Fire River Gold Corp.
Consolidated Financial Statements
31 October 2013
(issued in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Fire River Gold Corp.

We have audited the accompanying consolidated financial statements of Fire River Gold Corp., which comprise the consolidated statement of financial position as at October 31, 2013, and the consolidated statements of income (loss) and comprehensive income (loss), cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Fire River Gold Corp. as at October 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

NEXIA INTERNATIONAL

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Fire River Gold Corp.'s ability to continue as a going concern.

Other Matters

The consolidated financial statements of Fire River Gold Corp. for the year ended October 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on February 22, 2013.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

October 6, 2014

Fire River Gold Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	As at 31 October 2013 $	As at 31 October 2012 $
ASSETS			
Current assets			
Cash	5	**12,003**	**988,989**
Receivables	6	**235,000**	**93,208**
Inventories	7	**-**	**1,946,020**
Prepaid expenses and deposits	8	**30,613**	**544,686**
		277,616	**3,572,903**
Property, plant and equipment	10	**42,465**	**6,043,504**
Reclamation bond		**-**	**2,894,803**
Total assets		**320,081**	**12,511,210**
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	11	**56,800**	**3,169,385**
Advances payable	12	**-**	**1,004,724**
Loans payable	13	**-**	**3,145,570**
			7,319,679
Loans payable	13	**-**	**9,436,710**
Decommissioning liability	14	**-**	**5,603,434**
Total liabilities		**56,800**	**22,359,823**
Equity			
Common shares	15	**39,172,995**	**39,172,995**
Reserves		**18,029,569**	**18,298,393**
Deficit		**(56,939,283)**	**(67,320,001)**
Total equity		**263,281**	**(9,848,613)**
Total equity and liabilities		**320,081**	**12,511,210**

APPROVED BY THE BOARD:

"Blane Wilson" — Director

"Brent Chamberlain" — Director

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

Fire River Gold Corp.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

		Year Ended 31 October	
	Notes	**2013** **$**	2012 $
Administration expenses	17	**1,299,778**	2,809,633
Exploration and evaluation expenses	9	**15,028,589**	27,818,221
Loss before other items		**(16,328,367)**	(30,627,854)
Other items			
Gain on sale of equipment		**-**	21,354
Finance costs		**(3,160,255)**	(2,011,707)
Forfeiture of subsidiary	13	**29,368,745**	-
Provision for legal dispute		**500,000**	(500,000)
Interest income (expense)		**(1,133)**	2,827
Foreign exchange		**1,728**	(176,636)
Net income (loss)		**10,380,718**	(33,292,016)
Other comprehensive income (loss)			
Foreign currency translation adjustment		**(370,166)**	725,234
Net comprehensive income (loss)		**10,010,552**	(32,566,782)
Earnings (loss) per share			
Basic and diluted	19	**0.03**	(0.24)

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

Fire River Gold Corp.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Year Ended 31 October 2013 $	2012 $
OPERATING ACTIVITIES			
Net income (loss) for the year		**10,380,718**	(33,292,016)
Adjustments for:			
Depreciation	10	**1,135,400**	1,383,946
Foreign exchange		**-**	(43,745)
Reclamation and accretion	14	**93,427**	38,317
Revision to decommissioning liability		**-**	2,328,095
Share-based payments	16	**101,342**	595,111
Gain on sale of equipment		**-**	(21,354)
Provision for legal dispute		**(500,000)**	500,000
Accretion of debt		**3,169,072**	2,011,707
Gain on forfeiture of subsidiary		**(29,368,745)**	-
Operating cash flows before movements in working capital			
Decrease (increase) in inventory		**1,886,358**	(1,625,070)
Decrease (increase) in receivables		**(141,792)**	335,768
Decrease (increase) in prepaid expenses and deposits		**68,681**	(167,437)
Increase (decrease) in advances payable		**14,698,094**	1,004,724
Increase (decrease) in payables		**(1,600,445)**	1,685,353
Cash used in operating activities		**(77,890)**	(25,266,601)
INVESTING ACTIVITIES			
Purchase of reclamation bond		**(2,654)**	(827,293)
Purchase of property, plant and equipment	10	**(629,609)**	(1,252,227)
Sale of property, plant and equipment		**-**	384,846
Cash used in investing activities		**(632,263)**	(1,694,674)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares		**-**	13,891,453
Share issue costs		**-**	(675,223)
Cash received for loans payable		**285,000**	21,744,300
Repayment of loans payable		**(530,941)**	(8,999,400)
Transaction costs for loans payable		**-**	(561,131)
Cash provided by (used in) financing activities		**(245,941)**	25,399,999
Effect of foreign exchange rate changes on cash		**(20,892)**	725,234
Change in cash		**(976,986)**	(836,042)
Cash, beginning of year		**988,989**	1,825,031
Cash, end of year		**12,003**	988,989

Supplemental cash flow information (Note 23)

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

Fire River Gold Corp.

