CANADIAN IMPERIAL VENTURE CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

NOVEMBER 30, 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Canadian Imperial Venture Corp.

We have audited the accompanying financial statements of Canadian Imperial Venture Corp., which comprise the statements of financial position as at November 30, 2013 and 2012 and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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.

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Canadian Imperial Venture Corp. as at November 30, 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 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Canadian Imperial Venture Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

March 31, 2014

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	November 30, 2013	November 30, 2012
ASSETS		
Current		
Cash	$ 117,750	$ 317,498
Accounts receivable	22,729	8,225
Reclamation deposit (Note 6)	56,673	56,128
Prepaid expenses and deposits	14,329	21,811
Marketable securities (Note 5)	40,000	738,414
Total current assets	251,481	1,142,076
Non-current assets		
Exploration and evaluation assets (Note 7)	571,811	211,633
Equipment (Note 8)	4,932	5,299
Total non-current assets	576,743	216,932
Total assets	$ 828,224	$ 1,359,008
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade payables and accrued liabilities	$ 77,058	$ 190,760
Rehabilitation provision (Note 9)	-	3,195
Total liabilities	77,058	193,955
Shareholders' equity		
Share capital (Note 10)	14,714,917	14,198,081
Reserves (Note 10)	2,661,740	2,661,740
Deficit	(16,625,491)	(15,694,768)
Total shareholders' equity	751,166	1,165,053
Total liabilities and shareholders' equity	$ 828,224	$ 1,359,008

Nature of operations and going concern (Note 1)
Basis of presentation (Note 2)
Commitments (Note 18)

Approved and authorized by the Board on March 31, 2014:

"Gerard Edwards" Director "Robert Smiley" Director

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30

	2013	2012
EXPENSES		
Depreciation (Note 8)	$ 2,306	$ 6,075
Finance expense	911	748
Other operating expenses (Note 12)	546,540	634,017
Share-based compensation (Note 11)	-	9,409
	(549,757)	(650,249)
Write-off of aged trade payables	4,675	-
Realized loss on marketable securities	(296,200)	(343,803)
Unrealized loss on marketable securities (Note 5)	(90,000)	(1,020,954)
Finance and other income	559	574
Loss and comprehensive loss for the year	$ (930,723)	$ (2,014,432)
Loss per common share, basic and diluted	$ (0.02)	$ (0.04)
Weighted average number of common shares outstanding, basic and diluted	58,262,955	51,958,836

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (930,723)	$ (2,014,432)
Items not affecting cash:		
Depreciation	2,306	6,075
Share-based compensation	-	9,409
Loss on marketable securities	386,200	1,364,757
Gain on write-off of aged payables	(4,675)	-
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	(14,504)	221,281
Decrease (increase) in prepaid expenses	7,482	(2,147)
Decrease in trade payables and accrued liabilities	(82,614)	(190,130)
Increase in reclamation deposits	(545)	(560)
Net cash used in operating activities	(637,073)	(605,747)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	312,214	872,447
Payment of reclamation provision	(3,195)	(2,342)
Equipment additions	(1,939)	(4,486)
E & E asset additions	(374,091)	(81,863)
Net cash provided by (used in) investing activities	(67,011)	783,756
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	506,870	-
Share issuance costs	(2,534)	(5,300)
Net cash provided by (used in) financing activities	504,336	(5,300)
Change in cash for the year	(199,748)	172,709
Cash, beginning of year	317,498	144,789
Cash, end of year	117,750	$ 317,498

Supplemental cash flow information (Note 13)

