

CASCADERO COPPER CORPORATION
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2013 and 2012

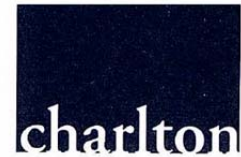
CASCADERO COPPER CORPORATION**FINANCIAL STATEMENTS**

YEARS ENDED NOVEMBER 30, 2013 AND 2012**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, 2013 and 2012 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended November 30, 2013 and 2012 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, 2013 and 2012 and its financial performance and cash flows for the years ended November 30, 2013 and 2012 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. 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
March 27, 2014

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

	November 30, 2013	November 30, 2012
ASSETS		
Current		
Cash and cash equivalents	\$ 147,781	\$ 1,194,179
GST/HST receivable	63,187	94,265
Prepaid expenses	7,613	27,700
	218,581	1,316,144
Long-term investments (Note 5)	1	1
Advances to equity affiliates (Note 10(a)(v))	3,616,423	2,803,941
Mineral properties (Note 6)	9,709,593	10,409,580
Equipment (Note 7)	2,181	3,842
	\$ 13,546,779	\$ 14,533,508
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	\$ 57,366	\$ 33,676
Accrued Liabilities (Note 11)	329,406	330,625
Due to related parties (Note 10(a)(i) to (iv))	249,251	84,959
	636,023	449,260
SHAREHOLDERS' EQUITY		
Share capital (Note 8(b))	19,677,899	19,577,899
Treasury shares	(465,463)	(465,463)
Contributed surplus (Note 8(c))	3,850,037	3,827,052
Deficit	(10,151,717)	(8,855,240)
	12,910,756	14,084,248
	\$ 13,546,779	\$ 14,533,508

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

Approved on Behalf of the Board:
 Director – "William McWilliam"

Director – "Michael Denega"

See accompanying notes to the financial statements

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

	2013	2012
Expenses		
Accounting and audit (Note 10(b)(v))	\$ 58,625	\$ 106,425
Amortization	1,661	2,988
Bank charges and interest (Note 10(b)(i))	11,886	10,893
Filing fees	19,455	59,800
Professional fees	16,080	50
Management fees (Note 10(b)(ii) & (iv))	210,030	160,000
Office and miscellaneous (Note 10(b)(iii))	250,560	391,227
Part XII.6 tax (Note 11)	13,781	13,157
Rent	23,300	10,600
Share-based compensation (Note 8(c))	22,985	326,487
	628,363	1,081,627
Loss before other items	(628,363)	(1,081,627)
Other items		
Interest and other income	2,340	192,357
Foreign exchange loss/ (gain)	186,126	(33,552)
Mineral property write-down (Note 6)	(856,580)	(401,979)
	(668,114)	(243,174)
Net loss and comprehensive loss for the year	\$ (1,296,477)	\$ (1,324,801)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	151,443,213	122,356,617

See accompanying notes to the financial statements

CASCADERO COPPER CORPORATION
STATEMENT OF SHARHOLDERS' EQUITY AND DEFICIT
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

	Shares	Amount	Contributed Surplus	Treasury Shares	Share Subscriptions	Deficit	Total
Balance, November 30, 2011	108,527,737	\$ 15,004,620	\$ 3,419,178	\$ (465,463)	\$ 224,460	(7,530,439)	\$ 10,652,356
Shares issued pursuant to private placements	42,164,791	4,613,200	-	-	(224,460)	-	4,388,740
Finder's fees	-	(90,421)	14,934	-	-	-	(75,487)
Stock options granted	-	-	326,487	-	-	-	326,487
Reversal of Premium on flow-through shares	-	50,500	66,453	-	-	-	116,953
Net loss for the year	-	-	-	-	-	(1,324,801)	(1,324,801)
Balance, November 30, 2012	150,692,528	19,577,899	3,827,052	(465,463)	-	(8,855,240)	14,084,248
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	-	-	-	-	-	(1,296,477)	(1,296,477)
Balance, November 30, 2013	151,692,528	\$ 19,677,899	\$ 3,850,037	\$ (465,463)	\$ -	(10,151,717)	\$ 12,910,756