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of shares	**Common shares $**	**Stock options reserve $**	**Warrants reserve $**	**Foreign currency translation reserve $**	**Deficit $**	**Total $**
Balances at 31 October 2011	99,181,502	32,030,999	2,777,224	6,868,460	(355,068)	(34,027,985)	7,293,630
Shares issued for							
Cash	213,714,659	13,891,453	-	-	-	-	13,891,453
Loan arrangement fee	3,260,870	750,000	-	-	-	-	750,000
Fair value allocated to warrants	-	(5,595,029)	-	5,595,029	-	-	-
Warrants issued for loan arrangement fee	-	-	-	863,198	-	-	863,198
Share-based payments	-	-	595,111	-	-	-	595,111
Share issue costs	-	(1,904,428)	-	1,229,205	-	-	(675,223)
Foreign currency translation adjustment	-	-	-	-	725,234	-	725,234
Net loss for the year	-	-	-	-	-	(33,292,016)	(33,292,016)
Balances at 31 October 2012	316,157,031	39,172,995	3,372,335	14,555,892	370,166	(67,320,001)	(9,848,613)
Share-based payments	**-**	**-**	**101,342**	**-**	**-**	**-**	**101,342**
Foreign currency translation adjustment	**-**	**-**	**-**	**-**	**(370,166)**	**-**	**(370,166)**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**10,380,718**	**10,380,718**
Balances at 31 October 2013	**316,157,031**	**39,172,995**	**3,473,677**	**14,555,892**	**-**	**(56,939,283)**	**263,281**

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

(Expressed in Canadian dollars)

1 CORPORATE INFORMATION

Fire River Gold Corp. (the "Company" or "Fire River") was incorporated on 22 September 1997 under the laws of the Province of British Columbia and is a mineral exploration company focused on the acquisition, exploration and development of primarily gold, silver and base metal properties.

The Company had previous mining projects but effective October 7, 2013 Waterton Global Value, L.P. ("Waterton") took control of the Nixon Fork Gold Mine and Mystery Creek Resources, Inc. ("MCRI"), the U.S. corporation that owns the mine. This action was a result of the default by Fire River on the terms of the Credit Agreement with Waterton. Fire River has delivered all rights, debts, properties and obligations of MCRI to Waterton and Waterton accepted such as full and final satisfaction of the indebtedness due to Waterton under the Credit Agreement (Note 13). As part of the final Settlement Agreement Waterton also agreed to pay to Fire River approximately $250,000 in cash and other obligations (Note 6).

As of 31 October 2013 the Company had no mining or exploration projects. The current receivables, when realized, will be used to finance the 2013 audit, 2013 tax return and the Annual General Meeting. At the conclusion of these events the Company will have minimal cash and will not be in a position to continue operating without a cash infusion. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company had cash of $12,003 as at 31 October 2013 ($988,989 as at 31 October 2012) and working capital of $220,816 as at 31 October 2013 (working capital deficit of $3,746,776 as at 31 October 2012).

2 BASIS OF PREPARATION

2.1 Basis of consolidation

The consolidated financial statements include the financial statements of Fire River Gold Corp. and its subsidiaries listed in the following table:

Name	Country of incorporation	% equity interest as at 31 October	
		2013	**2012**
Mystery Creek Resources, Inc.	United States	-	**100%**
Fire River Gold Corp. USA	United States	-	**100%**

As outlined in Note 1, the wholly-owned subsidiary Mystery Creek Resources Inc. was consolidated up to October 7, 2013 on which date ownership of the subsidiary was acquired by Waterton. Fire River Gold Corp. USA, an empty shell, was dissolved in early 2013.

2.2 Basis of presentation

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 21, and are presented in Canadian dollars except where otherwise indicated.

