Alta Vista Ventures Ltd. (Formerly Yale Resources Ltd.)
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2013 AND 2012

(Expressed in Canadian Dollars)

Index	**Page**
Independent Auditors' Report to the Shareholders	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	2
Consolidated Statements of Operations and Comprehensive Loss	3
Consolidated Statements of Changes in Shareholders' Equity	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 – 32

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALTA VISTA VENTURES LTD.
(Formerly Yale Resources Ltd.)

We have audited the accompanying consolidated financial statements of Alta Vista Ventures Ltd., which comprise the consolidated statements of financial position as at October 31, 2013 and 2012, and the consolidated statements of operations and comprehensive loss, changes in shareholders' 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 auditor considers 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 Alta Vista Ventures Ltd. 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 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
February 27, 2014

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ALTA VISTA VENTURES LTD
(Formerly Yale Resources Ltd.)
(An Exploration Stage Company)
Consolidated Statements of Financial Position
Years Ended October 31
(Expressed in Canadian Dollars)

	2013	2012
ASSETS		
Current		
Cash	$ 1,815	$ 16,916
Amounts receivable (Note 4)	17,665	21,327
Marketable securities (Note 5)	84,598	117,130
	104,078	155,373
Non-current		
Amounts receivable (Note 4)	40,967	40,967
Prepaid expenses	1,000	19,050
Oil and gas interest (Note 6)	33,611	33,611
Property, plant and equipment (Note 7)	20,762	27,116
Mineral property interests (Note 8)	46,002	1,051,656
	142,342	1,172,400
TOTAL ASSETS	$ 246,420	$ 1,327,773
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 9 and 11)	$ 341,233	$ 217,063
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 10)	14,115,203	14,069,203
Reserves	1,355,463	1,319,401
Accumulated deficit	(15,616,660)	(14,328,871)
Accumulated other comprehensive income	51,181	50,977
	(94,813)	1,110,710
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 246,420	$ 1,327,773

Approved by the Board:

"Ian Foreman" (signed)
……………………………………...… Director

"David Hall" (signed)
…………………………………...…… Director

See notes to consolidated financial statements.

ALTA VISTA VENTURES LTD
(Formerly Yale Resources Ltd.)
(An Exploration Stage Company)
Consolidated Statements of Operations and Comprehensive Loss
Years Ended October 31
(Expressed in Canadian Dollars)

	2013	2012
Revenues		
Interest and miscellaneous	$ 4,404	$ 52,544
Oil and gas, net	5,670	10,559
	10,074	63,103
Operating Expenses		
Exploration expenditures, net of recoveries (Note 8)	188,707	144,983
Consultants' fees (Note 11)	96,000	101,987
Management fees (Note 11)	49,000	84,000
Accounting, audit and legal (Note 11)	45,603	42,125
Rent	43,583	38,240
Share-based compensation (Note 10(e))	36,062	-
Office and miscellaneous (Note 11)	29,635	34,575
Regulatory fees	16,077	8,367
Depreciation	8,819	11,641
Transfer agent and listing fees	8,982	6,201
Investor relations and promotion	6,018	14,654
Telephone	2,654	3,010
Travel	2,590	2,935
	533,730	492,718
Write-down of mineral property interests (Note 8)	994,600	54,808
Gain on sale of mineral property interests (Note 8)	(358,578)	(136,810)
Exploration advances recovered	(21,405)	(115,441)
Foreign exchange loss (gain)	(1,851)	7,592
Loss on sale of marketable securities	17,291	95,914
Impairment loss on marketable securities	134,076	278,646
	2,713,763	1,558,462
Net Loss for Year	(3,733)	(111,350)
Items of Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Unrealized loss on marketable securities	127,531	63,190
Transfer on sale of marketable securities	6,341	(48,247)
Transfer on impairment of marketable securities	(134,076)	(278,646)
Other Comprehensive Loss	(204)	(263,703)
Comprehensive Loss for Year	$ 1,287,585	$ 350,621
Loss per Share, Basic and Diluted	$ 0.15	$ 0.08
Weighted Average Number of Common Shares Outstanding	8,328,217	8,093,916

See notes to consolidated financial statements.

ALTA VISTA VENTURES LTD
(Formerly Yale Resources Ltd.)
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

			Reserves					
	Number of Shares	Share Capital	Equity Settled Share-based Payments	Warrants	Total	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance – October 31, 2012	**8,093,916**	**$ 14,069,203**	**$ 1,033,902**	**$ 285,499**	**$ 1,319,401**	**$ (14,328,871)**	**$ 50,977**	**$ 1,110,710**
Net loss for the year	-	-	-	-	-	(1,287,789)	-	(1,287,789)
Items of other comprehensive income	-	-	-	-	-	-	204	204
Common shares issued for mineral property interests (Note 10(b))	10,000	3,000	-	-	-	-	-	3,000
Common shares issued for debt (Note 10(b))	860,000	43,000	-	-	-	-	-	43,000
Share-based compensation (Note 10(e))	-	-	36,062	-	36,062	-	-	36,062
Balance – October 31, 2013	**8,963,916**	**$ 14,115,203**	**$ 1,069,964**	**$ 285,499**	**$ 1,355,463**	**$ (15,616,660)**	**$ 51,181**	**$ (94,813)**

	Number of Shares	Share Capital	Equity Settled Share-based Payments	Warrants	Total	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance – October 31, 2011	**8,083,916**	**$ 14,066,703**	**$ 1,033,902**	**$ 285,499**	**$ 1,319,401**	**$ (13,714,547)**	**$ (212,726)**	**$ 1,458,831**
Net loss for the year	-	-	-	-	-	(614,324)	-	(614,324)
Items of other comprehensive loss	-	-	-	-	-	-	263,703	263,703
Common shares issued for mineral property interests (Note 10(d))	10,000	2,500	-	-	-	-	-	2,500
Balance – October 31, 2012	**8,093,916**	**$ 14,069,203**	**$ 1,033,902**	**$ 285,499**	**$ 1,319,401**	**$ (14,328,871)**	**$ 50,977**	**$ 1,110,710**

See notes to consolidated financial statements.