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

	Share Capital				
	Number of common shares	Amount	Reserves	Deficit	Total
Balance at November 30, 2011	51,358,838	$ 14,113,381	$ 2,652,331	$ (13,680,336)	$ 3,085,376
Loss for the year		-	-	(2,014,432)	(2,014,432)
Issued for exploration and evaluation asset (Note 7)	600,000	90,000			90,000
Share issuance costs		(5,300)			(5,300)
Share-based compensation	-	-	9,409	-	9,409
Balance at November 30, 2012	51,958,838	14,198,081	2,661,740	(15,694,768)	1,165,053
Loss for the year	-	-	-	(930,723)	(930,723)
Issued for exploration and evaluation asset (Note 7)	500,000	12,500	-	-	12,500
Private placements	10,137,400	506,870	-	-	506,870
Share issuance costs	-	(2,534)	-	-	(2,534)
Balance, November 30, 2013	62,596,238	$ 14,714,917	$ 2,661,740	$ (16,625,491)	$ 751,166

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Imperial Venture Corp.'s (the "Company") business activity is the exploration and evaluation of resource properties in Canada. The Company was incorporated under the Canada Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange, having the symbol CQV. The Company's head office is located at 233 Duckworth Street, Suite 205, St. John's, NL.

On March 18, 2013, the Company completed a share consolidation on the basis of ten (10) old shares for one (1) new share as approved by the shareholders at the Annual and Special meeting held on December 14, 2012. All common shares, warrants and stock options reported in these financial statements have been adjusted to reflect post-consolidation balances.

Going concern of operations

The Company has not generated revenue from operations. The Company incurred a net loss of $930,723 during the year-ended November 30, 2013 and, as of that date the Company's deficit was $16,625,491. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions may cast significant doubt upon the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on March 31, 2014.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial assets classified as fair value through profit or loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

a) Cash

Cash includes cash on hand and deposits held with financial institutions.

b) Exploration and evaluation expenditures

Pre-exploration costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation assets ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into option arrangements, whereby the Company will transfer part of a resource property interest, as consideration, for an agreement by the optionee to meet certain E&E expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the E&E asset, with any excess cash accounted for as a gain on the statement of loss and comprehensive loss.

When a project is determined to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are considered to be impaired. As a result, those E&E expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

c) Reclamation deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits. Reclamation deposits are classified as loans and receivables.

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

d) Equipment

Recognition and measurement

On initial recognition equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment is recognized in profit or loss as incurred.

Major maintenance and repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and losses

Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss and is calculated using the declining balance method for the following classes of equipment at the following rates per annum:

Office Furniture	20% declining balance
Computer Equipment	100% declining balance
Computer Software	100% declining balance

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. In the year of acquisition, depreciation is recorded at one-half the normal rate.

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

e) Impairment of non-financial assets

At each reporting date the carrying amounts of the Company's long-lived assets, which are comprised of equipment and E&E assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset or its related cash generating unit. For purposes of impairment testing, assets are grouped at the lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the associated assets are reduced to their recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

f) Financial instruments

<u>Financial assets</u>

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company has designated its accounts receivable and reclamation deposit as loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch, the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy or the financial asset contains one or more embedded derivatives. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company has classified its cash and marketable securities at fair value through profit or loss.

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

f) Financial instruments (cont'd…)

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

The Company does not have any held-to-maturity financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. They are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented within equity in accumulated other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company does not have any available-for-sale financial assets.

Impairment on financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets, except those measured at fair value through profit or loss, is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into one of the following categories as follows:

Fair value through profit or loss

This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category consists of liabilities carried at amortized cost using the effective interest method. The Company has classified its trade payables and accrued liabilities as other financial liabilities.

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

g) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The present value of the future obligation is calculated by discounting the amount of the future expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the time value of money and risks specific to the liability. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

A rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized to the related asset. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

h) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

i) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, common share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new common shares, common share warrants, or stock options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow through features at the time of issue is credit to other liabilities and included income at the same time the qualifying expenditures are made.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

j) Loss per common share

Basic loss per common share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same for the periods presented.

k) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss and comprehensive loss over the remaining vesting period.