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

	2013	2012
Cash used in Operating Activities		
Operating activities		
Net loss for the year	\$ (1,296,477)	\$ (1,324,801)
Items not affecting cash:		
Amortization	1,661	2,988
Share-based compensation	22,985	326,487
Mineral property write-down	856,580	401,979
	<u>(415,251)</u>	<u>(593,347)</u>
Net changes in non-cash working capital items		
GST recoverable	31,078	44,070
Prepaid expenses	20,087	(9,543)
Accounts payable	23,690	(54,935)
Accrued liabilities	(1,219)	13,124
	<u>(341,615)</u>	<u>(600,631)</u>
Financing activities		
Advances to/from related parties	164,292	(146,018)
Advances made to equity affiliates	(812,482)	(2,273,514)
Gross proceeds on issuance of shares	100,000	4,388,740
Cash finders' fees	-	(75,487)
	<u>(548,190)</u>	<u>1,893,721</u>
Investing activities		
Mineral property costs	(156,593)	(371,202)
	<u>(156,593)</u>	<u>(371,202)</u>
Increase (decrease) in cash during the year	(1,046,398)	921,888
Cash and cash equivalents, beginning of year	1,194,179	272,291
Cash and cash equivalents, end of year	\$ 147,781	\$ 1,194,179
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Cash consists of:		
Cash / (bank overdraft)	\$ (107,805)	940,930
GIC	255,586	253,249
	<u>\$ 147,781</u>	<u>\$ 1,194,179</u>

Supplemental disclosure with respect to cash flows (Note 13)

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 \$10,151,717 (2012: \$8,855,240) and for the year ended November 30, 2013 has negative operating cash outflow from continuing operations of approximately \$341,615 (2012: \$600,631). 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 March 27, 2014.

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.

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) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

n) Financial Instruments - continued

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

o) 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.

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.

p) Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for future accounting periods. The Company has not yet early adopted any of these standards.

IFRS 7, Financial Instruments: Disclosures (Amendment)

In December 2011, the IASB amended this standard to set out additional disclosure requirements regarding the offsetting of financial assets and financial liabilities. The standard was also amended to reflect the effects of adoption IFRS 9, Financial Instruments. Implementation of IFRS 7 is not expected to have a material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

p) Standards, amendments and interpretations not yet effective - continued

IFRS 9, Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. Implementation of IFRS 9 is not expected to have a material impact on the Company's financial statements.

IFRS 12, Disclosure of Interest in Other Entities

IFRS 12 sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11 Joint Arrangements, 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 Measurements

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. Implementation of IFRS 13 is not expected to have a material impact on the Company's financial statements.

IAS 28 – Investments in Associates and Joint Ventures (Amendment)

In May 2011, the IASB issued amendments to IAS 28, Investments in Associates and Joint Ventures, which are effective for annual periods beginning April 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held-for-sale or when the Company ceases to have joint control or significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re-measure the investment at that date. When a portion of interest in a joint venture or associate is classified as held-for-sale, the portion not classified as held-for-sale shall be accounted for using the equity method of accounting until the sale is completed, at which time the interest is reassessed for prospective accounting treatment. The Company does not expect the amendments to IAS 28 to have a material impact on its financial statements.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The Interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

There are no other IFRSs or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

4. FINANCIAL INSTRUMENTS

		November 30, 2013	November 30, 2012
		\$	\$
FVTPL financial assets	a	145,440	1,194,179
Loans and receivables	b	63,187	94,265
Liabilities at amortized cost	c	636,022	449,260

