

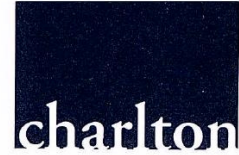
AMENDED AND RESTATED

**CASCADERO COPPER CORPORATION
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2014 and 2013**

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2014 AND 2013**Page**

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charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Cascadero Copper Corporation

We have audited the accompanying financial statements of Cascadero Copper Corporation, which comprise the statements of financial position as at November 30, 2014 and 2013 and the statements of loss and comprehensive loss, changes in shareholders' 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 Cascadero Copper Corporation 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.

Our previous report dated April 1, 2015 has been withdrawn and the financial statements have been restated as explained in Note 14.

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. This condition, along with other matters 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, British Columbia
July 24, 2015

CASCADERO COPPER CORPORATION
Statements of Financial Position
As at November 30,

	November 30, 2014	November 30, 2013	December 1, 2012
ASSETS			
Current			
Cash and cash equivalents	\$ 13,147	\$ 147,781	\$ 1,194,179
GST/HST receivable	28,657	63,187	94,265
Prepaid expenses	12,824	7,613	27,700
	54,628	218,581	1,316,144
Long-term investments (Note 5)	1	1	1
Advances to equity affiliates (Note 5)	-	2,269,054	1,718,168
Mineral properties (Note 6)	-	9,709,593	10,409,580
Equipment (Note 7)	3,658	2,181	3,842
	\$ 58,287	\$ 12,199,410	\$ 13,447,735
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable	\$ 96,001	\$ 57,366	\$ 33,676
Accrued Liabilities (Note 11)	343,187	329,406	330,625
Due to related parties (Note 10(a)(i) to (iv))	588,879	249,251	84,959
	1,028,067	636,023	449,260
SHAREHOLDERS' EQUITY			
Share capital (Note 8(b))	19,677,899	19,677,899	19,577,899
Treasury shares	(465,463)	(465,463)	(465,463)
Contributed surplus (Note 8(c))	3,956,338	3,850,037	3,827,052
Deficit	(24,138,554)	(11,499,086)	(9,941,013)
	(969,780)	11,563,387	12,998,475
	\$ 58,287	\$ 12,199,410	\$ 13,447,735

Nature of operations and going concern (Note 1)
Commitments and contingent liability (Note 11)

Approved on Behalf of the Board:
 Director –

Director –

See accompanying notes to the financial statements

CASCADERO COPPER CORPORATION
Statements of Loss and Comprehensive Loss
For the years ended November 30,

	2014	2013
Expenses		
Accounting and audit (Note 10(b)(v))	\$ 62,950	\$ 58,625
Amortization	927	1,661
Bank charges and interest (Note 10(b)(i))	8,103	11,886
Filing fees	12,506	19,455
Professional fees	-	16,080
Management fees (Note 10(b)(ii) & (iv))	160,000	210,030
Office and miscellaneous (Note 10(b)(iii))	145,363	250,560
Part XII.6 tax (Note 11)	32,717	13,781
Rent	25,250	23,300
Share-based compensation (Note 8(c))	106,301	22,985
	<u>554,117</u>	<u>628,363</u>
Loss before other items	(554,117)	(628,363)
Other items		
Interest and other income	1,256	2,340
Equity loss on investments	(714,952)	(75,179)
Write-down of advances	(1,663,831)	-
Foreign exchange gain (loss)	1,769	(291)
Mineral property write-down (Note 6)	(9,709,593)	(856,580)
	<u>(12,085,351)</u>	<u>(929,710)</u>
Net loss and comprehensive loss for the year	\$ (12,639,468)	\$ (1,558,073)
Basic and diluted loss per common share	\$ (0.08)	\$ (0.01)
Weighted average number of shares outstanding	151,692,528	151,443,213

See accompanying notes to the financial statements

CASCADERO COPPER CORPORATION
STATEMENT OF SHARHOLDERS' EQUITY AND DEFICIT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

