Copper Reef Mining Corporation

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Copper Reef Mining Corporation

We have audited the accompanying financial statements of Copper Reef Mining Corporation, which comprise the statements of financial position as at November 30, 2014 and 2013, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Copper Reef Mining Corporation as at November 30, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
March 25, 2015

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Copper Reef Mining Corporation
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	**November 30, 2014 $**	November 30, 2013 $
Assets			
Current assets			
Cash		**35,365**	46,493
Marketable securities	4	**603,742**	722,000
Amounts receivable	5	**12,452**	6,176
Total current assets		**651,559**	774,669
Non-current assets			
Equipment	6	**2,925**	4,178
Exploration and evaluation assets	7, 11	**8,805,958**	8,699,727
Total Assets		**9,460,442**	9,478,574
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	**142,688**	99,010
Non-current liabilities			
Deferred income taxes	10	**1,275,000**	1,348,000
Total Liabilities		**1,417,688**	1,447,010
Shareholders' equity			
Share capital	9(a), (b)	**13,181,915**	13,020,375
Stock option reserve	9(c)	**472,637**	472,637
Warrant reserve	9(d)	**16,000**	26,250
Deficit		**(5,627,798)**	(5,487,698)
Total Shareholders' Equity		**8,042,754**	8,031,564
Total Liabilities and Shareholders' Equity		**9,460,442**	9,478,574

Commitments and contingencies (Notes 1, 7 and 12)

Subsequent events (Note 16)

Approved on behalf of the Board of Directors

"Stephen L. Masson" ***"Robert Granger"***

Chief Executive Officer & Director **Director**

Copper Reef Mining Corporation
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Year Ended November 30 **2014** $	2013 $
Expenses			
Amortization	6	**1,253**	1,790
General and administrative		**212,359**	288,245
Investor relations		**11,177**	11,990
Generative exploration		**134,800**	148,059
Share based payment	9(c)	**–**	139,200
Total expenses		**359,589**	589,284
Other Income/(loss)			
Unrealized/ realized gain (loss) on marketable securities	4	**114,512**	(1,568,000)
Proceeds from optioning property		**–**	3,000
Write down of properties	7	**(47,233)**	-
Total other income (loss)		**67,279**	(1,565,000)
(Loss) before income taxes		**(292,310)**	(2,154,284)
Deferred income tax recovery	10	**125,960**	66,000
Net (loss) and comprehensive (loss) for the year		**(166,350)**	(2,088,284)
(Loss) per share, basic and diluted		**(0.001)**	(0.019)
Weighted average shares outstanding, basic and diluted		**114,787,327**	110,163,081

Copper Reef Mining Corporation
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Number of Shares #	Amount $	Stock Option Reserve $	Warrant Reserve $	Deficit $	Total Shareholders' Equity $
Balance as at November 30, 2012		**106,721,300**	**12,821,625**	**353,800**	**16,042**	**(3,435,819)**	**9,755,648**
Units issued for cash, private placement	9(b)	3,750,000	280,000	–	–	–	280,000
Value of warrants issued		–	(26,250)	–	26,250	–	–
Flow through share premium		–	(55,000)	–	–	–	(55,000)
Warrants expired		–	–	–	(16,042)	16,042	–
Options cancelled		–	–	(20,363)	–	20,363	–
Options issued		–	–	139,200	–	–	139,200
Net loss and comprehensive loss for the year		–	–	–	–	(2,088,284)	(2,088,284)
Balance as at November 30, 2013		**110,471,300**	**13,020,375**	**472,637**	**26,250**	**(5,487,698)**	**8,031,564**
Shares issued for cash, private placement		4,310,000	215,500	–	–	–	215,500
Shares issued under property purchase agreement		500,000	15,000	–	–	–	15,000
Value of warrants issued		–	(16,000)	–	16,000	–	–
Flow through share premium		–	(52,960)	–	–	–	(52,960)
Warrants expired		–	–	–	(26,250)	26,250	–
Net loss and comprehensive loss for the year		–	–	–	–	(166,350)	(166,350)
Balance as at November 30, 2014		**115,281,300**	**13,181,915**	**472,637**	**16,000**	**(5,627,798)**	**8,042,754**

