Consolidated Financial Statements

SILVER SPRUCE RESOURCES INC.

For the years ended October 31, 2014 and 2013

(Expressed in Canadian dollars)

SILVER SPRUCE RESOURCES INC.
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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Silver Spruce Resources Inc.

We have audited the accompanying consolidated financial statements of Silver Spruce Resources Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at October 31, 2014 and 2013, and the consolidated statements of operations and comprehensive loss, consolidated statements of change in shareholders' equity (deficiency) and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Silver Spruce Resources Inc. and its subsidiaries as at October 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company had continuing losses during the year ended October 31, 2014 and a working capital deficiency as at October 31, 2014. These conditions along with other matters set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 22, 2015

SILVER SPRUCE RESOURCES INC.
Consolidated Statements of Financial Position
As at October 31, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
	$	$
Assets		
Current		
Cash	**116,938**	32,723
HST and other receivables	**9,847**	3,470
Prepaid expenses	**25,351**	35,850
Total current assets	**152,136**	72,043
Mineral exploration properties (Notes 7 and 13)	**-**	815,690
Equipment (Note 8)	**49,581**	67,128
Non-current refundable staking deposits	**1,195**	1,195
Investments	**338**	338
Total assets	**203,250**	956,394
Liabilities		
Current		
Trade payable and accrued liabilities (Note 13)	**429,753**	342,706
Flow-through share premium	**28,499**	-
Loan payable (Note 13)	**74,723**	30,000
Total current liabilities	**532,975**	372,706
Shareholders' Equity (Deficiency)		
Share capital (Note 10)	**27,468,592**	27,398,740
Warrant reserve (Note 11)	**59,183**	28,596
Equity reserve	**7,617,601**	7,617,601
Accumulated deficit	**(35,475,101)**	(34,461,249)
Total shareholders' equity (deficiency)	**(329,725)**	583,688
Total liabilities and shareholders' equity (deficiency)	**203,250**	956,394

Basis of preparation and going concern (Note 2)
Commitments and contingencies (Notes 7 and 15)

APPROVED BY THE BOARD OF DIRECTORS

Original signed by Stephan Jedynak, CEO, Director

Original signed by Gordon Barnhill, CFO, Director

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.
Consolidated Statements of Operations and Comprehensive Loss
Years ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
	$	$
Expenses		
Impairment of mineral exploration properties (Note 7)	**856,197**	937,170
Other impaired property costs	**-**	5,850
Office and general	**48,409**	70,019
Accounting, audit and legal	**85,295**	93,066
Wages and benefits (recovery)	**(58,306)**	17,227
Realized loss on sale of investments	**-**	2,145
Consulting fees	**38,198**	88,963
Corporate relations	**6,661**	10,880
Travel	**-**	4,039
Loan interest (Note 13)	**10,890**	-
Amortization	**13,532**	20,477
Listing and filing fees	**16,846**	20,728
Total expenses	**1,017,722**	1,270,564
Recovery of Mexican VAT receivable	**-**	20,957
Foreign exchange gain	**1,085**	805
Unrealized gain on market value of investments	**-**	1,570
Gain on sale of equipment	**2,785**	3,044
Total other income	**3,870**	26,376
Loss before income taxes	**1,013,852**	1,244,188
Deferred tax recovery (Note 9)	**-**	142,491
Net loss and comprehensive loss for the year	**1,013,852**	1,101,697
Net loss per share - basic and diluted (Note 10(b))	**(0.09)**	(0.01)
Weighted average number of shares outstanding - basic and diluted (Note 10(b))	**11,203,561**	11,179,810

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.

