COMMERCE
RESOURCES CORP.

Financial Statements

October 31, 2014 and 2013

(Expressed in Canadian Dollars)

Management's Responsibility

To the Shareholders of Commerce Resources Corp. (the "Company"):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

February 25, 2015

(signed)	(signed)
Christopher Grove President and director	*Jody Bellefleur* CFO

MNP LLP

Independent Auditors' Report

To the Shareholders of Commerce Resources Corp.:

We have audited the accompanying financial statements of Commerce Resources Corp., which comprise the statements of financial positions as at October 31, 2014 and 2013, the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes comprising 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 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 auditors' 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, the financial statements present fairly, in all material respects, the financial position of Commerce Resources Corp. as at October 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Vancouver, Canada
February 25, 2015

Chartered Accountants

Commerce Resources Corp.
Statements of Financial Position
As at October 31,
As expressed in Canadian dollars

		2014		2013
Assets				
Current				
Cash and cash equivalents (Note 4)	$	**1,286,584**	$	600,560
Marketable securities (Note 5)		**82,178**		69,142
Short term investment (Note 6)		**4,534,500**		134,500
Amounts receivable		**50,411**		147,911
Mining tax receivable (Note 7)		**40,294**		1,895,219
GST/HST receivable		**28,836**		57,793
Prepaid expenses (Note 8)		**152,759**		105,727
		6,175,562		3,010,852
Prepaid expenses – non-current (Note 8)		**232,337**		231,905
Investment - asset-backed commercial paper (Note 9)		**292,482**		229,616
Equipment (Note 10)		**552,573**		592,221
Exploration and evaluation assets (Note 11 and Schedule I)		**50,778,686**		48,200,034
Reclamation bonds (Note 4)		**82,000**		82,000
	$	**58,113,640**	$	52,346,628
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**327,439**	$	406,479
Due to related parties (Note 15)		**167,357**		173,938
Liability for flow-through shares (Note 18)		**703,467**		28,448
		1,198,263		608,865
Shareholders' Equity				
Share capital (Note 12)		**75,918,034**		69,644,443
Reserves (Note 12 and 13)		**8,158,524**		7,850,467
Accumulated other comprehensive income (loss)		**(15,804)**		(67,521)
Deficit		**(27,145,377)**		(25,689,626)
		56,915,377		51,737,763
	$	**58,113,640**	$	52,346,628

Approved and authorized by the Board of Directors on February 25, 2015:

"Christopher Grove" — Director

"David Hodge" — Director

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

Commerce Resources Corp.

Statements of Operations and Comprehensive Loss
For the years ended October 31,
As expressed in Canadian dollars

		2014		2013
Expenses				
Administration fees and rent (Note 14)	$	**599,420**	$	847,080
Advertising and website		**468,211**		236,902
Bank charges		**1,013**		1,335
Consulting fees (Note 15)		**191,776**		125,749
Filing and transfer agent fees		**41,742**		47,628
Insurance		**10,793**		11,713
Investor relations		**33,000**		21,781
Office, telephone and miscellaneous		**26,689**		15,405
Professional fees		**93,053**		107,684
Share based payments (Note 13)		**-**		380,545
Travel and promotion		**117,460**		57,499
Loss before other items		**(1,583,157)**		(1,853,321)
Other items:				
Interest income		**17,300**		55,627
Interest expenses and others		**(39,067)**		-
Penalties		**-**		(11,199)
Loss on sale of Treasure Mountain Property		**(80,244)**		-
Other income (Note 11)		**-**		298,551
Gain on disposition of asset backed commercial paper (Note 9)		**10,006**		406,183
Loss on disposition of marketable securities (Note 5)		**-**		(999,955)
		(92,005)		(250,793)
Loss before income taxes		**(1,675,162)**		(2,104,114)
Deferred tax recovery (Note 19)		**219,411**		214,209
Net loss for the year		**(1,455,751)**		(1,889,905)
Other comprehensive income (loss) for the year				
Change in fair value of available-for-sale financial assets (Note 5 & 9)		**51,717**		908,780
Net comprehensive loss for the year	$	**(1,404,034)**	$	(981,125)
Basic and diluted loss per share	$	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		**176,973,927**		165,398,510

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

Commerce Resources Corp.
Statements of Changes in Equity
For the years ended October 31,
As expressed in Canadian dollars

	Number of Shares		Share Capital		Reserves		Accumulated Other Comprehensive Loss		Deficit		Total
Balance, October 31, 2012	**153,408,088**	**$**	**67,951,764**	**$**	**7,182,303**	**$**	**(976,301)**	**$**	**(23,799,721)**	**$**	**50,358,045**
Flow-through private placements	13,775,554		1,997,456		243,376		-		-		2,240,832
Shares returned to treasury	(200,000)		-		-		-		-		-
Share issue costs	-		(304,777)		23,041		-		-		(281,736)
Share-based payments	-		-		401,747		-		-		401,747
Change in fair value of available-for-sale financial assets	-		-		-		908,780		-		908,780
Net loss for the year	-		-		-		-		(1,889,905)		(1,889,905)
Balance, October 31, 2013	**166,983,642**	**$**	**69,644,443**	**$**	**7,850,467**	**$**	**(67,521)**	**$**	**(25,689,626)**	**$**	**51,737,763**
Flow-through private placements	24,467,152		4,506,178		547,667		-		-		5,053,845
Private placements	7,821,050		1,416,483		340,069		-		-		1,756,552
Stock options exercised	2,045,000		999,182		(692,432)		-		-		306,750
Warrants exercised	620,520		177,056		(21,926)		-		-		155,130
Share issue costs	-		(825,308)		134,679		-		-		(690,629)
Change in fair value of available-for-sale financial assets	-		-		-		51,717		-		51,717
Net loss for the year	-		-		-		-		(1,455,751)		(1,455,751)
Balance, October 31, 2014	**201,937,364**	**$**	**75,918,034**	**$**	**8,158,524**	**$**	**(15,804)**	**$**	**(27,145,377)**	**$**	**56,915,377**

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

Commerce Resources Corp.