Copper Reef Mining Corporation
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Years Ended November 30 2014 $	2013 $
Cash Flows from Operating Activities			
Net (loss) for the year		**(166,350)**	(2,088,284)
Unrealized/ realized (gain) loss on marketable securities		**(114,512)**	1,568,000
Shares received from optioning property		–	(3,000)
Deferred income tax recovery		**(125,960)**	(66,000)
Amortization		**1,253**	1,790
Write down of properties		**47,233**	–
Share based payment		–	139,200
(Increase)/decrease in amounts receivable		**(6,275)**	6,574
Increase/(decrease) in accounts payable and accrued liabilities		**24,128**	(20,562)
Cash (used in) operating activities		**(340,484)**	(462,282)
Cash Flows from Financing Activities			
Proceeds from share and warrant issuance		**215,500**	280,000
Advance from related party		**5,000**	–
Cash provided from financing activities		**220,500**	280,000
Cash Flows from Investing Activities			
Proceeds from sale of marketable securities		**232,770**	–
Exploration, evaluation and expenditures, net of (1)	7	**(166,322)**	(158,860)
MEAP rebates received	7	**42,408**	–
Cash provided from (used in) investing activities		**108,856**	(158,860)
(Decrease) in cash		**(11,128)**	(341,142)
Cash, beginning of year		**46,493**	387,635
Cash, end of year		**35,365**	46,493

Supplemental Information

		2014	2013
(1)	Change in accrued exploration expenditures	**14,550**	5,279
(2)	Shares issued for evaluation and exploration assets	**15,000**	–

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the “Company” or “Copper Reef”) was incorporated under the laws of the Province of Manitoba by Letters Patent of Incorporation dated March 27, 1973 as "Copper Reef Mines (1973) Limited", as amended by Articles of Amendment dated January 18, 2005, and Articles of Amendment dated September 8, 2006, changing the corporate name to "Copper Reef Mining Corporation". The registered and head office of the Company is located at 6 Mitchell Road, Flin Flon, Manitoba R8A 1N1.

The shares of the Company are listed on the Canadian Securities Exchange under the symbol “CZC”. The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Copper Reef for the year ended November 30, 2014 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on March 25, 2015.

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

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and 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, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

As at November 30, 2014, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. The Company incurred losses before income taxes of $292,310 during the year ended November 30, 2014, and had an accumulated deficit of $5,627,798 as at November 30, 2014. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and through the raising of equity (see Note 16), and expects that its current capital resources will be sufficient to carry out its exploration plans and operations for the coming twelve months.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b) BASIS OF PREPARATION

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption for the fiscal year ended November 30, 2014.

These financial statements include the following new accounting standards and amendments which the Company adopted and were effective for the Company's interim and annual financial statements commencing December 1, 2013, but had no material impact on the financial statements.

- IFRS 2 – Share-based Payment ("IFRS 2") was amended to clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

- IFRS 7 — Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

- IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement.

c) SIGNIFICANT MANAGEMENT JUDGMENT AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

ASSETS' CARRYING VALUES AND IMPAIRMENT CHARGES

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence of the significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

CAPITALIZATION OF EVALUATION AND EXPLORATION COSTS

Management has determined that evaluation and exploration costs incurred have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 7 for details of capitalized evaluation and exploration costs.

IMPAIRMENT OF EVALUATION AND EXPLORATION ASSETS

While assessing whether any indications of impairment exist for evaluation and exploration assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of evaluation and exploration assets. Internal sources of information include the manner in which evaluation and exploration assets are being used or are expected to be used and indications of expected economic performance of the assets.

ESTIMATION OF DECOMMISSIONING AND RESTORATION COSTS AND THE TIMING OF EXPENDITURES

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

As at November 30, 2014 and 2013, the Company had not incurred any decommissioning costs due to the early stage of exploration of its properties.

INCOME TAXES AND RECOVERABILITY OF POTENTIAL DEFERRED TAX ASSETS

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement.

Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

SHARE-BASED PAYMENTS

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Notes 1 and 12.

d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand. Cash and cash equivalents normally have a term to maturity of three months or less from the date of acquisition. As at November 30, 2014 and 2013, the Company did not have any cash equivalents.

e) FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash and amounts receivable as loans and receivables.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has classified its marketable securities as FVTPL.

Financial assets classified as held-to-maturity are measured at amortized cost. The Company has no financial assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has no financial assets classified as available-for-sale.

Transaction 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.

FINANCIAL LIABILITIES

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

1. The rights to receive cash flows from the asset have expired.
2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of loss.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each statement of financial position date whether a financial asset is impaired.

If there is objective evidence that an impairment loss on loans and receivables and held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash

flows, excluding future credit losses that have not been incurred, discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. Objective evidence of impairment of loans and receivables exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counter-party that would not normally be granted, or it is probable that the counter-party will enter into bankruptcy or a financial reorganization.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

f) TAXATION

Income tax on the profit or loss for the years 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 year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable profit. 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 financial position reporting 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.

g) LOSS PER SHARE

Basic loss per share is calculated using the net loss divided by the weighted-average number of shares outstanding during the year.

Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. Diluted loss per share for the years presented do not include the effect of issued and outstanding warrants and stock options as they are anti-dilutive.

h) SHARE-BASED PAYMENTS

SHARE-BASED PAYMENT TRANSACTIONS

Employees (including directors and senior executives) of the Company, and individuals providing similar services to those performed by direct employees, receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). The costs of equity-settled transactions with

employees are measured by reference to the estimated fair value at the date on which they are granted.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the estimated fair value of the share-based payment. Otherwise, share-based payments issued to non-employees are measured at the estimated fair value of goods or services received.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the year in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and the corresponding amount is represented in stock option reserve. No expense is recognized for awards that do not ultimately vest. For those awards that expire after vesting, the recorded value is transferred to deficit.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

WARRANTS RESERVE

The warrants reserve records the grant date estimated fair value of the warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to deficit.

STOCK OPTIONS RESERVE

The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

i) EVALUATION AND EXPLORATION

EVALUATION AND EXPLORATION ASSETS

Direct property acquisition costs, certain exploration and evaluation costs such as drilling, geotechnical analysis and mapping relating to specific properties are deferred until the properties to which they relate are brought into production, at which time they will be amortized on a unit of production basis, or until the properties are sold, abandoned or allowed to lapse, at which time they will be written-off.

Costs include the cash consideration paid and the fair market value of shares issued, if any, on the acquisition of exploration properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. The proceeds received from options granted are applied to the cost of the related property and any excess is included in operations for the year.

Costs incurred for administration and general exploration that are not project specific, are charged to operations. Government assistance is recorded when it is more likely than not to be received. Amounts received from government assistance are credited against the deferred exploration expenditures to which they relate.

Ownership in exploration and evaluation assets involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for the evaluation and exploration assets is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its evaluation and exploration assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of evaluation and exploration assets carrying values.

EVALUATION AND EXPLORATION COSTS

Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, evaluation and exploration costs are capitalized as deferred development expenditures included within property, plant and equipment.

j) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For exploration and evaluation assets, indicators of impairment would include expiration of a right to explore, no budgeted or planned material expenditure in an area, or a decision to discontinue exploration in a specific area.

Impairment losses are recognized in net loss in those expense categories consistent with the function of the impaired asset.

k) CURRENCY TRANSLATION

The presentation currency and the functional currency of the Company is the Canadian dollar. The Company does not have any transactions denominated in foreign currencies.

l) EQUIPMENT

Equipment including vehicles are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognized within provisions. All items of equipment are subsequently carried at amortized cost less impairment losses, if any.

Amortization is provided on all items of equipment to write off the carrying value of items over their expected useful economic lives. Amortization is provided on a declining balance basis over the estimated useful lives of the equipment at the following annual rates:

- Vehicles 30%

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it's probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognized. All other repairs and maintenance are charged to the statements of loss during the financial year in which they are incurred.

m) EMPLOYEE BENEFITS

WAGES, SALARIES AND ANNUAL VACATION LEAVE

Liabilities arising in respect of wages and salaries, vacation leave and any other employee benefits expected to be settled within twelve months of the financial position reporting date are measured at undiscounted amounts based on remuneration rates which are expected to be paid when the liabilities are settled. In respect of employees' services up to the financial position reporting date, wages and salaries are recognized in trade and other payables and other employee benefits including annual vacation leave are recognized in current provisions.

EMPLOYEE AND MANAGEMENT BONUS PLANS

A liability is recognized for the amount expected to be paid under the Company's bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Where the effect is material, the liabilities for bonus payments not expected to be settled within twelve months are discounted using a pretax risk-free rate, which most closely match the terms of maturity of the related liabilities.

Bonus liabilities expected to be settled within twelve months of the statement of financial position date are recognized in current provisions, and those that are not expected to settle within twelve months are recognized in non-current provisions.

As at November 30, 2014 and 2013, the Company had no employee or management bonus plans, other than the stock option plan as described in Note 9(c).

n) REHABILITATION PROVISIONS

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the year in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognized immediately in profit or loss.

As at November 30, 2014 and 2013, the Company did not have any material rehabilitation provisions.

o) CONTINGENCIES

CONTINGENT ASSETS

Contingent assets are not recognized in the financial statements but they are disclosed by way of a note if they are deemed probable.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are recognized in the financial statements unless the possibility of an outflow of economic resources is considered remote, in which case they are disclosed in the notes to the financial statements.

p) FLOW THROUGH SHARES

Flow ‐ through shares are a unique Canadian tax incentive. Flow ‐ through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted market price of the common shares and the amount the investor pays for the flow ‐ through shares. A flow ‐ through share premium liability is recognized for the premium paid by the investors and is then reversed through the statements of loss and comprehensive loss in the period of renunciation. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow ‐ through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after December 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

- IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

- IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

- IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

- IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.