Consolidated Statements of Change in Shareholders' Equity (Deficiency)

Years ended October 31, 2014 and 2013

(Expressed in Canadian Dollars)

	Number of shares	**Share capital** $	**Warrant reserve** $	**Equity reserve** $	**Accumulated deficit** $	**Total equity (deficiency)** $
Balance October 31, 2012	11,160,781	27,391,740	596,377	7,192,311	(33,359,552)	1,820,876
Net loss for the year	-	-	-	-	(1,101,697)	(1,101,697)
Shares issued for property acquisition	35,000	7,000	-	-	-	7,000
Warrants expired	-	-	(567,781)	567,781	-	-
Tax on expired warrants	-	-	-	(142,491)	-	(142,491)
Balance October 31, 2013	**11,195,781**	**27,398,740**	**28,596**	**7,617,601**	**(34,461,249)**	**583,688**
Net loss for the year	-	-	-	-	(1,013,852)	(1,013,852)
Private placement common shares issued	2,830,000	141,500	-	-	-	141,500
Share issuance costs	-	(12,562)	-	-	-	(12,562)
Fair value of warrants issued under private placement	-	(30,587)	30,587	-	-	-
Flow-through share premium	-	(28,499)	-	-	-	(28,499)
Balance October 31, 2014	**14,025,781**	**27,468,592**	**59,183**	**7,617,601**	**(35,475,101)**	**(329,725)**

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.
Consolidated Statements of Cash Flows
Years ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
	$	$
Operating activities		
Net loss for the year	**(1,013,852)**	(1,101,697)
Items not involving cash:		
Gain on foreign exchange	**-**	(805)
Amortization	**13,532**	20,477
Deferred tax recovery	**-**	(142,491)
Gain on sale of equipment	**(2,785)**	(3,044)
Non-cash expense recovery	**(116,853)**	-
Accrued interest	**9,723**	-
Unrealized gain in market value of investments	**-**	(1,570)
Realized loss on sale of investments	**-**	2,145
Impairment of mineral properties	**856,197**	937,170
	(254,038)	(289,815)
Changes in non-cash working capital		
Decrease in prepaid expenses	**10,499**	11,425
Increase in HST and other receivables	**(6,377)**	14,161
Decrease in trade payables and accrued liabilities	**203,900**	67,139
Change in non-cash operating working capital	**208,022**	92,725
Net cash flows from operating activities	**(46,016)**	(197,090)
Financing activities		
Proceeds from issuance of shares and warrants	**141,500**	-
Share issue costs	**(12,562)**	-
Proceeds from loan payable	**35,000**	30,000
Net cash flows from financing activities	**163,938**	30,000
Investing activities		
Mineral exploration properties expenditures	**(40,507)**	(63,403)
Refund of mineral exploration property expenditures	**-**	86,915
Proceeds from sale of investments	**-**	15,922
Proceeds from sale of equipment	**6,800**	13,500
Refund of refundable staking deposits	**-**	17,105
Net cash flows from investing activities	**(33,707)**	70,039
Increase (decrease) in cash	**84,215**	(97,051)
Cash, beginning of year	**32,723**	129,774
Cash, end of year	**116,938**	32,723

Supplemental cash flow information (See Note 14)

See accompanying notes to the consolidated financial statements

1. DESCRIPTION OF BUSINESS

Silver Spruce Resources Inc. (the "Company") is a public company domiciled in Canada and was incorporated in Alberta on May 8, 1996 under the name First Labrador Acquisitions Inc. The Company changed its name to Silver Spruce Resources Inc. on October 22, 2004. The Company's operations consist of the exploration for precious and base minerals. The registered office of the Company is Suite 312, 197 Dufferin Street, Bridgewater, Nova Scotia, B4V 2G9.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee. The Company's board of directors approved these financial statements on May 22, 2015.

Basis of presentation

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, under the historical cost convention except for investments which are reflected at fair value, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. Several adverse conditions, however, cast significant doubt on the validity of this assumption. The Company does not have any proven economically recoverable reserves on the Company's interest in mineral properties held for exploration and to date; the Company has earned no direct mining related revenues. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The recoverability of the amounts shown for mineral exploration properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. It is not possible to predict whether financing efforts will be successful. The amounts shown as mineral exploration properties represent net costs to date and do not necessarily represent present or future values.

Although the Company has taken steps to verify title to mineral exploration properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, First Nations claims, non-compliance with regulatory and environmental requirements and may be affected by undetected defects.

While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions such as ongoing operational losses and a need for working capital cast significant doubt on the validity of this assumption.

