AMANA COPPER LTD.

Consolidated Financial Statements
October 31, 2014 and 2013

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Amana Copper Ltd.

We have audited the accompanying consolidated financial statements of Amana Copper Ltd., which comprise the consolidated statements of financial position as at October 31, 2014 and 2013, 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.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Amana Copper Ltd. as at October 31, 2014 and 2013, 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.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

February 26, 2015

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

	October 31, 2014	October 31, 2013
Assets		
Current assets		
Cash	$ 22,260	$ 99,735
Restricted cash	2,500	35,000
Receivables	25,511	35,653
Total assets	$ 50,271	$ 170,388
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities	$ 153,426	$ 55,749
Total current liabilities	153,426	55,749
Total liabilities	153,426	55,749
Shareholders' equity (deficiency)		
Share capital (Note 4)	1,158,850	1,158,850
Warrant reserve (Note 5)	-	12,642
Contributed surplus (Note 6)	65,241	52,599
Deficit	(1,327,246)	(1,109,452)
Total equity (deficiency)	(103,155)	114,639
Total liabilities and equity (deficiency)	$ 50,271	$ 170,388

Nature of operations and going concern (Note 1)
Subsequent event (Note 11)

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, 2014	Year ended October 31, 2013
Expenses		
Audit and accounting	**$ 23,700**	$ 47,524
Consulting fee (Note 9)	**136,504**	170,290
Investor relations	**-**	15,000
Legal fees	**5,492**	21,592
Office and general	**12,089**	34,371
Project evaluation costs (Note 3)	**14,517**	487,952
Regulatory fees	**5,500**	10,350
Rent	**12,185**	27,408
Write off of exploration and evaluation assets (Note 3)	**-**	46,200
Transfer agent fees	**8,028**	10,560
	(218,015)	(871,247)
Interest income	**221**	-
Net loss and comprehensive loss for the year	**$ (217,794)**	$ (871,247)
Basic and diluted loss per common share	**$ (0.01)**	$ (0.05)
Weighted average number of common shares outstanding	**16,520,000**	16,475,375

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

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

	Number of Shares	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
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**
Reduction in warrant reserve	-	-	(12,642)	12,642	-	-
Net loss for the year	-	-	-	-	(217,794)	(217,794)
Balance at October 31, 2014	**16,520,000**	**$ 1,158,850**	**$ -**	**$ 65,241**	**$ (1,327,246)**	**$ (103,155)**

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

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

	Year ended October 31, 2014	Year ended October 31, 2013
Cash Flows Used In Operating Activities		
Loss for the year	**$ (217,794)**	$ (871,247)
Items not affecting cash:		
Write off of exploration and evaluation assets	**-**	46,200
Changes in non-cash working capital items:		
Receivables	**10,142**	(7,080)
Prepaid expenses	**-**	265
Accounts payable and accrued liabilities	**97,677**	33,582
	(109,975)	(798,280)
Cash Flows Used in Financing Activities		
Issuance of shares	**-**	7,500
Restricted cash	**32,500**	(35,000)
	32,500	(27,500)
Cash Flows Used In Investing Activities		
Exploration and evaluation expenditures	**-**	(6,000)
	-	(6,000)
Net change in cash during the year	**(77,475)**	(831,780)
Cash, beginning of year	**99,735**	931,515
Cash, end of year	**$ 22,260**	$ 99,735

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Amana Copper Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 4, 2011. The Company was previously engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company is now focused on identifying suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders (see note 11). The Company's shares commenced trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "TTN" on May 15, 2012. The registered office of the Company is located at 1540 West 2nd Ave., Suite 501 Vancouver, British Columbia, V6J 1H2.

The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 25, 2015.

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 (see note 11). 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 requires 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, 2014, the Company had no significant estimates or critical judgments.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of consolidation

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

- 2336882 Ontario Inc., Ontario, Canada

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 comprises 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 share option reserve 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 of 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.

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 amortised 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
- when 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.

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 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.

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.

(Expressed in Canadian Dollars)

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 July 1, 2012 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company and the expected adoption date.

(i) IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at FVTPL and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting, however, there is no impact to the Company from these amendments as it does not apply hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet assessed the impact of adoption.

3. EXPLORATION AND EVALUATION ASSETS

Balance, October 31, 2012	$	40,200
Additions		6,000
Write-offs		(46,200)
Balance, October 31, 2013 and October 31, 2014	$	-

(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. 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 as of October 31, 2013.

(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 as of October 31, 2013.

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.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

a) Authorized share capital

As at October 31, 2014, 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) 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, 2014, the Company had 600,000 common shares held in escrow (October 31, 2013 – 1,200,000).