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

k) Share-based payments (cont'd…)

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of loss and comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received, unless the fair value of the goods and services are not determinable, in the statement of loss and comprehensive loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of capital stock.

l) Standards, amendments and interpretations not yet effective

The following standards and interpretations have been issued by the IASB and are effective for accounting periods beginning on or after January 1, 2013, with the exception of IFRS 9 which is effective January 1, 2018 and IAS 32 which is effective January 1, 2014.

i) IFRS 10 Consolidated Financial Statements ("IFRS 10")

IFRS 10 Consolidated Financial Statements will replace IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities. The portion of IAS 27 that deals with separate financial statements will remain. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. IFRS 10 requires continuous assessment of control of an investee based on changes in facts and circumstances. This standard has been adopted but has had no material impact on the financial statements.

ii) IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 Joint Arrangements will replace IAS 31 Interests in Joint Ventures, and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 defines a joint arrangement as an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control. The focus is not on the legal structure of joint arrangements, but rather on how the rights and obligations are shared by the parties to the joint arrangement. IFRS 11 eliminates the existing policy choice of proportionate consolidation for jointly controlled entities and now requires equity method accounting. In addition, the Standard categorizes joint arrangements as either joint operations or joint ventures. This standard has been adopted but has had no material impact on the financial statements.

iii) IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 Disclosure of Interests in Other Entities will replace the disclosure requirements currently found in IAS 28 Investment in Associates, and is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities, including information about the significant judgments and assumptions that it has made in determining whether it has control, joint control or significant influence in another entity. IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. This standard has been adopted but has had no material impact on the financial statements.

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

l) Standards, amendments and interpretations not yet effective (cont'd…)

iv) IFRS 13 Fair Value Measurement

In May 2011, the IASB released IFRS 13, Fair Value Measurement. IFRS 13 is expected to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. This standard has been adopted but has had no material impact on the financial statements.

v) IFRS 9 Financial Instruments ("IFRS 9")

In November 2009, the IASB published IFRS 9, which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement". In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. The Company does not expect this standard to have a material impact on the financial statements, although additional disclosure may be required.

vi) IAS 32 Financial Instruments: Presentation ("IAS 32")

Amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities. The Company is currently evaluating any impact that this new guidance may have on its financial statements. The Company does not expect this standard to have a material impact on the financial statements, although additional disclosure may be required.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd…)

Critical judgments (cont'd…)

i) Title to exploration and evaluation assets

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

ii) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Key sources of estimation uncertainty

i) Rehabilitation provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

ii) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd…)

iii) Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility, dividend yield, forfeiture rates and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

5. MARKETABLE SECURITIES

Marketable securities consist of an investment in common shares of Shoal Point Energy Ltd. ("SPE"). The Company acquired, during the year ended November 30, 2011, as consideration for the sale of a petroleum and natural gas asset, 20,000,000 units of SPE. Each unit is comprised of one common share and one-half of one common share purchase warrant (10,000,000 warrants in total). Each whole warrant is exercisable to acquire an additional common share of SPE at an exercise price of $0.40 per common share for a period of two years expiring October 25, 2013.

The Company designated this investment as held-for-trading on initial recognition. The Company initially valued the shares at $3,300,000 based on the $0.165 quoted common share price on the closing date of the transaction less a common share trading restriction (until February 24, 2012) discount of $460,000 for the 4 month common share escrow period for a net value of $2,840,000. The fair value of the warrants was initially estimated as $243,706. The fair value was determined using the Black-Scholes option pricing model with the following assumptions:

	Common Share Trading Restriction Discount	Warrants
Volatility	62%	70%
Risk-free rate	1.0%	1.0%
Dividend yield	Nil	Nil
Expected life	4 months	2 years

Due to its classification as a held-for-trading financial instrument, the investment is measured subsequent to initial recognition at fair value. At November 30, 2013, the Company held 2,000,000 common shares (2012 – 11,250,000) and the common shares and warrants were re-measured as $40,000 and $nil (November 30, 2012 - $731,250 and $7,164) respectively, which resulted in a $90,000 (November 30, 2012 - $1,020,954) unrealized loss on marketable securities.