Statements of Cash Flows
For the years ended October 31,
As expressed in Canadian dollars

	2014	2013
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net (loss) for the year	$ (1,455,751)	$ (1,889,905)
Add (deduct) items not affecting cash:		
Loss on disposition of marketable securities	-	999,955
Deferred tax recovery	(219,411)	(214,209)
Gain on disposition of asset-backed commercial paper	(10,006)	(406,183)
Loss on sale of Treasure Mountain Property	80,244	-
Share-based payments	-	380,545
	(1,604,924)	(1,129,797)
Changes in non-cash working capital items related to operations:		
Amounts receivable	97,500	7,573
Mining tax credits receivable	1,506,732	3,742,888
GST/HST receivable	28,957	169,477
Prepaid expenses	(47,464)	34,896
Due to (from) related parties	4,375	(107,987)
Accounts payable and accrued liabilities	65,465	(76,260)
Net cash flows provided by operating activities	50,641	2,640,790
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of share capital, net of share issuance costs	7,476,078	2,197,864
Net cash flows provided by financing activities	7,476,078	2,197,864
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Acquisition of investments	(25,000)	-
Redemption of Asset-backed commercial paper	10,821	413,394
Purchase of short-term investments	(4,400,000)	(100,000)
Proceeds from sale of resource property	125,000	-
Proceeds from sale of marketable securities	-	200,076
Exploration and evaluation costs, net of tax credits received	(2,551,516)	(5,061,225)
Net cash flows used in investing activities	(6,840,695)	(4,547,755)
Increase in cash and cash equivalents	686,024	290,899
Cash and cash equivalents, beginning of year	600,560	309,661
Cash and cash equivalents, end of year	$ 1,286,584	$ 600,560

Supplemental disclosure with respect to cash flows – Note 17

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Commerce Resources Corp. ("Commerce" or the "Company") was incorporated on May 19, 1999, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in British Columbia ("BC") and Quebec, Canada.

Commerce is a public company listed on Tier 1 of the TSX Venture Exchange in Canada and on the Frankfurt Stock Exchange in Germany.

The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on February 25, 2015.

The Company had cash and short term investments of $5,821,084 (2013 - $735,060) and working capital of $4,977,299 at October 31, 2014 (2013 - $2,401,987). These financial statements have been prepared on a going concern basis which assumes that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company has in place a planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis and its expansionary plans. The Company expects to have sufficient liquidity and capital resources to meet its ongoing obligations and future contractual commitments for at least twelve months from the date of the approval of the financial statement. The Company expects its liquidity to remain sufficient based on anticipated cash flow streams from the equity financings. In the recent years, the Company has successfully raised significant operating funds from equity financing, even in a difficult economic climate. It is to the management's strong belief that the necessary operating funds can be acquired through equity financing given the Company's share price has been revived and there is strong interest from investors for new shares. Also, the Company continues to minimize uncommitted capital expenditures and exploration expenditures in order to preserve the Company's financial resources.

2. BASIS OF PRESENTATION

Statement of Compliance

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

Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The recoverability of mining tax receivable;
- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;
- The useful lives and related depreciation of plant and equipment;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods;
- The inputs used in accounting for share-based payments in the statements of operations and comprehensive loss; and
- The determination of fair value of asset-backed commercial paper based on numerous assumptions, including interest and market risk rates, and factors that are beyond the Company's control such as the ultimate settlement amounts, timing of settlement and changes in the credit ratings. The fair value of the asset-backed commercial paper is subject to uncertainty and it is reasonably possible that the recognized amount could change by a material amount in the near term.

Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

  Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

- Production stage of a mine

  The determination of the date on which a mine enters the production stage is a significant judgment since capitalization of certain costs ceases upon entering production.

- Provisions for reclamation

  Management assesses its provision for reclamation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency translation

The Company's presentation currency and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand; deposits in banks and highly liquid investments with an original maturity of three months or less. There were cash equivalents of $342,091 as at October 31, 2014 (2013: $678,639) which were held as investments in money market funds.

Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months but less than one year.

Marketable securities

Marketable securities consist of common shares of publicly-traded companies listed on the TSX Venture Exchange. Marketable securities are classified as available-for-sale and are recorded at their fair values using quoted market prices at the statement of financial position date. Subsequent revaluation resulting in unrealized gains or losses is recorded in the statements of operations and comprehensive income (loss).

Exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Exploration and evaluation costs - continued

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction”. No amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Reclamation bonds

Reclamation bonds are required by the Ministry of Natural Resources and are mostly represented by Guaranteed Interest Certificates (“GIC”) held in the Company’s name at a bank. The Company is entitled to interest on the GICs which is earned at an interest rate ranging from 0.75% to prime minus 1.95%. The reclamation bonds cannot be withdrawn by the Company without the consents of the Ministry of Natural Resources.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated over the estimated useful lives using the following rates:

Field equipment	3 year straight-line
Field office building	5% declining balance
Leasehold improvements	12 year straight-line

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.

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy:

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through commitment”) as follows:

- Share capital – the fair market price at the date of the issue;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature, i.e. the portion in excess of the market value of the shares without the flow-through features at the time of issue; and
- Fair value of warrants – if warrants are being issued, based on the valuation derived using the residual method.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

Flow-through shares - continued

In the case that the Company does not issue non flow-through units together with the flow-through units, the flow-through share premium is determined by using the residual method, whereby the fair value of warrants will be valued based on the Black-Scholes option-pricing model, and the flow-through share premium equal to any residual balance after the fair market price of the common shares and fair value of warrants.

Therefore, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Mining tax credits and mining duties

Mining tax credits and mining duties are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits and mining duties. These refundable mining tax credits and mining duties are earned in respect to exploration costs incurred in BC and Quebec, Canada and are recorded as a reduction of the related deferred exploration expenditures.

Financial instruments

i. *Financial assets*
The Company classifies its financial assets in the following categories: Fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss ("FVTPL")
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents and short term investment are included in this category of financial assets.

- Held-to-maturity investments ("HTM")
  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment. Amounts receivable and reclamation bonds are included in this category of financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

- Available-for-sale financial assets
  Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in equities of other entities. Marketable securities and asset-backed commercial paper ("ABCP") are included in this category of financial assets.

  Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

- Effective interest method
  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

  Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

- 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, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

  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.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

ii. Financial liabilities

The Company classifies its financial liabilities in the following categories: Borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities
  Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities and due to related parties.

- Derivative Financial liabilities
  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss.

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

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 a business combination or items recognized directly in equity or in other comprehensive income or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Income taxes - continued

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. 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 financial position reporting date 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.

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

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

Earnings (loss) per share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Impairment of non-current assets

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of non-current assets - continued

In calculating recoverable amount the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise 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 for 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. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date 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 material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

New accounting standards adopted

Certain new accounting standards and interpretations have been adopted by the Company as of the beginning of the current fiscal period. The adoption of the following standards during the year did not have a material impact on the Company's financial statements.