- 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 ("SESA"), a limited liability company formed under the laws of the State of Nevada, USA. SESA is the legal and/or beneficial holder of 100% of the issued and outstanding equity interest in Salta Exploraciones S.A. ("Salta") a company duly formed under the laws of Argentina which holds certain mineral rights and properties. The Company uses the equity method of accounting for its investment in SESA. The Company's long-term investments are as follows:

		2013	2012
Acquisition cost of SESA Holdings LLC	\$	947,540	947,540
Loss in SESA Holdings LLC		(947,539)	(947,539)
Carrying value of SESA Holdings LLC	\$	1	1

During the year ended November 30, 2013, Cascadero's share of SESA LLC's losses was \$75,179. Of these total losses, \$nil was recognized in Cascadero's net income as the value of the investment in SESA had already been reduced to a nominal amount in the prior year.

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.

6. MINERAL PROPERTIES - continued

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.

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 has acquired the 51% interest in the property per the Option Agreement. Gold Fields did not present a budget or an exploration program for the Toodoggone property during the year ended November 30, 2013.

Swayze claims

On December 1, 2010, the Company entered into a buy-sell agreement for the Swayze property claims, located in Timmons, Ontario. This property is comprised of the Jessop, Whitesises, Keefer, Rollo, Rainey, Swayze, Garnett and Chester claims ("the Claims").

Cascadero paid 800,000 of its own shares at a fair value of \$152,000 to the sellers in exchange for 100% interest in the Claims.

The claims are subject to a 2% net smelter royalty ("NSR"), 50% of which can be purchased for CAD \$2,000,000 within the first year of commercial production.

During the year ended November 30, 2013, the Company has decided to abandon the Swayze property. As a result, all associated costs incurred on this property has been written off during the year.

Jovan property

On March 2, 2011, Cascadero finalized an option agreement with John and Marie Brady ("the Optionors") to acquire a 100% interest in the Jovan property, subject to a 2.5% Net Smelter Return Royalty ("the NSR"). The Jovan property is comprised of several claims groups. These claims are located in Sudbury, Ontario.

Under the above Agreement, the Company can earn a 100% interest in the Property through making the following cash payments, share issuances, assessment work expenditures and NSR obligations

Cash payments

- C\$25,000 on March 2, 2011, the date of execution of the LOU (paid).
- C\$50,000 (cumulative C\$75,000) on March 2, 2012, the first anniversary of the LOU execution date (paid).
- C\$75,000 (cumulative C\$150,000) on March 2, 2013, the second anniversary of the LOU execution date (not paid).
- C\$150,000 (cumulative C\$300,000) on March 2, 2014, the third anniversary of the LOU execution date (not paid).

6. MINERAL PROPERTIES - continued

Share issuances of Cascadero

- 100,000 shares of Cascadero issued on January 12, 2011, the date of execution of the LOU (paid).
- 100,000 shares of Cascadero (cumulative 200,000 shares) issued on January 12, 2012, the first anniversary of the LOU execution date (paid).
- 100,000 shares of Cascadero (cumulative 300,000 shares) issued on March 2, 2013, the second anniversary of the LOU execution date (not paid).

Assessment and work requirements

- C\$nil on January 12, 2011, the date of execution of the LOU.
- C\$75,000 (cumulative C\$75,000) on January 12, 2012, the first anniversary of the LOU execution date (paid).
- C\$100,000 (cumulative C\$175,000) on January 12, 2013, the second anniversary of the LOU execution date (paid).
- C\$150,000 (cumulative C\$325,000) on January 12, 2014, the third anniversary of the LOU execution date (not paid).
- C\$175,000 (cumulative C\$500,000) on January 12, 2015, the fourth anniversary of the LOU execution date (not paid).

If the Company completes the required expenditures, it can provide notice to the Optionors and exercise its option to acquire a 100% interest in the Property, subject to the following:

- 3% NSR and a buyout of two-thirds for C\$1,500,000 at any time.
- Advance minimum royalty ("AMR") of C\$25,000 per year, commencing on the 5th anniversary of this agreement. All AMR payments will be deducted from the NSR payments.

