ALTA VISTA VENTURES LTD.

(Formerly: Yale Resources Ltd.)
(An Explorations Stage Company)

Condensed Consolidated Interim Financial Statements
For the Six Months Ended April 30, 2014 and 2013

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Alta Vista Ventures Ltd. (Formerly: Yale Resources Ltd.)
Condensed Consolidated Interim Statements of Financial Position
As at April 30, 2014 and October 31, 2013
(Unaudited - Expressed in Canadian Dollars)

		April 30, 2014		October 31, 2013
ASSETS				
Current				
Cash and cash equivalents	$	9,513	$	1,815
Amounts receivable (Note 4)		26,608		17,665
Marketable securities (Note 5)		28,973		84,598
		65,094		104,078
Non-current				
Amounts receivable (Note 4)		40,967		40,967
Prepaid expenses		1,000		1,000
Investment in oil and gas interest (Note 6)		33,611		33,611
Property, plant and equipment (Note 7)		19,099		20,762
Mineral property interests (Note 8)		46,002		46,002
		140,679		142,342
TOTAL ASSETS	$	205,773	$	246,420
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 9)	$	455,672	$	341,233
Due to directors (Note 15(d))		45,000		-
		500,672		341, 233
SHAREHOLDERS' EQUITY (DEFICIENCY				
Share capital (Note 10)		14,176,703		14,115,203
Reserves		1,355,463		1,355,463
Accumulated deficit		(15,848,524)		(15,616,660)
Accumulated other comprehensive loss		21,459		51,181
		(294,899)		(94,813)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	205,773	$	246,420

Approved by the Board:

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

Alta Vista Ventures Ltd. (Formerly: Yale Resources Ltd.)
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended April 30, 2014 and 2013
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	April 30, 2014	**April 30, 2013**	**April 30, 2014**	**April 30, 2013**
Operating Expenses				
Accounting, audit and legal	$ 16,732	$ 8,273	$ 23,036	$ 20,043
Consultants' fees	24,052	24,000	65,616	48,000
Depreciation	1,822	2,184	3,418	4,389
Exploration costs (Note 8)	9,021	38,117	82,226	82,903
Investor relations and promotion	2,083	3,312	20,879	4,517
Management fees	-	21,000	-	42,000
Office and miscellaneous	7,955	8,680	14,093	16,149
Regulatory fees	9,929	9,067	9,929	9,167
Rent	1,306	11,001	2,200	19,281
Telephone	1,592	2,383	1,592	2,633
Transfer agent and listing fees	1,714	1,134	2,851	1,739
Travel	8	2,070	8	2,590
	76,214	131,221	225,848	253,411
Other (Income) Expenses				
Exploration advances recovered	-	-	-	(21,405)
Gain on sale of mineral property (Note 8e))	-	(358,578)	-	(358,578)
Foreign exchange (gain) loss	1,618	3,491	4,136	3,689
Oil and gas income; net	(908)	(2,129)	(1,959)	(3,544)
Other income	-	(4,004)	-	(4,320)
Realized loss on sale of marketable securities	1,042	174	3,839	16,282
Net Loss for Period	(77,966)	(229,825)	(231,864)	(114,465)
Other Comprehensive Loss				
Unrealized loss (gain) on marketable securities	(4,740)	94,761	29,722	86,749
Transfer on sale of marketable securities		-		(46,152)
	(4,740)	94,761	29,722	40,597
Total Comprehensive Loss for the Period	$ (73,226)	$ (324,586)	$ (261,586)	$ (155,062)
Net Loss per Share; basic and diluted	$ (0.01)	$ (0.03)	$ (0.02)	$ (0.01)
Weighted Average Number of Common Shares Outstanding	10,243,916	8,103,916	9,293,845	8,103,142

Alta Vista Ventures Ltd. (Formerly: Yale Resources Ltd.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
For the Three and Six Months Ended April 30, 2014 and 2013
(Unaudited - 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 (Deficiency)**
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)**
Net loss for the period	-	-	-	-	-	231,864	-	231,864
Items of other comprehensive loss	-	-	-	-	-	-	(29,722)	(29,722)
Common shares issued in private placement	1,280,000	64,000	-	-	-	-	-	64,000
Share issue costs	-	(2,500)	-	-	-	-	-	(2,500)
Balance – April 30, 2014	**10,243,916**	**$ 14,176,703**	**$ 1,069,964**	**$ 285,499**	**$ 1,355,463**	**$ (15,848,524)**	**$ 21,459**	**$ (294,899)**

