Gonzaga Resources Ltd.

(An Exploration Stage Company)

Financial Statements

For the Years Ended November 30, 2014 and 2013

(Expressed in Canadian Dollars)

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charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Gonzaga Resources Ltd.

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

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

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

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Gonzaga Resources Ltd. as at November 30, 2014 and 2013, and its financial performance and cash flows for the years ended November 30, 2014 and 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matters
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date and its continuance as a going concern is dependent upon its ability to raise additional capital or evaluate strategic alternatives. These conditions as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"

CHARTERED ACCOUNTANTS

Vancouver, BC
March 18, 2015

Gonzaga Resources Ltd.

(An Exploration Stage Company)

Statements of Financial Position

In Canadian Dollars

ASSETS	Note		November 30, 2014		November 30, 2013
Current					
Cash		$	108,735	$	164,576
GST/HST recoverable			343		857
Tax receivable	4 b)		-		11,507
Prepaid expenses			3,337		4,960
			112,415		181,900
Mineral Property Interests	4		13,521		13,521
		$	125,936	$	195,421
LIABILITIES					
Current					
Accounts payable and accrued liabilities	8	$	44,582	$	52,382
SHAREHOLDERS' EQUITY					
Share Capital	5		718,277		718,277
Reserves	5		260,749		260,749
Deficit			(897,672)		(835,987)
			81,354		143,039
		$	125,936	$	195,421

Nature of Operations and Going Concern *(Note 1)*

Approved on behalf of the Board of Directors:

" Greg Davis" Director

" Darren Devine" Director

– See Accompanying Notes to Financial Statements –

Gonzaga Resources Ltd.

(An Exploration Stage Company)

Statements of Loss and Comprehensive Loss

For the Years Ended November 30, 2014 and 2013

In Canadian Dollars

	Note		2014		2013
Expenses					
Audit and accounting	8	$	23,500	$	29,390
Consulting	8		-		16,500
Directors fees	8		-		13,500
Exploration and evaluation cost recovery	4 b)		-		(10,820)
Insurance			7,752		10,065
Legal			2,731		4,799
Office and administration	8		15,706		14,228
Rent	8		-		5,000
Property investigation costs			-		50,000
Transfer agent and filing fees			11,996		14,370
Net loss and comprehensive loss for the year		$	61,685	$	147,032
Loss per share – basic and diluted		$	(0.00)	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted			12,788,333		12,788,333

– See Accompanying Notes to Financial Statements –

Gonzaga Resources Ltd.
(An Exploration Stage Company)
Statements of Cash Flows
For the Years Ended November 30, 2014 and 2013
In Canadian Dollars

Cash Provided By (Used In):		**2014**		**2013**
Operations:				
Net loss for the year	$	(61,685)	$	(147,032)
Change in non-cash working capital:				
GST/HST recoverable		514		16,926
Tax receivable		11,507		(10,820)
Prepaid expenses		1,623		598
Accounts payable and accrued liabilities		(7,800)		27,812
		(55,841)		(112,516)
Net decrease in cash		(55,841)		(112,516)
Cash - beginning of year		164,576		277,092
Cash - end of year	$	108,735	$	164,576

Supplemental non-cash investing information:

Interest paid in cash during the year	$	-	$	-
Income taxes paid in cash during the year	$	-	$	-

– See Accompanying Notes to Financial Statements –

Gonzaga Resources Ltd.
(An Exploration Stage Company)
Statements of Changes in Equity
For the Years Ended November 30, 2014 and 2013
In Canadian Dollars

	Share Capital					
	Shares	Amount	Share Option And Other Reserves	Warrant	Deficit	Total
Balance, November 30, 2012	12,788,333	$ 718,277	$ 130,027	$ 130,722	$ (688,955)	$ 290,071
Loss for the year	-	-	-	-	(147,032)	(147,032)
Balance, November 30, 2013	12,788,333	718,277	130,027	130,722	(835,987)	143,039
Loss for the year	-	-	-	-	(61,685)	(61,685)
Balance, November 30, 2014	12,788,333	$ 718,277	$ 130,027	$ 130,722	$ (897,672)	$ 81,354