	Shares	Amount	Contributed Surplus	Treasury Shares	Share Subscriptions	Deficit	Total
Balance, November 30, 2012	150,692,528	\$ 19,577,899	\$ 3,827,052	\$ (465,463)	\$ -	(9,941,013)	\$ 12,998,475
Shares issued pursuant to private placements	1,000,000	100,000	-	-	-	-	100,000
Stock options vested	-	-	22,985	-	-	-	22,985
Net loss for the year	-	-	-	-	-	(1,558,073)	(1,558,073)
Balance, November 30, 2013	151,692,528	19,677,899	3,850,037	(465,463)	-	(11,499,086)	11,563,387
Stock options granted	-	-	106,301	-	-	-	106,301
Net loss for the year	-	-	-	-	-	(12,639,468)	(12,639,468)
Balance, November 30, 2014	151,692,528	\$ 19,677,899	\$ 3,956,338	\$ (465,463)	\$ -	(24,138,554)	\$ (969,780)

CASCADERO COPPER CORPORATION
Statements of Cash Flows
Year Ended November 30,

AMENDED AND RESTATED

	2014	2013
Cash used in Operating Activities		
Operating activities		
Net loss for the year	\$ (12,639,468)	\$ (1,558,073)
Items not affecting cash:		
Amortization	927	1,661
Share-based compensation	106,301	22,985
Equity loss on investments	714,952	75,179
Write-down of advances to equity affiliates	1,663,831	-
Mineral property write-down	9,709,593	856,580
	<u>(443,864)</u>	<u>(601,668)</u>
Net changes in non-cash working capital items		
GST recoverable	34,530	31,078
Prepaid expenses	(5,211)	20,087
Due to related parties	339,628	164,292
Accounts payable	38,635	23,690
Accrued liabilities	13,781	(1,219)
	<u>(22,501)</u>	<u>(363,740)</u>
Financing activities		
Advances made to equity affiliates	(109,729)	(626,065)
Gross proceeds on issuance of shares	-	100,000
	<u>(109,729)</u>	<u>(526,065)</u>
Investing activities		
Purchase of Equipment	(2,404)	-
Mineral property costs	-	(156,593)
	<u>(2,404)</u>	<u>(156,593)</u>
Increase (decrease) in cash during the year	(134,634)	(1,046,398)
Cash and cash equivalents, beginning of year	147,781	1,194,179
Cash and cash equivalents, end of year	\$ 13,147	\$ 147,781
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Cash consists of:		
Cash / (bank overdraft)	\$ 13,147	\$ (107,805)
GIC	-	255,586
	<u>\$ 13,147</u>	<u>\$ 147,781</u>

See accompanying notes to the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Cascadero Copper Corporation ("Cascadero" or the "Company") was incorporated pursuant to the Alberta Business Corporations Act on October 30, 2003 and continued into the Province of British Columbia on June 3, 2004. The Company is engaged in the business of acquiring, exploring and developing mineral properties located primarily in Canada. The Company is considered to be in the development stage. The Company's head office, principal address, and records office are located at 554 East Kings Road, North Vancouver, British Columbia, Canada V7N 1J3.

The Company is in the process of exploring and developing most of its mineral properties and has not yet determined whether the properties contain precious mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and the related deferred exploration costs are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition of the mineral properties.

These financial statements have been prepared on the basis of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. In making its assessment, management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as going concern as described in the following paragraph. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business.

The ability of the Company to continue operations is dependent upon the continued financial support of its shareholders, other investors and lenders, and the successful development of mineral properties in the future. The outcome of these matters cannot be predicted at this time. Since inception, the Company has incurred cumulative losses of \$24,138,554 (2013: \$11,499,086) and for the year ended November 30, 2014 has negative operating cash outflow from continuing operations of approximately \$22,501 (2013: \$363,740). Management believes that the Company will be able to continue to raise additional funds and has prepared these financial statements on a going concern basis. Realization values may be substantially different from the carrying values as presented in the financial statements should the Company be unable to continue as a going concern. It is management's opinion that all adjustments considered necessary for fair presentation of the results for the years presented have been reflected in these financial statements.

2. BASIS OF PRESENTATION

a) Statement of Compliance

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

These financial statements were approved and authorized for issuance by the Board of Directors on July 24, 2015.