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 period	-	-	-	-	-	114,465	-	114.465
Items of other comprehensive loss	-	-	-	-	-	-	(40,597)	(40,597)
Common shares issued for mineral property interests	10,000	3,000	-	-	-	-	-	3,000
Balance – April 30, 2013	**8,103,916**	**$ 14,066,703**	**$ 1,033,902**	**$ 285,499**	**$ 1,319,401**	**$ (14,214,606)**	**$ 10,380**	**$ 1,187,578**

Alta Vista Ventures Ltd. (Formerly: Yale Resources Ltd.)
Condensed Consolidated Interim Statements of Cash Flows
For the Three and Six Months Ended April 30, 2014 and 2013
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	April 30, 2014	**April 30, 2013**	**April 30, 2014**	**April 30, 2013**
Operating Activities				
Net income (loss)	$ (77,966)	$ 229,825	$ (231,864)	$ 114,465
Items not affecting cash				
Depreciation	1,822	2,184	3,418	4,389
Loss on sale of marketable securities	1,042	174	3,839	16,282
Gain on sale of mineral property	-	(358,578)	-	(358,578)
Operating Cash Flow	(75,102)	(126,395)	(224,607)	(223,442)
Changes in Non-Cash Working Capital				
Accounts receivable	(9,270)	(5,726)	(8,944)	(3,158)
Prepaid expenses		-	-	-
Accounts payable and accrued liabilities	43,040	(3,751)	114,438	51,340
	33,770	(9,477)	105,494	48,182
Cash Used in Operating Activities	(41,332)	(135,872)	(119,113)	(175,260)
Investing Activities				
Proceeds on sale of marketable securities	3,123	2,330	22,064	56,934
Purchase of property, plant and equipment	(1,143)	-	(1,753)	(2,466)
Recoveries on mineral property interests, net of expenditures	-	204,469	-	184,722
Cash Provided by Investing Activities	1,980	206,799	20,311	239,190
Financing Activity				
Due to directors	37,000	-	45,000	-
Proceeds from issuance of common shares, net of share issue costs	-	-	61,500	-
Cash Provided by Financing Activities	37,000	-	106,500	-
Increase in Cash and cash equivalents	(2,352)	70,927	7,698	63,930
Cash and cash equivalents, Beginning of Period	11,865	9,919	1,815	16,916
Cash and cash equivalents, End of Period	$ 9,513	$ 80,846	$ 9,513	$ 80,846

Supplemental cash flow information:

i) Acquisition of mineral interests is net of marketable securities received with a total deemed value of $nil (2013: $19,800).

ii) Acquisition of mineral interests and common shares issued for cash are net of mineral property acquisition costs of $nil (2013: $3,000) which were paid for by the issuance of common shares.

1. NATURE OF OPERATIONS AND GOING-CONCERN

Alta Vista Ventures Ltd. (the "Company") is an exploration stage company incorporated under the laws of British Columbia. The Company's principal place of business is located at 400 - 409 Granville St. Vancouver, B.C., Canada, V6C 1T2.

The Company and its subsidiaries are in the process of acquiring, exploring and developing mineral properties through acquiring interests in the options to properties. It has not been determined whether these properties contain ore reserves that are economically recoverable. The Company has not earned revenues from its mineral property interests.

The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and future profitable production from the properties or proceeds from disposition.

At April 30, 2014, the Company had a working capital deficiency of $390,578 (October 31, 2013: deficiency of $237,155) and an accumulated deficit of $15,848,524 (October 31, 2013: $15,616,660). The Company will require additional financing or outside participation to meet its planned corporate and administrative expenses for the coming year, and to undertake further exploration and subsequent development of its mineral interests. The Company's ability to continue as a going-concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, and the attainment of profitable operations, external financings and further share issuances to meet the Company's liabilities as they become payable.

These financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. These financial statements do not include any adjustments for the recoverability, and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going-concern.

2. BASIS OF PREPARATION

a) Statement of compliance and conversion to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Condensed Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

b) Basis of presentation

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

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

2. BASIS OF PREPARATION (continued)

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. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the 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 period.

d) Significant accounting judgments and estimates

The preparation of the condensed consolidated interim 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 condensed consolidated interim 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:

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. 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. No impairments of non-financial assets have been recorded for the three months ended April 30, 2014 (three months ended April 30, 2013 – $nil).