4. MARKETABLE SECURITIES

The Company holds shares in two public companies Foran Mining Corp. and Jaxon Minerals Inc. Activity in marketable securities is summarized as follows:

	November 30, 2014					November 30, 2013		
Securities issuer	**Number of shares November 30, 2013**	**Number of shares sold during year**	**Number of shares November 30, 2014**	**Value $**	**Cumulative Unrealized (loss) $**	Number of shares held	Value $	Cumulative Unrealized (loss) $
Foran Mining Corp.	**4,000,000**	**(1,129,800)**	**2,870,200**	**602,742**	**(1,836,928)**	4,000,000	720,000	(2,680,000)
Jaxon Minerals Inc. *	**20,000**	**–**	**20,000**	**1,000**	**(16,000)**	20,000	2,000	(15,000)
Total				**603,742**	**(1,852,928)**		722,000	(2,695,000)

*On August 23, 2013, the shareholders of Jaxon Minerals Inc. approved a 10:1 share consolidation, which has been reflected in the above table.

During the year ended November 30, 2014, the Company sold 1,129,800 shares of Foran Mining Corporation for total net proceeds of $238,196, resulting in a net realized loss of $722,135.

5. AMOUNTS RECEIVABLE

The Company's amounts receivable are broken down as follows:

	November 30, 2014 $	November 30, 2013 $
Goods and services tax receivable	**6,577**	6,176
Amounts due from broker re sale of marketable securities	**5,875**	–
Total	**12,452**	6,176

6. EQUIPMENT

	Cost $	**Accumulated Amortization $**	**November 30, 2014 Net Book Value $**	**November 30, 2013 Net Book Value $**
Vehicles	**10,031**	**7,106**	2,925	4,178

7. EVALUATION AND EXPLORATION ASSETS

The Company holds interests in 40 mineral properties, with 38 held by way of mineral claims and two by mineral leases, all located in Saskatchewan and Manitoba. Twenty-five of the properties are consolidated into eight groups and the remaining fifteen are presently considered individual properties.

A continuity schedule of the capitalized expenditures allocated to individual major properties and summarized for minor properties is shown overleaf:

7. EVALUATION AND EXPLORATION ASSETS

	Total	Mink Narrows Group	Gold Rock Group	Smelter Group	Hanson Lake	Alberts Lake Group	Morgan Group	Burn	Otter/ Twin Lakes	Pikoo	Others
Balance, November 30, 2012	**8,535,588**	**2,447,960**	**1,513,195**	**1,603,555**	**1,679,343**	**525,362**	**329,453**	**–**	**137,256**	**–**	**299,464**
Claim acquisition & holding	**6,123**	140	1,200	180	195	777	600	–	48	–	2,983
Assay	**8,094**	–	–	–	–	–	–	–	8,094	–	–
Line cutting	**19,850**	–	–	–	–	–	–	–	19,850	–	–
Field labour costs	**77,513**	2,138	475	975	–	16,275	1,425	–	54,800	–	1,425
Other fields costs	**24,932**	–	–	65	–	5,707	–	–	17,660	–	1,500
Diamond drilling	**27,627**	–	–	–	–	–	–	–	27,627	–	–
Total 2013 expenditures	**164,139**	**2,278**	**1,675**	**1,220**	**195**	**22,759**	**2,025**	**–**	**128,079**	**–**	**5,908**
Balance, November 30, 2013	**8,699,727**	**2,450,238**	**1,514,870**	**1,604,775**	**1,679,538**	**548,121**	**331,478**	**–**	**265,335**	**–**	**305,372**
Claim acquisition & holding	**80,132**	516	732	–	–	1,092	7,470	100	217	65,050	4,955
Assay	**8,039**	–	–	–	–	–	–	100	–	7,939	–
Line cutting	**8,171**	–	93	–	–	–	–	760	4,968	2,350	–
Field labour costs	**69,932**	–	8,075	–	–	7,125	–	26,511	8,551	19,669	–
Other fields costs	**29,598**	–	–	–	–	302	2,550	8,030	426	17,158	1,132
Total 2014 expenditures	**195,871**	**516**	**8,900**	**–**	**–**	**8,519**	**10,020**	**35,501**	**14,162**	**112,166**	**6,087**
Subtotal	**8,895,598**	**2,450,754**	**1,523,770**	**1,604,775**	**1,679,538**	**556,640**	**341,498**	**35,501**	**279,497**	**112,166**	**311,459**
MEAP and cash in lieu Rebates	**(42,408)**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,425)**	**(29,983)**	**–**	**–**
Write down of properties	**(47,233)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(47,233)**
Balance, November 30, 2014	**8,805,958**	**2,450,754**	**1,523,770**	**1,604,775**	**1,679,538**	**556,640**	**341,498**	**23,076**	**249,515**	**112,166**	**264,226**