The 10,000,000 warrants held expired unexercised during the year ended November 30, 2013. The warrants held as at November 30, 2012 were valued using the Black-Scholes option pricing model with the following assumptions:

	November 30, 2013	November 30, 2012
Volatility	N/A	89%
Risk-free rate	N/A	1.2%
Dividend yield	N/A	Nil
Expected life	N/A	11 months

(Expressed in Canadian Dollars)

6. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on E&E assets in connection with the permits required for exploration activities by the Company.

7. EXPLORATION AND EVALUATION ASSETS

	Mineral Exploration and Evaluation		
	Acquisition	E&E	Total
Balance at November 30, 2011	$ -	$ -	$ -
Exploration costs	-	81,633	81,633
Option payment cash	40,000	-	40,000
Option payment shares	90,000	-	90,000
Balance at November 30, 2012	130,000	81,633	211,633
Exploration costs	-	287,678	287,678
Option payment cash	60,000	-	60,000
Option payment shares	12,500	-	12,500
Balance at November 30, 2013	$ 202,500	$ 369,311	$ 571,811

Mineral exploration and evaluation assets

In September 2012 the Company executed an option agreement (the “Option Agreement”) between the Company, Carina Energy Inc. (“Carina”), a private mining exploration company based in Toronto, Ontario and Ozias Theriault (“Theriault”) whereby the Company was granted an option by Carina and Theriault to acquire a 55% interest in the Little Bear Lake gold property (the “Property”) which is located in the Lac du Bonnet Mining Division in Manitoba.

Pursuant to the terms of the Option Agreement:

- The Company has issued to Carina 600,000 common shares on September 24, 2012 (the “Closing Date”) and on the first anniversary of the Closing Date (September 24, 2013) the Company will deliver an additional 500,000 common shares to Carina.
- The Company is required to spend $600,000 of expenditures on the Property within two years of the Closing Date (September 24, 2014).
- The Company is responsible for cash payments to Theriault for the sum of $20,000 payable on execution of the Option Agreement (paid) and $10,000 per month commencing on October 1, 2012 until June 1, 2014 for aggregate payments totaling $200,000.
- The Company is required to make two advanced royalty payments of $50,000 each to Theriault. The payments are due on November 12, 2013 and November 12, 2014, respectively.
- The property is subject to a 2.5% net smelter royalty.

On August 16, 2013, the Company announced that it had entered into an Amendment Agreement to the Option Agreement dated August 16, 2012. The Amendment Agreement grants the Company an extension to the payment requirements for its acquisition of its 55% interest in the Property.

As consideration for the amendments made to the Option Agreement and upon approval from the TSX Venture Exchange, the Company made the following:

- a cash payment of $20,000 to Theriault; and
- the issuance of 500,000 common shares in the capital of the Company to Theriault.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Subject to the terms and conditions set out in the Option Agreement and Amendment Agreement, Theriault and Carina grant to the Company, the sole and exclusive right and option (the "Option") to acquire an undivided 55% right, title and interest in the Property by the Company making the following payments and share issuances:

- On the first day of each month commencing October 1, 2012, pay to Theriault $10,000 per month until March 1, 2013 for a total payment of $60,000 (paid);
- on the first day of each month, commencing on July 1, 2015, pay to Theriault $10,000 per month until August 1, 2016 for additional payments totalling $140,000;
- on September 24, 2015, issue to Carina 500,000 common shares in the capital of the Company to Carina;
- prior to September 24, 2016, make expenditures of $600,000 conducting exploration of the Property (qualifying expenditures made to-date - $466,565); and
- on or before November 12, 2016, pay to Theriault $50,000 and on or before November 12, 2017, pay to Theriault $50,000, in payment of the first two advance royalty payments to Theriault under the Amendment Agreement (said payments to be shared by Carina and the Company according to their respective interests in the Property).