IFRS 10 Consolidated financial statements
The amendments to IFRS 10, issued in October 2012, introduce a consolidation exception for investment entities. They do this by defining an investment entity and requiring an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial instruments or IAS 39 Financial Instruments: Recognition and measurement. Related amendments to IFRS 12 and IAS 27 were issued at the same time. The amendments to IFRS 12 require additional disclosure for investment entities. The amendments to IAS 27 require that an investment entity measure its investments in subsidiaries at fair value through profit or loss when it presents separate financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

New accounting standards adopted - continued

IFRS 11 Joint Arrangements
IFRS 11 was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interest in jointly controlled entities. IFRS 11 supersedes IAS 31 Interest in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 Fair Value Measurement
IFRS 13 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.

New accounting pronouncements

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the financial statements that are expected to be relevant to the Company are listed below. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 9 Financial instruments
IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Amendments to IAS 32 Financial instruments: Presentation
Amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities.

Expressed in Canadian Dollars

5. MARKETABLE SECURITIES

	Number Of Shares	Cost	Unrealized Gain (Loss)	Fair Value October 31, 2014
Ximen Mining Corp. ("XIM")	100,000	$ 25,000	$ 3,000	$ 28,000
Canadian International Minerals ("CIN")	150,000	185,000	(179,750)	5,250
Zimtu Capital Corp. ("ZC")	122,320	159,385	(110,457)	48,928
Total	372,320	$ 369,385	$ (287,207)	$ 82,178

	Number Of Shares	Cost	Unrealized Gain (Loss)	Fair Value October 31, 2013
Canadian International Minerals ("CIN")	1,500,000	$185,000	$ (155,000)	$ 30,000
Zimtu Capital Corp. ("ZC")	122,320	159,385	(120,243)	39,142
Total	1,622,320	$ 344,385	$ (275,243)	$ 69,142

On July 31, 2013, the Company signed an agreement with CIN to purchase Treasure Mountain Property (see Note 11) for 10,000,000 common shares of CIN. On October 9, 2013, these shares were distributed to the vendors at $0.02 per share. As a result, the Company recorded a realized loss on the sale of CIN shares of $1,000,000. During the year ended October 31, 2014, the shares of CIN were consolidated on a 10:1 basis.

On January 22, 2014, the Company acquired 100,000 units of Ximen Mining Corp. at a price of $0.25 per share through a private placement. Each unit consists of one common share and one-half common share purchase warrant, exercisable for 18 months at a price of $0.50 per share. The warrants are subject to an accelerated exercise provision in the event the Company's shares trade at or above $0.55 per share for 10 consecutive trading days. During the year ended October 31, 2014, the warrants traded above $0.55 for more than 10 days, and the warrants expired unexercised.

6. SHORT TERM INVESTMENTS

At October 31, 2014, the Company had two guaranteed investment certificate ("GIC's"), totaling $4,534,500 (2013: $134,500). Of the total, $34,500 was issued on October 16, 2014, with an interest rate of prime less 1.95% and maturing on October 15, 2015, and $4,500,000 was issued on October 3, 2014, with an interest rate of 1.30% and maturing on October 2, 2015.

7. MINING TAX RECEIVABLE

During the year ended October 31, 2014, the Company accrued BC mining tax credits of $27,677 and Quebec mining tax credits of $47,378. Also during the year, the Company received 1) a refund of $1,119,958 for its 2012 BC mining tax credits, including interest income and an adjustment to mining tax credits of $220,143; and 2) a refund of $599,697 for its 2013 and 2012 QC mining tax credits and an adjustment to mining tax credits of $430,468 resulting from the reassessment of 2009, 2010, 2011 and 2012.

During the year ended October 31, 2013, the Company accrued BC mining tax credits of $102,797 and Quebec mining tax credits of $5,766. Also during the year ended October 31, 2013, the Company received a refund for its 2011 Quebec mining tax credits of $3,761,528, including interest income of $18,640.

Expressed in Canadian Dollars

7. MINING TAX RECEIVABLE - continued

	October 31, 2014			October 31, 2013		
	BC	Quebec	Total	BC	Quebec	Total
Balance, beginning of year	$899,815	$995,404	$1,895,219	$797,018	$4,732,526	$5,529,544
Refund received	(1,119,958)	(599,697)	(1,719,655)	-	(3,761,528)	(3,761,528)
Adjustments and interest	220,143	(430,468)	(210,325)	-	18,640	18,640
Tax credits accrual	27,677	47,378	75,055	102,797	5,766	108,563
Balance, end of year	$ 27,677	$ 12,617	$ 40,294	$899,815	$995,404	$1,895,219

8. PREPAID EXPENSES

	October 31, 2014	October 31, 2013
Current		
Insurance	$ 26,118	$ 26,479
Held in trust	73,270	72,603
Deposits and advances	53,371	6,645
Total prepaid expenses – current	**$ 152,759**	**$ 105,727**
Non-current		
Deposits held for exploration	$ 232,337	$ 231,905
Total prepaid expenses – non-current	**$ 232,337**	**$ 231,905**

Non-current prepaid expenses are required deposits pursuant to the on-going long-term service agreements with the contractors performing the exploration related activities for the Company.

9. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER

As at October 31, 2014, the Company held asset-backed commercial paper ("ABCP") issued by a number of trusts with an original cost of $779,728 (2013: $789,801). On the dates the Company acquired these investments they were rated R1 (High) by Dominion Bond Rating Services ("DBRS").

The Canadian market for ABCP suffered a liquidity disruption in mid-August 2007 following which a group of financial institutions and other parties agreed, pursuant to the Montreal Proposal, to the conversion of the ABCP into longer-term financial instruments (floating rate notes) with maturities corresponding to the underlying assets. On December 24, 2008, the Pan-Canadian Investors Committee, established to oversee the orderly restructuring of these instruments, announced that it had reached an agreement with all key stakeholders. Shortly thereafter, on January 21, 2009, the restructuring plan affecting the $32 billing of third-party ABCP was fully implemented.

The Company received upon completion of the restructuring in January 2009 the following:

- $7,350,000 of senior Master Asset Vehicle MAV II Class A-1 and A-2 Notes and subordinated Class B and Class C Notes as follows:
    - $4,830,000 of Class A-1 Notes
    - $1,950,000 of Class A-2 Notes
    - $350,000 of Class B Notes
    - $220,000 of Class C Notes

Class A-1, Class A-2 and Class B Notes will bear interest at the Bankers' Acceptance ("BA") rate less 0.50% and Class C Notes will bear interest at the BA rate plus 20%. These notes have legal maturity dates in 2056 but the expected repayment date of the Class A-1 and A-2 notes is January 22, 2017. The senior notes (Class A-1 and Class A-2) have been rated "A" by DBRS while the subordinated notes (Class B and C) are unrated.