ALTA VISTA VENTURES LTD
(Formerly Yale Resources Ltd.)
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
Years Ended October 31
(Expressed in Canadian Dollars)

	2013	2012
Operating Activities		
Net loss	$ (1,287,789)	$ (614,324)
Items not affecting cash		
Depreciation	8,819	11,641
Share-based compensation	36,062	-
Unrealized foreign exchange (gain) loss	(5,172)	88
Gain on sale of mineral property interests	(358,578)	(136,810)
Loss on sale of marketable securities	17,291	95,914
Write-down of mineral property interests	994,600	54,808
Impairment loss on marketable securities	134,076	278,646
	(460,691)	(310,037)
Changes in non-cash working capital		
Amounts receivable	5,771	18,112
Prepaid expenses	18,050	3,099
Exploration advances recovered	-	(115,441)
Accounts payable and accrued liabilities	131,821	58,953
	155,642	(35,277)
Cash Used in Operating Activities	(305,049)	(345,314)
Investing Activities		
Purchase of property, plant and equipment	(2,465)	(21,171)
Proceeds on sale of property, plant and equipment	-	16,173
Recoveries of mineral property interests	15,241	78,714
Proceeds on sale of mineral property interests	208,578	90,000
Proceeds on sale of marketable securities	68,744	96,441
Cash Provided by Investing Activities	290,098	260,157
Foreign Exchange Effect on Cash	(150)	(1,567)
Decrease in Cash	(15,101)	(86,724)
Cash, Beginning of Year	16,916	103,640
Cash, End of Year	$ 1,815	$ 16,916
Supplemental Cash Flow Information, Non-Cash Transactions		
Common shares issued for mineral property interests	$ 3,000	$ 2,500
Marketable securities received for mineral property interests	$ 183,310	$ 123,678
Expenditures on mineral property interests included in accounts payable	$ 139,645	$ 101,083
Exploration advances included in mineral property interests	$ -	$ 7,962

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Alta Vista Ventures Ltd. (the "Company") (formerly Yale Resources Ltd.) is an exploration stage company incorporated under the laws of British Columbia. The Company and its subsidiary are engaged in the acquisition and exploration of mineral properties located in Mexico. The Company's principal and registered place of business is located at 350 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

The Company has sustained recurring losses and negative cash flows from operations. As at October 31, 2013, the Company had cash of $1,815 (2012 - $16,916), working capital deficiency of $237,155 (2012 - $61,690) and an accumulated deficit of $15,616,660 (2012 - $14,328,871). The Company has ongoing requirements for capital investment for its mineral property interests. The Company will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional funding through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

On May 28, 2013, the Company completed its name change from Yale Resources Ltd. to Alta Vista Ventures Ltd., and at the same time completed a 10:1 share consolidation, which converted 81,039,156 outstanding pre-consolidation shares to 8,103,916 outstanding post-consolidation shares. Unless otherwise noted, all references to number of shares, share purchase warrants and share options have been restated to reflect the share consolidation.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth. If the Company is unable to obtain additional financing, the Company will be unable to continue. There can be no assurance that management's plans will be successful.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests. The recoverability of amounts shown for mineral property interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these mineral property interests, and establish future profitable production, or realize proceeds from the disposition of mineral interests. The carrying value of the Company's mineral property interests does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared and are presented in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee.

The consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2014.

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss (“FVTPL”) or available-for-sale (“AFS”), which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Foreign currencies

i) Presentation and functional currency

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

ii) Foreign currency transactions

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on foreign currency translations are included in net loss for the year.

d) Significant accounting judgments and estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year:

Useful life of property, plant and equipment
Property, plant and equipment are amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the year and the carrying value of property, plant and equipment. Total carrying value of property, plant and equipment at October 31, 2013 was $20,762 (2012 - $27,116).
Share-based compensation
Management is required to make certain estimates when determining the fair value of share option awards and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the Company's consolidated statement of operations and comprehensive loss. For the year ended October 31, 2013, the Company recognized share-based compensation of $36,062 (2012 - $nil).

2. BASIS OF PRESENTATION (CONTINUED)

d) Significant accounting judgments and estimates (continued)

Critical judgments used in applying accounting policies
In the preparation of these consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

Impairment of assets
When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. Management has determined that there were indicators of impairment for its mineral property interests and recorded a write-down of $994,600 (2012 - $54,808).

Impairment of marketable securities
At each reporting date, the Company conducts a review to determine whether there are indications of impairment on its marketable securities. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. Factors include the financial health and short-term business outlook of the investee, industry and sector performance, and operational and financing cash flows. If the decline in fair value below cost is considered significant or prolonged, the Company recognizes an impairment, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired marketable securities, in profit or loss. Management has determined that there were indicators of impairment for its marketable securities and recorded a write-down of $134,076 (2012 - $278,646).

Income taxes
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Minera AltaVista, S.A. de C.V. ("MAV"), a company incorporated under the laws of Mexico, hereinafter, collectively, referred to as the Company.

All material intercompany transactions and balances, including unrealized income and expenses arising from intercompany transactions have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments

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

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss for the period.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. 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.*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured 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 and other relevant indicators, 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 for the period.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in profit or loss for the period.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets, other than those at FVTPL, are subject to review for impairment at each reporting date. Financial assets are considered impaired when there is objective evidence that a financial asset or a group of financial assets may not be recoverable. Different criteria to determine impairment are applied for each category of financial assets, which are disclosed above.

Financial liabilities
The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in profit or loss for the period.

Other financial liabilities - This category includes accounts payable and accrued liabilities and exploration advances. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Property, plant and equipment

Property, plant and equipment is carried at cost, less accumulated depreciation.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Material residual value estimates and estimates of useful life are updated annually.