8. EQUIPMENT

	Office Furniture	Computer Software	Computer Equipment	Total
Cost				
Balance at November 30, 2011	$ 7,741	$ -	$ 49,853	$ 57,594
Additions	2,795	-	1,691	4,486
Disposals	-	-	(40,921)	(40,921)
Balance at November 30, 2012	$ 10,536	$ -	$10,623	$ 21,159
Additions	1,000	939	-	1,939
Disposals	-	-	-	-
Balance at November 30, 2013	$ 11,536	$ 939	$10,623	$ 23,098
Depreciation and impairment				
Balance at November 30, 2011	$ 5,319	$ -	$ 45,387	$ 50,706
Depreciation for the year	764	-	5,311	6,075
Disposals	-	-	(40,921)	(40,921)
Balance at November 30, 2012	$ 6,083	$ -	$ 9,777	$ 15,860
Depreciation for the year	991	469	846	2,306
Disposals	-	-	-	-
Balance at November 30, 2013	$ 7,074	$ 469	$ 10,623	$ 18,166
Carrying amounts				
At November 30, 2012	$ 4,453	$ -	$ 846	$ 5,299
At November 30, 2013	$ 4,462	$ 470	$ -	$ 4,932

(Expressed in Canadian Dollars)

9. REHABILITATION PROVISION

Balance at November 30, 2011	$	5,537
Liabilities settled		(2,342)
Balance at November 30, 2012	$	3,195
Liabilities settled		(3,195)
Balance at November 30, 2013	$	-

Rehabilitation provision

The Company makes full provision for the future cost of site rehabilitation on an undiscounted basis due to its short term nature of its exploration and evaluation assets. The rehabilitation provision represented the fair value of rehabilitation costs relating to exploration and evaluation activities.

10. SHARE CAPITAL AND RESERVES

a) Common shares

The Company is authorized to issue an unlimited number of common shares without par value, issuable in series.

i. Private Placement

On April 22, 2013, the Company completed a non-brokered private placement previously announced on March 22, 2013. Upon closing, a total of 10,137,400 units ("Units") were sold for $0.05 each for a total of $506,870. The Company incurred cash share issuance costs of $2,534. Each Unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant ("Warrant"). One whole Warrant entitles the holder to buy an additional share in the capital of the Company for a period of two years at a price of $0.10 per share. All common shares sold in the private placement and any shares acquired upon exercise of the Warrants were subject to a four-month hold period which expired on August 23, 2013.

Directors of the Company purchased 4,190,000 Units.

ii. Share consolidation

On March 18, 2013, the Company completed a share consolidation, on the basis of ten (10) old shares for one (1) new share (the "Consolidation"), as was approved by shareholders at the Annual and Special meeting held on December 14, 2012. All common share, warrant and stock option balances reported in these financial statements have been adjusted to reflect post share-consolidation balances.

iii. Acquisition of working interest in mineral license

On August 16, 2012, the Company entered into an agreement with an arm's length company to earn a 55% interest in Little Bear Property (Note 7). On September 24, 2012, the securities regulator approved the share issuance. The Company issued 600,000 common shares with a fair value on the issue date of $90,000. On August 16, 2013, the Company announced that it had entered into an Amendment Agreement and the Company issued 500,000 common shares with a fair value on the issue date of $12,500 (Note 7).

iv. Warrant extension

Effective August 14, 2012, the application to amend the following warrants was accepted by the TSX Venture Exchange:

- 1,050,000 Warrants shall be amended to expire October 13, 2013;
- 1,150,000 Warrants shall be amended to expire October 29, 2013; and
- 800,000 Warrants shall be amended to expire November 12, 2013.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

b) Preferred shares

The Company is authorized to issue an unlimited number of preference shares, issuable in series. No preferred shares have been issued since the Company's inception.

c) Reserves

The reserves recorded in shareholders' equity on the Company's statement of financial position include amounts recorded for share-based compensation. When the stock options are exercised, the amount previously recorded into reserves are reclassified into share capital.

d) Share purchase warrants

The following is a summary of changes in warrants:

	Number of Warrants		Weighted Average Exercise Price
Balance at November 30, 2011	**5,100,000**	**$**	**1.00**
Expired warrants	(2,100,000)		1.00
Balance as at November 30, 2012	3,000,000		1.00
Issued	10,137,400		0.10
Expired warrants	(3,000,000)		1.00
Balance as at November 30, 2013	**10,137,400**	**$**	**0.10**

As at November 30, 2013, the Company had outstanding warrants as follows:

Number of Warrants	Exercise Price	Expiry	Weighted Average Remaining Contractual Life in Years
10,137,400	$0.10	April 22, 2015	1.39
10,137,400	$ 0.10		1.39

11. SHARE-BASED PAYMENTS

a) Option plan details

The Company has a rolling Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company.