Useful life of property, plant and equipment
Property, plant and equipment is depreciated over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of property, plant and equipment. Total carrying value of property, plant and equipment at April 30, 2014 was $19,099 (October 31, 2013 - $20,762).

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 condensed consolidated interim statement of operations and comprehensive loss. For the three months ended April 30, 2014 the Company recognized share-based compensation of $nil (April 30, 2013 - $nil).

Critical judgements used in applying accounting policies
In the preparation of these condensed consolidated interim 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 condensed consolidated interim financial statements.

2. BASIS OF PREPARATION (continued)

d) Significant accounting judgments and estimates (continued)

Mineral properties interests

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for its mineral property interests. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from mineral properties to property, plant and equipment, and subject to different accounting treatment. As at April 30, 2014 and October 31, 2013, management had determined that no reclassification of mineral property interests was required.

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 condensed consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These condensed consolidated interim 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 unrealised income and expenses arising from intercompany transactions have been eliminated on consolidation.

b) Financial instruments

Financial assets and financial liabilities are recognized on the statement 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 (FVTPL) - 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 statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

Financial assets (continued)
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 available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity 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 those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. 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 statement 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 payables and accrued liabilities and exploration advances. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Property, plant and equipment

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

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

Property, plant and equipment are depreciated on a declining balance basis at the following annual rates, when they become available for use:

Vehicles	30%
Office Equipment	20%

Computer software and equipment	45%

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property, plant and equipment (continued)

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

Material residual value estimates and estimates of useful life are updated as required (but at least annually).

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

The Company compares the carrying value of PPE 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.

e) 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.

f) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Impairment of assets (continued)

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 profit or loss 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 profit or loss in the consolidated statement of operations and comprehensive loss.

g) 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, net of any tax effects.

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.

h) Share-based payments

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. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. 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 retained earnings (accumulated 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.

i) 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 period. 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards 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 on the initial recognition of assets or liabilities that affect neither accounting nor taxable loss is not provided for. 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 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 utilised. 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.

k) 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.

l) 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 the unwinding of the discount rate and 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.

m) Comparatives

Certain comparative figures have been reclassified in order to conform to the current year's financial statement presentation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) New accounting standards and interpretations not yet adopted

At the date of authorization of these 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.

IFRS 9 Financial Instruments
In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's consolidated financial statements.

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, with earlier application permitted.

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, with earlier application permitted.

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, with earlier application permitted.

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.

Other
In June 2011, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to revise the way in which other comprehensive income is presented. The Company does not believe the changes resulting from the

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

amended standard will have an impact on its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

In June 2011, the IASB issued amendments to IAS 19 *Employee Benefits* with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after January 1, 2013.

In June 2011, the IASB issued amendments to IFRS 7 *Financial Instruments: Disclosures*. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2011.

In May 2011, the IASB issued IFRS 11 *Joint Arrangements*, in addition to IFRS 10 and IFRS 12 discussed above. The Company does not believe the changes resulting from this new standard are relevant to its consolidated financial statements. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

In October 2011, the IASB issued IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*. The Company does not believe the changes resulting from this new standard are relevant to its consolidated financial statements. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

4. AMOUNTS RECEIVABLE

Amounts receivable were comprised of the following:

	April 30, 2014	October 31, 2013
Current:		
Sales tax receivable	**$ 9,870**	$ 6,083
Other amounts receivable	**16,738**	11,582
		17,665
Non-Current	**26,608**	
Sales tax receivable	**40,967**	40,967
Total amounts receivable	**$ 67,575**	**$ 58,632**

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

The Company holds marketable securities that are restricted, held in escrow and free-trading. All marketable securities subject to restriction and with escrow terms of less than one year from the balance sheet dates are included in current assets, and are valued at cost.

	April 30, 2014		October 31, 2013	
	Number of shares	**Fair Value**	Number of shares	Fair Value
Del Toro Silver Corp.	**360,843**	**$ 5,931**	780,500	38,250
Gold American Mining Corp.	**-**	**-**	-	-
Sonora Resources Corp.	**1,000,000**	**14,792**	1,193,950	37,348
Mammoth Capital Inc.	**-**	**-**	-	-
Overlord Capital Ltd.	**150,000**	**8,250**	-	-
Tosca Mining Corp.	**-**	**-**	150,000	9,000
	1,510,843	**$ 28,973**	2,124,450	$ 84,598

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, at cost. 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.