5. WARRANTS

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

	Number of Warrants	**Weighted Average Exercise Price**
Balance, October 31, 2012	437,650	$ 0.12
Exercised	(75,000)	0.10
Expired	(202,650)	0.10
Balance, October 31, 2013	160,000	0.15
Expired	(160,000)	0.15
Balance, October 31, 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:

	Number of Options	**Weighted Average Exercise Price**
Balance, October 31, 2012	625,000	$ 0.15
Expired	(250,000)	0.15
Balance, October 31, 2013 and October 31, 2014	375,000	$ 0.15

(Expressed in Canadian Dollars)

6. STOCK OPTIONS (Continued)

The following are the stock options outstanding and exercisable at October 31, 2014:

Number of Options	Black-Scholes Value ($)	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Expiry Date
375,000	41,919	0.15	7.54	May 15, 2022

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, 2014 and 2013, cash, being held at fair value, is considered to be level 1 under the fair value hierarchy. As of October 31, 2014 and 2013, the fair value of receivables and 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).

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (Continued)

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.

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.

Related party transactions conducted in the normal course of operations are measured at fair value.

(a) The Company entered into the following transactions with related parties:

	Notes	Year ended October 31, 2014	Year ended October 31, 2013
Baron Global Financial Canada Ltd.	(i)	**$ -**	$ 10,000
Emmarentia Management Corp.	(ii)	**73,190**	86,250
Adne Consulting Services Inc.	(iii)	**16,500**	4,500
StoneBridge Analytics LLC.	(iv)	**-**	5,289
Lockwood Financial Ltd.	(v)	**39,625**	88,220
Marrelli Support Services Inc.	(vi)	**-**	34,000

(i) On July 6, 2012, the Company entered into a corporate advisory agreement with Baron Global Financial Canada Ltd. (“Baron”) to provide accounting and administrative services. These services are recorded as consulting fees. This agreement expired at November 30, 2012. Herrick Lau, the former CEO and director of the Company is also the managing director of Baron.

(ii) Yaron Conforti, the Chief Executive Officer and a director of the Company, controls Emmarentia Management Corp. ("Emmarentia"). Fees relate to consulting fees. As at October 31, 2014, $65,593 (October 31, 2013 - $4,701) was included in accounts payable and accrued liabilities owing to Emmarentia.

(iii) Jonathan Rubin, the former Chief Financial Officer of the Company controls Adne Consulting Services Inc ("Adne"). Fees relate to consulting fees for CFO services. No amounts were owing to Adne as at October 31, 2014 (October 31, 2013 - $nil).

(iv) Rick Sandri, a director of the Company controls StoneBridge Analytics, LLC. ("StoneBridge"). StoneBridge provides advisory services and rent to the Company. As at October 31, 2014, $nil (October 31, 2013, $5,289) was included in accounts payable and accrued liabilities owing to StoneBridge.

(v) Lockwood Financial Ltd ("Lockwood"), was formerly an insider of and adviser to the Company. As at October 31, 2014, $43,734 (October 31, 2013 - $6,500) was included in accounts payable and accrued liabilities owing to Lockwood.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (Continued)

(vi) On November 14, 2012, the Company entered into an accounting support services agreement with Marrelli Support Services Inc. ("MSSI") whereby MSSI provided, beginning November 15, 2012, certain accounting support services to the Company. On November 14, 2012, in connection with such agreement with MSSI, the Company retained Mr. Daniel Crandall, manager with MSSI, as its Chief Financial Officer. On July 31, 2013, this agreement expired.

10. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate of 25.6% (2013 - 25.6%) to the amounts recognized in the statements of operations:

	Year ended October 31, 2014	Year ended October 31, 2013
Net loss for the period	**$ (217,794)**	$ (871,247)
Expected income tax recovery	**(57,000)**	(223,000)
Change in statutory tax rates	**-**	(6,000)
True up of prior year provision and other	**-**	(38,000)
Changes in unrecognized deductible temporary differences	**57,000**	267,000
Income tax expense	**$ -**	$ -

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, 2014	Expiry Date Range	October 31, 2013	Expiry Date Range
Non-capital losses	**$ 862,000**	2015 to 2034	$ 1,097,000	2015 to 2033
Exploration and evaluation assets	**834,000**	No expiry	46,000	No expiry
Share issue costs	**66,000**	2035 to 2038	101,000	2035 to 2037

11. SUBSEQUENT EVENT

In December 2014 the Company announced that it has entered into a letter agreement ("the Agreement") granting the Company the exclusive right to acquire 100% of a Canadian company ("the Target") that has an application for a license to produce and sell medical marijuana pursuant to Health Canada's Marihuana for Medical Purposes Regulations (MMPR). Subject to the successful outcome of the Company's due diligence plus other conditions, the Company has the exclusive right to acquire the Target including all of its related assets and intellectual property. In connection with the Agreement the Company has arranged, on a best efforts basis, a non-brokered private placement of 10,000,000 common shares at a price of $0.09 for gross proceeds of $900,000. Subsequent to October 31, 2014, the Company received $72,000 in subscription proceeds towards the private placement as well as proceeds of $18,000 from an unsecured, non-interest bearing demand loan.