2. BASIS OF PRESENTATION - continued

b) Basis of Measurement

The annual financial statements have been prepared on a historical cost basis. The annual financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The accounting policies set out in Note 3 have been applied consistently by the Company to all periods presented.

c) Use of estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of mineral properties and exploration and evaluation expenditures incurred on its Canadian projects; the Company capitalizes acquisition, exploration and evaluation expenditures on its statement of financial position, and evaluates these amounts at least annually for indicators of impairment;
- the estimated useful lives and residual value of property, plant and equipment which are included in the statement of financial position and the related amortization included in the statement of loss and comprehensive loss;
- whether a past event has led to a liability that should be recognized in the statement of financial position or disclosed as a contingent liability;
- the inputs in accounting for share-based payment transactions in the statement of loss and comprehensive loss (using the Black-Scholes model) including volatility, probable life of options granted, time of exercise of the options and forfeiture rate;
- the expected future tax rate used in the determination of the Company's future income tax liability on the statement of financial position; and
- the assessment of the Company's ability to execute its strategy by funding future working capital requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position is comprised of cash held at major financial institutions and short term investments which are readily convertible into a known amount of cash. The Company's cash is invested in business accounts which are available on demand by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the declining balance method at the following annual rates:

Computer equipment	45%
Furniture and fixtures	20%

Additions during the year are amortized pro-rata based on the annual amortization rate.

c) Accounts receivable

The Company estimates the allowance for doubtful accounts provision based upon management analysis of specific receivables that are considered to be uncollectible.

d) Exploration and evaluation assets

(i) Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

(ii) Exploration and evaluation expenditures

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur. The Company has not established any NI 43-101 compliant proven or probable reserves on any of its mineral properties which have been determined to be economically viable.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Exploration and evaluation assets – continued

(iii) Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. 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 asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure for further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

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, but to an amount that does not 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. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Revenue recognition

Revenues are recognized on the following bases:

- (i) Interest income is recorded on an accrual basis at the stated interest rate over the term of the related instrument; and
- (ii) Realized gains on investments are recorded upon disposal of the investment, on a trade date basis;

f) Share Capital

Common shares are classified as equity. Transactions costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

g) Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

h) Related party transactions

All monetary transactions in the normal course of operations are measured at the exchange value which is determined by management to approximate fair value. Non-monetary related party transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. The commercial substance requirement is met when the future cash flows associated with the transfer of property are expected to change significantly as a result of the transaction. All other related party transactions are recorded at the carrying value.

i) Earnings (loss) per share

Earnings (loss) per share are calculated using the weighted average number of shares outstanding.

The Company uses the treasury stock method for computing diluted earnings (loss) per share. This method assumes that any proceeds obtained upon exercise of options or warrants would be used to purchase common shares at the average market price during the period.

Diluted earnings (loss) per share are equal to loss per share as the effect of applying the treasury stock method is anti-dilutive.

j) Share-based payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The Corporation uses the Black-Scholes option pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

k) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

k) Income taxes – continued

Deferred tax is provided using the balance sheet liability method, providing for unused tax loss carry-forwards and 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 end of the reporting period applicable to the period of expected realization or settlement.

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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

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 tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

l) 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 share into i) a flow-through 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.

m) Provision for Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

n) Investment in Joint Ventures

A joint venture is a contractual agreement under which two or more parties conduct an economic activity and unanimous approval is required for the financial and operating policies. Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Joint ventures are accounted for using the equity method, which involves recognition in the income statement of the Company's share of the net result of the joint ventures for the year. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Company. The Company's interest in a joint venture is carried in the statement of financial position at its share in the net assets of the joint venture together with goodwill paid on acquisition, less any impairment loss. When the share in the losses exceeds the carrying amount of an equity-accounted company (including any other receivables forming part of the net investment in the company), the carrying amount is written down to nil and recognition of further losses is discontinued, unless the Company has incurred legal or constructive obligations relating to the company in question.

o) Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;
- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company does not have any assets classified as FVTPL assets.

Held-to-maturity ("HTM")

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company classifies cash as AFS.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

o) Financial Instruments - continued

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. 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 asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i. *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable as other financial liabilities.

ii. *Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

p) Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Investments in Joint Ventures

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. The Company has considered its ownership position in SESA Holdings LLC and concluded that it constitutes a joint venture as the participating parties have joint control and a right to the net assets of the arrangement and therefore has accounted for the investment using the equity method.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

q) New standards, amendments and interpretations

New standards and amendments effective for the first time from December 1, 2013

The following revised standards and amendments became effective on December 1, 2013, unless specified. The new and amended standards did not have a significant impact on the financial statements. The following is a brief summary of the principal new standards:

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12, Consolidation - Special Purpose Entities* and parts of *IAS 27, Consolidated and Separate Financial Statements*.

