

AMANA COPPER LTD.

(formerly Titan Goldworx Resources Inc.)

**Consolidated Financial Statements
October 31, 2013 and 2012**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Amana Copper Ltd.
(formerly Titan Goldworx Resources Inc.)

We have audited the accompanying consolidated financial statements of Amana Copper Ltd. (formerly Titan Goldworx Resources Inc.), which comprise the consolidated statements of financial position as at October 31, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Amana Copper Ltd. (formerly Titan Goldworx Resources Inc.) as at October 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Amana Copper Ltd. (formerly Titan Goldworx Resources Inc.)'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

February 27, 2014

AMANA COPPER LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	October 31, 2013	October 31, 2012
Assets		
Current assets		
Cash	\$ 99,735	\$ 931,515
Restricted cash	35,000	-
Receivables	35,653	28,573
Prepaid expenses	-	265
Total current assets	170,388	960,353
Exploration and evaluation assets (Note 3)	-	40,200
Total assets	\$ 170,388	\$ 1,000,553
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 55,749	\$ 22,167
Total current liabilities	55,749	22,167
Shareholders' equity		
Share capital (Note 4)	1,158,850	1,147,397
Warrant reserve (Note 5)	12,642	27,275
Contributed surplus (Note 6)	52,599	69,865
Deficit	(1,109,452)	(266,151)
Total equity	114,639	978,386
Total liabilities and equity	\$ 170,388	\$ 1,000,553

Nature of operations and going concern (Note 1)

On behalf of the Board:

"John K. Burns"

Director

"Yaron Conforti"

Director

AMANA COPPER LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended October 31, 2013	Year Ended October 31, 2012
Expenses		
Audit and accounting	\$ 47,524	\$ 26,880
Consulting fees (Note 9)	170,290	60,000
Investor relations	15,000	144
Legal fees	21,592	48,337
Office and general	34,371	9,065
Project evaluation costs (Note 3)	487,952	-
Regulatory fees	10,350	25,580
Rent	27,408	-
Share-based payments (Note 6)	-	69,865
Write off of exploration and evaluation assets (Note 3)	46,200	-
Transfer agent fees	10,560	9,647
Net loss and comprehensive income for the period	\$ (871,247)	\$ (249,518)
Basic and diluted loss per common share	\$ (0.05)	\$ (0.02)
Weighted average number of common shares outstanding	16,475,375	15,177,712

AMANA COPPER LTD.**Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)**

	Number of Shares	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
Balance at October 31, 2011	14,085,000	\$ 955,800	\$ 14,635	\$ -	\$ (16,633)	\$ 953,802
Initial Public Offering ("IPO"), May 15, 2012 (net of share issuance costs)	2,210,000	169,097	-	-	-	169,097
IPO Agent's Warrants	-	-	-	-	-	12,640
Issuance Pursuant to Mineral Property Option Agreement	150,000	22,500	12,640	-	-	22,500
Share-based Payments	-	-	-	69,865	-	69,865
Net loss for the year	-	-	-	-	(249,518)	(249,518)
Balance at October 31, 2012	16,445,000	1,147,397	27,275	69,865	(266,151)	978,386
Stock Options forfeited	-	-	-	(27,946)	27,946	-
Warrants Exercised	75,000	11,453	(3,953)	-	-	7,500
Reduction in warrant reserve	-	-	(10,680)	10,680	-	-
Net loss for the year	-	-	-	-	(871,247)	(871,247)
Balance at October 31, 2013	16,520,000	\$ 1,158,850	\$ 12,642	\$ 52,599	\$(1,109,452)	\$ 114,639

AMANA COPPER LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended October 31, 2013	Year Ended October 31, 2012
Cash Flows Provided by (Used In) Operating Activities		
Loss for the year:	\$ (871,247)	\$ (249,518)
Items not affecting cash:		
Share based payments	-	69,865
Write off of exploration and evaluation assets	46,200	-
Changes in non-cash working capital items		
Receivables	(7,080)	(26,888)
Prepaid expenses	265	(265)
Accounts payable and accrued liabilities	33,582	17,295
	(798,280)	(189,511)
Cash Flows Provided by Financing Activities		
Increase in restricted cash	(35,000)	-
Issuance of shares (net of share issuance costs)	7,500	181,737
	(27,500)	181,737
Cash Flows Used in Investing Activities		
Exploration and evaluation expenditures	(6,000)	(17,700)
	(6,000)	(17,700)
Net change in cash during the year	(831,780)	(25,474)
Cash, beginning of year	931,515	956,989
Cash, end of year	\$ 99,735	\$ 931,515

Supplemental information

Shares issued for exploration and evaluation assets	-	\$ 22,500
Shares issued for agent and corporate finance fees	-	\$ 31,500
Agent and finders warrants	-	\$ 12,640

AMANA COPPER LTD.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
October 31, 2013 and 2012

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Amana Copper Ltd.(formerly Titan Goldworx Resources Inc.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 4, 2011. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company’s shares commenced trading on the Canadian Securities Exchange (the “CSE”) under the trading symbol “TTN” on May 15, 2012. The head office of the Company is located at 1 Westmount Square, Suite 600 Westmount, Quebec, H3Z 2P9. On September 10, 2013 the Company changed its name to Amana Copper Ltd. (trading symbol “AMA”).