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office Equipment	Computer software and equipment	Total
COST				
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
Additions	-	612	1,142	1,754
Balance, April 30, 2014	14,472	35,479	25,962	75,913
ACCUMULATED DEPRECIATION				
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
Depreciation	1,002	877	1,538	3,417
Balance, April 30, 2014	9,446	27,277	20,091	56,814
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
At April 30, 2014	**$ 5,026**	**$ 8,202**	**$ 5,871**	**$ 19,099**

(Expressed in Canadian Dollars)

8. MINERAL PROPERTY INTERESTS

The Company has accumulated the following acquisition expenditures:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Oro Fino	Los Amoles	Apache	Total
Balance, October 31, 2012	$ 599,835	$ 60,000	$ 1	$ 1	$ 129,318	$ 1	$ 262,500	$ 1,051,656
Acquisition costs during the year	-	-	-	-	22,947	-	-	22,947
Recoveries	-	(14,000)	-	-	(20,000)	(1)	-	(34,001)
Net additions during the year	-	(14,000)	-	-	2,947	(1)	-	(11,054)
Mineral interests written down	(599,835)	-	-	-	(132,265)	-	(262,500)	(994,600)
Balance, October 31, 2013	-	46,000	1	1	-	-	-	46,002
Acquisition costs during the year	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-
Net additions during the period	-	-	-	-	-	-	-	-
Balance, April 30, 2014	**$ -**	**$ 46,000**	**$ 1**	**$ 1**	**$ -**	**$ -**	**$ -**	**$46,002**

(Expressed in Canadian Dollars)

8. MINERAL PROPERTY INTERESTS (CONTINUED)

The Company incurred the following exploration expenditures, which were recognized in the statement of operations and comprehensive loss for the six months ended April 30, 2014:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Oro Fino	Apache	Other Properties	Total
Assays	$ -	$ 1,803	$ -	$ -	$ -	$ -	$ -	$ 1,803
Camp and exploration support	4,581	93,416	1,569	871	18,869	1,162	2,376	122,844
Drilling	-	1,497	-	-	-	-	-	1,497
Geochemistry	-	-	-	-	-	-	-	-
Geophysical consulting	-	-	-	-	-	-	-	-
Geological consulting	-	1,439	-	-	-	-	-	1,439
Geological fieldwork	-	7,822	-	-	-	-	-	7,822
Taxes	-	20,850	-	-	-	-	-	20,850
Travel	-	7,904	61	-	493	187	-	8,645
Total costs during the period	4,581	134,731	1,630	871	19,362	1,349	2,376	164,900
Recoveries	-	(82,674)	-	-	-	-	-	(82,674)
Net expenditures for the period	**$ 4,581**	**$ 52,057**	**$ 1,630**	**$ 871**	**$ 19,362**	**$ 1,349**	**$ 2,376**	**$ 82,226**

(Expressed in Canadian Dollars)

8. MINERAL PROPERTY INTERESTS (CONTINUED)

The Company incurred the following exploration expenditures, which were recognized in the statement of operations and comprehensive loss for the six months ended April 30, 2013:

	Urique	Carol-Balde	La Verde Grande	Dos Naciones	Oro Fino	Los Amoles	Apache	Guadalupe	Other Propertie s	Total
Assays	$ -	$ -	$ -	$ -	$ -	$ 82	$ -	$ -	$ 717	$ 799
Camp and exploration support	7,054	281	2,538	26,096	52,170	33,253	147	72	22,813	144,874
Drilling	-	-	-	-	-	-	-	-	-	-
Geochemistry	-	-	-	-	-	-	-	-	-	-
Geophysical consulting	-	-	-	-	-	-	-	-	-	-
Geological consulting	-	-	-	-	-	1,814	-	-	-	1,814
Geological fieldwork	-	-	-	-	21	115	-	-	157	293
Taxes	-	-	439	9,605	19,422	1,505	-	-	-	30,971
Travel	-	-	-	-	338	831	-	-	1332	2501
Total costs during the period	7,504	281	2,977	35,701	71,951	37,600	147	72	25,019	181,252
Recoveries	(11,659)	-	-	$ (8,331)	$ (41,862)	$ (36,497)	$ -	$ -	$ -	$ (98,349)
Net expenditures for the period	**$ (4,155)**	**$ 281**	**$ 2,977**	**$ 27,370**	**$ 30,089**	**$ 1,103**	**$ 147**	**$ 72**	**$ 25,019**	**$ 82,903**

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.