– See Accompanying Notes to Financial Statements –

1. Nature of Operations and Going Concern

Gonzaga Resources Ltd. ("the Company" or "Gonzaga") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 8, 2010. The Company is in the business of exploration, development and exploitation of mineral resources in Canada. The Company's registered address is: Suite 800 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The Company's shares are publicly listed on the Toronto Stock Exchange's Venture Exchange.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At November 30, 2014, the Company had not achieved profitable operations, had an accumulated deficit of $897,672 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

2. Basis of Presentation

a) Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale and financial assets at fair value through profit and loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting.

The accounting policies set out in Note 3 have been applied consistently by the Company during the current year.

2. Basis of Presentation – *Continued*

b) Approval of the Financial Statements

These financial statements were approved and authorized for issue by the Board of Directors on March 18, 2015.

c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

3. Significant Accounting Policies

a) Cash

The Company considers cash to include amounts held in banks. The Company places its cash with major financial institutions in Canada.

b) Mineral Property

i) Exploration and Evaluation

Staking costs, property option payments, and other costs associated with acquiring exploration and evaluation assets are capitalized and classified as intangible assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of equipment rental, geochemical analysis, and geological consulting services.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project net of any impairment provisions are written off.

ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property acquisition and development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

3. Significant Accounting Policies – *Continued*

b) Mineral Property – *Continued*

ii) Development – *Continued*

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

iii) Impairment

The carrying value of all categories of mineral property are reviewed at least annually by management for indicators that the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or CGU through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, 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.

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risks uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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 depletion or amortization, if no impairment loss had been recognized.

3. Significant Accounting Policies – *Continued*

c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

d) Site Closure and Reclamation Provision

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

The obligation is accreted over time for the change in their present value, with this accretion charge recognized as a finance expense in the statements of comprehensive loss. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in profit or loss.

3. Significant Accounting Policies – *Continued*

d) Site Closure and Reclamation Provision – *Continued*

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

e) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination or items recognized either in other comprehensive income or directly 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 recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Significant Accounting Policies – *Continued*

f) Share Capital

i) The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares at the date the shares were granted.

iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and common share purchase warrants. The fair value of common shares is based on the market close on the date the shares are issued. The fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

g) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares issued and outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted and basic loss per share are the same because the effects of potential issuances of common shares under stock options and warrants would be anti-dilutive.

h) Comprehensive Income

Comprehensive income includes net income or loss and other comprehensive income or loss. Other comprehensive income or loss may include holding gains and losses on available-for-sale securities, gains and losses on certain derivative instruments and foreign gains and losses from self-sustaining foreign operations. During the current year, the Company did not have any other comprehensive income components.

i) Share-based Payments

From time to time, the Company grants options to directors, officers, employees and non-employees to purchase common shares. The Company accounts for share-based payments, including stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees become entitled to the award. The fair value of the options on the grant date is determined using the Black-Scholes pricing model for stock option awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders' equity for these costs.

3. Significant Accounting Policies – *Continued*

j) Financial Instruments

The Company accounts for its financial instruments as follows:

Cash	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified cash as loans and receivables.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any financial assets at fair value through profit or loss.

3. Significant Accounting Policies – *Continued*

j) Financial Instruments – *Continued*

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consist of accounts payable and accrued liabilities.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

3. Significant Accounting Policies – *Continued*

j) Financial Instruments – *Continued*

Impairment of Financial Assets – Continued

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

k) Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that the Company has available tax pools for which the benefit has not been previously recognized as being realizable, the premium is recognized in profit or loss as a deferred income tax recovery to recognize the deferred tax asset offsetting the liability at the time of renunciation of the tax pools.

l) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

3. Significant Accounting Policies – *Continued*

l) Critical Accounting Judgments and Estimates – *Continued*

Estimates:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of mineral property; provision for environmental rehabilitation; inputs used in the valuation of share-based payments; and provision for deferred income tax, including the effects of flow-through shares.