2.3 Statement of compliance

The consolidated financial statements of the Company and its subsidiaries, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2.4 Adoption of new and revised standards and interpretations

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective:

- IFRS 9 '*Financial Instruments: Classification and Measurement*' is a new financial instruments standard with a tentative effective date for annual periods beginning on or after 1 January 2018 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

The Company has not early adopted this standard and anticipates that the application of it will not have a material impact on the financial position and financial performance of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities, inventory valuation and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

3.2 Cash

Cash comprises cash at banks.

3.3 Principles of consolidation

Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

3.4 Foreign currencies

The functional currency of each of the Company’s entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that the Company’s functional currency is the Canadian dollar. The functional currency of the Company’s prior subsidiaries, Fire River Gold Corp. USA and Mystery Creek Resources, Inc., is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) in the statement of income (loss) and comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

On consolidation, each respective entity’s financial statements are translated into the presentation currency, being the Canadian dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in other comprehensive income (loss) and as a separate component of equity.

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs not directly attributable to a qualifying asset are expensed in the period incurred.

3.6 Inventories

Inventories are stated at lower of production cost and net realizable value. Production costs include direct and indirect labour, operating materials and supplies, transportation costs and an appropriate portion of fixed and variable overhead expenses, including depreciation and depletion. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Materials and supplies inventory consists of consumable parts and supplies which are valued at lower of weighted average cost and net realizable value. Supplies used in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Net realizable value is defined as the selling price of the finished product less any provisions for obsolescence and costs of completion.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

- Computer equipment — 1 to 5 years
- Field equipment — 5 to 6 years
- Furniture and fixtures — 5 years
- Leasehold improvements — Over the life of the lease

3.8 Exploration and evaluation properties

Exploration and evaluation costs and option maintenance payments are expensed as incurred. When it has been determined that a resource property can be economically developed as a result of establishing proven and probable reserves, costs incurred prospectively to develop the property are capitalized as incurred and are depreciated using the unit-of-production depreciation method over the estimated life of the ore body based on proven and probable reserves.

3.9 Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

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

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

3.10 Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

3.11 Taxation

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

3.12 Financial assets

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash is included in this category of financial assets.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial assets classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Receivables are classified as loans and receivables.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

3.13 Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade and other payables are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

3.14 Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets 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 discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

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 to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

3.15 De-recognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.16 Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for any indicators of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.17 Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

3.18 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4 SEGMENTED INFORMATION

At 31 October 2013, the Company operates in Canada. The following is an analysis of the current assets and non-current assets by geographical area:

	Canada $	United States $	Total $
Current assets			
As at 31 October 2013	277,616	-	277,616
As at 31 October 2012	496,654	3,076,249	3,572,903
Property, plant and equipment			
As at 31 October 2013	42,465	-	42,465
As at 31 October 2012	72,828	5,970,676	6,043,504
Reclamation bond			
As at 31 October 2013	-	-	-
As at 31 October 2012	-	2,894,803	2,894,803

5 CASH

The Company's cash is denominated in the following currencies:

	As at 31 October 2013 $	**As at 31 October 2012 $**
Denominated in Canadian dollars	**10,801**	**335,334**
Denominated in U.S. dollars	**1,202**	**653,655**
Total Cash	**12,003**	**988,989**

6 RECEIVABLES

	As at 31 October 2013 $	**As at 31 October 2012 $**
Waterton Global Value L.P. (Note 1)	**235,000**	**-**
GST/HST receivable	**-**	**93,208**
Total receivables	**235,000**	**93,208**

(Expressed in Canadian dollars)

7 INVENTORIES

The Company had no inventories at 31 October 2013:

	As at 31 October 2013 $	**As at 31 October 2012 $**
Concentrate	-	1,544,366
Materials and supplies	-	401,654
Total inventories	-	1,946,020

8 PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits are as follows:

	As at 31 October 2013 $	As at 31 October 2012 $
Security deposits	**7,730**	30,919
Insurance	-	14,343
Prepaid exploration /evaluation costs	-	476,574
Prepaid administration expenses	**22,883**	22,850
Total prepaid expenses /deposits	**30,613**	544,686

(Expressed in Canadian dollars)

9 EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation expenditures related to the Nixon Fork Gold Mine for the years ended 31 October 2013 and 31 October 2012 are as follows:

	For the year ended 31 October 2013 $	**For the year ended 31 October 2012 $**
Administrative costs	**2,587,077**	**3,344,499**
Depreciation	**1,105,039**	**1,360,592**
Assaying	**956,478**	**874,947**
Camp and maintenance costs	**12,636,098**	**18,029,386**
Drilling and mining costs	**5,134,143**	**5,620,546**
Crushing and milling costs	**5,709,824**	**6,304,321**
Geology and engineering	**688,513**	**908,894**
Safety and environmental	**1,316,113**	**1,041,451**
Reclamation accretion expense	**93,427**	**38,317**
Royalties	**959,466**	**1,008,075**
Share-based payments	**72,506**	**226,656**
Decommissioning liability	**-**	**2,328,095**
Cost recovery	**(16,230,095)**	**(14,194,083)**
Total costs	**15,028,589**	**27,818,221**

Nixon Fork Gold Mine

The Company released its total interest in the Nixon Fork Gold Mine to Waterton as of October 7, 2013 for non-payment of the loan (note 13). Prior to releasing the mine, the Company had been testing the gold processing plant and recognized recoveries related to the sale of concentrate and dore. The Company had not completed economic feasibility evaluations to determine whether development of the reserves was commercially justified.

Draken Property

The Company released its total interest in this property to Waterton as of October 7, 2013 for non-payment of the loan.

Kansas Creek Gold Project

The Company released its total interest in this property to Waterton as of October 7, 2013 for non-payment of the loan.

(Expressed in Canadian dollars)

10 PROPERTY, PLANT AND EQUIPMENT

The changes in the Company's property, plant and equipment for the year ended 31 October 2013 are as follows (the significant change being the disposal of Mystery Creek Resources):

	Computer equipment	Furniture and fixtures	Leasehold improvements	Field equipment	Total
	$	$	$	$	$
COST					
As at 31 October 2011	46,446	-	-	6,807,223	6,853,669
Additions	-	29,233	32,289	1,190,805	1,252,227
Disposals		-	-	(456,974)	(456,974)
Foreign exchange adjustment				41,687	41,687
As at 31 October 2012	46,446	29,233	32,189	7,582,741	7,690,609
Additions	-	-	-	629,609	629,609
Foreign exchange adjustment	-	-	-	235,353	235,353
Disposal of Mystery Creek Resources	-	-	-	(8,447,703)	(8,447,703)
As at 31 October 2013	**46,446**	**29,233**	**32,189**	**-**	**107,868**
DEPRECIATION					
As at October 2011	11,688	-	-	349,712	361,400
Depreciation	6,777	5,847	10,730	1,360,592	1,383,946
Disposals	-	-	-	(93,482)	(93,482)
Foreign exchange adjustment	-	-	-	(4,759)	(4,759)
As at 31 October 2012	18,465	5,847	10,730	1,612,063	1,647,105
Depreciation	11,852	10,841	7,668	1,105,039	1,135,400
Disposals	-	-	-	-	-
Foreign exchange adjustment	-	-	-	65,920	65,920
Disposal of Mystery Creek Resources	-	-	-	(2,783,022)	(2,783,022)
As at 31 October 2013	**30,317**	**16,688**	**18,398**	**-**	**65,403**
NET BOOK VALUE					
As at 31 October 2011	34,758	-	-	6,457,511	6,492,269
As at 31 October 2012	27,981	23,386	21,459	5,970,678	6,043,504
As at 31 October 2013	**16,129**	**12,545**	**13,791**	**-**	**42,465**

(Expressed in Canadian dollars)

11 TRADE AND OTHER PAYABLES

The Company's trade and other payables are broken down as follows:

	As at 31 October 2013 $	As at 31 October 2012 $
Trade payables	**56,800**	1,361,144
Accrued liabilities	**-**	1,808,241
Total trade and other payables	**56,800**	3,169,385

Included in trade and other payables are amounts due to related parties which are disclosed in Note 22.

12 ADVANCES PAYABLE

Advances payable were $Nil at 31 October 2013 and $1,004,724 at 31 October 2012. The Company had received advance payments related to the sale of dore from the Nixon Fork Gold Mine.

13 LOANS PAYABLE

The credit facility due to Waterton was extinguished as a result of Waterton taking ownership of Mystery Creek Resources Inc. effective 7 October 2013.