Options granted must expire no later than a maximum of five years from the date of the grant while the Company's common shares are listed in Tier 2 of the TSX Venture Exchange ("TSX.V"). At such time as the Company's common shares are listed in Tier 1 of the TSX.V or the Toronto Stock Exchange ("TSX"), options granted must expire not later than a maximum of 10 years from the date of grant.

(Expressed in Canadian Dollars)

11. SHARE-BASED PAYMENTS (cont'd…)

Terms of the Plan are as follows:

i. The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant.
ii. The number of shares which may be awarded to any one individual may not exceed 5% of the issued shares at the date of grant and the total number of options awarded to any consultant shall not exceed 2% of the issued and outstanding common shares at the time of the grant.
iii. The total number of options awarded to all persons employed by the Company who perform investor relations activities shall not exceed 2% of the issued and outstanding shares of the Company in any twelve month period.
iv. Under TSX.V policy all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The Plan does not require vesting provisions for options issued except in limited circumstances.

The following is a summary of changes in stock options from November 30, 2011 to November 30, 2013:

		Number of Options		Weighted Average Exercise Price
Balance at November 30, 2011	**$**	5,097,500	$	1.00
Expired		(847,500)		(1.00)
Cancelled		(770,000)		(1.00)
Balance at November 30, 2012	$	3,480,000	$	1.00
Expired		(1,400,000)		(1.00)
Cancelled		(350,000)		(1.00)
Balance at November 30, 2013	$	1,730,000	$	1.00

At November 30, 2013, the following stock options were outstanding and exercisable:

Outstanding	Exercisable		Weighted Average Exercise Price	Expiry Date	Weighted Average Remaining Life (years)
780,000	780,000	$	1.00	December 14, 2014	1.04
810,000	810,000	$	1.00	May 2, 2016	2.42
140,000	140,000	$	1.00	June 17, 2016	2.55
1,730,000	1,730 ,000	$	1.00		1.81

b) Fair value of stock options issued during the year

There were no stock options granted during the year ended November 30, 2013.

c) Expenses arising from share-based payment transactions

There were no share-based payment transactions during the year ended November 30, 2013. The total expense arising from share-based payment transactions recognized during the year ended November 30, 2013 was $nil (November 30, 2012 - $9,409).

(Expressed in Canadian Dollars)

12. NATURE OF EXPENSES

	Year ended November 30, 2013	**Year ended November 30, 2012**
Other operating expenses include:		
Office and shareholder information	$ 82,550	$ 95,845
Professional and filing fees	96,501	112,584
Promotion and travel	103,716	96,337
Service contracts and wages	263,773	329,251
	$546,540	**$ 634,017**

13. SUPPLEMENTAL CASH FLOW INFORMATION

The following table summarizes the significant non-cash items and additional cash flow disclosures for the years ended:

	November 30, 2013 $	**November 30, 2012 $**
Cash received during the year for interest	559	560
Cash paid during the year for income taxes	-	-
Shares issued for E & E assets	12,500	90,000
E & E assets included in trade payables and accrued liabilities	13,357	39,770

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments and risk management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors reviews quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

i. Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

ii. Equity price risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

The Company is exposed to this risk through its equity holdings. The held for trading investment in the common shares of SPE is monitored by Management with decisions on sale taken at the Board level. A 10% decrease/increase in the fair value of Shoal Point would result in a $4,000 decrease/increase in net loss for the year.