An item of property, plant and 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 the consolidated statements of operations and comprehensive loss.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Depreciation is recorded on a declining basis at the following annual rates:

Vehicles	30%
Office equipment	10%
Computer software and equipment	45%

d) Mineral property interests

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis.

Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties, pursuant to the terms of the agreement. Exploration and evaluation expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be technically feasible and commercially viable, capitalized costs for the property will be transferred to mining property and development assets. Prior to transfer the asset will be tested for impairment. The costs related to a property from which there is production will be depleted on a unit-of-production basis, using estimated proven and probable recoverable reserves as the depletion base.

Mineral properties acquired under an option agreement where payments are made at the sole discretion of the Company are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to operations. Option payments are at the discretion of the optionee, and accordingly, are accounted for when receipt is reasonably assured.

Capitalized acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of mineral property interests is dependent on successful development and commercial exploitation or, alternatively, the sale of the respective areas of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impairment of assets

At each financial position reporting date, the carrying amounts of the Company's 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows 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. 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 asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of operations and comprehensive loss.

f) Share capital

Common shares
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity.

Equity units
Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated on the residual value method; proceeds are allocated to the common shares up to their fair value, as determined by the current quoted trading price, and the balance, if any, to the reserve for warrants.

g) Share-based compensation

The Company sometimes grants share-based awards to directors, officers, employees and consultants. The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at the option's grant date, and the fair value of non-employee options is measured at the date or over the period during which goods or services are received. Options granted to non-employees are recorded at the fair value of goods or services received in the consolidated statement of operations and comprehensive loss. The fair value of the options granted to employees is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The fair value of each tranche of options granted, which do not vest immediately on grant, is recognized using the graded vesting method over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. If those options expire or are forfeited after vesting, the recorded value is transferred to deficit.

Share-based compensation expense is credited to the equity settled share-based payment reserve. Their fair value is transferred from the reserve to share capital when the options are later exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares; the effect of any anti-dilutive potential common shares are not taken into account in this calculation.

i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the statement of financial position 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 on the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to the passage of time is recognized as a finance cost.

k) Provision for asset retirement obligation

An obligation to incur restoration, rehabilitation and environmental costs arises 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 at the start of each project to the carrying amount of the asset, or as soon as the obligation to incur such costs arises. Discount rates using a pre-tax 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 the unit-of-production or the straight-line method. The related liability is adjusted for each period for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage, which is created on an ongoing basis during production, are provided for at their net present values and charged against profits as extraction progresses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) New accounting standards and interpretations not yet adopted

At the date of authorization of these consolidated financial statements, the IASB has issued a number of new and revised standards and interpretations, which are not yet effective for the relevant reporting periods. Management is assessing the effects of the future standards on its consolidated financial statements.

All of the new and revised standards described below may be early-adopted.

IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss.

The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

IFRS 9 *Financial Instruments* (2010)

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

IFRS 9 *Financial Instruments* (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (2013)

A revised version of IFRS 9, which introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss. Removes the mandatory effective date of IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalization of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

This standard has no stated effective date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) New accounting standards and interpretations not yet adopted (continued)

IFRS 10 *Consolidated Financial Statements*

In May 2011, the IASB issued IFRS 10, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013.

IFRS 10 replaces Standing Interpretations Committee ("SIC") 12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. IFRS 10 eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides guidance on how to apply the control principles in a number of situations, including agency relationships and holding potential voting rights. Management has not yet determined the potential impact that the adoption of IFRS 10 will have on the Company's consolidated financial statements.

IFRS 12 *Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 12, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 outlines the required disclosures for interests in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. Management has not yet determined the potential impact that the adoption of IFRS 12 will have on the Company's consolidated financial statements.

IFRS 13 *Fair Value Measurement*

In May 2011, the IASB issued IFRS 13, which is to be applied prospectively, and is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's consolidated financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Applicable to annual periods beginning on or after January 1, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) New accounting standards and interpretations not yet adopted (continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amends IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* to:

- provide "investment entities" (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or *IAS 39 Financial Instruments*: *Recognition and Measurement*
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

Applicable to annual periods beginning on or after January 1, 2014.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Amends IAS 36 *Impairment of Assets* to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Applicable to annual periods beginning on or after January 1, 2014.

4. AMOUNTS RECEIVABLE

Amounts receivable are comprised of the following:

	2013	2012
Current		
Sales tax receivable	$ 6,083	$ 7,658
Other amounts receivable	11,582	13,669
	17,665	21,327
Non-Current		
Sales tax receivable	40,967	40,967
Total amounts receivable	$ 58,632	$ 62,294

5. MARKETABLE SECURITIES

The Company holds marketable securities that are free-trading. Marketable securities are comprised of the following:

	2013		2012	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Silver Sun Capital Corp.	-	$ -	30,000	$ 4,500
Del Toro Silver Corp.	780,500	38,250	1,000,000	69,972
Gold American Mining Corp.	-	-	253,250	5,063
Sonora Resources Corp.	1,193,950	37,348	315,764	22,095
Mammoth Capital Inc.	-	-	100,000	10,000
Overlord Capital Ltd.	-	-	50,000	5,500
Tosca Mining Corp.	150,000	9,000	-	-
		$ 84,598		$ 117,130

6. INVESTMENT IN OIL AND GAS INTEREST

During the year ended October 31, 2006, the Company acquired, for investment purposes, a 2.78% (one-half unit) interest in an oil and gas joint venture for cash consideration of $52,598. The joint venture has an interest in two producing oil and gas wells located in Texas and Louisiana, United States. Subsequent to the Company's original investment, the interest was written down to $33,611.