7. EVALUATION AND EXPLORATION ASSETS (CONT'D)

Mink Narrows Group, Manitoba

The Mink Narrows Group includes the Mink Narrows, Mystic and Payuk mineral properties. The claims are 100% owned by the Company.

Gold Rock Group, Manitoba

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to 2% NSR.

The Gold Rock Mining Lease is 100% owned by the Company, subject to a 2% NSR. In addition the NSR holder retains a 25% NPI in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100% by the Company, subject to a 1% NSR.

Smelter Property, Manitoba

The Smelter Property is comprised of three contiguous claims, which are 100% owned by the Company.

Hanson Lake, Saskatchewan

The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan. It is 100% owned by the Company.

Alberts Lake Group, Manitoba

The Alberts Lake Group includes the Alberts Lake, Lew, Leo Lake, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 1 (15% NPI) and Mur 6 (2% NSR), all claims are 100% owned by the Company.

Morgan Group, Manitoba

The Morgan Group includes the Morgan, Bruce Morgan, Woo and Woosey mineral properties. The Morgan claims are 100% owned, subject to a 10% NPI with an advance royalty payment of $150,000 upon the making of a Bruce Morgan Property production decision by the Company. The Woo and Woosey claims are 100% owned with no underlying royalties or charges.

Kiss/Kississing Group, Manitoba

The Kississing/Kiss Group includes the Kississing and Kiss mineral properties. The claims are 100% owned by the Company.

7. EVALUATION AND EXPLORATION ASSETS (CONT'D)

Burn, Manitoba

On January 23, 2012, the Company announced that it had reached an option agreement with Jaxon Minerals Inc (JAX-TSX-V) "Jaxon" whereby, Jaxon can earn a 100% interest over a four year period, to the Company's Burn Property for a total consideration of $10,000 (received), 190,000 Jaxon shares (20,000 received, valued at $17,000) and a work commitment of $600,000 to earn 100% interest. The Company will retain a 2.5% NSR of which 1% can be purchased by Jaxon for $1,000,000 or alternatively, at the Company's election, payment of a $1.00 per ton royalty for ore extracted from the property. On January 7, 2014, Jaxon terminated the option agreement with the Company.

During the year, the Company received a Manitoba government rebate of $12,425 against a cash in lieu payment of the same amount made previously to maintain claims in good standing when there was insufficient work completed on the property to maintain claims in good standing.

Otter/Twin Lakes Group, Manitoba

The Otter Group includes the Otter Lake and Twin Lakes mineral properties. On December 23, 2011, the Company announced the 100% acquisition of the Otter Lake Property for $5,000 and 50,000 shares of the Company valued at $5,250 based on the quoted market price of the shares on the measurement date. The vendor retained a 1% NSR on the Otter Lake claims. The Twin Lakes property is owned 100% by the Company.

During the year ended November 30, 2014, the Company received a Manitoba government rebate of $29,983 for work completed on the property.

Lucille Lake, Manitoba

The Lucille Lake property includes three, unpatented mineral claims all of which are owned 100% by the Company with no underlying agreements or royalties.

Pikoo, Saskatchewan

On January 23, 2014, the Company entered a property purchase agreement with CanAlaska Uranium Ltd. for the acquisition of two claim units located in Saskatchewan. In order to complete the purchase, the Company is required to pay $50,000 cash (paid), issue two tranches of shares each of 500,000 on or before February 15, 2014 (issued) and by January 31, 2015 (issued subsequent to year end, see Note 16) and complete $50,000 of qualified exploration work by December 31, 2014 (incurred) and a further $50,000 by December 31, 2015.

Other Individual Claims

The Company also holds title to fourteen additional properties, ten of which do not carry any capitalized costs. The remaining properties are the Cook Lake, Hammel Lake, Jewel Box and Radar Properties.

On April 23, 2012, pursuant to an agreement dated February 14, 2012, the Company announced that it had acquired 100% of the Hamell Lake Property for $5,000 and 50,000 shares of the Company valued at $3,000 based on the quoted market price of the shares on the measurement date. The vendor retains a 1% NSR.

