minimum of 907 meters of drilling) in expenditures on or before September 14, 2015 (the fifth anniversary of the September 14, 2010); $560,000 in expenditures on or before September 14, 2016, the sixth anniversary of the September 14, 2010; and $560,000 in Expenditures on or before the First Option Deadline (September 14, 2017).

Date		Exploration expenditures
On approval from the TSX Venture Exchange (received)	$	-
On September 14, 2011 (incurred)	$	500,000
On September 14, 2012 (incurred)	$	1,280,000
On September 14, 2013	$	-
On September 14, 2014	$	100,000
On September 14, 2015	$	250,000
On September 14, 2016	$	560,000
On September 14, 2017	$	560,000
	$	3,250,000

(Expressed in Canadian dollars)

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

n) Hot Springs, British Columbia

By agreement dated April 11, 1997 the Company acquired a 100% interest in certain claims in British Columbia from four directors in exchange for 417,143 shares of the Company.

Hot Springs property is located in the New Westminster Mining Division in British Columbia, Canada. The property is owned 100% by the Company.

Option agreement with Electra Gold Ltd.

On June 5, 2012, Everton signed an option agreement with Electra Gold Ltd. ("Electra"), whereby Electra can acquire a 100% interest in the Company's Hot Springs property. Everton has retained a 2% NSR.

Under the terms of the agreement, Electra has the right to acquire a 100% interest in the property by issuing 20,000,000 common shares of Electra, making cash payments totaling $1,900,000 to Everton and incurring exploration expenditures totaling $500,000, in accordance with the following timeline:

Date	Common shares		Cash payments		Exploration expenditures
On approval from the TSX Venture Exchange (received)	2,000,000	$	25,000	$	-
On June 5, 2013 (exploration expenses incurred)	2,000,000	$	25,000	$	100,000
On June 5, 2014	2,000,000	$	50,000	$	200,000
On June 5, 2015	2,000,000	$	100,000	$	200,000
On June 5, 2016	2,000,000	$	200,000	$	-
On June 5, 2017	10,000,000	$	500,000	$	-
On completion of a feasibility study	-	$	1,000,000	$	-
	20,000,000	$	1,900,000	$	500,000

On June 17, 2013, the Company received 2,000,000 common shares of Electra Gold Ltd., with a total value of $20,000, pursuant to the June 5, 2012, option agreement. As at October 31, 2013 the cash payment of $25,000 has not yet been received and as a result the option agreement is in default. Electra is in the process of trying to remedy this default. If remedy cannot be settled between the Company and Electra, the Company will re-evaluate its future exploration plans on this property.

(Expressed in Canadian dollars)

8. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS (Cont'd)

The following table reflects the changes to mineral exploration properties and exploration and evaluation assets between October 31, 2012 and October 31, 2013:

Balance, beginning of the year	**$**	**18,714,957**	$	21,965,570
Additions				
Drilling		**-**		593,318
Project consulting		**19,200**		24,368
Geolophysical survey		**48,262**		49,973
Geological survey		**588,892**		544,343
Geochemical survey		**47,459**		170,906
Report preparation		**81,040**		69,345
Resource estimate		**-**		6,101
Renewal of licenses and permits		**60,802**		40,350
General field expenses		**70,557**		87,672
		916,212		1,586,376
Acquisition of mineral exploration properties		**-**		234,000
Write-down of mineral exploration properties and exploration and evaluation assets		**(3,395,971)**		(4,975,989)
Option payments received		**(80,000)**		(95,000)
		(3,475,971)		(4,836,989)
Balance, end of the year	**$**	**16,155,198**	$	18,714,957
Mineral exploration properties	**$**	**2,282,355**	$	2,644,635
Exploration and evaluation assets		**13,872,843**		16,070,322
Balance, end of the period	**$**	**16,155,198**	$	18,714,957

9. SHARE CAPITAL

Authorized

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends (if any) which are declared from time to time, and are entitled to one vote per share at Everton's meetings. All shares are ranked equally with regards to the Company's residual assets.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (Cont'd)

Issued

	Common shares	$
Balance, October 31, 2011	**111,691,725**	**35,084,315**
Shares issued for cash (1)	19,962,500	1,284,031
Shares issued for option agreement (2)	15,000,000	1,125,000
Balance, October 31, 2012	**146,654,225**	**37,493,346**
Shares issued for the Labrador Trough royalty (3)	2,000,000	100,000
Balance, October 31, 2013	**148,654,225**	**37,593,346**

(1) On August 27, 2012, the Company announced it had completed a non brokered private placement of 19,962,500 units ("Unit") at a price of $0.08 per Unit for gross proceeds of $1,597,000 (the "Offering"). Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.15 per share for a period of 24 months ending August 24, 2014. Insiders participated in the Offering for total gross proceeds of $102,000.