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office Equipment	Computer Software and Equipment	Total
COST				
Balance, October 31, 2011	$ 14,472	$ 31,929	$ 20,295	$ 66,696
Additions	12,782	3,187	5,202	21,171
Disposals	(12,782)	(249)	(3,142)	(16,173)
Balance, October 31, 2012	14,472	34,867	22,355	71,694
Additions	-	-	2,465	2,465
Balance, October 31, 2013	$ 14,472	$ 34,867	$ 24,820	$ 74,159
ACCUMULATED DEPRECIATION				
Balance, October 31, 2011	$ 2,171	$ 20,696	$ 10,070	$ 32,937
Depreciation	3,690	3,587	4,364	11,641
Balance, October 31, 2012	5,861	24,283	14,434	44,578
Depreciation	2,583	2,117	4,119	8,819
Balance, October 31, 2013	$ 8,444	$ 26,400	$ 18,553	$ 53,397
CARRYING AMOUNTS				
At October 31, 2012	$ 8,611	$ 10,584	$ 7,921	$ 27,116
At October 31, 2013	$ 6,028	$ 8,467	$ 6,267	$ 20,762

8. MINERAL PROPERTY INTERESTS

The Company has accumulated the following acquisition expenditures:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Orofino	Los Amoles	Guadalupe	Apache	Total
Balance, October 31, 2011	$ 649,835	$ 114,808	$ 1	$ 1	$ 176,800	$ 2,642	$ 1	$ 262,500	$ 1,206,588
Acquisition costs	-	-	-	-	17,518	-	-	-	17,518
Recoveries	(50,000)	-	-	-	(65,000)	(2,641)	(1)	-	(117,642)
Net additions during the year	(50,000)	-	-	-	(47,482)	(2,641)	(1)	-	(100,124)
Write-down	-	(54,808)	-	-	-	-	-	-	(54,808)
Balance, October 31, 2012	599,835	60,000	1	1	129,318	1	-	262,500	1,051,656
Acquisition costs	-	-	-	-	22,947	-	-	-	22,947
Recoveries	-	(14,000)	-	-	(20,000)	(1)	-	-	(34,001)
Net additions during the year	-	(14,000)	-	-	2,947	(1)	-	-	(11,054)
Write-down	(599,835)	-	-	-	(132,265)	-	-	(262,500)	(994,600)
Balance October 31, 2013	$ -	$ 46,000	$ 1	$ 1	$ -	$ -	$ -	$ -	$ 46,002

8. MINERAL PROPERTY INTERESTS (CONTINUED)

The Company incurred the following exploration expenditures, which were recognized in the consolidated statement of operations and comprehensive loss for the year ended October 31, 2013:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Orofino	Los Amoles	Guadalupe	Apache	Other Properties	Total
Assay	$ -	$ -	$ -	$ -	$ -	$ 82	$ -	$ -	$ 1,657	$ 1,739
Camp and exploration support	45,780	7,926	6,790	35,774	98,459	34,588	72	3,400	25,587	258,376
Geological consulting	376	376	757	63	688	2,001	-	63	-	4,324
Geological fieldwork	-	-	-	-	21	114	-	-	157	292
Taxes	-	-	439	9,604	20,172	1,505	-	-	-	31,720
Travel	823	-	225	548	2,380	831	-	-	1,332	6,139
Total costs during the year	46,979	8,302	8,211	45,989	121,720	39,121	72	3,463	28,733	302,590
Recoveries	(11,659)	-	-	(8,331)	(57,396)	(36,497)	-	-	-	(113,883)
Net expenditures for the year	$ 35,320	$ 8,302	$ 8,211	$ 37,658	$ 64,324	$ 2,624	$ 72	$ 3,463	$ 28,733	$ 188,707

The Company incurred the following exploration expenditures, which were recognized in the consolidated statement of operations and comprehensive loss for the year ended October 31, 2012:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Orofino	Los Amoles	Yoreme	Guadalupe	Apache	Tenoriba	Total
Assay	$ -	$ -	$ -	$ 38	$ 3,435	$ 3,435	$ -	$ -	$ -	$ -	$ 6,908
Camp and exploration support	138,590	3,240	17,517	40,659	74,501	49,405	15,707	3,099	239	84	343,041
Drilling	-	-	-	27,522	-	122	-	-	-	-	27,644
Geochemistry	18,703	-	-	2,507	3,120	4,138	8,816	-	-	-	37,284
Geological consulting	98,896	-	390	48,158	250	2,482	798	3	-	-	150,977
Geological fieldwork	9,053	37	1,029	4,751	700	4,994	3,330	50	-	-	23,944
Taxes	150,821	7,493	11,923	15,640	29,182	2,806	-	(1,134)	575	93	217,399
Travel	5,725	3,041	44	2,325	1,865	939	3,314	898	-	-	18,151
Total costs during the year	421,788	13,811	30,903	141,600	113,053	68,321	31,965	2,916	814	177	825,348
Recoveries	(393,279)	-	-	(89,573)	(74,483)	(108,228)	-	(14,802)	-	-	(680,365)
Net expenditures for the year	$ 28,509	$ 13,811	$ 30,903	$ 52,027	$ 38,570	$ (39,907)	$ 31,965	$(11,886)	$ 814	$ 177	$ 144,983

8. MINERAL PROPERTY INTERESTS (CONTINUED)

a) Urique Property, Mexico

On August 1, 2006, the Company entered into an option agreement with Exmin Resources Ltd. ("Exmin") to acquire, in two stages, up to a 75% interest in ten mineral concessions in Chihuahua, Mexico. On April 6, 2009, the Company renegotiated the remaining commitments and acquired 100% of these concessions by paying US dollars ("US") US$250,000 (paid) issuing 100,000 common shares (issued) and taking responsibility for accounts payable of US$148,000 arising from the optionor's past expenditures on the project.

Exmin retains a 2% net smelter returns ("NSR") royalty on these concessions.

By an option agreement dated September 8, 2011, and amended on February 8, 2012, the Company entered into an agreement with Mammoth Capital Corp. ("Mammoth") to allow Mammoth to acquire a 100% interest in the project.