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Basis of presentation (continued)

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. The Company had continuing losses during the year ended October 31, 2014, a working capital deficiency and a cumulative deficit as at October 31, 2014. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, First Labrador Resources Ltd., Silver Spruce Resources (Nova Scotia) Inc. and Silver Spruce Resources Mexico S.A. de C.V. and a joint venture with Jet Metal Corporation (formerly Crosshair Energy Corporation). Both First Labrador Resources Ltd. and Silver Spruce Resources (Nova Scotia) Inc. are inactive and have no assets or liabilities, and Silver Spruce Resources Mexico S.A. de C.V. is inactive. All inter-company transactions have been eliminated upon consolidation.

Refundable staking deposits

The Company makes staking deposits on its various exploration claims which are refundable when and if the Company incurs sufficient exploration expenditures within a specified time frame and files a related exploration report with the appropriate government authorities. Should the Company not incur the applicable exploration expenditures or post a bond in lieu thereof or fail to submit the related exploration report within the applicable timeframe, the staking fee becomes non-refundable and is added to mineral exploration properties.

Mineral exploration properties

Exploration and evaluation expenses relating to properties in which the Company has an interest are deferred until the properties are brought into commercial production, sold or abandoned, at which time they are amortized on a unit of production basis. Other general exploration expenses are charged to operations as incurred. The cost of properties abandoned or sold and their related deferred exploration costs are expensed to operations in the year of abandonment or sale. Costs incurred before the Company has obtained the legal rights to explore are recognized in profit or loss in the consolidated statements of operations and comprehensive loss.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of properties net of expense recoveries, government assistance and option payments received. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company are recorded in the accounts at the time of payment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral exploration properties (continued)

The Company reviews capitalized costs on its properties on a periodic basis and will recognize impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the properties or from sale of the properties. Management's assessment of the properties' estimated current value is also based upon a review of other property transactions that have occurred in the same geographic area as that of the properties under review.

The Company tests capitalized exploration costs for impairment whenever facts and circumstances indicate that the carrying amount may not be recoverable. These events may include the following:

- the period for which the Company has exploration rights has expired or will shortly
- there is no further exploration planned for a property
- continued unfavorable exploration results

If a property's recoverable amount is less than its carrying amount, an impairment loss is recognized. The ultimate recoverability of the amounts capitalized for the mineral exploration properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof.

Management's estimates of recoverability of the Company's investment in its various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term, which could adversely affect management's estimates and may result in future write-downs of capitalized property carrying values.

Mineral property assets are reclassified to "property, plant and equipment, construction in progress" when the technical feasibility and commercial viability of extracting a miner reserve are demonstrable. Mineral property assets are assessed for impairment, and impairment loss, if any, is recognized before reclassification to "property, plant and equipment, construction in progress."

Joint Operations

The Company proportionately consolidates its interests in joint operations.

Equipment

Equipment is recorded at cost. Amortization is calculated on a declining balance basis at rates which will reduce original cost to estimated residual value over the estimated useful lives of the assets. Equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment (continued)

The rates applicable to each category of equipment is as follows:

Class of equipment	Depreciation rate
Equipment	20%
Computers	55%
Vehicles	30%

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to holders of the flow-through shares. To recognize the forgone tax benefits to the Company, any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability").

Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed through the statement of operations and comprehensive loss. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery. The spending also gives rise to a deferred tax timing difference between the carrying value of the qualifying expenditure.

Share-based payments

The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees and each tranche is recognized on a graded vesting basis over the period in which the options vest. The fair value of options is determined using pricing models and is charged to earnings over the vesting period with an offset to equity reserve, on a straight-line basis over the vesting period. When options are exercised, the corresponding share based payment reserves and the proceeds received by the Company are credited to share capital. Forfeitures are estimated at the time of the grant. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in earnings or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax expenses comprise the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which intend to settle current tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously. A deferred tax asset is recognized for unused tax losses, unused tax credits and temporary differences that can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

Loss per share

The Company presents basic and diluted loss per share (LPS) data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted LPS is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning and restoration provision

The Company recognizes the fair value of the liability for asset decommissioning and restoration in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows associated with legal obligations or constructive obligations relating to the reclamation and closure of its mineral exploration properties at a pre-tax rate that reflects the time value of money. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows to settle the obligation. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statement of loss and comprehensive loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized on the same basis as mineral properties. In management's estimation, there is no material restoration, rehabilitation, and environmental obligation as at October 31, 2014 and 2013.