In connection with the Offering, the Corporation paid finders' fees totaling $61,020 and issued 1,068,375 nontransferable warrants, each warrant entitling the holder thereof the right to acquire one common share of the Corporation at a price of $0.08 for a period of 24 months ending August 24, 2014. All securities issued in connection with the Offering are subject to a four month hold period expiring December 25, 2012. The proceeds of the private placement were used to advance the exploration of the Company's Dominican properties and for general corporate and administrative purposes.

(2) On September 26, 2012, Everton, Brigus Gold Corp., Brigus Gold ULC. and Linear Gold Caribe SA. executed an option agreement pursuant to which Everton was granted an option to have the sole and exclusive right to acquire all of the issued and outstanding common shares of Linear Gold. The exercise price of the Option was 15,000,000 common shares of Everton.

On October 23, 2012, Everton proceeded with the issuance of the Shares in favour of Brigus Gold thereby exercising the Option. On the same day, Everton delivered an Acquisition Notice to Brigus Gold under Section 4.3 of the Option Agreement confirming that Everton has elected to exercise its right to acquire all of the issued and outstanding shares of Linear Gold (refer to Note 7).

(3) On March 13, 2013, the Company issued 2,000,000 common shares and 500,000 common share purchase options subject to the February 28, 2013, Royalty Purchase Agreement with Diagnos Inc., to acquire all of Diagnos' rights, title and interest to the royalty to the Labrador Trough gold, nickel, copper and zinc properties, as a result of settling an outstanding litigation from Focus Graphite Inc. The settlement of royalty relates to a transaction in which Everton sold certain mining claims in the Labrador Trough in 2009 and 2010, specifically with respect to the disclosure of an NSR on these properties to Focus Graphite Inc. The shares were issued with a value of $0.05 per share for an aggregate cost of $100,000.

(Expressed in Canadian dollars)

10. WARRANTS

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, October 31, 2011	**17,590,660**	**0.36**
Granted	21,030,875	0.15
Expired	(9,560,940)	0.38
Balance, October 31, 2012	**29,060,595**	**0.36**
Granted	-	-
Expired	(4,537,800)	0.38
Balance, October 31, 2013	**24,522,795**	**0.18**

On November 12, 2012, 504,000 share purchase warrants with an average exercise price of $0.38 expired unexercised. The warrants had a Black Scholes value of $49,012.

On August 15, 2013, the Company announced that the TSX Venture Exchange granted its acceptance to extend the expiry date on 3,491,920 warrants issued in connection with a non-brokered private placement completed in August 2011. The original expiry date of August 25, 2013 was extended to August 25, 2015. The exercise price will remain at $0.35. The Company elected to not revalue the warrants that were extended in accordance with its accounting policies.

On August 25, 2013, 400,800 share purchase warrants with an average exercise price of $0.25 expired unexercised. The warrants had a Black Scholes value of $39,853.

On October 29, 2013, 3,633,000 share purchase warrants with an average exercise price of $0.40 expired unexercised. The warrants had a Black Scholes value of $277,790.

As at October 31, 2013, the following warrants were issued and outstanding:

Number of warrants	Carrying Value	Exercise price	Expiry date
	$	$	
19,962,500	149,717	0.15	August 24, 2014
1,068,375	102,230	0.08	August 24, 2014
3,491,920	269,760	0.35	August 25, 2015
24,522,795	**521,707**		

11. STOCK OPTION PLAN

Under the terms of the Company's stock option plan (the "Plan") all options are granted with an exercise price equal to the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors and is typically three or five years with a maximum term of 10 years. Options issued to consultants who perform investor relations activities will be subject to a vesting schedule whereby no more than 25% of the options granted may vest in any three month period. The maximum number of options authorized for issue shall be 10% of the outstanding shares in issue at the date of the option grant.