Expressed in Canadian Dollars

9. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER - continued

- $780,000 of MAV II Ineligible Asset ("IA") Notes

The IA Tracking Notes will bear interest at a rate based on the net rate of return generated by the underlying tracking assets. The maturities of the notes are based on the maturities of the underlying assets. These notes will not be rated.

The valuation technique used by the Company to estimate the fair value of its investment in ABCP at October 31, 2014 and 2013, incorporates probability weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. The assumptions used in determining the estimated fair value reflect the details included in the Information Statement issued by the Pan-Canadian restructuring committee and the risks associated with the long-term floating rate notes.

The interest rates and maturities of the various long-term floating rate notes, discount rates and credit losses modeled are:

	October 31, 2014	**October 31, 2013**
Probability weighted average interest	46.00%	35.70%
Weighted average discount rate	15.00%	15.00%
Maturity of long-term floating rate notes	2 years to 24 years	3 years to 25 years
Credit losses	Rated notes: Nil to 30% Unrated notes: 20% to 100%	Rated notes: Nil to 30% Unrated notes: 20% to 100%

If these assumptions were to change, the fair value of ABCP could change significantly.

During the year ended October 31, 2014, the Company received payments from settlement of $10,821 (2013: $410,022) and recognized a gain on sale of ABCP of $10,006 (2013: $406,183). As at October 31, 2014, the fair value of the ABCP as determined above was $292,482 (2013: $229,616) and the Company recorded an unrealized gain of $63,681 (2013: $14,991 loss) from this instrument.

Reconciliation of level 3 fair value measurements of ABCP is as follows:

October 31, 2012		248,446
Settlements		(3,839)
Unrealized losses in other comprehensive income		(14,991)
October 31, 2013		229,616
Settlements		(815)
Unrealized gains in other comprehensive income		63,681
October 31, 2014	$	292,482

Expressed in Canadian Dollars

10. EQUIPMENT

	Field Equipment	Field Office Building	Leasehold Improvements	Land	Total
Costs					
October 31, 2014 and 2013	**$ 316,931**	**$ 303,748**	**$ 255,796**	**$ 120,282**	**$ 996,757**
Accumulated Amortization					
October 31, 2012	$ 284,860	$ 44,410	$ 22,917	$ -	$ 352,187
Additions	21,437	12,973	17,939	-	52,349
October 31, 2013	306,297	57,383	40,856	-	404,536
Additions	5,981	12,351	21,316	-	39,648
October 31, 2014	**$ 312,278**	**$ 69,734**	**$ 62,172**	**$ -**	**$ 444,184**
Net Book Value					
October 31, 2013	$ 10,634	$ 246,365	$ 214,940	$ 120,282	$ 592,221
October 31, 2014	**$ 4,653**	**$ 234,014**	**$ 193,624**	**$ 120,282**	**$ 552,573**

11. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's most significant property interests and related spending commitments (see Schedule I for detail breakdown):

Blue River Claims – (formerly known as the Upper Fir, Verity and Fir Claims)

The Company has a 100% interest in its Blue River claims, located in the Blue River region of the Kamloops Mining District of B.C., Canada, all of which were acquired by staking.

During the year ended October 31, 2014, nil (2013: 230,000) stock options with an exercise price of $0.10 were granted to geologists conducting exploration activities on Blue River claims, and the Company capitalized a total of $nil (2013: $21,202) in share-based payments pursuant to the option grants.

Eldor Claims

The Company acquired, by staking and a purchase agreement, a 100% interest in the Eldor Carbonatite Complex, located in the Labrador Trough area of Quebec, Canada. During the year ended October 31, 2007, the Company purchased 8 mineral claims from Virginia Mines Inc. ("Virginia Mines"), which cover a portion of the Eldor Carbonatite. These claims are adjacent to the approximately 88 claims staked by the Company.

Virginia Mines retains a 1% net smelter royalty on the 8 claims purchased from them. As well, 5 of the 8 claims are subject to an underlying 5% net profit royalty, which can be purchased for $500,000.

Other Claims – British Columbia, Canada

Other claims consist of mineral claims located in B.C., Canada known as the Alan Parson, Carbo claims, and Treasure Mountain Property.

By September 23, 2011, Canadian International minerals Inc. ("CIN") acquired 100% interest in the Carbo Property. The Company will retain its 2% NSR royalty on the property.

On July 31, 2013, the Company entered into a Mineral Property Purchase Agreement ("Agreement") with Canadian International Minerals Inc. ("CIN") and Canadian Strategic Metals Corp. ("CSM") (CIN and CSM together called the "Vendors") to purchase a 100% interest in and to the 24 mineral claims in the Similkameen and New Westminster Mining Districts of British Columbia, known as the Treasure Mountain Property. In consideration, on October 9, 2013, the Company paid a total of 10,000,000 shares of CIN at $0.02 per share.

11. EXPLORATION AND EVALUATION ASSETS - continued

Other Claims – British Columbia, Canada - continued

On March 15, 2014, the Company entered into an agreement with Ximen Mining Corp. ("Ximen") whereby Ximen can earn a 100%-interest in and to the Treasure Mountain Property located in British Columbia, Canada. The Company received cash of $125,000 during the year ended October 31, 2014 to complete the transaction.

Other Claims – Quebec, Canada

During the year ended October 31, 2013, the Company acquired, by staking, a 100% interest in the Lac Dupoisson Property, consisting of 57 claims, covering an area of 2,688 ha in the Labrador Trough. The 57 claims were lapsed in December 2014 and related costs of $9,081 are written off subsequent to the year ended October 31, 2014.

12. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

b) Issued and outstanding: The total issued and outstanding shares of the Company are 201,937,364 as at October 31, 2014 (2013: 166,983,642).