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:

8. MINERAL PROPERTY INTERESTS (CONTINUED)

b) Carol-Balde Property, Mexico (continued)

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; 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.

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).

8. MINERAL PROPERTY INTERESTS (CONTINUED)

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.

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.

8. MINERAL PROPERTY INTERESTS (CONTINUED)

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.

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 was 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.

8. MINERAL PROPERTY INTERESTS (CONTINUED)

f) Guadalupe (continued)

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).

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.

(Expressed in Canadian Dollars)

8. MINERAL PROPERTY INTERESTS (CONTINUED)

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.

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:

	April 30, 2014	October 31, 2013
Trade payables	**$ 415,672**	$ 307,233
Accruals	**40,000**	34,000
Total accounts payable and accrued liabilities	**$ 455,672**	$ 341,233

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

On December 11, 2013, the Company 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.

(b) Share purchase warrants

At April 30, 2014, the Company had 1,330,000 warrants outstanding, with each warrant allowing the holder to purchase one common share at a price of $0.075 until December 11, 2014, and at $0.10 until December 11, 2015.

At October 31, 2013 the Company had no share purchase warrants outstanding.

A continuity schedule of outstanding common share purchase warrants for the six months ended April 30, 2014 and the year ended October 31, 2013 is as follows:

	April 30, 2014		October 31, 2013	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of the year	**-**	**$ -**	-	$ -
Issued	**1,330,000**	**$0.075 - $0.10**	-	$ -
Expired	**-**	**$ -**	-	$ -
Outstanding, end of the period/year	**1,330,000**	**$0.075 - $0.10**	-	$ -

(c) Share Options

A continuity schedule of outstanding share options for the six months ended April 30, 2014 and the year ended October 31, 2013 is as follows:

	April 30, 2014		October 31, 2013	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of the year	**770,500**	**$ 0.23**	310,000	$ 1.00
Granted	**-**	**$ -**	655,000	$ 0.10
Expired	**(70,500)**	**$ 1.00**	(30,000)	$ 1.00
Cancelled	**-**	**$ -**	(164,500)	$ 1.00
Outstanding,end of the period/year	**700,000**	**$ 0.16**	770,500	$ 0.23

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

(d) Share Options (continued)

As at April 30, 2014 and October 31, 2013, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

April 30, 2014

Expiry Date	Options outstanding and exercisable	Exercise Price	Weighted average remaining contractual life (in years)
August 10, 2014	45,000[1]	$ 1.00	0.28
July 25, 2018	655,000[2]	$ 0.10	2.23
	700,000	$ 0.16	3.97

[1] 7,500 were subsequently cancelled
[2] 18,750 were subsequently cancelled

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

(e) Share-based compensation

During the six months ended April 30, 2014 no share options were granted (six months ended April 30, 2013 – nil) to directors, officers, and consultants.

11. RELATED PARTY TRANSACTIONS

a) Management transactions

Management transactions with related parties during the six months ended April 30, 2014 and 2013 were as follows:

	2014			2013		
	Short-term employee benefits	**Share-based payments**	**Total**	**Short-term employee benefits**	**Share-based payments**	**Total**
Ian Foreman; President	$ 48,000	$ -	$ 48,000	$ 48,000	$ -	$ 48,000
Ezra Jimenez; CFO (i)	$ -	$ -	$ -	$ 42,000	$ -	$ 42,000
Timeline Filing Services Ltd. (ii)	$ 12,000	$ -	$ 12,000	$ 12,000	$ -	$ 12,000
Schindler & Company (iii)	$ 11,856	$ -	$ 11,856	$ 15,248	$ -	$ 15,248

(i) Ezra Jimenez was the Company's CFO until July 26, 2013. This total represents all benefits paid to Mr. Jimenez to that date.
(ii) Timeline Filing Services Ltd. is a private enterprise controlled by the Company's Corporate Secretary, Laara Shaffer.
(iii) 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.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Directors' transactions

During the six months ended April 30, 2014, share based compensation recognized, related to directors (excluding share-based compensation disclosed in (a) above), was $nil (April 30, 2013 - $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:

		April 30, 2014		October 31, 2013
Canada	**$**	**5,554**	$	4,482
Mexico		**59,547**		62,282
	$	**65,101**	$	66,764