On January 24, 2011, the Company increased the maximum number of common shares reserved for issuance under its stock option plan from 7,712,893 to 10,277,629, representing 10% of the outstanding common shares at that date. These options may be granted to the Company's employees, officers, directors, and persons providing ongoing services to the Company, subject to regulatory approval. The exercise price of each option can be set equal to or greater than the closing market price, less allowable discounts, of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option. Options have a maximum term of five years and terminate 60 days following the termination of the optionee's employment, office, directorship or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

On August 31, 2012, the Company announced that its Stock Option plan has been amended to increase the time allowed for directors, officers, consultants, or employees to exercise their options from 60 days to 12 months from the date they cease to be a director, officer, consultant, or employee of the company.

The company increased the maximum number of common shares reserved for issuance under its stock option plan from 10,277,629 to 13,152,922, representing 10% of the outstanding common shares as at August 31, 2012. These options may be granted to the Company's employees, officers, directors and persons providing ongoing services to the Company, subject to regulatory approval.

<u>2013 issuances</u>

On November 30, 2012, the Board of Directors approved the grant of 400,000 stock options with an exercise price of $0.10 expiring March 21, 2018 to consultants of the Company. The value of the stock-based compensation was $12,099.

On March 21, 2013, the Board of Directors approved the grant of 500,000 share purchase options with an exercise price of $0.10 expiring March 21, 2018 to acquire all of Diagnos' rights, title and interest to the royalty on the Labrador Trough gold, nickel, copper and zinc properties, as a result of settling an outstanding litigation from Focus Graphite Inc. The settlement of royalty relates to a transaction in which Everton sold certain mining claims in the Labrador Trough in 2009 and 2010, specifically with respect to the disclosure of an NSR on these properties to Focus Graphite Inc. The value of the stock-based compensation was $11,044 (refer to note 9).

During the year ended October 31, 2013, 1,140,000 stock options expired unexercised. The stock options had a weighted average exercise price of $0.18. During the year ended October 31, 2013, 1,535,000 stock options were forfeited by former officers and consultants of the Company, the stock options had a weighted average exercise price of $0.22 and expired between October 2013 and July 2016.

<u>2012 issuances</u>

On July 31, 2012, the Board of Directors approved the grant of 2,500,000 stock options with a weighted average price of $0.06 expiring July 31, 2017 to Directors, Officers and Consultants of the Company which vested immediately. The value to the stock-based compensation was $137,426.

(Expressed in Canadian dollars)

11. STOCK OPTION PLAN (Cont'd)

During the year ended October 31, 2012, the Company incurred $52,963 of stock-based compensation relating to options which were issued in the prior year that vested in the current yearend.

The following table shows the stock options which were outstanding and exercisable as at October 31, 2013:

	Outstanding			Exercisable		
Exercise price	**Options**	**Remaining contractual life**	**Weighted average outstanding exercise price**	**Options vested**	**Weighted average vested exercise price**	**Expiry date**
		(in years)				
$ 0.10	425,000	0.35		425,000		3/9/2014
$ 0.15	50,000	0.59		50,000		6/1/2014
$ 0.22	350,000	1.06		350,000		11/20/2014
$ 0.27	100,000	1.53		100,000		5/11/2015
$ 0.25	650,000	1.69		650,000		7/9/2015
$ 0.25	607,000	1.99		607,000		10/27/2015
$ 0.32	1,205,000	2.30		1,205,000		2/15/2016
$ 0.35	550,000	2.56		550,000		5/24/2016
$ 0.20	1,100,000	3.75		1,100,000		7/30/2017
$ 0.10	800,000	3.75		800,000		7/30/2017
$ 0.10	400,000	4.08		400,000		11/30/2017
$ 0.10	500,000	4.39		500,000		3/21/2018
	6,737,000	**2.69**	**$ 0.21**	**6,737,000**	**$ 0.21**	

The following table shows the stock options which were outstanding and exercisable as at October 31, 2012:

	Outstanding			Exercisable		
Exercise price	**Options**	**Remaining contractual life**	**Weighted average outstanding exercise price**	**Options vested**	**Weighted average vested exercise price**	**Expiry date**
		(in years)				
$ 0.22	300,000	0.55		300,000		05/20/2013
$ 0.40	200,000	0.61		200,000		06/10/2013
$ 0.10	655,000	0.94		655,000		10/08/2013
$ 0.10	150,000	1.03		150,000		11/10/2013
$ 0.10	425,000	1.35		425,000		03/09/2014
$ 0.10	80,000	1.51		80,000		05/05/2014
$ 0.15	50,000	1.58		50,000		06/01/2014
$ 0.22	460,000	2.05		460,000		11/20/2014
$ 0.27	300,000	2.53		300,000		05/11/2015
$ 0.25	650,000	2.69		650,000		07/09/2015
$ 0.25	607,000	2.99		607,000		10/27/2015
$ 0.32	1,365,000	3.29		1,365,000		02/15/2016
$ 0.335	210,000	3.43		210,000		04/04/2016
$ 0.35	550,000	3.56		550,000		05/24/2016
$ 0.20	1,600,000	4.75		1,600,000		07/30/2017
$ 0.10	900,000	4.75		900,000		07/30/2017
	8,512,000	**3.07**	**$ 0.22**	**8,512,000**	**$ 0.22**	

(Expressed in Canadian dollars)

11. STOCK OPTION PLAN (Cont'd)

The Company records a charge to the statement of comprehensive loss using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to historic traded daily closing share prices at the date of issuance.

Option pricing models require the inputs of highly subjective assumptions including the expected price volatility. Changes to the subjective input assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

The following table reflects the related Black-Scholes option pricing model inputs that were used in the calculation for the stock options granted between October 31, 2012 and October 31, 2013:

	Year ended October 31, 2013	Year ended October 31, 2012
Stock options granted	**900,000**	2,500,000
Weighted average fair value	**0.03**	0.06
Weighted-average exercise price	**0.10**	0.16
Weighted-average market price at date of grant	**0.05**	0.09
Expected life of stock options	**5.00**	5.00
Expected stock price volatility	**164%**	91%
Risk-free interest rate	**1.23%**	1.30%
Expected dividend yield	**0%**	0%

The underlying expected stock price volatility is based on historical data of the Company's shares over a three year period.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

(Expressed in Canadian dollars)

12. INCOME TAXES

The Company's income tax expense differs from the amount that would be computed by applying the combined statutory federal and provincial income tax rates as a result of the following:

	2013	2012
	$	$
Net loss before income tax	**(3,866,800)**	(5,198,148)
Statutory tax rate	**26.50%**	26.79%
Expected recovery of income tax	**(1,024,702)**	(1,392,584)
Non-deductible expenses	**(75,667)**	163,996
Effect of difference in tax rates	**-**	137,980
Change in benefits not recognized	**1,554,033**	(568,177)
Change in estimate and adjustments	**(173,675)**	1,806,827
Withholding tax	**355,849**	350,000
Income tax expense	**635,838**	498,042
Current income tax expense	**355,849**	350,000
Deferred income tax expense	**279,989**	148,042
	635,838	498,042

Consolidated statement of other comprehensive income:

Taxes on other comprehensive loss	**(279,989)**	(148,042)

A summary of deferred income tax is as follows:

	2013	2012
	$	$
Deferred income tax assets		
Non-capital loss carry forward	**-**	279,989
Deferred income tax liabilities		
Marketable securities	**-**	(279,989)
Net deferred income tax assets (liabilities)	**-**	-

(Expressed in Canadian dollars)

12. INCOME TAXES (Cont'd)

As the Company has a history of losses, deferred tax asset has not been recognized on the following deductible temporary differences:

	2013	2012
	$	$
Temporary Differences		
Non-capital losses carry forward	**11,805,940**	9,633,602
Mineral exploration properties and exploration and evaluation assets	**4,400,439**	3,915,635
Other	**293,089**	542,311
Total unrecognized deductible temporary differences	**16,499,468**	14,091,548

Non-Capital Losses Carryforwards

As at October 31, 2013, the Company has income tax loss carry forwards of approximately $11,800,000 in Canada. These losses expire as follows:

Incurred in	Expired in	Federal
		$
2004	2014	755,000
2005	2015	811,000
2006	2026	1,022,000
2007	2027	1,504,000
2008	2028	1,334,000
2009	2029	1,558,000
2010	2030	1,809,000
2011	2031	1,051,000
2012	2032	1,162,000
2013	2033	794,000
		11,800,000

The Company also has non-capital losses carry forward of $2,197,124 in foreign subsidiaries that expire from 2012 to 2016.