During the year ended October 31, 2014:

On March 14, 2014, the Company closed a private placement of 8,425,652 flow-through units ("FT Units") at a price of $0.23 per FT Unit and 3,012,500 units ("Units") at $0.20 per Unit for gross proceeds of $2,540,400. Each FT Unit consists of one flow-through common share and one half of one non flow-through common share purchase warrant in the capital of the Company. Each whole share purchase warrant (a "Warrant") is exercisable into one common share of the Company expiring on September 14, 2015 at a price of $0.35 per common share. Each Unit consists of one common share and one half of one Warrant. All the securities issuable will be subject to a four-month hold period from the date of closing. The fair value of the share at the date of issuance is $0.135 where the exercise price is greater than the market price. The fair value of the Warrant is deemed to be $0.13 based on the residual method. As a result, the Company allocated $547,667 to reserves and $252,770 to liability for flow through shares from the issuance of FT Units and allocated $195,813 to reserves from the issuance of Units, respectively. The Company paid Secutor Capital Management Corporation (the "Agent") a cash commission of $174,228, plus expenses. In addition, the Company granted a total of 571,908 compensation options to acquire common shares of the Company exercisable at $0.35 per share expiring on September 14, 2015. The compensation options were valued at fair value of $22,719. The fair value of these compensation options was $0.04 per share, where the exercise price is greater than the market price at the date of grant and the fair value of each compensation option is calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.01%, a dividend yield of nil, an expected volatility of 114.36% and an average expected life of 1.5 years. The residual $60,119 of share issuance costs constitutes of legal and filing expenses related directly to the private placement.

On October 3, 2014, the Company closed a non-brokered private placement of 16,041,500 flow-through shares ("FT Shares") at a price of $0.25 per FT Share and 4,283,550 units ("Units") at $0.24 per Unit for gross proceeds of $5,038,427. Each Unit consists of one non flow-through common share and one non flow-through Warrant. Each whole share purchase warrant (a "Warrant") is exercisable into one common share of the Company expiring on April 3, 2016 at a price of $0.30 per Warrant share. All the securities issuable will be subject to a four-month hold period from the date of closing. The fair value of the share at the date of issuance is $0.21 where the exercise price is greater than the market price. The fair value of the Warrant is deemed to be $0.03 based on the residual method. As a result, the Company allocated $641,660 to liability for flow through shares from the issuance of FT Shares and allocated $128,507 to reserves from the issuance of Units, respectively. The Company has paid Secutor Capital Management Corporation (the "Agent") a cash commission of $352,690, plus expenses. In addition, the Company granted a total of 1,016,252 finders' warrants to acquire common shares of the Company exercisable at $0.24 per share expiring on April 3, 2016.

12. SHARE CAPITAL – continued

b) Issued and outstanding: – continued

The finders' warrants were valued at fair value of $109,605. The fair value of these finders' warrants was $0.11 per share, where the exercise price is greater than the market price at the date of grant and the fair value of each finders' warrant is calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.13%, a dividend yield of nil, an expected volatility of 120.79% and an average expected life of 1.5 years. The residual $103,592 of share issuance costs constitutes of legal and filing expenses related directly to the private placement.

On October 10, 2014, the Company completed the second tranche of its October 3, 2014 financing, issuing 525,000 units ("Units") at $0.24 per Unit for gross proceeds of $126,000. Each Unit consists of one non flow-through common share and one non flow-through Warrant. Each whole share purchase warrant (a "Warrant") is exercisable into one common share of the Company expiring on April 10, 2016 at a price of $0.30 per Warrant share. All the securities issuable will be subject to a four-month hold period from the date of closing. The fair value of the share at the date of issuance is $0.21 where the exercise price is greater than the market price. The fair value of the Warrant is deemed to be $0.03 based on the residual method. As a result, the Company allocated $15,750.

The Company granted a total of 26,250 finders' warrants to acquire common shares of the Company exercisable at $0.24 per share expiring on April 10, 2016. The finders' warrants were valued at fair value of $2,355. The fair value of these finders' warrants was $0.09 per share, where the exercise price is greater than the market price at the date of grant and the fair value of each compensation option is calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.05%, a dividend yield of nil, an expected volatility of 121.07% and an average expected life of 1.5 years.

During the year ended October 31, 2014, 2,045,000 stock options priced at $0.15 and 620,520 warrants priced at $0.25 were exercised for gross proceeds of $306,750 and $155,130 respectively. A total of $714,358 was reversed out of reserves and credited to share capital in relation to the option and warrant exercises.

During the year ended October 31, 2013:

During the year ended October 31, 2013, the Company repurchased 200,000 common shares of its own at nominal value, which has been deemed as common shares returned to treasury.

On December 12, 2012, the Company completed a brokered private placement with Marquest Capital Markets and Casimir Capital Ltd. (the "Agents") in the amount of 6,438,890 flow-through units (the "FT Units") at a price of $0.18 per flow-through unit for gross proceeds of $1,159,000. The FT Units consist of one flow-through common share and one half of one non-transferable share purchase warrant. One whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.25 per share until June 11, 2014. In addition, the Company paid the Agents a cash commission of 8% of the gross proceeds and issued 515,111 Agents' Options, with each Agents' Option exercisable at a price of $0.25 until June 11, 2014. On December 31, 2012, the Company filed the renouncement of the qualified expenditures in full of $1,159,000.

The Company also closed a non-brokered private placement of 7,336,664 FT Units for gross proceeds of $1,320,600. The non-broker's FT Units were issued at the same price and on the same terms as the brokered private placement. No finder's fee or commissions were paid. On December 31, 2012, the Company filed the renouncement of the qualified expenditures in full of $1,320,600.

Expressed in Canadian Dollars

12. SHARE CAPITAL – continued

c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the years ended October 31, 2014 and 2013:

	2014		**2013**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	9,688,611	$ 0.32	4,805,543	$ 0.63
Issued	10,527,634	0.33	6,887,777	0.25
Exercised	(620,520)	0.25	-	-
Expired	(9,068,091)	0.32	(2,004,709)	0.90
Balance, end of year	10,527,634	$ 0.33	9,688,611	$ 0.32

The following share purchase warrants were outstanding and exercisable as at October 31, 2014 and 2013:

Expiry Date	Weighted Average Contractual Life (Years)	Exercise Price	**2014** Number of Warrants	**2013** Number of Warrants
June 12, 2014	-	$0.25	-	6,887,777
August 2, 2014	-	$0.48	-	2,718,334
August 3, 2014	-	$0.48	-	82,500
September 14, 2015	0.87	$0.35	5,719,084	-
April 3, 2016	1.42	$0.30	4,283,550	-
April 10, 2016	1.44	$0.30	525,000	-
Total Outstanding and Exercisable	1.12	$0.33	10,527,634	9,688,611

d) Agents' warrants:

The following agents' warrants were outstanding and exercisable as at October 31, 2014:

Expiry Date	Weighted Average Contractual Life (Years)	Exercise Price	2014 Number of Agents' Warrants
April 3, 2016	1.42	$0.24	1,016,252
April 10, 2016	1.44	$0.24	26,250
Total Outstanding and Exercisable	1.43	$0.24	1,042,502

The Company applies the fair value method in accounting for its agents' warrants using the Black-Scholes pricing model. During the year ended October 31, 2014, the Company recorded $111,960 (2013: $23,041) in share issuance costs with the issuance of 1,042,502 (2013: nil) agents' options. There are no agents' warrants outstanding during the year ended October 31, 2013.