IFRS 11, Joint Arrangements, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes *IAS 31, Interests in Joint Ventures*, and *SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosures that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

Accounting standards issued but not yet effective

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments – to replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is in the process of determining the impact of IFRS 9 on its financial statements.

4. FINANCIAL INSTRUMENTS

		November 30, 2014	November 30, 2013
		\$	\$
FVTPL financial assets	a	13,147	145,440
Loans and receivables	b	28,657	63,187
Liabilities at amortized cost	c	1,028,067	636,022

- a. Comprises cash and equivalents.
- b. Comprises receivables consisting of refundable sales tax credits paid for purchases.
- c. Comprises accounts payable and accrued liabilities, due to related parties, and loans payable.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The fair values of GST recoverable, accounts payable, accrued liabilities, due to related parties and loans payable approximate their carrying values due to the short-term nature of these instruments.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and GST recoverable. Risk associated with cash is managed through the use of major Canadian bank. The Company's GST recoverable is due from the Government of Canada; therefore, the credit risk exposure is low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's cash. The Company's cash is held in corporate bank accounts available on demand.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars; therefore, currency risk is minimal.

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.

4. FINANCIAL INSTRUMENTS - continued

Price Risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to finance due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

5. LONG TERM INVESTMENTS

In December 2008, the Company paid US\$200,000 and TSX Venture Exchange approval was granted for the Company to issue 28,000,000 of its common shares with a fair value of \$700,000 to Argentine Frontier Resources Inc. ("AFRI") for its 50% membership interest in SESA Holdings, LLC ("SHL"), a limited liability company formed under the laws of the State of Nevada, USA. Effective October 1st 2010, the interest of Argentine Frontier Resources Inc in SHL was assigned to Cascadero Copper Corporation ("CCD"). SHL is the legal and/or beneficial holder of 100% of the issued and outstanding equity interest in Salta Exploraciones S.A. ("SESA") a company duly formed under the laws of Argentina which holds certain mineral rights and properties. The Company's 50% partner in SHL initially was Coralbrook Ltd. ("CBL"). On June 28th 2013, by way of an Assignment and Assumption agreement Coralbrook Ltd. was replaced by Zoneplan Ltd ("ZP"). On June 30th 2014 the interest of Zoneplan in SHL was assigned to Cyprus River Holdings Ltd ("CRH"). As of November 30th 2014, the two Members of SHL are CRH and CCD

The details of this arrangement are as follows:

- The Company and CRH have an equal 50% interest in SHL
- Interest in SHL cannot be increased by contributions of each member
- SHL does not have a Board of Directors
- SHL has two (2) Members and each Member appoints one Manager
- The Managers are appointed to manage the affairs of SHL for the Members
- The Managers have wide executive power to do whatever they decide to manage the business and assets of SHL

The Company accounts for the investment as a joint venture and uses the equity method of accounting for its investment in SESA. The results of operations of SESA for the year ended November 30, 2014 and 2013 are as follows:

	2014	2013
Current assets	8,450	1,580
Non-current assets	6,190,778	7,914,933
Current liabilities	522,127	540,112
Non-current liabilities	7,579,939	8,397,565
Revenue	-	-
Expense	1,429,903	150,359
Net Loss	(1,429,903)	(150,359)

	2014	2013
Cash and cash equivalents	8,450	1,580
Current financial liabilities*	-	-
Non-current liabilities *	-	-
Amortization	2,292	740
Interest income	-	-
Interest expense	127	4,277
Income tax expense	-	-

*Excludes trade and other payables and provisions

As at November 30, 2014, the Company does not have any commitments relating to the joint venture in SESA.

5. LONG TERM INVESTMENTS - continued

The reconciliation of the Company's carrying value of SHL as at November 30, 2014 is as follows:

	2014
Acquisition cost of SESA Holdings LLC	\$ 947,540
Capital contributions	3,558,514
Write-down of advances	(1,663,831)
Loss in SESA Holdings LLC	(2,842,222)
Carrying value of SESA Holdings LLC	\$ 1

During the year ended November 30, 2014, Cascadero's share of SESA LLC's losses was \$714,952. In addition, the Company wrote down the remaining balance of the capital contributions to \$nil, as the amounts were deemed to be uncollectible.