During the year ended November 30, 2013, the Company has decided to abandon the Jovan Property. As a result, all associated costs incurred on this property has been written off during the year.

Marble Mountain Property

One of the claims obtained by the Company under the Brady Option Agreement for the Jovan properties (above) is for the Marble Mountain Property.

The Company entered into an Option and Joint Venture Agreement ("the Agreement") with Gold Fields Sudbury Exploration Corporation ("Gold Fields") for this property during the year ended November 30, 2012. Under this agreement, Gold Fields can obtain a 65% interest in the Marble Mountain property as follows:

- Contributing C\$600,000 in Permitted Expenditures in respect of the Properties before the Option Period ends.
- Satisfying the Minimum Expenditure Condition.
- Paying to the Owner (John Brady) or Cascadero (as Gold Fields may choose from time to time), in immediately available funds, each cash payment on or before the corresponding Milestone Date.

The three above items collectively comprise the 65% Option Price.

The required cash payments are:

- C\$50,000 on the 1st Milestone date (March 11, 2012: five days from the commencement date, which is March 6, 2012) (paid)
- C\$50,000 (cumulative C\$100,000) on the 2nd Milestone date (January 31, 2013) (unpaid).
- C\$100,000 (cumulative C\$200,000) on the 3rd Milestone date (January 31, 2014) (unpaid).
- C\$500,000 (cumulative C\$700,000) on November January 31, 2015 (unpaid).

10% Option

If Gold Fields contributes the 65% option price it is deemed to be granted the 10% option and the option period is deemed to be extended to the JV Commencement Date (the date that Gold contributes the 10% Option).

CASCADERO COPPER CORPORATION
Notes to the Financial Statements
November 30, 2013 and 2012

6. MINERAL PROPERTIES - continued

To earn the 10% interest, Gold Fields has to:

- Solely fund the completion of a feasibility study in respect of any target or deposit within the properties; or
- Otherwise contributing to a milestone amount in expenditures (C\$20,000,000 in Expenditures on the Properties in excess of the Option Requirements).

Whichever of the two above items occurs first will be considered valid to earn the 10% Option (“the Option Price”).

During the year ended November 30, 2012, the Company has decided to abandon the Marble Mountain property. As a result, all associated costs incurred on this property has been written off during the year.

Other Mineral Property Expenditures

During the year ended November 30, 2013, the Company made expenditures on mineral properties (Rush Lake West, Powerline, Chester, OSway, Garnet, and Hong Kong Properties) to which it had not yet formally acquired rights. These expenditures have been written off as at November 30, 2013.

Total costs included in mineral properties for 2013 and 2012 are as follows:

	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
Swayze claims				
Timmins, Ontario, Canada				
acquisition	152,000	-	152,000	-
consulting	23,795	5,731	29,526	-
staking	5,770	-	5,770	-
prospecting	8,350	-	8,350	-
finders' fees	49,500	-	49,500	-
others	19,417	3,151	22,568	-
geological	160,615	-	160,615	-
assay	14,522	5,588	20,110	-
	433,969	14,470	448,439	-
Powerline property				
Sudbury, Ontario, Canada				
Acquisition	-	-	-	-
Consulting	-	-	-	-
Geological	-	-	-	-
Others	-	20,150	20,150	-
Prospecting	-	-	-	-
	-	20,150	20,150	-
Jerome property				
Timmins, Ontario, Canada				
Acquisition	-	-	-	-
Consulting	-	-	-	-
Geological	-	31,978	31,978	-
Prospecting	-	-	-	-
	-	31,978	31,978	-

CASCADERO COPPER CORPORATION
Notes to the Financial Statements
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6. MINERAL PROPERTIES - continued