During 2014, the Company wrote off the Hammel Lake group as all staked claims expired and the Company has no plan to apply further work on the property. In addition, the Company wrote off the capitalized cost balance in the other properties where there is capitalized costs (i.e. Cook Lake, Jewel Box and Radar Properties) as the Company is not planning to perform further exploration work on them.

As at November 30, 2014, the remaining balance of the Other Properties includes capitalized costs of Kiss/Kissing Group and Lucille Lake.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	November 30, 2014 $	November 30, 2013 $
Trade payables and accrued liabilities	**91,830**	**86,063**
Due to related parties (Note 11)	**50,858**	**12,947**
Total	**142,688**	**99,010**

9. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value

b) ISSUED SHARE CAPITAL

As at November 30, 2014, the Company had 115,281,300 issued and fully paid common shares (November 30, 2013 – 110,471,300).

i) In December 2012, the Company completed a non-brokered private placement of 3,750,000 units for gross proceeds of $280,000 of which 1,000,000 units were comprised of one common share and one flow-through common share purchase warrant and were sold for $0.06 per unit. The balance of 2,750,000 units were comprised of one flow-through share and one flow-through common share purchase warrant and were sold for $0.08 per unit. The Company was committed to incur prior to December 31, 2013 (see Note 12(c)), on a best efforts basis, $220,000 in qualifying exploration expenditures pursuant to this private placement. A director and officer of the Company subscribed for 2,250,000 flow-through units. A family member of the same director and officer subscribed for 500,000 flow-through units. Each whole warrant is exercisable into one flow-through common share of the Company at a price of $0.15 per flow-through share until December 29, 2013 for the non-flow-through unit warrants and January 1, 2014 for the flow-through unit warrants.

ii) On December 31, 2013, the Company completed a non-brokered private placement of 3,310,000 flow-through common shares at $0.05 per share for gross proceeds of $165,500. The flow-through premium for this placement was estimated to be $52,960.

A director and officer of the Company subscribed for 1,250,000 of these flow-through common shares. A director of the Company subscribed for 100,000 of these flow-through common shares. An officer of the Company subscribed for 300,000 of these flow-through shares. A former director of the Company subscribed for 100,000 of these flow-through common shares. Family members of directors and officers subscribed for 660,000 of these flow-through common shares.

The Company is committed to incur prior to December 31, 2014, on a best efforts basis, $165,500 in qualifying exploration expenditures pursuant to this private placement. See Note 12(c).

iii) On January 24, 2014, the Company completed a non-brokered private placement of 1,000,000 units at $0.05 per unit for gross proceeds of $50,000. Each unit is comprised of one common share and one common share purchase warrant. The warrants are exercisable at $0.10 per common share and expire January 23, 2016.

iv) On January 24, 2014, pursuant to a property purchase agreement described in Note 7 the Company issued 500,000 common shares at a deemed fair value of $0.03 per share, based on the fair market price of the January 24, 2014 private placement.

c) Incentive Stock Options

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the board of directors. The options vest in accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant.

No stock options were granted during the year ended November 30, 2014. The following tables summarize the Company's stock option transactions during the years ended November 30, 2013 and 2014:

Grant Date	Number of Options	Weighted Average Exercise Price $	Estimated Grant Date Fair Value $
Balance, November 30, 2012	**5,095,000**	**0.10**	**353,800**
Granted January 25, 2013	2,275,000	0.10	109,200
Cancelled August 31, 2013	(300,000)	0.10	(20,363)
Issued September 27, 2013	1,000,000	0.10	30,000
Balance, November 30, 2013 and 2014	**8,070,000**	**0.10**	**472,637**

All options vest immediately and their fair values are expensed to stock-based compensation and reflected as stock option reserve. Fair values are estimated using the Black-Scholes valuation model with the following assumptions:

i) 2,275,000 options granted during the year ended November 30, 2013 had a grant date fair value of $109,200 based on risk-free interest rate – 2.20%; expected volatility – 202%; expected dividend yield – 0%; and expected life – 5 years. Of these options, 1,900,000 were issued to directors and officers with a total grant date fair value of $91,200.

ii) 1,000,000 options granted during the year ended November 30, 2013 had a grant date fair value of $30,000 based on risk-free interest rate – 2.01%; expected volatility – 198%; expected dividend yield – 0%; and expected life – 5 years.