Judgments:

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Recoverability of capitalized mineral property costs

The Company capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

Deferred income tax

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances (see Note 7).

3. Significant Accounting Policies – *Continued*

m) Recent Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for current or future accounting periods. There was no impact on the Company's financial statements upon adoption of the following standards on December 1, 2013.

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 12 *Disclosure of Interests in Other Entities* ("IFRS 12") sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 1 and, replaces the disclosure requirements currently found in IAS 28 *Investments in Associates* ("IAS 28"). The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price.

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged.

Certain new standards, amendments and interpretations have been published that are mandatory for the Company's accounting periods beginning after December 1, 2014 or later periods that the Company has decided not to early adopt. The standard that will be relevant to the Company is:

IFRS 9, Financial Instruments ("IFRS 9") is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

In Canadian Dollars

3. Significant Accounting Policies – *Continued*

m) Recent Accounting Pronouncements – *Continued*

None of the other new standards, interpretations and amendments, which are effective for the Company's accounting periods beginning after December 1, 2014 and which have not been adopted early, are expected to have a material effect on the Company's future financial statements.

4. Mineral Property Interests

a) Acquisition Costs

Details of activities for the years ended November 30, 2014 and 2013 are as follows:

Kennedy River Project, BC, Canada		November 30, 2014		November 30, 2013
Net book value	$	13,521	$	13,521

b) Exploration and Evaluation Costs

Details of the exploration and evaluation costs for the years ended November 30, 2014 and 2013 are as follows:

Kennedy River Project, BC, Canada		2014		2013
Opening cumulative expenditure	$	184,085	$	194,905
BC METC*		-		(10,820)
Ending cumulative expenditure	$	184,085	$	184,085

* As at November 30, 2013, the Company filed a total of $11,507 of British Columbia Mining Exploration Tax Credit for the mineral exploration costs incurred in the year ended November 30, 2012, which was received during the year ended November 30, 2014.

c) Kennedy River Project, BC, Canada

In April 2010, the Company staked two mineral claim blocks covering 1,331 hectares called the Kennedy River Project located near Port Alberni on Vancouver Island in British Columbia. During the 2012 fiscal year, following up fieldwork was undertaken and a detailed sampling program was completed by field crews. On December 30, 2013, the mineral claim for Kennedy River North claim block lapsed, leaving 10 mineral tenures in good standing for Kennedy River South claim block covering 803 hectares. There was no work performed during the 2014 fiscal year.

In Canadian Dollars

5. Shareholders' Equity

The Company's authorized share capital consists of an unlimited number of common shares without par value.

a) Share Capital Transactions

The Company did not have any share capital transactions during the years ended November 30, 2014 and 2013.

b) Reserves

The following is a summary of the reserves components relating to stock options and warrants:

		November 30, 2014		November 30, 2013
Options	$	130,027	$	130,027
Warrants		130,722		130,722
Total	$	260,749	$	260,749

c) Warrants

Details of warrants activity for the years ended November 30, 2014 and 2013 are as follows:

November 30, 2012	Issued	Exercised	November 30, 2013 and 2014	Exercise Price	Expiry Date
7,010,000	-	-	7,010,000	$0.15	September 30, 2015

e) Stock Options

The board of directors may grant incentive stock options to the Company's directors, officers, employees and consultants for the purchase of common shares in an aggregate amount of up to 10% of the Company's issued and outstanding common shares from time to time. The number of shares reserved for issuance to: i) any one optionee during any 12 month period shall not exceed 5% of the issued and outstanding shares, calculated at the date such options are granted; ii) any one optionee, who is a consultant, during any 12 month period shall not exceed 2% of the issued and outstanding shares, calculated at the date such options are granted; and iii) any employees and consultants who are engaged or employed in investor relations services during any 12 month period shall not exceed 2% of the issued and outstanding shares, calculated at the date such options are granted.