	November 30, 2012 \$	Additions \$	Disposals/ Write-downs \$	November 30, 2013 \$
	Acquisition		Total	Total
Rush Lake West				
Acquisition	-	-	-	-
Others	-	-	-	-
Geological	-	10,001	10,001	-
Prospecting	-	-	-	-
	-	10,001	10,001	-
Marble Mountain				
Sudbury, Ontario				
Optioned from John and Marie Brady				
Optioned to: Gold fields				
Acquisition	-	-	-	-
Assay	-	1,443	1,443	-
Geological	-	-	-	-
Other	-	-	-	-
	-	1,443	1,443	-
Jovan claims				
Sudbury, Ontario				
Optioned from John and Marie Brady				
Acquisition	89,750	-	89,750	-
Staking	637	-	637	-
Consulting	7,400	-	7,400	-
Geological	64,536	-	64,536	-
Assay	16,234	-	16,234	-
Others	37,246	-	37,246	-
mob/demob	45,400	-	45,400	-
	261,203	-	261,203	-
Chester Property				
Others	-	45,000	45,000	-
Geological	-	14,223	14,223	-
	-	59,223	59,223	-
Osway Property				
Consulting	-	2,600	2,600	-
Geological	-	1,060	1,060	-
	-	3,660	3,660	-
Garnet Property				
Consulting	-	1,885	1,885	-
Assay	-	7,011	7,011	-
Others	-	51	51	-
	-	8,947	8,947	-
Hong Kong Property				
Assay	-	6,721	6,721	-
	-	6,722	6,722	-
General	4,814	-	4,814	-
	10,409,580	156,593	856,580	9,709,593

Contractual Commitments

The Company holds a 100% interest in 31,409.4 hectares in the Toadoggone River region of north central British Columbia all of which are subject to a net smelter return royalty agreement of 3% on production of all metal in favour of Electrum Resource Corp.

Stealth Mineral Limited has the right to buy down one third of the net smelter return royalty from 3% to 2% on all tenures for \$2,000,000. In addition, Stealth Minerals Limited has the further right to buy down an additional one third of the net smelter return royalty on base metal and an additional one sixth on precious metal on three tenures aggregating 1,068.11 hectares for an additional \$1,500,000.

6. MINERAL PROPERTIES – continued

Subject to Stealth Mineral Limited's execution of its first buy down right, the Company has the right to buy down an additional one third of the 3% net smelter return royalty or 1% applicable to base metal and an additional one sixth of the 3% net smelter return royalty or 0.5% applicable to precious metal on seventy-two tenures aggregating 30,341.2 hectares of an additional \$1,500,000. If all applicable buy downs are completed, the net smelter return royalty in favour of Electrum Resource Corp. is 1% applicable to base metal and 1.5% applicable to precious metal.

7. EQUIPMENT

Cost	Computer Equipment		Furniture and Fixtures		Total
Balance at November 30, 2011	\$	37,503	\$	591	\$ 38,094
Additions		-		-	-
Disposals		-		-	-
Balance at November 30, 2012	\$	37,503	\$	591	\$ 38,094
Addition		-		-	-
Disposals		-		-	-
Balance at November 30, 2013	\$	37,503	\$	591	\$ 38,094

Accumulated Depreciation and Amortization	Computer Equipment		Furniture and Fixtures		Total
Balance at November 30, 2011	\$	31,013	\$	251	\$ 31,264
Amortization		2,920		68	2,988
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

Net Carrying Amounts	Computer Equipment		Furniture and Fixtures		Total
Balance at November 30, 2011	\$	6,490	\$	340	\$ 6,830
Balance at November 30, 2012	\$	3,570	\$	272	\$ 3,842
Balance at November 30, 2013	\$	1,963	\$	218	\$ 2,181

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.

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.

During the year ended November 30, 2012:

In April 2012, the Company issued 12,709,999 non flow-through shares in a non-brokered private placement at a price of \$0.12 per unit for gross proceeds of \$1,525,200. 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 \$0.25. The Warrants expire on April 26, 2015.

In April 2012, the Company issued 625,000 non flow-through shares in a non-brokered private placement at a price of \$0.16 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 \$0.19. The Warrants expire on April 24, 2013.