As at November 30, 2014, the following options were outstanding:

Grant Date	**Exercise Price $**	**Number of Outstanding Options**	**Expiry Date**	**Remaining Contractual Life (in Years)**
May 25, 2010	0.10	3,020,000	May 24, 2015	0.48
April 27, 2011	0.11	200,000	April 27, 2016	1.41
June 15, 2011	0.10	1,575,000	June 15, 2016	1.55
January 25, 2013	0.10	2,275,000	January 24, 2018	3.15
September 27, 2013	0.10	1,000,000	September 26, 2018	3.82
	0.10	**8,070,000**		**1.88**

d) WARRANTS

The following table summarizes a continuity of outstanding warrants:

	Issued	**Expiry Date**	**Weighted Average Exercise Price $**	**Remaining Contractual Life (in Years)**	**Estimated Grant Date Fair Value $**
Balance, November 30, 2012	**291,667**	**June 9, 2013**	**0.12**	**0.52**	**16,042**
Expired	(291,667)				(16,042)
Issued - Flow Through (Note 9(b))	1,000,000	Dec. 29, 2013	0.15	0.08	7,000
Issued - Flow Through (Note 9(b))	2,750,000	Jan. 1, 2014	0.15	0.08	19,250
Balance November 30, 2013	**3,750,000**		**0.15**	**0.08**	**26,250**
Expired	(3,750,000)				(26,250)
Issued, January 24, 2014	1,000,000	Jan. 23, 2016	0.10	1.15	16,000
Balance November 30, 2014	**1,000,000**		**0.10**	**1.15**	**16,000**

The weighted average grant date fair value of the warrants issued during the year ended November 30, 2014 of $0.02 (2013 - $0.01) was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	2013
Expected dividend yield	0%	0%
Expected volatility	134%	101%
Risk free interest rate	1.11%	1.14%
Life (years)	2.0	1.0

10. INCOME TAX

Provision for income taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 26.5% (2013 – 26.5%) are as follows:

	2014	2013
	$	$
(Loss) before income taxes	**(292,310)**	(2,154,284)
Expected income tax recovery based at statutory rate	**(79,000)**	(582,000)
Adjustments to benefit arising from:		
Non-taxable portion of unrealized (gain) loss	**(31,000)**	423,000
Stock-based compensation	**-**	38,000
Flow-through renunciation	**45,000**	63,000
Change in deferred tax assets recognized	**(8,000)**	-
Other	**(52,960)**	(8,000)
Deferred income tax (recovery)	**(125,960)**	(66,000)

Deferred income taxes

The tax effect of temporary differences that give rise to recognized deferred income tax assets and (liabilities) at November 30, 2014 and 2013 approximate the following:

	2014	2013
	$	$
Non-capital losses	**767,000**	744,000
Exploration and evaluation assets	**(2,067,000)**	(2,132,000)
Equipment	**2,000**	2,000
Share issue costs	**23,000**	38,000
Net deferred income tax liability	**(1,275,000)**	(1,348,000)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2014	2013
	$	$
Marketable securities	**1,853,000**	2,695,000
Capital losses	**701,000**	-
Total	**2,554,000**	2,695,000

The Company had approximately $2,840,000 of non-capital losses in Canada at November 30, 2014, which under certain circumstances can be used to reduce the taxable income of future years. These losses expire as follows:

Year	$
2026	587,500
2027	495,200
2028	285,300
2029	356,500
2031	522,900
2032	478,600
2033	48,000
2034	66,000
Total	2,840,000

As at November 30, 2014, the Company has unclaimed share issue costs of $85,000 (2013 - $142,000) which may be available to reduce future taxable income. The Company also had Canadian exploration expenditures of $1,148,000 (2013 - $805,000) as at November 30, 2014, which under certain circumstances, may be utilized to reduce taxable income in future years.

11. Related Party Transactions and Balances

a) Related party balances

		November, 2014		November 30, 2013	
Related party	**Purpose**	**Amounts charged during the year $**	**Amounts payable or accrued at year-end $**	Amount Charged during the year $	Amounts payable or accrued at year-end $
Corporation controlled by a director	Management fees	–	–	33,000	–
	Expenses	–	–	1,626	–
Corporation controlled by an officer	Filing fees	7,775	1,625	25,800	–
	expenses	2,498	–	4,500	–
Accounting firm of which an officer of the Company is a partner	Professional fees	7,500	7,500	43,860	7,500
Corporation controlled by a director and significant shareholder	Management fees, Director	101,125	–	116,000	–
	Management fees, other		–	–	–
	Exploration	146,505	19,996	151,278	5,447
	Office, rent and general expenses	99,741	21,737	106,209	–
Totals		365,144	50,858	482,273	12,947

During the year ended November 30, 2014, the Company recorded director's fees of $nil (2013 - $nil).