To earn the first 70%, Mammoth must pay the Company $50,000, issue 1,300,000 shares and spend $3,000,000 in exploration expenditures over four years. To earn the remaining 30%, Mammoth must issue another 500,000 shares, complete a resource estimation showing a minimum of 300,000 equivalent ounces of gold in the measured and indicated categories, and issue one further share for each equivalent ounce of gold shown in the resource estimation.

Upon signing the agreement, Mammoth paid $50,000 and issued 100,000 shares, with a fair value of $25,000 to the Company. However, during the year ended October 31, 2013, the agreement with Mammoth was terminated. Furthermore, the Company has separately divided the property based on the non-contiguous locations of the claims. The property consists of the following sub-divisions: San Pedro, Urique and Cuiteco.

In addition, the Company considered the prevalent market conditions and the inability of the Company to raise financing to be indicators of impairment. As a result, the Company recorded an impairment of $599,835 relating to this property as at October 31, 2013.

b) Carol-Balde Property, Mexico

On September 25, 2006, the Company entered into an assignment of option agreement with Minera Canamex S.A. de C.V. to acquire a 100% interest in the mineral claims. By an agreement dated January 31, 2008, the Company renegotiated the remaining commitments and acquired 100% ownership and property rights, subject to the 3% NSR royalty to the optionor, by making a cash payment of US$70,000 (paid) and issuing 28,000 common shares (issued).

On February 18, 2011, the Company signed an agreement with El Condor Minerals Inc. ("El Condor") for the option to earn a 70% interest in the Carol-Balde Property. El Condor will be required to pay the Company $350,000 cash and spend $1,700,000 on exploration over four years.

El Condor was designated as the operator of the project.

During the year ended October 31, 2012, the Company terminated its option agreement with El Condor as certain financial milestones in the agreement were not met. Accordingly, the Company wrote-down Carol-Balde to management's estimated net realization value at October 31, 2012.

Subsequent to October 31, 2013, the Company entered into an option agreement with Tosca Mining Corp. ("Tosca"). The agreement allows Tosca to acquire a 100% interest in the Carol-Balde Property. The Company received $5,000 and 150,000 shares of Tosca, with a fair value of $9,000, prior to year-end (Note 16).

8. MINERAL PROPERTY INTERESTS (CONTINUED)

c) La Verde Grande Property, Mexico

On June 5, 2007, the Company entered into an agreement to acquire, in two stages, up to a 100% interest in the La Verde Grande Property for cash payments totaling US$1,600,000 (US$300,000 paid).

Under the terms of the agreement, the vendor retains a 2% NSR, which the Company may purchase for an additional US$1,000,000.

By an agreement dated February 11, 2008, the Company acquired an option to acquire a 100% interest in the La Cobriza property, additional hectares within the La Verde Grande Property, in consideration for the following:

Cash payments totaling $50,000 as follows:

- $10,000 on signing of a letter of intent ("LOI") (paid); and
- $40,000 on regulatory approval (paid).

Issuance of 80,000 common shares of the Company as follows:

- 30,000 common shares upon regulatory approval (issued);
- 25,000 common shares by February 11, 2009 (issued); and
- 25,000 common shares by February 11, 2010 (issued).

d) Orofino Property, Mexico

The Company entered into an assignment of option agreement on nine concessions dated July 24, 2009. Under the terms of the option agreement, the Company could acquire a 100% interest for cash payments totaling $200,000 ($40,000 paid), issuing 100,000 common shares (30,000 issued) and paying taxes totaling Mexican pesos ("MXN") MXN 114,232 (paid). The Company paid an additional $10,000 for the extension of one payment.

By an amendment agreement dated April 18, 2011, the Company renegotiated the overall commitment and acquired the claims in consideration for 70,000 shares of the Company (issued).

The Company entered into an assignment of option agreement dated September 24, 2009 on an additional two concessions in the Orofino region. The Company subsequently amended the payment schedule, and under the terms of the revised option agreement, the Company may acquire a 100% interest in consideration of:

Cash payments totaling $200,000 as follows:

- $10,000 on or before January 9, 2010 (paid);
- $15,000 on or before July 9, 2010 (paid);
- $15,000 on or before November 25, 2011 (paid);
- $20,000 on or before May 25, 2012 (paid);
- $20,000 on or before November 25, 2012 (paid);
- $40,000 on or before May 25, 2013; and
- $80,000 on or before October 25, 2013.

8. MINERAL PROPERTY INTERESTS (CONTINUED)

d) Orofino Property, Mexico (continued)

Issuance of 100,000 common shares as follows:

- 10,000 common shares on or before January 9, 2010 (issued);
- 10,000 common shares on or before May 24, 2010 (issued);
- 10,000 common shares on or before July 9, 2011 (issued);
- 10,000 common shares on or before May 25, 2012 (issued);
- 10,000 common shares on or before November 25, 2012 (issued);
- 10,000 common shares on or before January 9, 2013 (issued); and
- 40,000 common shares on or before March 25, 2013.

As of February 2013, the Company and the owners of the concessions have agreed to suspend all consideration requirements until a mutually agreed upon future point in time. As such, although the consideration requirements for 2013 have not been met, the agreement is still in good standing.

On October 18, 2011, the Company entered into an agreement with Overlord Capital Ltd. ("Overlord") to allow Overlord to acquire a 70% interest in the project. To earn the first 60%, Overlord must pay the Company $100,000, issue 1,050,000 shares and spend $1,350,000 in exploration over three years. Overlord can earn the remaining 10% by issuing an additional 250,000 shares and incurring an additional $750,000 in exploration expenditures on or before the fourth anniversary of the effective date.

Upon signing the agreement, Overlord paid $50,000 and issued 50,000 common shares to the Company. However, during the year ended October 31, 2013, the Company terminated the agreement with Overlord.

In addition, the Company considered the prevalent market conditions and the inability of the Company to raise financing to be indicators of impairment. As a result, the Company recorded an impairment of $132,265 relating to this property as at October 31, 2013.

e) Los Amoles

By an agreement entered into during April 2010, the Company acquired a 100% interest in certain mineral concessions located in Sonora State, Mexico, by issuing 350,000 shares (issued) and making a payment of $10,000 (paid).