In September 2012, the Company issued 24,300,000 non flow-through shares in a non-brokered private placement at a price of \$0.10 per unit for gross proceeds of \$2,430,000. 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 September 25, 2014. Cash finders' fees of \$65,640 were issued in conjunction with this private placement.

The Company issued 431,500 finder warrants in connection to the September 2012 private placement. Each whole warrant entitled the holder to purchase an additional common share at an exercise price of \$0.12 per share exercisable for 2 years. The warrants were valued at \$14,934 using the Black-Scholes option pricing model with an average risk-free interest rate of 0.86%, expected life of 2 years, volatility of 58% and dividend yield of 0%.

In October 2012, the Company issued 4,169,167 flow-through shares in a non-brokered private placement at a price of \$0.12 per unit for gross proceeds of \$500,300. Each unit comprised of one common share and one purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.14. The Warrants expire on October 30, 2014. No flow-through premium was associated with the shares issued.

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.

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

c) Stock Option Plan (continued)

During the year ended November 30, 2012:

The Company recorded total share-based compensation during the year ended November 30, 2012 of \$326,487. Of this amount, \$315,821 related to options issued in the year ended November 30, 2012 and \$10,668 was from options issued during the year ended November 30, 2011 and vested during the year ended November 30, 2012.

In December 2011, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 1,000,000 options at an exercise price of \$0.12 per share. The options expire on December 23, 2016. 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 \$80,761 for the portion of these options vested during 2012.

In December 2011, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 600,000 options at an exercise price of \$0.12 per share. The options expire on December 23, 2012. 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. The Company has recorded share-based compensation expense in the amount of \$19,118 for the portion of these options vested during 2012.

In March 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 1,000,000 options at an exercise price of \$0.12 per share. The options expire on March 9, 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 \$78,256 for the portion of these options vested during 2012.

In July 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 950,000 options at an exercise price of \$0.12 per share. The options expire on July 17, 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 \$60,480 for the portion of these options vested during 2012.

In July 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 350,000 options at an exercise price of \$0.12 per share. The options expire on July 17, 2013. 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. The Company has recorded share-based compensation expense in the amount of \$8,208 for the portion of these options vested during 2012.

In August 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 1,000,000 options at an exercise price of \$0.12 per share. The options expire on August 1, 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 \$53,087 for the portion of these options vested during 2012.

8. SHARE CAPITAL - continued

c) Stock Option Plan (continued)

In October 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 300,000 options at an exercise price of \$0.10 per share. The options expire on October 24, 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 grand date. The Company has recorded share-based compensation expense in the amount of \$15,911 for the portion of these options vested during 2012.

The following inputs were used to value the four option grants made during 2012 (as the grants were measured under graded vesting, a range of values were used for volatility based on each vesting date):

	December 2011 – 1,000,000 options
Weighted average risk-free interest rate	0.93% to 1.37%
Dividend yield	0%
Expected volatility	80.42% to 94.31%
Weighted average expected life of option	4.07 to 5.00 years

	December 2011 – 600,000 options
Weighted average risk-free interest rate	0.91% to 1.37%
Dividend yield	0%
Expected volatility	18.15% to 60.69%
Weighted average expected life of option	0.25 to 1.00 years

	March 2012 – 1,000,000 options
Weighted average risk-free interest rate	1.18% to 1.50%
Dividend yield	0%
Expected volatility	91.40% to 94.33%
Weighted average expected life of option	4.27 to 5.00 years

	July 2012 – 950,000 options
Weighted average risk-free interest rate	1.23% to 1.25%
Dividend yield	0%
Expected volatility	89.86% to 91.77%
Weighted average expected life of option	4.63 to 5.00 years

	July 2012 – 350,000 options
Weighted average risk-free interest rate	1.04% to 1.23%
Dividend yield	0%
Expected volatility	44.06% to 65.87%
Weighted average expected life of option	0.63 to 1.00 years