In Canadian Dollars

5. Shareholders' Equity – *Continued*

e) Stock Options – *Continued*

The vesting schedule for each option shall be specified at the time of grant; provided that if no vesting schedule is specified at the time of grant, the option shall vest immediately on the grant date. Options granted to optionees who provide investor relations services shall vest in stages over twelve months, with no more than one quarter of the options vesting over any three month period.

Details of activity in share purchase options for the years ended November 30, 2014 and 2013 are as follows:

November 30, 2012	Issued	Expired	November 30, 2013 and 2014	Exercise Price	Expiry Date
320,000		(320,000)	-	-	June 6, 2013
700,000			700,000	$0.15	June 6, 2016
1,020,000	-	(320,000)	700,000	$0.15	

f) Escrow Shares

Pursuant to an escrow agreement dated December 17, 2010, as amended on February 24, 2011, 3,850,000 shares and 2,125,000 share purchase warrants were placed in escrow upon completion of the IPO on June 2, 2011. 10% of the escrowed shares and warrants were released from escrow upon listing of the Company's shares on the TSX-V on June 6, 2011, and 15% of the shares and warrants can be released from escrow every 6 months thereafter. As at November 30, 2014, all of the common shares and share purchase warrants have been released from escrow.

6. Segmented Information

The Company has only one reportable operating segment, being mineral property explorations in Canada.

7. Income Taxes

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

		2014		**2013**
Loss for the year	$	(61,685)	$	(147,032)
Statutory tax rate		26.00%		25.70%
Expected recovery of income taxes		(16,000)		(38,000)
Permanent and other differences		(20,000)		(14,000)
Change in benefit not recognized		36,000		52,000
Deferred income tax recovery	$	-	$	-

In Canadian Dollars

7. Income Taxes – *Continued*

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

		2014		2013
Non-capital losses	$	619,000	$	523,000
Mineral property resource tax pools		135,000		135,000
Share issue costs		36,000		70,000
Pre-production mining expenditure Investment tax credit		-		4,000
	$	790,000	$	732,000

The Company's non-capital losses of $619,000 (2013: $523,000), expire through 2034 if not utilized to reduce income in future periods.

8. Related Party Transactions

Related party transactions and balances are as follows:

(a) During the year ended November 30, 2014, the Company paid/accrue a total of $Nil (2013: $9,000) in consulting fees to Greg Davis, the President and Chief Executive Officer (CEO) of the Company;

(b) During the year ended November 30, 2014, the Company paid a total of $Nil (2013: $7,500) in consulting fees to CDM Capital Partners Inc., a company partially controlled by Darren Devine, the Chief Financial Officer (CFO) and Corporate Secretary of the Company;

(c) During the year ended November 30, 2014, the Company paid/accrue $Nil (2013: $13,500) in directors fees to Adrian Fleming, Greg Beischer and Robert Clemens, all of whom are directors of the Company;

(d) During the year ended November 30, 2014, the Company paid $6,000 (2013: $8,500) in office and administration expense, $Nil (2013: $5,000) in office rent and $15,000 (2013: $16,250) in accounting expense to CDM Capital Partners Inc., a company partially controlled by Darren Devine, the CFO and Corporate Secretary of the Company; and

(e) As of November 30, 2014, included in accounts payable and accrued liabilities is $4,500 (November 30, 2013: $4,500) in consulting fees owing to the President and CEO of the Company; and $9,110 (November 30, 2013: $9,110) in directors fees owing to the three directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

9. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its mineral properties to commercial production.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares, stock options and share purchase warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

10. Financial Instruments

The classification of the financial instruments as well as their carrying values is shown in the table below:

Loans and receivables	$	108,735
Financial liabilities measured at amortized cost	$	44,582

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at November 30, 2014, the fair values of financial instruments measured on a recurring basis include cash, determined based on level one inputs and consisting of quoted prices in active markets for identical assets. The fair values of accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

10. Financial Instruments – *Continued*

b) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have any financial instruments that are subject to credit risk.

(ii) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

(iii) 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 has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

(iv) Commodity Price Risk – The Company's future success is linked to the price of minerals, because the value of mineral resources and the Company's future revenues are tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.