On November 26, 2010, the Company signed an agreement with Sonora Resources Corp. ("Sonora") to allow Sonora to earn a 70% interest in the Los Amoles property.

To earn a 70% interest in the Los Amoles property, Sonora will be required to spend US$900,000 on exploration expenditures and issue a total of 1,000,000 common shares to the Company over three years.

Cash payments totaling US$50,000 as follows:

- US$25,000 upon the signing of the LOI dated October 4, 2010 (received); and
- US$25,000 upon signing of this Agreement (received).

Exploration expenditures totaling US$900,000 as follows:

- US$200,000 on or before the first anniversary of the effective date (incurred);
- US$300,000 on or before the second anniversary of the effective date; and
- US$400,000 on or before the third anniversary of the effective date.

8. MINERAL PROPERTY INTERESTS (CONTINUED)

e) Los Amoles (continued)

Sonora has not yet incurred the US$300,000 of exploration expenditures.

Issuance of 1,000,000 common shares as follows:

- 200,000 common shares on signing of this agreement (received);
- 200,000 common shares within six months of the effective date (received);
- 200,000 common shares on or before the first anniversary of the effective date (received);
- 200,000 common shares on or before the second anniversary of the effective date (received); and
- 200,000 common shares on or before the third anniversary of the effective date.

During the year ended October 31, 2013, the Company signed a formal agreement with Sonora to sell their 100% interest in the Los Amoles Property for US$200,000 (received) and 1,000,000 shares in Sonora with a fair value of $150,000. Total proceeds on the sale were $358,579. As the carrying value of the property was $1, a gain of $358,578 has been recorded on the consolidated statement of operations and comprehensive loss.

f) Guadalupe

On December 30, 2009, the Company entered into an option agreement to acquire a 100% interest in certain mineral concessions located in Zacatecas, Mexico, in consideration for US$1,000,000 (US$60,000 paid).

The underlying optionor has retained a 2% NSR that can be purchased by the Company for US$1,000,000.

On March 5, 2010, the Company signed a LOI with Gold American Mining Corp. ("Gold American") to allow Gold American to acquire a 90% interest in the property. The consideration for acquiring the option included an assumption of all the option payments to be made by the Company to the original option owners and cash payments totaling US$900,000 (US$60,000 received), issuance of 1,000,000 common shares (300,000 received) and incurring exploration expenditures totaling US$2,000,000.

Agreement requirements were halted until the underlying optionor settles a title dispute.

On June 20, 2012, the Company sold its interest in the Guadalupe Property to Exploraciones Minera Parreña S.A. de C.V., a company owned by Industrias Peñoles S.A. de C.V. for the gross amount of $136,810, comprised of $90,000 in cash (received) and geographical data valued at $46,810.

g) Dos Naciones Property, Mexico

The Company acquired, through staking, certain mineral concessions located in the Sonora region of Mexico, during the year ended October 31, 2007.

By an option agreement dated July 7, 2009, and amended June 25, 2010, the Company granted an option to Del Toro Silver Corp. ("Del Toro") to earn up to 80% of its Dos Naciones Property.

For the first 50% option, Del Toro must pay the Company $35,000 (received).

8. MINERAL PROPERTY INTERESTS (CONTINUED)

g) Dos Naciones Property, Mexico (continued)

Del Toro can earn an additional 30% for consideration as follows:

Issuance of 700,000 common shares to the Company as follows:

- 200,000 common shares on or before July 7, 2010 (received);
- 250,000 common shares on or before July 7, 2011 (received); and
- 250,000 common shares on or before July 7, 2012 (received).

Funding exploration expenditures totaling $800,000 as follows:

- $400,000 on or before July 7, 2011; and
- $400,000 on or before July 7, 2012.

During the year ended October 31, 2010, the Company renegotiated the above amended agreement where Del Toro can earn an additional 20% interest instead of 30% interest as agreed in the original agreement in consideration of 250,000 shares of Del Toro (received) and 400,000 shares of Del Toro on or before July 7, 2012 (received), and to change the schedule of funding exploration expenditures total to $800,000 on or before July 7, 2013. Del Toro's option to purchase its interest in the property after July 7, 2012 was also terminated.

During the year ended October 31, 2013, the Company terminated its agreement with Del Toro.

h) Apache Property, Mexico

On December 13, 2010, the Company acquired the Apache Property, consisting of 400 hectares in Sonora State, Mexico, for consideration of 250,000 shares of the Company.

During the year ended October 31, 2013, the Company considered the prevalent market conditions and the inability of the Company to raise financing to be indicators of impairment. As a result, the Company recorded an impairment of $262,500 relating to this property as at October 31, 2013.

i) Realization of assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

j) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on a property may be diminished or negated.

8. MINERAL PROPERTY INTERESTS (CONTINUED)

j) Environmental (continued)

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

k) Title to mineral property interests

Although the Company has taken steps to verify the title to mineral 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 Company's title. Property title may be subject to unregistered prior agreements of transfers and title may be affected by undetected defects.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were comprised of the following:

	2013	2012
Trade payables	$ 307,233	$ 184,463
Accruals	34,000	32,600
Total accounts payable and accrued liabilities	$ 341,233	$ 217,063

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Issued

i) On November 14, 2012, the Company issued 10,000 common shares valued at $3,000 under the terms of the agreement to acquire the Orofino Property (Note 8(d)).

ii) On July 23, 2013, the Company issued 860,000 shares at a price of $0.05 per share to directors and officers to settle outstanding accounts payable of $43,000.

iii) On May 3, 2012, the Company issued 10,000 shares valued at $2,500 under the terms of the agreement to acquire the Orofino Property (Note 8(d)).

c) Share purchase warrants

At October 31, 2013 and 2012, the Company has no share purchase warrants outstanding.