	As at 31 October 2013 $	**As at 31 October 2012 $**
Balance, beginning of year	**12,582,280**	-
Amounts advanced	**-**	21,744,300
Transaction costs	**-**	(2,174,328)
Accretion of transaction costs	**492,708**	1,116,455
Accrued interest	**2,676,364**	1,731,170
Interest paid	**(530,941)**	(835,917)
Repayment	**-**	(8,999,400)
	15,220,411	12,582,280
Forgiveness of debt	**(15,220,411)**	-
Less: Current portion	**-**	(3,145,570)
Long term portion	**-**	9,436,710

(Expressed in Canadian dollars)

On 4 November 2011, the Company signed a term sheet with Sprott Resource Lending Partnership ("SRL") for a $7,500,000 credit facility (the "Sprott Credit Facility").
The loan was secured with substantially all of the Company's assets. The funds had accrued interest at a rate of 12% per annum. SRL also received a structuring fee of $75,000 in cash and a bonus fee of $750,000 paid in common shares (Notes 15).

On 4 April 2012, the outstanding principal of $7,500,000 and accrued interest due on the Sprott Credit Facility was repaid early out of proceeds from a new facility agreement described below.

On 30 March 2012 and amended on 18 July 2012 and 31 December 2012, the Company entered into a USD$12,750,000 gold-backed credit facility (the "Waterton Credit Facility") with Waterton Global Value, L.P. ("Waterton"). The Waterton Credit Facility bore interest at a fixed rate of 5% per annum beginning in July 2013 and secured against the Company's assets. The Waterton Credit Facility may be repaid, at Waterton's option, in either cash or ounces of gold at 78% of the then prevailing gold price. As part of the transaction, the Company also agreed to sell to Waterton all of the gold and silver produced from the Carbon-in-leach ("CIL") circuit until 30 April 2014, pursuant to a gold and silver supply agreement (the "Supply Agreement") at approximately 99% of current prices. In connection with the Waterton Credit Facility, the Company paid Waterton a cash structuring fee of $253,121 (USD$255,000) and issued warrants to Waterton to purchase 8,250,000 common shares priced at $0.23575 per common share. The warrants expire three years from the date of closing. In addition, the Company paid a finder's fee of $253,121 (USD$255,000) to a broker. The Company defaulted on the Waterton debts and effective 7 October 2013 Waterton took control of MCRI as settlement of the debt resulting in a gain on forgiveness of debt and forfeiture of subsidiary of $29,368,745.

During June and July 2012, Waterton loaned the Company an additional USD$1,500,000 under a separate Note Agreement (the "Waterton Note"). As part of the Waterton Note, the Company paid Waterton a two percent (2%) cash structuring fee of $29,889 (USD$30,000). The Waterton Note bore interest at 5.0% per annum and was repaid on 10 August 2012.

14 DECOMMISSIONING LIABILITY

The decommissioning liability belongs to Mystery Creek Resources, which is no longer owned by Fire River Gold Corp (assumed by Waterton effective 7 October 2013).

	As at 31 October 2013 $	As at 31 October 2012 $
Balance, beginning of period	**5,603,434**	3,217,462
Revisions	**-**	2,328,095
Accretion	**93,427**	38,317
Foreign exchange adjustment	**167,821**	19,560
Disposal of Mystery Creek Resources	**(5,864,682)**	-
Total decommissioning liability	**-**	5,603,434

Reclamation and closure costs were estimated based on the Company's interpretation of current regulatory requirements as it relates to decommissioning liability of the Company's former Nixon Fork Gold Mine.
The decommissioning liability in the amount of $6,030,587 (US$6,033,000) was calculated as the net present value of estimated future net cash outflows of the reclamation and closure costs, which at 31 October 2012 totaled $5,603,434 (US$5,605,676). The settlement of the obligation was to occur through 2018.

In relation to this decommissioning liability, the Company had a reclamation costs insurance policy with a cash value of US$2,067,813 and funds on deposit with the surety provider in the amount of US$828,148 as at 31 October 2012. The insurance policy and deposit funds go with the property and are no longer assets of the Company.

15 SHARE CAPITAL

15.1 Authorized share capital

The Company has authorized an unlimited number of common shares with no par value. At 31 October 2013, the Company had 316,157,031 common shares outstanding (31 October 2012: 316,157,031).

15.2 Shares issuances

No new shares were issued during the year ended 31 October 2013.

During the year ended 31 October 2012 the Company issued common shares as follows:

On 9 December 2011, the Company issued 3,260,870 common shares valued at $750,000 ($0.23 per share) to SPL as a bonus fee related to the credit facility arrangement (Note 13).

On 9 August 2012, the Company issued 88,417,458 units at a price of $0.065 per unit for aggregate gross proceeds of $5,747,135. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the purchaser to subscribe for one additional common share at an exercise price $0.10 per share for a period of five years. The Company paid $137,041 and issued 2,080,320 compensation options as commission in connection with the offering. Each compensation option is exercisable into one unit at a price of $0.065 for a period of five years.