No revenues from external customers were earned during the six months ended April 30, 2014 or 2013 in either of the geographic locations.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

		April 30, 2014		October 31, 2013
Financial assets:				
Fair value through profit and loss				
Cash and cash equivalents	$	9,513	$	1,815
Loans and receivables				
Amounts receivable*		16,738		11,582
Available for sale				
Marketable securities		29,973		84,598
Investment in oil and gas interest		33,611		33,611
Total financial assets	$	89,835	$	131,606
Financial liabilities:				
Other financial liabilities				
Accounts payable and accrued liabilities	$	455,672	$	341,233
Due to directors		45,000		-
Total financial liabilities	$	500,672	$	341,233

*Excluding sales tax receivable

The fair values of the Company’s amounts receivables, accounts payable and accrued liabilities and exploration advances approximate their carrying values due to the short-term nature of these instruments. Where marketable securities are publically traded their value is measured at market value, unless they are restricted from trading, where they will be measured at cost. 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.

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 cash equivalents and amounts receivable.

The Company deposits substantially all of its cash at a Canadian chartered bank.. The Company's amounts receivable consist primarily of Goods and Services 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 cash equivalents 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 April 30, 2014 the Company had cash in the amount of $ 9,513 (October 31, 2013- $1,815) and accounts payable and accrued liabilities of $455,672 (October 31, 2013 - $341,233). 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.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(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.

Current financial assets and financial liabilities are generally not exposed to interest rate cash flow risk because of their short-term nature and maturity.

The Company is exposed from time to time to interest rate price risk as a result of holding fixed rate cash equivalent investments of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of these investments is limited as these investments are highly liquid securities with short-term maturities.

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 to the extent that monetary assets and liabilities are denominated in foreign currency.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities, as a portion of these amounts are denominated in Mexican Pesos ("MXN") and US Dollars ("USD") as follows:

	April 30, 2014		October 31, 2013	
	MXN	**USD**	MXN	USD
Cash	**$ 73,138**	**$ 1,257**	$ 4,595	$ 84
Amounts receivable	**666,317**	**-**	562,787	-
Accounts payable and accrued liabilities	**(1,572,005)**	**-**	(1,242,484)	-
Rate to convert $1 CAD	**$0.084**	**$1.006**	0.080	1.043

Based on the Company's net exposure, a 5% change (October 31, 2013 – 5%) in the Canadian/Mexican Peso exchange rate, and a 2% change (October 31, 2013 – 2%) in the Canadian/US exchange rate (based on prior year fluctuations in the relative exchange rates) would not have a material impact on earnings.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

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. Although considered available for sale, these investments do not represent core assets of the Company nor are they considered material. However, the Company closely monitors the market values of these investments in order to determine the most appropriate course of action.

(d) Classification 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 cash equivalents and marketable securities are classified at level one of the fair value hierarchy. The Company had no level 2 or 3 financial assets at April 30, 2014 or October 31, 2013. 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 its cash and cash equivalents, investments, amounts receivable, and shareholders' equity.

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, acquire or dispose of assets or adjust the amount of cash and investments.

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 six months ended April 30, 2014.

15. SUBSEQUENT EVENTS

(a) On May 9, 2014, the Company consolidated its outstanding share capital on a 2:1 basis. Following the consolidation, the Company had a total of 5,121,958 shares outstanding and 115 shares in escrow.

(b) On May 29, 2014, the Company completed a private placement consisting of 6,000,000 units at a price of $0.05 per unit for proceeds of $300,000. Each unit consisted of one common share and one transferable share purchase warrant, with each warrant allowing the holder to acquire one additional common share at a price of $0.075 per share on or before May 30, 2015.

The Company paid finders' fees of $5,000 and issued 200,000 warrants to Haywood Securities Inc. as finders' fees on a portion of the financing. The terms on these warrants are the same as those of the financing.

The Company's President and Director, Ian Foreman, participated in this private placement and acquired 1,300,000 units, thereby increasing his holdings to 1,643,942 shares, which represents 14.78% of the Company's issued and outstanding shares as of the financing.

(c) On June 3, 2014, the Company granted 800,000 incentive stock options to management, officers, directors and consultants of the Company. Each option allows the holder to acquire one common share at a price of $0.105 per share on or before June 3, 2017.

(d) Amounts due to directors were non-interest bearing and were subsequently repaid.