10. SHARE CAPITAL (CONTINUED)

d) Share options

A continuity schedule of outstanding share options for the years ended October 31, 2013 and 2012 is as follows:

	2013		2012	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of the year	**310,000**	**$ 1.00**	609,500	$ 1.00
Granted	**655,000**	**$ 0.10**	-	$ -
Expired	**(30,000)**	**$ 1.00**	(299,500)	$ 1.00
Cancelled	**(164,500)**	**$ 1.00**	-	$ -
Outstanding, end of the year	**770,500**	**$ 0.23**	310,000	$ 1.00

As at October 31, 2013 and October 31, 2012, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

October 31, 2013

Expiry Date	Options outstanding and exercisable	Exercise Price	Weighted average remaining contractual life (in years)
January 23, 2014	70,500	$ 1.00	0.23
August 10, 2014	45,000	$ 1.00	0.78
July 25, 2018	655,000	$ 0.10	4.73
	770,500	$ 0.23	4.09

October 31, 2012

Expiry Date	Options outstanding and exercisable	Exercise Price	Weighted average remaining contractual life (in years)
February 21, 2013	10,000	$ 1.00	0.31
June 20, 2013	20,000	$ 1.00	0.64
January 23, 2014	150,000	$ 1.00	1.23
August 10, 2014	130,000	$ 1.00	1.78
	310,000	$ 1.00	1.39

e) Share-based compensation

During the year ended October 31, 2013, 655,000 share options were granted (2012 - nil) to directors, officers, and consultants.

The fair value of share options granted and vested during years ended October 31, 2013 and 2012 was recognised as share-based compensation in the consolidated statement of operations and comprehensive loss, and was allocated as follows:

	2013	2012
Management fees	**$ 31,933**	$ -
Consultants' fees	**4,129**	-
Total share-based compensation	**$ 36,062**	$ -

10. SHARE CAPITAL (CONTINUED)

e) Share-based compensation (continued)

The fair value of the options issued was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2013	2012
Riskfree interest rate	**1.73%**	-
Expected annual volatility*	**164%**	-
Expected life	**5 years**	-
Expected dividend yield	**$ -**	$ -
Exercise price	**$ 0.10**	$ -
Share price	**$ 0.06**	$ -

* Expected volatility has been based on historical volatility of the Company's publicly traded shares

11. RELATED PARTY TRANSACTIONS

a) Management transactions

Management transactions with related parties during the years ended October 31, 2013 and 2012 were as follows:

	2013			**2012**		
	Short-term employee benefits	**Share-based payments**	**Total**	**Short-term employee benefits**	**Share-based payments**	**Total**
Ian Foreman; President [(i)]	$ 96,000	$ 5,505	$101,505	$ 96,000	$ -	$ 96,000
Ezra Jimenez; CFO [(ii)]	$ 49,000	$ -	$ 49,000	$ 84,000	$ -	$ 84,000
Timeline Filing Services Ltd. [(iii)]	$ 24,000	$ 4,129	$ 28,129	$ 25,000	$ -	$ 25,000
Schindler & Company [(iv)]	$ 22,642	$ 4,129	$ 26,771	$ 19,473	$ -	$ 19,473

(i) Amounts payable as at October 31, 2013 were $109,846 (2012 - $ 45,116).

(ii) Ezra Jimenez was the Company's CFO until July 26, 2013. This total represents all benefits paid to Mr. Jimenez to that date. Amounts payable as at October 31, 2013 were $9,422 (2012 - $10,091).

(iii) Timeline Filing Services Ltd. is a private enterprise controlled by the Company's Corporate Secretary, Laara Shaffer. Amounts payable as at October 31, 2013 were $18,900 (2012 - $ 6,720).

(iv) Schindler & Company is a private enterprise controlled by the Company's CFO, Jennifer Schindler. Ms. Schindler was appointed as the Company's CFO on July 26, 2013. This total represents all benefits paid or payable to Ms. Schindler for the year ended October 31, 2013. Amounts payable as at October 31, 2013 were $5,764 (2012 - $nil).

b) Directors' transactions

During the year ended October 31, 2013, included in the $36,062 of share-based compensation recognized is $22,299 relating to director compensation (2012 - $nil).

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, mineral exploration and development.

The Company's non-current assets, excluding financial instruments, located in its geographic segments of Canada and Mexico, were as follows:

	2013	2012
Canada	$ 4,482	$ 5,952
Mexico	62,282	1,072,820
	$ 66,764	$ 1,078,772

No revenues from external customers were earned during the years ended October 31, 2013 and 2012 in either of the geographic locations.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities were categorized as follows:

	2013	2012
Financial assets		
Fair value through profit or loss		
Cash	$ 1,815	$ 16,916
Loans and receivables		
Amounts receivable*	11,582	13,669
Available-for-sale		
Marketable securities	84,598	117,130
Investment in oil and gas interest	33,611	33,611
Total financial assets	$ 131,606	$ 181,326
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 341,233	$ 217,063
Total financial liabilities	$ 341,233	$ 217,063

*Excluding sales tax receivable

The fair values of the Company's amounts receivables and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. Marketable securities are recorded at market value based on quoted market prices. The Company's investment in oil and gas interest is valued at cost, as it does not have a quoted market price in an active market and the fair value cannot be reliably determined.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk with respect to its cash and amounts receivable.

The Company deposits substantially all of its cash at a Canadian chartered bank. The Company's amounts receivable consist primarily of Government Sales Tax receivable from the Canadian government and Value Added Tax receivable from the Mexican government. Management considers the risk of non-performance related to cash and amounts receivable to be minimal.

b) Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

At October 31, 2013, the Company had cash in the amount of $1,815 (2012 - $16,916) and accounts payable and accrued liabilities of $341,233 (2012 - $217,063). Trade payables are due within twelve months of the financial position date.