6. MINERAL PROPERTIES

Toodoggone Property

On July 14, 2004, mineral properties were acquired in accordance with the Property Transfer Agreement dated May 10, 2004 between Stealth Minerals Limited and Cascadero Copper Corporation. The Property Transfer Agreement provided that the purchase price for certain land mineral claims would be equal to 60% of the total mineral property costs incurred by Stealth Minerals Limited as at May 10, 2004. Accordingly, the Company acquired the mineral properties for \$6,295,586 and issued 21,000,000 shares to Stealth Minerals Limited.

On January 26, 2006, the Company acquired certain additional mining claims from Stealth Minerals Limited for \$150,000 and issued 1,000,000 shares to Stealth Minerals Limited as consideration.

On March 3, 2009, the Company and Gold Fields Toodoggone Exploration Corporation ("Gold Fields"), a wholly owned subsidiary of Gold Fields Netherlands Services BV and a member of the Gold Fields Limited group of companies, signed an Option and Joint Venture Exploration Agreement. The Option Agreement grants Gold Fields an option to acquire a 51% interest in Cascadero's Toodoggone property by incurring expenditures of at least CDN\$5 million over a three year period. If Gold Fields acquires the 51% interest, it has the option to acquire an additional 24% interest in the property by spending an additional \$15 million or funding the completion of a feasibility study.

The Option Agreement also provides that Gold Fields, or one of its affiliates, will subscribe for 500,000 units of Cascadero at a price of \$0.10 per unit with each unit consisting of one share and one share purchase warrant that can be exercised for one additional common share of the Company at \$0.12 per share for one year. If Gold Fields continues with the Option Agreement, it is required to invest a further \$100,000 in Cascadero units on each of the first three anniversaries. During the year ended November 30, 2009, Gold Fields purchased the 500,000 units and exercised the 500,000 share purchase warrants. Cascadero paid a finder's fee of \$7,500 to an arm's length party.

6. MINERAL PROPERTIES - continued

During the year ended November 30, 2010, Gold Fields opted to exercise a Force Majeure on the Toodoggone Option. As a result, it did not purchase any units of Cascadero during the year ended November 30, 2010. This Force Majeure was removed during the year ended November 30, 2011, and Gold Fields subscribed to \$100,000 in Cascadero's shares in March 2011.

As of November 30, 2013, Gold Fields had acquired the 51% interest in the property per the Option Agreement. The Company assessed the property for impairment and concluded that the property was not impaired as Gold Fields had begun exploration programs on the property and the Company had budgeted exploration programs for the upcoming years.

During the year ended November 30, 2014, the Company determined that the property was impaired as no significant expenditures are planned or budgeted and the Company lacks the capital to continue spending on the property. As a result, the Company recognized an impairment loss of \$9,709,593 leaving the property with a carrying value of \$nil. The recoverable amount of the asset was determined as its fair value less cost to sell. As there is no reliable metric to determine the fair value of the property, the Company has come to the conclusion that its fair value is \$nil.

Total costs included in mineral properties for 2014 and 2013 are as follows:

	November 30, 2013 \$	Additions \$	Disposals/ Write-downs \$	November 30, 2014 \$
Acquisition	Total			Total
Toodoggone property				
BC, Canada	6,445,586	-	-	6,445,586
Deferred exploration – general mineral property	3,098,388	-	-	3,098,388
consulting	1,750	-	-	1,750
staking	48,969	-	-	48,969
prospecting	84,306	-	-	84,306
others	15,506	-	-	15,506
assay	7,520	-	-	7,520
Impairment recognized	7,568	-	-	7,568
	-	-	(9,709,593)	(9,709,593)
	9,709,593	-	(9,709,593)	-

	November 30, 2012 \$	Additions \$	Disposals/ Write-downs \$	November 30, 2013 \$
Acquisition	Total			Total
Toodoggone property				
BC, Canada	6,445,586	-	-	6,445,586
Deferred exploration – general mineral property	3,098,388	-	-	3,098,388
consulting	1,750	-	-	1,750
staking	48,969	-	-	48,969
prospecting	84,306	-	-	84,306
others	15,506	-	-	15,506
assay	7,520	-	-	7,520
	7,568	-	-	7,568
	9,709,593	-	-	9,709,593