Expressed in Canadian Dollars

12. SHARE CAPITAL – continued

The amounts were determined using Black-Scholes option pricing model with the following assumptions:

	2014	2013
Expected dividend yield	Nil	N/A
Expected volatility	121%	N/A
Risk free rate	1.05-1.13%	N/A
Expected terms in years	1.5 years	N/A

13. SHARE-BASED PAYMENTS

The Company has a stock option plan for officers, directors, employees and consultants. Options are granted with an exercise price determined by the Board of Directors, which may not be less than 25% of the Company's stock price on the date of the grant. Options granted to directors, employees and consultants other than consultants engaged in investor relations activities will vest immediately. However for options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three month period.

The following is a summary of option transactions under the Company's stock option plan for the years ended October 31, 2014 and 2013:

	2014		2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	12,005,678	$ 0.33	9,073,067	$ 0.59
Granted	571,908	0.35	4,915,111	0.16
Exercised	(2,045,000)	0.15	-	-
Expired/Cancelled	(2,560,678)	0.24	(1,982,500)	0.58
Balance, end of year	7,971,908	$ 0.39	12,005,678	$ 0.33

Expressed in Canadian Dollars

13. SHARE-BASED PAYMENTS – continued

The following stock options were outstanding and exercisable as at October 31, 2014:

Expiry Date	Revised Exercise Price	Original Exercise Price	Number of Shares	Contractual Life (Years)
November 6, 2014	N/A	$0.45	200,000*	0.02
November 20, 2014	N/A	$0.66	285,000*	0.05
September 14, 2015	N/A	$0.35	571,908	0.87
November 17, 2015	$0.15	$0.55	150,000	1.05
November 17, 2015	N/A	$0.55	675,000	1.05
February 28, 2016	$0.15	$0.81	260,000	1.33
February 28, 2016	N/A	$0.81	2,000,000	1.33
February 8, 2018	N/A	$0.15	3,730,000	3.28
May 15, 2018	N/A	$0.10	100,000	3.54
Total Outstanding and Exercisable			7,971,908	2.13

* Subsequent to October 31, 2014, 485,000 options expired unexercised.

On February 8, 2013, the Company granted 4,300,000 incentive stock options, exercisable into one common share of the Company at a price of $0.15 per share for a period of 5 years. The fair value of these options was $0.09 per share where the exercise price is greater than the market price at the date of grant. On May 15, 2013, the Company granted 100,000 incentive stock options to a consultant, exercisable into one common share of the Company at a price of $0.10 per share for a period of 5 years. The fair value of these options was $0.05 per share where the exercise price is greater than the market price at the date of grant. No stock options were granted in fiscal 2014.

The Company applies the fair value method in accounting for its stock options granted to directors, officers and employees by using the Black-Scholes pricing model. During the year ended October 31, 2014, the Company recorded $nil (2013: $380,545) in share-based payments expense and capitalized $nil (2013: $21,202) in resource expenditures. The Company also applies the fair value method in accounting for its agents' options using the Black-Scholes pricing model. During the year ended October 31, 2014, the Company recorded $22,719 (2013: $23,041) in share issuance costs with the issuance of 571,908 (2013: 515,111) agents' options.

On February 8, 2013, the Company's Board of Directors approved the re-pricing of 1,985,000 incentive stock options issued to consultants and directors of the Company, to reflect current market conditions. The modification on the stock options was later approved by the Exchange on April 9, 2013. All other terms remain the same. The options were originally granted in 2009, 2010, and 2011 at prices ranging from $0.26 to $0.81. The modification has an immaterial impact as the incremental fair value of the stock options is not material.

The fair value of stock options were determined using Black-Scholes option pricing model with the following assumptions:

	2014	2013
Expected dividend yield	Nil	Nil
Expected volatility	114%	84-91%
Risk free rate	1.01%	1.10 – 1.43%
Expected terms in years	1.5 years	2 – 5 years

Expressed in Canadian Dollars

14. COMMITMENTS

On May 1, 2008, the Company entered into a Management & Administration Agreement with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 12 months for $90,000 per month. On May 1, 2013, the Company extended the agreement for a period of 12 months, with a revised rate of remuneration of $49,180 per month. On May 1, 2014, this amended agreement was extended for an additional 12 months. Effective September 2014, monthly fee is increased to $53,810.

On March 7, 2014, the Company entered into a consulting agreement with Zimtu Capital Corp. to provide corporate development and market services. The contract term is for one year for a monthly fee of $5,000.

15. RELATED PARTY TRANSACTIONS

During the years ended October 31, 2014 and 2013, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

	Year ended October 31,	
	2014	**2013**
Key management compensation*	**$**	**$**
Consulting fees	97,628	83,710
Geological services	1,249,709	1,865,542
Share-based payments	-	253,520
Total	1,347,337	2,022,772

	2014	**2013**
Amounts due to (from) related parties	**$**	**$**
Dahrouge Geological Consulting (a)	144,120	148,353
Nimbus Resource Management (b)	3,360	5,985
Axel Hoppe, Director	19,877	19,600
Due to related parties – Total	167,357	173,938

(a) A company controlled by a director of the Company, Jody Dahrouge.
(b) A company owned by a director of the Company, Jenna Hardy.

* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

16. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents, short term investments, amounts receivable, due from related parties and investments in asset-backed commercial paper are subject to credit risk for a maximum of the amounts shown on the statements of financial position. The Company monitors its credit risk management practices continuously to evaluate their effectiveness.

At October 31, 2014, cash and cash equivalents of $1,286,584 (2013: $600,560) consisted of cash balances of $944,493 (2013: $78,079 indebtedness) with Canadian chartered banks and $342,091 (2013: $678,639) in money market funds. As at October 31, 2014, the Company also held short term investments of $4,534,500 (2013: $134,500) in GIC's at a Canadian chartered bank and asset-backed commercial paper fair valued at $292,482 (2013: $229,616).

The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company currently has adequate liquidity to fund its financial liabilities which are comprised of accounts payable and accrued liabilities and due to related parties.