On 31 August 2012, the Company issued 16,602,709 units at a price of $0.065 per unit for aggregate gross proceeds of $1,079,176. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the purchaser to subscribe for one additional common share at an exercise price $0.10 per share for a period of five years. The Company paid $110,806 and issued 1,328,216 compensation options as commission in connection with the offering. Each compensation option is exercisable into one unit at a price of $0.065 for a period of five years.

(Expressed in Canadian dollars)

On 19 September 2012, the Company issued 108,694,492 units at a price of $0.065 per unit for aggregate gross proceeds of $7,065,142. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the purchaser to subscribe for one additional common share at an exercise price $0.10 per share for a period of five years.
The Company paid $427,376 and issued 6,262,526 compensation options as commission in connection with the offering. Each compensation option is exercisable into one unit at a price of $0.065 for a period of five years.

15.3 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the year ended 31 October 2012. There is no change during the year ended 31 October 2013:

	As of years ended 31 October 2013 and 31 October 2012	
	Number of warrants	Weighted average exercise price $
Outstanding, 1 November 2011	**30,841,293**	**0.68**
Granted	**231,635,721**	**0.10**
Expired	**(30,841,293)**	**0.68**
Outstanding, 31 October 2012 and 2013	**231,635,721**	**0.10**

During the year ended 31 October 2012, the Company issued a total of 9,671,062 compensation options valued at $1,229,205. These compensation options are exercisable into one unit at a price of $0.065 for a period of five years related to the completion of several private placements.

On 30 March 2012, the Company issued 8,250,000 warrants to Waterton exercisable at $0.23575 until on 30 March 2015 in relation to the credit facility of USD$12,750,000 (Note 13). The fair value of these warrants at the date of grant were estimated to be $863,198, using the Black-Scholes option pricing model with an expected life of three years, interest rate of 1.47%, a dividend yield of 0% and expected volatility of 83.97%.

On 9 August 2012, 88,417,458 warrants and 2,080,320 compensation options were issued pursuant to a private placement of 88,417,458 units. The fair value of these warrants and compensation options at the date of grant were estimated to be $2,293,097 and $244,978, respectively, using the Black-Scholes option pricing model with an expected life of five years, interest rate of 1.35%, a dividend yield of 0% and expected volatility of 87.16%.

On 31 August 2012, 16,602,709 warrants and 1,328,216 compensation options were issued pursuant to a private placement of 16,602,709 units. The fair value of these warrants and compensation options at the date of grant were estimated to be $423,541 and $135,279, respectively, using the Black-Scholes option pricing model with an expected life of five years, interest rate of 1.29%, a dividend yield of 0% and expected volatility of 87.57%.

(Expressed in Canadian dollars)

On 19 September 2012, 108,694,492 warrants and 6,262,526 compensation options were issued pursuant to a private placement of 108,694,492 units. The fair value of these warrants and compensation options at the date of grant were estimated to be $2,878,391 and $848,948, respectively, using the Black-Scholes option pricing model with an expected life of five years, interest rate of 1.34%, a dividend yield of 0% and expected volatility of 88.36%.

The following table summarizes information regarding share purchase warrants outstanding as at 31 October 2013.

Date issued	**Number of warrants**	**Exercise price $**	**Expiry date**
30 March 2012 – Warrants	8,250,000	0.23575	30 March 2015
9 August 2012 – Warrants	88,417,458	0.10	9 August 2017
9 August 2012 – Compensation options	2,080,320	0.065	9 August 2017
31 August 2012 – Warrants	16,602,709	0.10	31 August 2017
31 August 2012 – Compensation options	1,328,216	0.065	31 August 2017
19 September 2012 – Warrants	108,694,492	0.10	19 September 2017
19 September 2012 – Compensation options	6,262,526	0.065	19 September 2017
	231,635,721	**0.10**	

15.4 Stock options

The Company has established a share purchase option plan whereby the Board may from time to time grant stock options to directors, officers, employees or consultants up to 10,244,237 shares at any time. Options granted must be exercised no later than ten years from date of grant or such lesser period as determined by the Company’s board of directors. The exercise price of an option will be set by the Board of Directors at the time such option is granted and cannot be less than the closing market price on the TSX Venture Exchange (“TSX-V”) on the last trading day preceding the grant date, less any allowable discounts that may be permitted under applicable exchange policies.