7. EQUIPMENT

Cost	Computer Equipment	Furniture and Fixtures	Total
Balance at November 30, 2012	\$ 37,503	\$ 591	\$ 38,094
Additions	-	-	-
Disposals	-	-	-
Balance at November 30, 2013	\$ 37,503	\$ 591	\$ 38,094
Addition	2,404	-	2,404
Disposals	-	-	-
Balance at November 30, 2014	\$ 39,907	\$ 591	\$ 40,498

Accumulated Depreciation and Amortization	Computer Equipment	Furniture and Fixtures	Total
Balance at November 30, 2012	\$ 33,933	\$ 319	\$ 34,252
Amortization	1,607	54	1,661
Balance at November 30, 2013	\$ 35,540	\$ 373	\$ 35,913
Amortization	883	44	928
Balance at November 30, 2014	\$ 36,423	\$ 417	\$ 36,840

Net Carrying Amounts	Computer Equipment	Furniture and Fixtures	Total
Balance at November 30, 2012	\$ 3,570	\$ 272	\$ 3,842
Balance at November 30, 2013	\$ 1,963	\$ 218	\$ 2,181
Balance at November 30, 2014	\$ 3,484	\$ 174	\$ 3,658

8. SHARE CAPITAL

a) Authorized

Unlimited number of no par value common shares
Unlimited number of preferred shares

b) Issued and Outstanding Common Shares

Please refer to the Statement of changes in shareholders' equity.

There were no share transactions during the year ended November 30, 2014.

During the year ended November 30, 2013:

In March 2013, the Company issued 1,000,000 non flow-through shares in a non-brokered private placement at a price of \$0.10 per unit for gross proceeds of \$100,000. Each unit comprised of one common share of the Company and one purchase warrant. The Warrant entitles the holder to purchase one additional common share at \$0.12. The Warrants expire on March 5, 2014.

8. SHARE CAPITAL – continued

c) Stock Option Plan

The Company has a stock option plan for the benefit of directors, management and certain consultants of the Company. Under the plan, the Company may grant options for up to 20% of the issued common shares. The exercise price of each option may be discounted up to 25% from the market price of the Company's common shares on the date of grant and an option's maximum term is five years.

During the year ended November 30, 2014:

The Company recorded total share-based compensation during the year ended November 30, 2014 of \$106,301. Of this amount, \$106,113 related to options issued in the year ended November 30, 2014 and \$188 was from options issued in prior years that vested during the year ended November 30, 2014.

In September 2014, the Company granted options to consultants to acquire common shares of the Company. The Consultants were granted 8,050,000 at an exercise price of \$0.05 per share. The options expire on September 14, 2017. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grant date. The Company has recorded share-based compensation expense in the amount of \$106,113 for the portion of these options vested during 2014.

The following inputs were used to value the options granted in 2014 (as the grants were measured under graded vesting, a range of values were used for volatility based on each vesting date):

	September 2014 – 8,050,000 options
Weighted average fair value	\$0.02
Weighted average risk-free interest rate	1.09% to 1.12%
Dividend yield	0%
Expected volatility*	132.61% to 135.12%
Weighted average expected life of option	2.79 to 3.00 years

*Expected volatility was determined based on the historical volatility of the Company's share price over the expected life of the option.

Option pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the company's stock options.

During the year ended November 30, 2013:

The Company recorded total stock based compensation of \$22,985 for 953,137 options vested during the year. No stock options were granted during the year ended November 30, 2013.

8. SHARE CAPITAL – continued

The following options were outstanding as at November 30, 2014 and 2013:

	2014		2013	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, beginning of year	15,500,000	\$0.13	21,160,000	\$0.12
Increase (decrease):				
Options granted	8,050,000	\$0.05	-	-
Options expired	(12,300,000)	\$0.10	(5,660,000)	\$0.10
Options cancelled/forfeited	-	-	-	-
Balance, end of year	11,250,000	\$0.13	15,500,000	\$0.13

The following options were exercisable as at November 30, 2014 and 2013:

	2014		2013	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, beginning of year	15,448,174	\$0.13	20,155,037	\$0.12
Increase (decrease):				
Options vested	5,172,027	\$0.06	953,137	\$0.12
Options expired	(12,300,000)	\$0.10	(5,660,000)	\$0.10
Options cancelled/forfeited	-	-	-	-
Balance, end of year	8,320,201	\$0.08	15,448,174	\$0.13

The following table summarizes information about the Company's share options outstanding:

2014			2013		
Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
2,900,000	\$0.12	1.96	850,000	\$0.25	0.70
300,000	\$0.10	2.90	600,000	\$0.18	0.11
8,050,000	\$0.05	2.79	2,250,000	\$0.15	0.26
			5,500,000	\$0.12	2.33
			6,300,000	\$0.10	0.10
11,250,000	\$0.07	2.58	15,500,000	\$0.13	1.23

8. SHARE CAPITAL – continued

(d) Warrants

The following summarizes warrant activity during the year:

	2014		2013	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, beginning of the year	43,139,275	\$0.15	45,783,025	\$0.15
Increase (decrease):				
Warrants granted	-	-	1,000,000	\$0.01
Warrants expired	(26,260,109)	\$0.01	(3,643,750)	\$0.01
Warrants exercised	-	-	-	-
Balance, end of the year	16,879,166	\$0.21	43,139,275	\$0.15

The following table summarizes information about the Company's warrants outstanding:

2014			2013		
Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date	Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date
4,169,167	\$0.10	Oct. 22, 2017	1,000,000	\$0.12	Mar. 5, 2014
12,709,999	\$0.25	Feb. 13, 2015	12,709,999	\$0.25	Feb. 13, 2015
			16,965,109	\$0.12	Sept. 18, 2014
			8,295,000	\$0.12	Aug. 13, 2014
			4,169,167	\$0.14	Oct. 23, 2014
16,879,166	\$0.21		43,139,275	\$0.15	

9. INCOME TAXES

	2014	2013
Loss before income taxes	\$ (12,639,468)	\$ (1,558,073)
Statutory tax rate	26.00%	25.00%
Expected income tax recovery	\$ (3,286,262)	\$ (389,518)
Non-deductible expenses	3,449,708	174,136
Other temporary differences	22,991	(5,104)
Change in statutory rate	120,455	91,724
Change in unrecognized deferred tax assets	(306,892)	128,762
Future income tax recovery	\$ -	\$ -

Significant components of the Company's unrecognized deferred income tax assets and liabilities after applying enacted corporate income tax rates are as follows:

9. INCOME TAXES - continued

	2014	2013
Non-capital losses carry forward	\$ 1,843,133	\$ 1,691,292
Canadian exploration expenditures	(299,711)	1,001,463
Unamortized share issue costs	9,620	13,979
Deferred income tax assets	\$ 1,552,983	\$ 2,706,735

The Company has non-capital losses of approximately \$7,088,974 available to offset future income for income tax purposes which expire through to 2034. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements as the Company has provided a full valuation allowance for the potential future tax assets

10. RELATED PARTY TRANSACTIONS

- a) The Company has the following balances owed to and from related entities as at November 30, 2014:
 - i. \$68,165 due to Stealth Minerals Ltd., a related Company (2013: \$71,223). This amount is unsecured, has no specific terms of repayment, and bears interest at a rate of 7.5% per year.
 - ii. \$327,485 due to Bill McWilliam an officer and director of the Company (2013: \$104,570).
 - iii. \$159,130 due to Judith Harder, an immediate family member of the President of the Company (2013: \$62,530) for services provided.
 - iv. \$2,516 due to Paul McWilliam, an immediate family member of the President of the Company (2013: \$nil) for purchase of computer equipment.
 - v. \$31,583 due to Sharon Lewis, the CFO of the Company (2013: \$10,924).

- b) During the year ended November 30, 2014, the Company had the following transactions with related parties:
 - i. Charged \$3,964 in interest expense on advances payable to a Stealth Minerals Ltd., a Company with a common President (2013: \$5,011).
 - ii. Incurred \$160,000 in management fees to Bill McWilliam, a director of the Company (2013: \$160,000).
 - iii. Reimbursed Bill McWilliam, a director of the Company \$35,934 (2013: \$43,631) for amounts paid on the Company's behalf for office expenses, travel, telecommunications and vehicle expenses.
 - iv. Incurred \$72,000 in office and administrative fees charged by Judith Harder, an immediate family member of a director of the Company (2013: \$50,030).
 - v. Incurred \$22,950 in accounting fees charged by Sharon Lewis, the CFO (2013: \$30,625).