iii. Commodity price risk:

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas and minerals are impacted by world economic events that dictate the levels of supply and demand as well as foreign exchange rates. As the Company has not yet developed commercial oil and gas and mineral interests, it is not exposed to commodity price risk at this time.

iv. Foreign currency risk:

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

b) Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due causing a financial loss. The majority of the Company's current year accounts receivable as at November 30, 2013 relates to amounts due from Canada Revenue Agency and hence credit risk is mitigated. The Company's reclamation deposit and cash are also subject to credit risk. The Company maintains these balances with three major national financial institutions. The investment held by the Company is in one company who operates in the oil and gas industry. The Company is exposed to the risks of this investee and the industry in which it operates.

The maximum credit risk at the year end is represented by the recognized carrying amounts. Past due amounts included in accounts receivable at year end was $18,046 (November 30, 2012 - $1,083).

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To facilitate its expenditure program, the Company may enter into E & E option agreements with third parties and/or raise funds through private equity placements or public offerings.

The Company is subject to liquidity risk given its accumulated deficit. If the Company is unable to obtain adequate additional financing by raising funds through private placements, through option agreement farm-outs or to recover its investment, the Company will be required to curtail operations, exploration and development activities. As at November 30, 2013 and November 30, 2012, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have either contractual or expected maturities of less than one year.

Determination of fair value

The carrying amounts of reclamation deposit, accounts receivable and trade payables and accrued liabilities approximate fair value due to their short-term nature. The Company's other financial instruments, cash and marketable securities are measured using the fair value hierarchy.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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

The fair value of cash, reclamation deposits and marketable securities (common shares) are measured using level 1 inputs. The fair value of the marketable securities (warrants) are measured using level 2 inputs.

(Expressed in Canadian Dollars)

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. The Company considers its common shares, warrants and stock options as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in the 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, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the year ended November 30, 2013. The Company is not subject to externally imposed capital requirements.

16. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Year ended November 30, 2013	2012
Directors fees	$ 8,000	$ -
Short-term benefits*	206,000	204,000
	$ 214,000	$ 204,000

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in service contracts and wages

Included in trade payables and accrued liabilities are Consulting fees payable of $ nil (November 30, 2012 – $16,401) to directors for services performed during the year. The amounts are unsecured, non-interest bearing and are expected to be repaid under normal terms of trade.

17. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of E & E assets in North America. All assets are located within Canada.

18. COMMITMENTS

Under an office rental agreement with a third party, the Company is committed to monthly office lease payments of $1,057 until July 2014.

Under a management agreement with a company controlled by a director of the Company, the Company is committed to the monthly payment of management fees of $12,000 per month until February 2014.

(Expressed in Canadian Dollars)

19. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2013	2012
Net loss for the year	$ (930,723)	$ (2,014,432)
Expected income tax (recovery)	$ (270,000)	$ (587,000)
Non-deductible expenditures and non-taxable revenues	17,000	202,000
Impact of future income tax rates applied versus current statutory rate	-	2,000
Impact of amalgamation	-	(833,000)
Share issue costs	(1,000)	(2,000)
Change in unrecognized temporary difference and other	$ 254,000	$ 1,218,000
Total income tax expense (recovery)	**$ -**	**$ -**
Current income tax	**$ -**	**$ -**
Deferred tax recovery	**$ -**	**$ -**

The Canadian income tax rate decreased during the year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2013	Expiry Date Range	2012	Expiry Date Range
Temporary Differences				
Share issue costs	$ 10,000	2034 - 2037	$ 19,000	2033 - 2036
Allowable Capital losses	$ 1,447,000	No expiry date	$ 840,000	No expiry date
Non-Capital losses	$ 7,165,000	2015 - 2033	$ 6,329,000	2015 - 2032
Property and equipment	$ 18,000	No expiry date	$ 16,000	No expiry date
Exploration and evaluation assets	$21,053,000	No expiry date	$21,046,000	No expiry date
Marketable securities	$ 290,000	No expiry date	$ 1,118,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.