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

The financial information is presented in Canadian Dollars (“CDN”), which is the functional currency of the Company.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes the Company will require additional working capital to maintain its operations and activities for the upcoming fiscal year. These uncertainties may cast significant doubt upon the entity’s ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) which include International Accounting Standards and Interpretations (“IFRIC” and “SIC”) adopted by the International Accounting Standards Board.

The principal accounting policies are set out below.

b) Use of estimates

The preparation of these consolidated financial statements may require management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

During the year ended October 31, 2013, the Company had no significant estimates or critical judgments.

AMANA COPPER LTD.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
October 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis on consolidation

These consolidated financial statements include the financial statements of the Company's wholly-owned subsidiary as follows:

- 2336882 Ontario Inc., Ontario, Canada, a mineral exploration company

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

d) Exploration and evaluation assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/predevelopment stage.

No depreciation charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets upon the commencement of mine development.

Exploration and evaluation expenditures in the relevant area of interest comprise costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditures related to an area of interest where the Company has tenure are capitalized as intangible assets and are recorded at cost less impairment.

Exploration and evaluation expenditures also include the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest. Costs related directly to operational activities but incurred prior to engagement of legally binding agreements will be expensed.

All capitalized exploration and evaluation expenditures are assessed for impairment for each reporting period and are impaired if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

e) Share-based payments

The share option plan allows Company employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity.

AMANA COPPER LTD.
Notes to Consolidated Financial Statements
(Expressed in Canadian Dollars)
October 31, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Share-based payments (Continued)

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period 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 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 period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in reserves. No expense is recognized for awards that do not ultimately vest.

At the time when the share options are exercised, the amount previously recognized in contributed surplus is transferred to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share option expense 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.

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

f) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions with respect to each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are valued using the residual method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments.

g) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- financial assets at fair value through profit or loss ("FVTPL");
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories at their initial recognition:

- financial liabilities at fair value through profit or loss; and
- other financial liabilities.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets, recognition and derecognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method. Financial liabilities at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when:

- the contractual rights to the cash flows from the financial asset expire;
- the contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company; or
- the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or expire.

Financial assets (other than a financial asset defined as FVTPL) are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or significant or prolonged decrease in fair value; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization. For equity investments a significant or prolonged decline in fair value of the securities below its cost is evidence that the asset is impaired. Equity investments are assessed on a specific identification basis.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial instruments (Continued)

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are 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 on debt securities is reversed through the statement of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Impairment losses on available for sale equity instruments are not reversed through profit and loss.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has implemented the following classifications for its financial instruments:

- Cash has been classified as FVTPL.
- Receivables have been classified as loans and receivables.
- Accounts payable and accrued liabilities have been classified as other financial liabilities.

i) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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 balance sheet 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of operations.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, however the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the consolidated financial statements and are disclosed in the notes to the consolidated financial statements unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes to the consolidated financial statements if their recovery is deemed probable.

l) 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.

AMANA COPPER LTD.
Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New accounting standards and interpretations

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting International Committee ("IFRIC") that are mandatory for accounting periods after November 1, 2013 or later periods. They are not applicable or do not have a significant impact to the Company.

3. EXPLORATION AND EVALUATION ASSETS

Balance, October 31, 2011	\$	15,000
Additions (i)		<u>25,200</u>
Balance, October 31, 2012		40,200
Additions		6,000
Write-off during the year (i)		<u>(46,200)</u>
<hr/>		
Balance, October 31, 2013	\$	-

- i) On July 25, 2011, the Company signed a Letter of Intent ("LOI") with Quantum Rare Earth Developments Corp. ("Quantum") in order to acquire an undivided 70% interest in the Tait Township Property, Ontario (the "Property"). During May 2013, the Company relinquished its option under the Option and Joint Venture Agreement with Quantum. Accordingly, the Company recorded a write-off of exploration and evaluation assets of \$46,200 during the year.
- ii) In January 2013, the Company announced the proposed acquisition of a base metals project in Africa. The Company provided a refundable deposit of \$90,954 but has been unable to recover its deposit and accordingly, has written off the \$90,954 to project evaluation costs.
- iii) The Company entered into a letter of intent with Falcon Copper Ltd. ("Falcon") to acquire the Katambo and Kimano concessions in the Democratic Republic of Congo. The Company advanced an initial \$200,000, however, the Company subsequently determined that the Katambo property did not justify continued expenditures and the underlying vendor of the Kimano property terminated its agreement with Falcon. Accordingly, the Company has written off its advances to project evaluation costs.

4. SHARE CAPITAL

a) Authorized share capital

As at October 31, 2013, the authorized share capital of the Company was an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

b) Issued share capital

(i) On May 15, 2012, the Company completed its IPO pursuant to its prospectus dated February 28, 2012. Under the Offering, the Company issued 2,000,000 common shares of the Company at a price of \$0.15 per share.