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Notes to the Financial Statements
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8. SHARE CAPITAL - continued

c) Stock Option Plan (continued)

	August 2012 – 1,000,000 options
Weighted average risk-free interest rate	1.23% to 1.25%
Dividend yield	0%
Expected volatility	89.61% to 90.61%
Weighted average expected life of option	4.67 to 5.00 years

	October 2012 – 300,000 options
Weighted average risk-free interest rate	1.25% to 1.41%
Dividend yield	0%
Expected volatility	89.86% to 90.61%
Weighted average expected life of option	4.67 to 5.00 years

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

The following options were outstanding as at November 30, 2013 and 2012:

	2013		2012	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, beginning of year	21,160,000	\$0.12	18,044,000	\$0.12
Increase (decrease):				
Options granted	-	-	5,200,000	\$0.12
Options expired	(5,660,000)	\$0.10	(800,000)	\$0.15
Options cancelled/forfeited	-	-	(1,284,000)	\$0.18
Balance, end of year	15,500,000	\$0.13	21,160,000	\$0.12

The following options were exercisable as at November 30, 2013 and 2012:

	2013		2012	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, beginning of year	20,155,037	\$0.12	16,568,349	\$0.12
Increase (decrease):				
Options vested	953,137	-	4,636,688	\$0.12
Options expired	(5,660,000)	\$0.10	(800,000)	\$0.15
Options cancelled/forfeited	-	-	(250,000)	\$0.18
Balance, end of year	15,448,174	\$0.13	20,155,037	\$0.12

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8. SHARE CAPITAL - continued

c) Stock Option Plan (continued)

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

2013			2012		
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
850,000	\$0.25	0.70	1,550,000	\$0.25	1.70
600,000	\$0.18	0.11	600,000	\$0.18	1.11
2,250,000	\$0.15	0.26	2,150,000	\$0.15	1.26
5,500,000	\$0.12	2.33	4,900,000	\$0.12	3.33
6,300,000	\$0.10	0.10	11,960,000	\$0.10	1.14
15,500,000	\$0.13	1.23	21,160,000	\$0.12	1.80

(d) Warrants

The following summarizes warrant activity during the year:

	2013		2012	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, beginning of the year	45,783,025	\$0.15	9,209,859	\$0.11
Increase (decrease):				
Warrants granted	1,000,000	\$0.01	42,235,666	\$0.15
Warrants expired	(3,643,750)	\$0.01	(5,662,500)	\$0.10
Warrants exercised	-	-	-	-
Balance, end of the year	43,139,275	\$0.15	45,783,025	\$0.15

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

2013			2012		
Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date	Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date
1,000,000	\$0.12	Mar. 5, 2014	3,018,750	\$0.20	Oct. 7, 2013
12,709,999	\$0.25	Feb. 13, 2015	12,709,999	\$0.25	Feb. 13, 2015
16,965,109	\$0.12	Sept. 18, 2014	625,000	\$0.19	Feb 28, 2013
8,295,000	\$0.12	August 31, 2014	16,965,109	\$0.12	Sept. 18, 2014
4,169,167	\$0.14	Oct. 23, 2014	8,295,000	\$0.12	Aug. 31, 2014
			4,169,167	\$0.14	Oct. 23, 2014
43,139,275	\$0.15		45,783,025	\$0.15	

9. INCOME TAXES

	2013	2012
Loss before income taxes	\$ (1,296,477)	\$ (1,324,801)
Statutory tax rate	25.00%	25.13%
Expected income tax recovery	\$ (324,119)	\$ (332,856)
Non-deductible expenses	174,136	192,903
Other temporary differences	(5,104)	(10,952)
Change in statutory rate	91,724	139,984
Change in unrecognized deferred tax assets	63,363	10,921
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:

	2013	2012
Non-capital losses carry forward	\$ 1,691,292	\$ 1,536,205
Canadian exploration expenditures	1,001,463	1,011,178
Unamortized share issue costs	13,979	19,083
Deferred income tax assets	\$ 2,706,735	\$ 2,566,466

The Company has non-capital losses of approximately \$6,767,500 available to offset future income for income tax purposes which expire through to 2033. 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, 2013:
 - i. \$71,223 due to Stealth Minerals Ltd., a related Company (2012: \$83,216). This amount is unsecured, has no specific terms of repayment, and bears interest at a rate of 7.5% per year.
 - ii. \$ 104,570 due to Bill McWilliam an officer and director of the Company (2012: \$17,662).
 - iii. \$62,530 due to Judith Harder, an immediate family member of the President of the Company (2012: \$12,500) for services provided.
 - iv. \$10,924 due to Sharon Lewis, the CFO of the Company (2012: \$6,901).
 - v. Advances of \$3,616,423 to Argentine Frontier Resources Inc., and SESA Holdings LLC (2012: \$2,803,941) equity affiliates of the Company.

- b) During the year ended November 30, 2013, the Company had the following transactions with related parties:
 - i. Charged \$5,011.25 in interest expense on advances payable to a Stealth Minerals Ltd., a Company with a common President (2012: \$5,897).
 - ii. Incurred \$160,000 in management fees to Bill McWilliam, a director of the Company (2012: \$160,000).
 - iii. Reimbursed Bill McWilliam, a director of the Company \$43,631 (2012: \$46,960) for amounts paid on the Company's behalf for office expenses, travel, telecommunications and vehicle expenses.

10. RELATED PARTY TRANSACTIONS – continued

- iv. Incurred \$50,030 in office and administrative fees charged by Judith Harder, an immediate family member of a director of the Company (2012: \$18,000).
- v. Incurred \$30,625 in accounting fees paid to Sharon Lewis, the CFO (2012: \$38,925).

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 (2012: \$237,976) plus interest of approximately \$51,429 (2012: \$37,648) for a total of \$289,405 (2012: \$275,642). Of this total in tax and interest, the Company will not contest an amount of \$190,112 (2012: \$181,060). Accordingly, the full amount, contested and not contested, has been included in accrued liabilities in the Company’s financial statements.

The balance of \$99,294 (2012: \$94,564) 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. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO FINANCING AND INVESTING ACTIVITIES

There were no non-cash financing and investing activities during the year ended November 30, 2013.

During the year ended November 30, 2012

The Company issued 431,500 finder warrants in connection to the September 2012 private placement. Each whole warrant entitled the holder to purchase an additional common share at an exercise price of \$0.12 per share exercisable for 2 years. The warrants were valued at \$14,934 using the Black-Scholes option pricing model with an average risk-free interest rate of 0.86%, expected life of 2 years, volatility of 58% and dividend yield of 0%.

14. SUBSEQUENT EVENTS

Due to a dispute regarding a significant underfunding of Zoneplan Ltd.'s capital contribution to SESA, a Plan of Arrangement was negotiated to separate the interests of each member of SESA. In December 2013, Cascadero and Zoneplan Ltd. agreed to a Plan of Arrangement that has the following terms and conditions:

- Cascadero consents to removing Zoneplan Ltd. Ltd as a Member of SESA;
- Cascadero is the sole Member of SESA.

- SALTA assigns the Silex S.A. 1% Castor-Quevar II NSR royalty to Zoneplan Ltd. Ltd;
- SALTA grants Zoneplan Ltd. a 1% NSR on certain Cateos and PMDs;
- SALTA re-acquires a 100% interest in the Argentine property portfolio

- Zoneplan Ltd. advances US\$118,614 to CCD of which US\$60,000 was advanced, the balance of which is due on completion of the NSR agreements;
- Zoneplan Ltd. returns its 19,415,333 common voting shares to the CCD treasury;

- Zoneplan Ltd. gives up its right to acquire 50% of the common voting shares of SALTA.