(Expressed in Canadian dollars)

13. GENERAL AND ADMINISTRATIVE EXPENSE

	Year ended October 31, 2013	Year ended October 31, 2012
	$	$
Phone, utilities, supplies and other	**26,505**	27,479
Maps and printing	**143**	11,373
Annual filings and fees	**60,942**	56,075
General administration	**27,978**	49,782
Foreign exchange (gain)/loss	**20,881**	(83,086)
Bad debt expense	**50,000**	-
Insurance	**17,691**	14,720
Total	**204,140**	76,343

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended October 31, 2013	Year ended October 31, 2012
	$	$
Changes in working capital are as follows:		
Accounts receivable	**4,546**	90,518
Amount due from related party	**-**	29,428
Prepaid expenses	**80,764**	132,490
Accounts payable and accrued liabilities	**322,533**	350,794
	407,843	603,230
Exploration and evaluation costs included in accounts payable and accrued liabilities	**59,517**	31,196

Non Cash Transactions

On March 13, 2013, the Company issued 2,000,000 common shares and 500,000 common share purchase options subject to the February 28, 2013, Royalty Purchase Agreement with Diagnos Inc., to acquire all of Diagnos' rights, title and interest to the royalty on the Labrador Trough gold, nickel, copper and zinc properties, as a result of settling an outstanding litigation from Focus Graphite Inc. The settlement of royalty relates to a transaction in which Everton sold certain mining claims in the Labrador Trough in 2009 and 2010, specifically with respect to the disclosure of an NSR on these properties to Focus Graphite Inc. The shares were issued with a value of $0.05 per share. The acquisition of the royalty was valued at $111,044 (refer to notes 9 & 11).

On July 17, 2013, Everton received 2,000,000 shares of Electra Gold as part of the option agreement on Hot Springs (refer to note 8n). The shares had an initial value of $0.01 per share and were recognized as a decrease in deferred exploration expenditures of the Hot Spring property. The option payment was received in shares valued at $20,000.

The Company made the cash payments for interest of $Nil (2012: $Nil) and income taxes of $Nil during the year ended October 31, 2013 (2012: $Nil).

(Expressed in Canadian dollars)

15. SEGMENT REPORTING

The Company has one reportable operating segment, being that of acquisition and exploration and evaluation activities. The Company has the following noncurrent assets located in the Dominican Republic and in Canada:

	October 31, 2013	October 31, 2012
Dominican Republic		
Option to acquire mineral exploration property	**$ 1,162,781**	$ 1,162,781
Property, plant and equipment	**17,903**	26,855
Mineral exploration properties	**1,664,458**	1,966,718
Exploration and evaluation assets	**9,923,649**	12,101,128
Total	**$ 12,768,791**	$ 15,257,482

	October 31, 2013	October 31, 2012
Canada		
Mineral exploration properties	**$ 617,917**	$ 677,917
Exploration and evaluation assets	**3,949,194**	3,969,194
Total	**$ 4,567,111**	$ 4,647,111

All Dominican Republic exploration mineral claims are held by the Company's Dominican Republic subsidiaries with all cost incurred in the subsidiaries capitalized to exploration and evaluation properties.

16. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, foreign currency risk, interest rate risk, market risk and political risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash, short-term investments, accounts receivable, amount due from related party and long-term receivable and maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions. It is management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

16. RISK MANAGEMENT AND CAPITAL MANAGEMENT (Cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. The Company's working capital deficit, excluding marketable securities totals $285,157 as at October 31, 2013 (surplus of $1,065,606 as at October 31, 2012), including $531,174 in cash and cash equivalents as at October 31, 2013 ($1,358,737 as at October 31, 2012) and current liabilities totalling $974,869 ($586,978 as at October 31, 2012). The Company's financial liabilities are all due within 12 months. The Company anticipates having sufficient funds to discharge its current liabilities. However, the Company will require additional financing, through various means including but not limited to equity financing, to continue the exploration program on its properties and/or to acquire additional exploration properties and to meet its entire general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds.

All current liabilities are due on demand.