AMANA COPPER LTD.
Notes to Consolidated Financial Statements
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4. SHARE CAPITAL (Continued)

(b) Issued share capital (Continued)

As part of the IPO, the Company incurred share issuance costs of \$162,403, which included 160,000 shares (“Agent’s Shares”) at a value of \$0.15 per Agent’s Share, agent’s warrants to purchase up to 160,000 shares at a price of \$0.15 per share for a period of 24 months after the closing of the IPO (“Agent’s Warrants”) with a value of \$12,640, and a corporate finance fee comprised of \$30,000 and 50,000 shares at a value of \$0.15 per share.

(ii) On May 15, 2012, pursuant to the Option and Joint Venture Agreement, the Company issued 150,000 common shares of the Company to Quantum at \$0.15 per share, for total fair value of \$22,500 (Note 3).

(iii) In May 2013, 75,000 warrants were exercised whereby 75,000 shares were issued at \$0.10 per share.

c) Escrow shares

As at October 31, 2013, the Company had 1,200,000 common shares held in escrow (October 31, 2012 – 1,800,000).

5. WARRANTS

The following table shows the continuity of warrants for the periods presented:

	2013		2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, October 31	437,650	\$ 0.12	277,650	\$ 0.10
Warrants issued	-	-	160,000	0.15
Warrants exercised	(75,000)	0.10	-	-
Warrants expired	(202,650)	0.10	-	-
Balance, October 31	160,000	\$ 0.15	437,650	\$ 0.12

On May 15, 2012, the Company completed its IPO and issued 160,000 Agent’s Warrants to purchase up to 160,000 shares at a price of \$0.15 per share for a period of 24 months. The Agent’s Warrants were valued at \$12,640 or \$0.08 per warrant, using the Black-Scholes Model with the following assumptions: expected dividend yield - 0%, expected volatility - 100% (based on comparable companies), risk-free interest rate - 1.29% and an expected average life of 2 years.

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5. WARRANTS (Continued)

The following are the warrants outstanding at October 31, 2013:

Number of Warrants	Exercise Price	Expiry Date
160,000	\$ 0.15	May 15, 2014

6. STOCK OPTIONS

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Vesting and the term of an option is determined at the discretion of the Board of Directors of the Company.

The following table shows the continuity of stock options for the periods presented:

	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, October 31	625,000	\$ 0.15	-	\$ -
Options granted	-	-	625,000	0.15
Options forfeited	(250,000)	(0.15)	-	-
Balance, October 31	375,000	\$ 0.15	625,000	\$ 0.15

(i) On May 15, 2012, the Company granted 625,000 stock options to officers and directors of the Company, whereby the option holders can purchase up to 625,000 shares at a price of \$0.15 per share. The options vested immediately and are exercisable until May 15, 2022. During the year, 250,000 options were forfeited leaving a balance of 375,000 stock options at October 31, 2013. The fair value of the options granted was \$69,865 or \$0.11 per option. The Company used the Black-Scholes Model to estimate the fair value of the options on grant date using the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 100% (based on comparable companies), risk-free interest rate - 1.35% and an expected average life of 5 years.

The following are the stock options outstanding at October 31, 2013:

Number of Options	Exercise Price	Expiry Date
375,000	\$ 0.15	May 15, 2022

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7. CAPITAL MANAGEMENT

Capital is comprised of shareholders' equity and any long-term debt that the Company may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term.

The Company sets the amount of capital in proportion to risk. 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. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Fair Value

As of October 31, 2013, cash, being held at fair value, is considered to be level 1 under the fair value hierarchy. As of October 31, 2013, the fair value of receivables, accounts payable and accrued liabilities approximate fair value, due to their short-term nature.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company believes it has no significant credit risk.

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 through the management of its capital structure (Note 7).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

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9. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Compensation and other transactions with related parties and key management include:

	Year ended October 31,	
	2013	2012
Consulting fees	\$ 170,250	\$ 50,000
Accounting fees	36,220	-
Rent	16,500	-
Project evaluation costs	5,289	-

As at October 31, 2013, there was \$16,490 (2012 - \$14,236) included in accounts payable and accrued liabilities due to related parties.

10. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate of 25.6% (2012 - 25%) to the amounts recognized in the statements of operations:

	Year Ended October 31, 2013	Year Ended October 31, 2012
Net loss for the year	\$ (871,247)	\$ (249,518)
Expected income tax recovery	(223,000)	(63,627)
Change in statutory tax rates	(6,000)	-
Non-deductible expenses	-	17,816
Share issue costs	-	(7,630)
True up of prior year provision and other	(38,000)	-
Changes in unrecognized deductible temporary differences	267,000	53,441
Income tax expense	\$ -	\$ -

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10. INCOME TAXES (Continued)

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

Significant components of deductible temporary differences and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	October 31, 2013	October 31, 2012
Non-capital losses	\$ 1,097,000	\$ 226,000
Share issue costs	101,000	120,000
Exploration and evaluation assets	46,000	-