(Expressed in Canadian dollars)

The following is a summary of the changes in the Company's stock option plan for the year ended 31 October 2013 and year ended 31 October 2012:

	Year ended 31 October 2013		**Year ended 31 Oct 2012**	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding, beginning	8,341,636	0.26	8,056,250	0.48
Granted	200,000	0.10	5,956,636	0.13
Exercised	-	-	-	-
Cancelled	(4,785,000)	0.29	(5,671,250)	0.44
Outstanding, end of period	**3,756,636**	**0.21**	**8,341,636**	**0.26**

The weighted average fair value of the options granted during the year ended 31 October 2013 was at $0.07 (2012: $0.10) per option at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	As at 31 October 2013 $	**As at 31 October 2012 $**
Risk free interest rate	**1.23%**	**1.36%**
Expected life	**5.0 years**	**6.76 years**
Expected volatility	**89.18%**	**86.91%**
Expected dividend per share	**0.00%**	**0.00%**

(Expressed in Canadian dollars)

The following table summarizes information regarding stock options outstanding and exercisable as at 31 October 2013.

Exercise price	Number of options outstanding	Weighted-average remaining contractual life (years)	Weighted average exercise price $
Options outstanding			
\$0.10 - \$0.19	2,806,636	4.86	0.12
\$0.20 - \$0.29	-	-	-
\$0.40 - \$0.49	450,000	2.67	0.43
\$0.50 - \$0.59	500,000	2.10	0.55
Total options outstanding	**3,756,636**	**4.23**	**0.21**
Options exercisable			
\$0.10 - \$0.19	2,631,636	4.93	0.12
\$0.20 - \$0.29	-	-	-
\$0.40 - \$0.49	450,000	2.67	0.43
\$0.50 - \$0.59	500,000	2.10	0.55
Total options exercisable	**3,581,636**	**4.25**	**0.22**

16 SHARE-BASED PAYMENTS

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which \$101,342 was recognized in the year ended 31 October 2013 (31 October 2012: \$595,111):

A total of \$28,836 in the year ended 31 October 2013 (31 October 2012: \$368,455) has been expensed as administration expenses and \$72,506 has been expensed as exploration and evaluation expenses (31 October 2012: \$22,665) with a corresponding amount recorded as stock options reserve.

(Expressed in Canadian dollars)

17 ADMINISTRATION EXPENSES

The administration expenses for the Company are broken down as follows:

	Year ended 31 October 2013 $	Year ended 31 October 2012 $
Accounting	27,649	63,307
Consulting and director fees	175,975	190,326
Corporate development	16,302	37,270
Couriers	2,722	4,485
Depreciation	30,361	23,354
Filing fees	20,563	96,898
Insurance	131,636	81,589
Bank service charges	1,483	14,313
Legal	33,579	225,227
Office expenses	47,865	282,062
Rent	97,749	116,211
Share-based payments	28,836	368,455
Shareholder relations	60,518	359,051
Telephone	8,571	23,645
Travel	51,460	108,717
Wages and benefits	564,507	814,723
Total administration expenses	1,299,778	2,809,633

18 TAXES

18.1 Provision for income taxes

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

	As at 31 October 2013 $	As at 31 October 2012 $
Net income (loss) for the year	10,380,718	(33,292,016)
Expected income tax (recovery)	2,656,000	(8,406,234)
Different tax rates in foreign jurisdiction and change in statutory rates	(1,716,000)	(2,497,344)
Non-deductible items	10,977,000	705,312
Change in prior year provision to actual	-	6,154
Sale of subsidiary	(17,707,000)	-
Change in unrecognized deductible temporary differences	5,790,000	10,179,248
Total income tax expense (recovery)	-	-

(Expressed in Canadian dollars)

18.2 Temporary tax differences and expiry dates

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	As at 31 October 2013 $	Expiry Date Range	As at 31 October 2012 $	Expiry Date Range
Exploration and evaluation assets	-	-	195,174	No expiry date
Property and equipment	65,000	No expiry date	534,656	No expiry date
Share issue costs	405,000	2034 to 2037	552,795	2033 to 2036
Allowable capital losses	20,770,000	No expiry date	-	-
Non-capital losses available for future periods	10,097,000	2014 to 2033	16,552,191	2014 to 2032

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

19 EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share is based on the following data:

	Year ended 31 October 2013	Year ended 31 October 2012
Net income (loss) for the year	10,750,884	(33,292,016)
Weighted average number of shares – basic and diluted	316,057,031	138,356,966
Earnings (loss) per share, basic and diluted	0.03	(0.24)

The basic earnings (loss) per share is computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding during the year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the years ended 31 October 2013 and 31 October 2012.