(iii) Foreign currency risk

The Company has exposure to financial risk arising from fluctuations in exchange rates (US dollars and Dominican Peso "DOP") and the degree of volatility of these rates. The Company currently does not have significant future commitments denominated in foreign currency. The Company may do so in the future, the Company does not use forward exchange contracts to reduce exposure to foreign currency risk. A reasonably possible change in US dollars or DOP's with all other variables held constant would not have a material impact on the net loss.

(iv) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as investment savings accounts and guaranteed investment certificates) with maturities of 360 days or less from the original date of acquisition. The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on cash and short-term investments and the volatility of these rates. As at October 31, 2013, cash and cash equivalents total $531,174 ($1,358,737 as at October 31, 2012) and interest income derived from these investments during the year ended October 31, 2013 was $8,532 (2012 - $8,173). A reasonably possible change in interest rates with all other variables held constant would not have a material impact on the net loss.

(v) Market risk

The Company holds shares of publicly listed companies in the mineral exploration industry. The Company is exposed to market risk in trading these shares and unfavourable market conditions could result in the disposal at less than their value at October 31, 2013. At October 31, 2013, the value of these publicly listed shares is $68,200 ($2,361,357 as at October 31, 2012 (including those held in escrow)). At October 31, 2013, had the bid price for these shares been 10% lower, the comprehensive loss for the period would have been approximately $6,820 higher ($236,135 at October 31, 2012). Conversely, had the bid price been 10% higher, the comprehensive loss for the period would have been approximately $6,820 lower ($236,135 at October 31, 2012).

16. RISK MANAGEMENT AND CAPITAL MANAGEMENT (Cont'd)

(vi) Political risk

The Company carries out some of its exploration activities in the Dominican Republic. These activities may be subject to political, economic or other risks that could influence the Company's exploration activities and future financial situation.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

17. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities and warrants, accounts receivable, and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – includes unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – includes inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – includes inputs for the asset or liability that are not based on observable market data

The fair value of available-for-sale marketable securities are classified as level 1 and warrants are classified as level 3 and valued using the Black-Scholes option pricing model. There were no transfers between levels during the year ended October 31, 2013.

(Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS (Cont'd)

The classification of financial instruments is as follows:

	October 31, 2013	October 31, 2012
	$	$
Financial assets		
Available-for-sale		
Marketable securities (non-derivative)	**60,500**	2,332,750
Financial assets at FVTPL		
Warrants	**7,700**	28,607
Loans and receivables		
Cash and cash equivalents	**531,174**	1,358,737
Accounts receivable	**28,813**	83,359
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	**(974,869)**	(586,978)
Net financial instruments	**(346,682)**	3,216,475

18. RELATED PARTY TRANSACTIONS

Administrative fees

In the prior year and ending on August 31, 2012, under a cost sharing agreement between the Company and Focus Graphite Inc. ("Focus"), the Company charged Focus for shared salaries and benefits and office expenses. During the year ended October 31, 2012, the cost of shared salaries and benefits was $96,790 and office expenses was $50,460. Included in amount due from related party is $NIL.

Key management compensation

The following table reflects compensation of key management personnel, including the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and Directors:

	Year ended October 31 2013	Year ended October 31 2012
	$	$
Consulting fees and salaries (including bonuses) (1)	**211,000**	333,108
Benefits	**5,999**	6,333
Share-based compensation	**-**	78,000
	216,999	417,441

(1) Includes directors' fees which have been included in M*anagement and consulting fees* in the consolidated statements of comprehensive income/(loss).

19. CONTINGENCIES & COMMITMENTS

The Company's operations are governed by governmental laws and regulations regarding environmental protection. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the consolidated financial statements only when they will be reasonably estimated and will be charged to the exploration and evaluation assets at the time.

20. POST-REPORTING DATE EVENTS

1) On October 25, 2013, the Company announced that they have entered into an agreement to acquire an Ontario-based private company which holds an option on six mining applications for concessions in the Dominican Republic. The Transaction would expand Everton's overall land position in the Dominican Republic.

   Everton will consolidate its common shares on a five for one basis; and in connection with the Transaction, PowerOne Capital Markets Limited has been engaged to complete a private placement of post-consolidated common shares at $0.25 per share for minimum gross proceeds of $1.5 million to fund Dominican Republic activities.