The Company ensures, as far as reasonably possible, that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash.

c) Market risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed below:

Interest rate risk
Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk with respect to cash, amounts receivable, and accounts payable and accrued liabilities, as a portion of these amounts are denominated in MXN and US dollars as follows:

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Market risk (continued)

	2013		2012	
	MXN	US	MXN	US
Cash	4,595	$ 84	41,124	$ 1,742
Amounts receivable	562,787	$ -	570,027	$ -
Accounts payable and accrued liabilities	(1,242,484)	$ -	(730,291)	$ -
Rate to convert $1 CAD	0.080	1.043	0.076	0.987

Based on the Company's net exposure, a 5% change (2012 - 2%) in the Canadian/Mexican peso exchange rate and a 2% change (2012 – 1%) in the Canadian/US exchange rate (based on prior year fluctuations in the relative exchange rates) would not have a material impact on earnings.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk.

The Company is exposed to other price risk related to the fluctuation in the market price of its marketable securities. The Company's marketable securities are carried at market value and are directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests a 30% change in the market prices would impact the Company's earnings by approximately $127,000 (2012 - $63,000). As this sensitivity analysis does not take into account any variables other than the marketable securities rate fluctuations, the above information may not fully reflect the fair value of the assets and liabilities involved.

d) Fair value of financial instruments

IFRS 7 *Financial Instruments: Disclosure* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and marketable securities are classified at Level 1 of the fair value hierarchy. The Company had no Levels 2 or 3 financial assets at October 31, 2013 or October 31, 2012. As the carrying values of the Company's remaining financial instruments approximate their fair values, disclosure is not made of their level in the fair value hierarchy.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company's capital consists of shareholders' equity.

14. MANAGEMENT OF CAPITAL (CONTINUED)

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 issue new shares or debt or acquire or dispose of assets.

To effectively manage its resources and minimize risk, the Company maintains the majority of its capital at the parent company level and funds activities in its operating subsidiaries through a cash call process. The Company prepares annual expenditure budgets that are updated as necessary depending on factors including success of programs and general industry conditions. The budget and any revisions to it are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments callable at any time.

There have been no changes to the Company's approach to capital management during the year ended October 31, 2013.

15. INCOME TAXES

As at October 31, 2013, the Company has non-capital losses of approximately $5,417,000 and capital losses of $42,836; $3,990,000 of non-capital losses and all of the capital losses may be applied against future income for Canadian income tax purposes, and $1,562,000 of non-capital losses may be applied against future income for Mexican income tax purposes.

The potential future tax benefits of these losses have not been recorded in these financial statements. The capital losses may be carried forward indefinitely. The non-capital losses expire as follows:

2014	$	398,000
2015		250,000
2017		254,000
2018		735,000
2019		531,000
2022		42,000
2026		420,000
2027		457,000
2028		598,000
2029		501,000
2030		546,000
2031		516,000
2032		304,000
2033		(135,000)
	$	5,417,000

15. INCOME TAXES (CONTINUED)

The reconciliation of income taxes computed at statutory rates to the reported income tax provision is as follows:

	2013	2012
Loss before income taxes	$ 1,287,789	$ 614,324
Income tax at statutory rates	25.58%	25.25%
Expected income tax recovery	329,416	155,117
Difference between Canadian and foreign tax rates	(8,318)	1,977
Non-deductible expenses and other permanent differences	(9,310)	(99)
Change in timing differences	109,116	(23,656)
Effect of change in tax rates	49,671	(1,592)
Impact of foreign exchange on tax assets and liabilities	26,686	2,620
Unused tax losses and tax offsets not recognized	(497,261)	(134,367)
Total income tax recovery	$ -	$ -

Effective January 1, 2013, the British Columbia corporate tax rate increased from 10% to 11% and the federal corporate tax remained unchanged at 15%. The overall reduction in tax rates has resulted in an increase in the Company's statutory tax rate from 25.25% to 25.58%

Deferred income tax assets and liabilities are recognized for temporary differences between the carrying amounts of the consolidated statement of financial position items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

The following are the deductible temporary differences for which no deferred tax assets are recognized in the consolidated financial statements:

	2013	2012
Non-capital losses carried forward	$ 5,417,202	$ 5,545,281
Capital losses carried forward	41,192	41,195
Mineral property interests	4,494,213	2,969,397
Marketable securities	217,777	201,510
Investment in oil and gas interests	20,262	20,260
Licensing costs	-	221,891
Share issuance costs	12,119	29,656
Equipment	55,360	48,451
	$ 10,258,125	$ 9,077,641

16. SUBSEQUENT EVENTS

a) By an option agreement dated November 6, 2013, the Company has optioned a 100% interest in the Carol-Balde Property (Note 8(b)) to Tosca. Under the terms of the agreement, Tosca must meet the following commitments:

Make payments to the Company totalling $50,000 as follows:

- $5,000 upon signing of the letter of intent (received);
- $15,000 on or before November 6, 2014 (subsequently received); and
- $30,000 on or before November 6, 2015.

Issue 1,000,000 shares of Tosca to the Company as follows:

- 150,000 shares on or before November 6, 2013 (received);
- 150,000 shares on or before November 6, 2014;
- 150,000 shares on or before November 6, 2015;
- 150,000 shares on or before November 6, 2016;
- 200,000 shares on or before November 6, 2017; and
- 200,000 shares on or before November 6, 2018.

Incur or fund $2,200,000 in expenditures on the property as follows:

- Complete a work program that includes at least 30 line kilometers of ground geophysics on the property;
- $200,000 by November 6, 2015;
- $400,000 by November 6, 2016;
- $600,000 by November 6, 2017; and
- $1,000,000 by November 6, 2018.

b) The Company subsequently completed a private placement comprised of 1,280,000 units at a price of $0.05 per unit for proceeds of $64,000. Each unit consists of one common share and one common share purchase warrant allowing the holder to purchase an additional common share at a price of $0.075 until December 11, 2014, and at $0.10 until December 11, 2015.

The Company paid a total of $2,500 and issued 50,000 agent warrants to Haywood Securities Inc. as finders' fees.

c) Two directors of the Company loaned $27,000 to the Company. The terms of the loan are being negotiated.