The accounts payable and accrued liabilities to related parties are unsecured and non-interest bearing with no fixed terms of repayment (Note 8).

b) Key Management personnel compensation

The remuneration of directors and other members of management were as follows:

	November 30	
	2014 $	**2013 $**
Short term employee benefits	**108,900**	174,800
Share based payments	**-**	121,200
Totals	**108,900**	296,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

c) SHARE SUBSCRIPTIONS

See Note 9(b) and Note 16 for descriptions of related party share subscriptions.

12. COMMITMENTS AND CONTINGENCIES

a) COMMITMENTS

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M'Ore and the President and significant shareholder of M'Ore, who is an officer, director and shareholder of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2012 and can be renewed thereafter at the end of every 12 months. On March 28, 2013, the Company has extended the term of the agreement for a further two year term to December 31, 2014.

Assuming the agreement is renewed it is anticipated that the basic terms would be unchanged. This would result in management fees and salaries incurred by M'Ore being capped at $200,000 per annum. Additional charges to the Company in prior years consisted of a lease with M'Ore whereby the Company would pay $30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various items of equipment if and when utilized by the Company.

b) CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

c) FLOW-THROUGH EXPENDITURES

During the year ended November 30, 2014, the Company renounced Canadian exploration expenditures in the aggregate amount of $165,500 (2013 -$220,000) related to proceeds from the issuance of flow-through shares pursuant to the financings described in Note 9(b) and has incurred these qualifying Canadian exploration expenditures as at November 30, 2014. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures. See Note 16 for an additional flow through financing that closed in December 2014.

13. SEGMENTED INFORMATION

All of the Company's assets, liabilities and operations are domiciled in Canada.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. There were no changes to the Company policy for capital management during the years ended November 30, 2014 and 2013. 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 its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and marketable securities. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months. However, additional funding will be required to meet any new operational commitments if further drilling programs are to be carried out.

15. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at November 30, 2013	Loans and receivables and other liabilities $	Assets at fair value through profit and loss $	Total $
Cash	46,493	–	46,493
Marketable securities	–	722,000	722,000
Accounts payable and accrued liabilities	99,010	–	99,010
As at November 30, 2014			
Cash	35,365	–	35,365
Marketable securities	–	603,742	603,742
Amounts receivable	5,875	–	5,875
Accounts payable and accrued liabilities	142,688	–	142,688

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices 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 that are not based on observable market data.

As at November 30, 2014 and 2013, the financial instruments recorded at fair value on the statement of financial position are marketable securities which are measured using Level 1 of the fair value hierarchy.

b) FINANCIAL RISK MANAGEMENT

Credit risk

The Company is exposed to credit risk with respect to its cash and amounts receivable. Cash has been placed on deposit with major Canadian financial institutions.

Amounts receivable consist of amounts due from the Company's brokerage house, Financier Banque Nantional. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash, by purchasing term deposits held at a major Canadian financial institution. Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held at a single Canadian financial institution.

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow for the upcoming year ended November 30, 2015 will be through equity financings.

The Company maintained cash at November 30, 2014 in the amount of $35,365 (November 30, 2013 – $46,493), in order to meet short-term business requirements. At November 30, 2014, the Company had accounts payable and accrued liabilities of $142,688 (November 30, 2013 - $99,010). All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company also holds a portion of cash in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2014.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash outstanding at November 30, 2014 would result in a $400 change to the Company's net loss for the year ended November 30, 2014.

Currency risk

The Company is not exposed to currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

Marketable securities

Risk to the Company from its marketable securities is derived from two factors:

- The ability of the issuer to sustain itself financially; and
- The ability to monetize the securities of the issuer.

The Company's marketable securities consist of 2,870,200 shares of Foran Mining Corporation (2013 – 4,000,000 shares) with a quoted market value at November 30, 2014 of $602,742 (2013 – $720,000) and 20,000 shares of Jaxon Minerals Inc. (2013 - 20,000 shares) with a quoted market value at November 30, 2014 of $1,000 (2013 – $2,000). A 1% change in the quoted market prices of these marketable securities would result in a $6,027 change to the Company's net loss for the year ended November 30, 2014 (2013 – $7,220).

Commodity risk

The Company is exposed to price risk with respect to commodity prices, specifically precious and non-precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decision by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in investment patterns and monetary systems and political developments. As the Company does not have production assets, management believes this risk is minimal.

16. SUBSEQUENT EVENTS

On December 31, 2014, the Company closed a non-brokered private placement of 800,000 flow through shares at a price of $0.05 per share for net proceeds of $40,000. A director and officer of the Company subscribed for 300,000 of these flow through shares. An officer of the Company subscribed for 200,000 of these flow through shares.

On February 3, 2015, the Company issued 500,000 common shares pursuant to the property purchase agreement with CanAlaska Uranium Ltd. See Note 7.