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company's marketable securities and investment in asset-backed commercial paper are subject to market risk.

i) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

Expressed in Canadian Dollars

16. FINANCIAL INSTRUMENTS – continued

ii) Commodity Price Risk
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Interest Rate Risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents, short term investments, and investments in asset-backed commercial paper. The sensitivity in interest rates of a decrease by 1% would result in an approximate increase of $6,000 (2013: $30,000) in net annual earnings. The sensitivity analysis on ABCP providing the effect on other comprehensive income if interest rates were to increase by 1% for the year ended October 31, 2014 is $6,000 (2013: $9,000).

d) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at October 31, 2014 and 2013:

	As at October 31, 2014		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 1,286,584	$ -	$ -
Short term investments	4,534,500	-	-
Marketable securities	82,178	-	-
Asset-backed commercial paper	-	-	292,482
	$ 5,903,262	$ -	$ 292,482

	As at October 31, 2013		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 600,560	$ -	$ -
Short term investments	134,500	-	-
Marketable securities	69,142	-	-
Asset-backed commercial paper	-	-	229,616
	$ 804,202	$ -	$ 229,616

Expressed in Canadian Dollars

16. FINANCIAL INSTRUMENTS - continued

Level 3 financial assets consist of the following investments in ABCP including Master Asset Vehicle II ("MAV II") notes and Ineligible Asset Tracking notes as at October 31, 2014 and 2013:

	October 31, 2014			October 31, 2013		
	Face value	Fair value variances	Fair value	Face value	Fair value variances	Fair value
MAV II Notes	$	$	$	$	$	$
Class B	353,772	(89,885)	263,887	353,772	(143,873)	209,899
Class C	233,913	(218,210)	15,703	233,913	(222,894)	11,019
	587,685	(308,095)	279,590	587,685	(366,767)	220,918
Ineligible Asset						
Tracking Notes	192,043	(179,151)	12,892	202,116	(193,418)	8,698
	779,728	(487,246)	292,482	789,801	(560,185)	229,616

The MAV II notes received as a result of the restructuring of third party sponsored ABCP by the Pan-Canadian Investors Committee in January 2009 include a pooling of leveraged investments as well as traditional assets and cash. The leveraged investments are subject to a potential requirement post additional collateral based on certain triggers being met (a margin call). Traditional assets are un-levered investments and include residential and commercial mortgage backed securities, corporate credit and cash equivalents. Class A-1, Class A-2 and Class B Notes will bear interest at the Bankers' Acceptance ("BA") rate less 0.50% and Class C Notes will bear interests at the BA rate plus 20%.

The IA Tracking Notes will bear interest at a rate based on the net rate of return generated by the underlying tracking assets. The maturities of the notes are based on the maturities of the underlying assets. These notes will not be rated.

The Company is aware of a number of trades in the restructured notes that have occurred prior to October 31, 2014, but does not consider them to constitute an active market. Accordingly, the Company has not used these trades to determine the fair value of its notes. As described in Note 9, the Company has used a probability weighted discounted cash flows approach to determine the fair value of these investments, incorporating available information regarding market conditions as at the measurement date, October 31, 2014. These estimates arrived at by the Company are subject to measurement uncertainty and are dependent on market conditions as at the measurement date.

If an active market for the restructured notes were to develop in the future, the Company would change its valuation technique to determine the fair value of its notes using quoted market prices.

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at October 31, 2014, the Company's shareholders' equity was $56,915,377 (2013: $51,737,963). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

16. FINANCIAL INSTRUMENTS – continued

e) Capital Management – continued

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

17. NON-CASH TRANSACTIONS

The following transactions have been excluded from the statement of cash flows:

During the year ended October 31, 2014:

- Exploration and evaluation assets of $184,660 were included in accounts payable and $145,720 were included in due to related parties at October 31, 2014.
- Amortization of $39,648 relating to equipment was included in exploration and evaluation assets.
- 571,908 options valued at $22,719 and 1,042,502 agents' warrants valued at $111,960 granted to the Agents were included in share issuance costs.

During the year ended October 31, 2013:

- Exploration and evaluation assets of $340,121 were included in accounts payable and $141,345 included in due to related parties at October 31, 2013.
- Amortization of $52,349 relating to equipment was included in exploration and evaluation assets.
- 515,111 options valued at $23,041 granted to the Agents were included in share issuance costs.

18. LIABILITY AND INCOME TAX EFFECT ON FLOW-THOUGH SHARES

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On December 12, 2012, the Company issued 13,775,554 units on a flow-through basis at $0.18 per share (see Note 12b) for proceeds of $2,479,600, and recognized a liability on flow-through shares of $238,768. As October 31, 2013, the Company has incurred $2,184,169 of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of $210,320. During the year ended October 31, 2014, the Company incurred additional $295,431 of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of $28,448. All proceeds have been fully spent in fiscal 2014.

On March 14, 2014, the Company issued 8,425,652 units on a flow-through basis at $0.23 per share (see Note 12b) for proceeds of $1,937,900, and recognized a liability on flow-through shares of $252,770. At October 31, 2014, the Company has incurred $1,464,048 of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of $190,963. As at October 31, 2014, the amount of flow-through proceeds remaining to be spent is $473,852 and the liability for flow-through shares related to this private placement is $61,807.

Expressed in Canadian Dollars

18. LIABILITY AND INCOME TAX EFFECT ON FLOW-THOUGH SHARES - continued

On October 3, 2014, the Company issued 16,041,500 shares on a flow-through basis at $0.25 per share (see Note 12b) for gross proceeds of $4,010,375, and recognized a liability on flow-through shares of $641,660. At October 31, 2014, the Company has incurred $nil of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of $nil. As at October 31, 2014, the amount of flow-through proceeds remaining to be spent is $4,010,375 and the liability for flow-through shares related to this private placement is $641,660.

	Issued on December 12, 2012	Issued on March 14, 2014	Issued on October 3, 2014	Total
Balance, November 1, 2012	$ -	$ -	$ -	$ -
Liability incurred on flow-through shares issued	238,768	-	-	238,768
Settlement of flow-through share liability on incurring expenses	(210,320)	-	-	(210,320)
Balance, October 31, 2013	28,448	-	-	28,448
Liability incurred on flow-through shares issued	-	252,770	641,660	894,430
Settlement of flow-through share liability on incurring expenses	(28,448)	(190,963)	-	(219,411)
Balance, October 31, 2014	$ -	$ 61,807	$ 641,660	$ 703,467

19. CORPORATE INCOME TAXES

The following table reconciles the expected income taxes recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended October 31, 2014 and 2013:

	2014	2013
Statutory tax rate	26%	25.59%
Loss before income taxes	$ (1,675,162)	$ (2,104,114)
Expected income tax expense	435,542	538,365
Differences due to recognition of items for tax purposes:		
Change enacted tax rate	-	135,956
Flow-through shares	(238,054)	(348,903)
Change in estimates	(318,649)	(179,920)
Non-deductible items	(5,071)	(178,464)
Gain on disposal of assets and other income	231,553	44,779
Other comprehensive income item	(6,723)	(115,830)
Non-refundable ITC	201,921	409,227
Expiry of non-capital losses	(77,061)	-
Change in deferred tax asset not recognized	(4,047)	(91,001)
Deferred tax recovery	$ 219,411	$ 214,209

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at October 31, 2014 and 2013 are comprised of the following:

Expressed in Canadian Dollars

19. CORPORATE INCOME TAXES - continued

	2014	2013
Non-capital losses carry forwards	$ 6,198,890	$ 5,310,707
Exploration and evaluation assets	(3,460,292)	(2,743,721)
Equipment	88,664	78,356
Marketable securities and asset-backed commercial paper	113,743	121,767
Non-refundable ITC	3,401,769	3,609,075
Capital losses	336,754	379,156
Financing costs	305,039	225,181
	6,984,567	6,980,521
Deferred tax asset not recognized	(6,984,567)	(6,980,521)
Net deferred tax asset (liability)	$ -	$ -

The Company has non-operating loss carryforwards of approximately $23,841,883 (2013: $20,425,795) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2015	$ 336,430
2026	730,237
2027	1,988,822
2028	2,663,481
2029	2,687,859
2030	3,710,348
2031	3,709,224
2032	2,725,931
2033	3,190,975
2034	2,098,576
	$ 23,841,883

In addition, the Company has capital loss of $2,590,412, which may be carried forward indefinitely and applied to reduce future capital gains.

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

20. SUBSEQUENT EVENTS

a) On December 22, 2014, the Company closed its non-brokered private placement for gross proceeds of $3,506,250. The Company issued 12,025,000 flow-through shares ("FT Shares") at a price of $0.25 per FT Share, and 2,500,000 units ("Units") at a price of $0.20 per Unit. Each Unit consists of one non flow-through common share and one-half of one non-flow-through common share purchase warrant in the capital of the Company ("Warrant"). One whole Warrant is exercisable into one additional common share in the capital of the Company (a "Warrant Share") at a price of $0.30 per Warrant Share until June 19, 2016.

   Secutor Capital Management Corporation acted as exclusive finder in connection with this non-brokered private placement and was paid a cash commission of $217,500 plus expenses, and issued 725,000 finders' warrants (the "Finders Warrant") to acquire additional common shares of the Company ("Finders' Warrant Shares") exercisable at $0.24 per Finders' Warrant Share until June 19, 2016.

   All the securities issuable will be subject to a four-month hold period from the date of closing expiring April 20, 2015. The proceeds of the private placement will be used in the development of the Company's Quebec mineral properties for the amount of flow through funds raised, and for general working capital.

b) Subsequent to the year ended October 31, 2014, the Company allowed the 57 claims of the Lac Dupoisson Property to lapse and the related costs of $9,081 were written off.

c) See Note 13.

Commerce Resources Corp. Schedule I

Schedule of Resource Properties
For the year ended October 31, 2014
Expressed in Canadian dollars

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of year	$ 201,602	$ 1,270,237	$ 210,166	$ 1,682,005
Staking	-	-	1,414	1,414
Balance, end of the year	201,602	1,270,237	211,580	1,683,419
Deferred exploration and development costs – Note 11				
Balance, beginning of year	27,599,172	18,910,224	8,633	46,518,029
Amortization – field equipment and office	15,038	3,294	-	18,332
Assays and analytical	32	283,012	-	283,044
Consulting	-	4,888	-	4,888
Drilling	-	196,634	-	196,634
Engineering	552	48,646	-	49,198
Environmental and permitting	4,564	48,549	-	53,113
Field equipment rental	21,911	183,368	-	205,279
Field supplies	69	75,347	-	75,416
Fuel	-	43,417	-	43,417
Food and accommodation	9,884	30,250	-	40,134
Geology, mapping and drafting	25,252	756,522	-	781,774
Insurance	8,089	12,133	-	20,222
Metallurgy	26,250	533,569	-	559,819
Other	18,230	12,249	-	30,479
Project management	25,380	-	-	25,380
Road and site preparation	2,638	-	-	2,638
Travel and transport	50	286,513	-	286,563
	157,939	2,518,391	-	2,676,330
Proceeds received for sale of property	-	-	(125,000)	(125,000)
Loss on sale of property	-	-	(80,244)	(80,244)
Mining tax credits – current year adjustment	(27,677)	(47,378)	-	(75,055)
Mining tax credits – prior year adjustments	(211,262)	392,469	-	181,207
Balance, end of year	27,518,172	21,773,706	(196,611)	49,095,267
Total balance, end of year	$ 27,719,774	$ 23,043,943	$ 14,969	50,778,686

Commerce Resources Corp.
Schedule of Resource Properties
For the year ended October 31, 2013
Expressed in Canadian dollars

Schedule I
Continued

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of year	$ 201,602	$ 1,270,237	$ 950	$ 1,472,789
Shares of CIN issued for property	-	-	200,000	200,000
Staking	-	-	9,216	9,216
Balance, end of the year	201,602	1,270,237	210,166	1,682,005
Deferred exploration and development costs – Note 11				
Balance, beginning of year	26,711,422	15,845,064	4,937	42,561,423
Amortization – field equipment and office	31,116	3,294	-	34,410
Assays and analytical	18,498	227,564	176	246,238
Community	12,828	-	-	12,828
Consulting	-	22,920	372	23,292
Drilling	-	141,933	-	141,933
Engineering	238,091	131,037	-	369,128
Environmental and permitting	37,877	327,483	-	365,360
Field equipment rental	28,676	273,923	-	302,599
Field supplies	3,841	67,289	634	71,764
Food and accommodation	9,594	41,641	-	51,235
Geology, mapping and drafting	327,692	814,471	2,480	1,144,643
Insurance	15,357	4,148	-	19,505
Metallurgy	46,084	1,131,199	-	1,177,283
Other	12,430	6,243	-	18,673
Project management	161,345	-	-	161,345
Road and site preparation	24,869	-	-	24,869
Share-based payments	21,202	-	-	21,202
Travel and transport	1,047	296,269	34	297,349
	990,547	3,489,413	3,696	4,483,656
Mining tax credits	(102,797)	(424,253)	-	(527,050)
Balance, end of year	27,599,172	18,910,224	8,633	46,518,029
Total balance, end of year	$ 27,800,774	$ 20,180,461	$ 218,799	48,200,034