   As consideration for the transaction, Everton will issue from treasury an aggregate of 6,500,000 shares - held in trust and released in three separate tranches as follows: (i) 2,500,000 shares on the closing date; (ii) 2,000,000 shares on the date which is six months following the closing date; and (iii) 2,000,000 Shares on the date which is twelve months following the closing date.

   In addition, Everton shall reserve and allot a total of 4,000,000 Shares (the "Supplemental Shares") 2,000,000 of which will be issued on a pro rata basis, on each of the 18th and 24th month anniversaries of the closing date or earlier if the concessions are granted prior to these dates. The total number of Supplemental Shares to be issued may be reduced should concession applications be denied

   The private placement remains outstanding and consolidation of common shares on a five for one basis will complete upon completion of the $1.5 million private placement, which is yet to close.

   On December 16, 2013, the Company held a special shareholder meeting and received shareholder approval for the five for one consolidation of Company's shares. The consolidation will take effect upon the completion of the above mentioned transaction.

2) On November 7, 2013, the Company reported that Hecla Quebec Inc. ("Hecla"), a wholly owned subsidiary of Hecla Mining Company, has announced its intent to renew for a third year its option on the Opinaca A & B and Wildcat (1 to 7) gold properties located in the Eleonore mining camp, James Bay region, Quebec.

   Hecla has the option to earn up to 60% interest in the Opinaca properties from Everton and Azimut Exploration Inc., each company currently owning a 50% interest in the properties. Helca has the option to earn up to a 65% interest in the Wildcat properties from Everton. Everton has a 100% undivided interest in the Wildcat properties.

20. POST-REPORTING DATE EVENTS (Cont'd)

According to the original agreement, Hecla was required to perform $6,000,000 of work expenditures on Opinaca including 5,000 metres of diamond drilling over four years to earn an initial 50% interest and was required to perform $3,250,000 of expenditures on Wildcat. While the terms to earn the initial 50% interest on both the Opinaca and Wildcat properties remain the same, the work schedule has been extended by two years. So far, approximately $3,200,000 has been spent on Opinaca and $ 1,800,000 on Wildcat.

3) On November 21, 2013, subject to TSX Venture approval, the Company announced that they have completed the previously announced transaction whereby Everton has acquired Brigus remaining interest in the Ampliación Pueblo Viejo II ("APV"), La Cueva and Ponton concessions located in the Dominican Republic (the "Concessions"). In connection therewith, Everton acquired all of the issued and outstanding common shares of Linear Gold Caribe, S.A. ("Linear Gold"), a wholly-owned subsidiary of Brigus and registered titleholder of the Concessions.

   Pursuant to the share purchase agreement (the "Agreement") entered into by the parties, Everton has acquired shares of Linear Gold (the "Acquisition") for a total consideration of $175,000 in cash and 6,000,000 in common shares of Everton. In accordance with applicable laws of the Dominican Republic, Everton is also required to make a tax withholding payment on the Purchase Price. In connection with the Acquisition, Brigus has also been granted a sliding-scale net smelter returns royalty on the Concessions equal to 1.0% when the price of gold is less than US$1,000 per ounce, 1.5% when the price of gold is between US$1,000 and US$1,400 per ounce, and 2% when the price of gold is above US$1,400 per ounce.

   Everton has also issued Brigus a promissory note for an amount equal to the greater of CAD$5 million or the value of 5,000,000 common shares of Everton. The promissory note will be payable in cash or in common shares, or a combination of both as mutually agreed to by the parties, upon the completion of either (i) a National Instrument 43-101 compliant measured and indicated resource estimate on the Concessions of a minimum one million ounces of gold equivalent ("AuEq") (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) or (ii) the sum of actual gold production from the Concessions plus a National Instrument 43-101 compliant measured and indicated resource estimate on the Concessions (at an average grade of 2.5 g/t AuEq or higher for APV and 1.5 g/t AuEq or higher for Ponton and La Cueva) equaling 1 million ounces of AuEq.

4) On December 5, 2013, the Company announced that it is arranging a non-brokered private placement of up to 36,363,636 "flow-through" common shares at an issue price of $0.055 per share and up to 20,000,000 units at an issue price of $0.05 per unit, for aggregate maximum gross proceeds to Everton of up to $3,000,000. Each unit will be comprised of one common share and of one-half (1/2) of a common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share of Everton, at a price of $0.10 per share, for a period of 18 months following the closing of the private placement. The non-brokered private placement is yet to close.