11. COMMITMENTS AND CONTINGENT LIABILITY

Canada Revenue Agency ("CRA") has disallowed certain exploration expenditures incurred by the Company as non-eligible exploration expenditures that do not qualify for transfer of the tax deduction to holders of the flow-through shares. In this connection, the Company has been assessed by CRA on Part XII.6 tax, in respect of certain flow-through shares issued in the 2004 taxation year, in the amount of \$237,976 (2013: \$237,976) plus interest of approximately \$65,899 (2013: \$51,429) for a total of \$303,875 (2013: \$289,405). Of this total in tax and interest, the Company will not contest an amount of \$199,616 (2013: \$190,112). Accordingly, the full amount, contested and not contested, has been included in accrued liabilities in the Company's financial statements.

The balance of \$104,260 (2013: \$99,294) in assessed Part XII.6 tax and interest is being formally contested by the Company as management disagrees with CRA's position on this amount. The outcome of this matter cannot be determined at this time. A provision has been made in these financial statements for the total amount of the contingent liability.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

13. SUBSEQUENT EVENTS

On January 14, 2015, the Company granted 7,650,000 options at an exercise price of \$0.05 to acquire common shares of the Company. The options expire on January 14, 2018. The options vest 25% on the grant date, 25% three months from the grant date, 25% six months from the grant date and 25% nine months from the grant date.

On January 30, 2015, the TSX consented to the reduction in the exercise price and to the term extension of the 12,709,999 warrants from the original exercise price of \$0.25 to \$0.05 and from the original expiry date from February 13, 2015 to February 13, 2017. There is a forced exercise provision on these warrants that if the closing price for the Company's shares is \$0.0625 or greater for a period of 10 consecutive trading days then the warrant holders will have 30 days to exercise their warrants; otherwise the warrants will expire on the 31st day.

14. RESTATEMENT

The original financial statements have been restated to disclose the following:

- 1) The Company's share of SESA's losses over the last several years amounting to CDN\$1,894,683 has been written down from the carrying value of the advances made to equity affiliates. This amount has been recognized as a loss on the income statement.
- 2) The remaining carrying value of the advances to equity affiliates of CDN\$2,082,296 has been written off. Included in this amount is foreign exchange of CDN\$409,453 on the advances recognized in the current and prior years due to being capital contributions as opposed to monetary items.
- 3) The remaining carrying value of CDN\$4,550,776 of the resource property (Toodoggone Project) has been written down to nil as the property has been deemed to be fully impaired as no reliable valuation metric is available and reliable for the property.
- 4) The effect of the adjustments is as follows:

	As originally reported	Adjustment	As Restated
Statement of Financial Position as at Nov 30, 2014			
Advances to Equity Affiliates	\$ 3,967,969	\$ (3,967,969)	\$ -
Mineral Properties	4,550,776	(4,550,776)	-
Deficit	(15,619,809)	(8,518,745)	(24,138,554)
Statement of Loss and Comprehensive Loss as at Nov 30, 2014			
Equity loss on investments	-	(714,952)	(714,952)
Write-down of advances	-	(1,663,831)	(1,663,831)
Foreign exchange gain	243,586	(241,817)	1,769
Mineral property write-down	(5,158,817)	(4,550,776)	(9,709,593)
Basic and diluted loss per common share	(0.04)	(0.04)	(0.08)
Statement of Financial Position as at Nov 30, 2013			
Advances to Equity Affiliates	\$ 3,616,426	\$ (1,347,372)	\$ 2,269,054
Deficit	(10,151,717)	(1,347,369)	(11,499,086)
Statement of Loss and Comprehensive Loss as at Nov 30, 2013			

Equity loss on investments	-	(75,179)	(75,179)
Foreign exchange gain	186,126	(186,417)	(291)
Basic and diluted loss per common share	(0.01)	-	(0.01)

Statement of Financial Position as at Dec 1, 2012

Advances to Equity Affiliates	\$ 2,803,941	\$ (1,085,773)	\$ 1,718,168
Deficit	(8,855,240)	(1,085,773)	(9,941,013)