(Expressed in Canadian dollars)

20 CAPITAL RISK MANAGEMENT

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements. The Company currently needs to satisfy the requirements of the Cease Trade Order from the TSX-V and restore the Company's shares to trading. Then management will evaluate opportunities in the marketplace for financing and mineral property acquisition.
The Company is dependent on external financing to fund its activities currently. In order to pay for general administration costs, the Company may issue new shares or debt. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

As at 31 October 2013, the Company's capital structure consists of the equity of the Company (Note 15). The Company is not subject to any externally imposed capital requirements. The Company does not pay dividends.

The Company's loan payable to Waterton was forgiven during the current fiscal year as Waterton took ownership of the Company's subsidiary Mystery Creek Resources. As a result the Company's capital structure consists solely of the equity of the Company.

21 FINANCIAL INSTRUMENTS

21.1 Categories of financial instruments

	As at 31 October 2013 $	As at 31 October 2012 $
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash	**12,003**	**988,989**
Loans and receivables, at amortized cost		
Trade receivables	**235,000**	**-**
Total financial assets	**247,003**	**988,989**
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	**56,800**	**1,361,144**
Loans and notes payable	**-**	**12,582,280**
Total financial liabilities	**56,800**	**13,943,424**

(Expressed in Canadian dollars)

21.2 Fair value

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at 31 October 2013, the Company does not have any Level 3 financial instruments.

	As at 31 October 2013 $	**As at 31 October 2012 $**
LEVEL 1		
Financial assets at fair value		
Cash	**12,003**	988,989
Total financial assets at fair value	**12,003**	988,989

There were no transfers between Level 1 and 2 during the year ended 31 October 2013.

21.3 Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and receivables. The Company manages its credit risk relating to cash by dealing only with highly-rated Canadian and United States financial institutions. Harmonized Sales Tax receivable of $Nil (31 October 2012: $93,208). As a result, credit risk is considered insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Interest rate risk

The Company currently is not exposed to significant interest rate risk.

Currency risk

Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has insignificant levels of cash held in US dollars.

The following table provides an indication of the Company's significant foreign currency exposures as at 31 October 2013 and 2012:

	As at 31 October 2013 US$	**As at 31 October 2012 US$**
Cash	**1,202**	665,262
Trade payables	-	(1,228,532)
Loans payable	-	(12,750,000)

22 RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management for the year ended 31 October 2013 are as follows:

	Year ended 31 October 2013 $	**Year ended 31 October 2012 $**
Short-term benefits	**406,798**	**907,127**
Share-based payments	**67,978**	**481,173**
Total key management personnel compensation	**474,776**	**1,388,300**

Included in accounts payable and accrued liabilities is $39,984 (2012: $82,442) owing to current and former officer and directors.

(Expressed in Canadian dollars)

23 SUPPLEMENTAL CASH FLOW INFORMATION

The Company made the following cash payments for interest and income taxes:

	For the year ended 31 October 2013 $	For the year ended 31 October 2012 $
Interest paid	**530,941**	**835,917**
Taxes paid	**-**	**-**
Total cash payments	**530,941**	**835,917**

On 9 December 2011, the Company issued 3,260,870 common shares valued at $750,000 ($0.23 per share) to Sprott Resource Lending Partnership as a bonus fee related to the credit facility arrangement (Note 13).

On 30 March 2012, the Company issued 8,250,000 warrants to Waterton exercisable at $0.23575 and expiring on 30 March 2015 related to the credit facility of USD$12,750,000 (Note 13).

During the year ended 31 October 2012, the Company issued a total of 9,671,062 compensation options valued at $1,229,205 (Note 15). These compensation options are exercisable into one unit at a price of $0.065 for a period of five years related to the completion of several private placements.

24 COMMITMENTS

As at 31 October 2013, the Company had the following commitments:

	< 1 year $	2-3 years $	> 3 years $	Total $
Rent and lease payments	91,458	22,865	-	114,323
Total commitments	**91,458**	**22,865**	**-**	**114,323**

25 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended 31 October 2013 were approved and authorized for issue by the Board of Directors on 6 October 2014.