Financial instruments

All financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"), held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. FVTPL financial instruments are measured at fair value and all changes in those fair values recognized in net loss. Available-for-sale financial instruments are measured at fair value, with changes in those fair values recognized in Other Comprehensive Income ("OCI"). Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash	Loans and receivables
Other receivables	Loans and receivables
Investments	FVTPL
Trade payable and accrued liabilities	Other financial liabilities
Loans payable	Other financial liabilities

Transaction costs are expensed as incurred for financial instruments classified as FVTPL. For other financial instruments, transaction costs are netted against the carrying value and are then recognized over the expected life using the effective interest method.

The Company has determined that it does not have derivatives or embedded derivatives.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. 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. For unlisted shares classified as FVTPL, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets objective evidence of impairment could include:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as other receivables and other financial assets, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated, discounted future cash flows. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount 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 and changes in the carrying amount of the allowance account are recognized in profit or loss.

Impairment of non-financial assets

At each statement of financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, mineral exploration properties are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statement of financial position date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenue and expenses are translated at the transaction date except for amortization, which is translated at historical exchange rates. Gains and losses on translation are included in the determination of net loss for the period.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of the assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and 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.

The Company has identified the following areas under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Mineral exploration properties

See Note 7 for details of capitalized exploration and evaluation costs.

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of mineral exploration properties. These assumptions are changed when conditions exist that indicates that the carrying value may be impaired, at which time an impairment loss is recorded. By their nature these estimates are subject to measurement uncertainty and the effects of changes in such estimates on the consolidated financial statements could be significant.

While assessing whether any indications of impairment exist for mineral exploration properties, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral exploration properties. Internal sources of information include the manner in which mineral exploration properties are being used or are expected to be used and indications of expected economic performance of the assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

The Company reviews the estimated useful lives of equipment at the end of each reporting period to ensure assumptions are still valid.

Share-based payments

The Company makes certain estimates and assumptions when calculating fair values of stock options and warrants granted. The significant assumptions used include estimate of expected volatility, expected life and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for the issuance of stock options and warrants.

Deferred income taxes

The provision for income taxes is based on judgments in applying income tax law and estimates on the timing, likelihood and reversal of temporary differences between the accounting and bases of assets and liabilities.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

Government grants

The Company received government assistance under the Junior Exploration Assistance Program designed by the Department of Natural Resources to assist companies in conducting advanced mineral exploration in Newfoundland and Labrador. The Company deducts grants received in calculating the carrying amount of the related mineral property. These grants will be recognized in profit or loss over the life of the mineral property as a reduction to depreciation expense when commercial operation is achieved.

Government assistance in the amount of $nil has been deducted from the carrying value of the Big Easy property during the year ended October 31, 2014 ($86,915 – October 31, 2013). There are no unfulfilled conditions or contingencies attached to the government assistance that has been recognized.

4. FUTURE ACCOUNTING CHANGES

IFRS 9 *Classification and Measurement* (“IFRS 9”) introduces new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments*: *Recognition and Measurement* to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this new standard on the Company’s financial assets and financial liabilities.

During the year ended October 31, 2014, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 32, IAS 36, and IAS 39. These new standards and changes did not have any material impact on the Company’s financial statements.

IAS 1 *Presentation of Financial Statements* (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

4. FUTURE ACCOUNTING CHANGES (continued)

IAS 24 *Related Party Disclosures* ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

5. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of share capital, warrant reserve and equity reserve. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended October 31, 2014 and 2013.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of October 31, 2014, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

5. FINANCIAL RISK FACTORS

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

a) Credit risk

The Company's credit risk is primarily attributable to cash and other receivables. The Company's cash is held with highly rated financial institutions.

The Company has concluded that credit risk with regards to other receivables is minimal.

6. FINANCIAL RISK FACTORS (continued)

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2014, the Company had a cash balance of $116,938 (2013 - $32,723) to settle current liabilities of $532,975 (2013 - $372,706). Of the Company's current financial liabilities, $429,753 have contractual maturities of less than 30 days and are subject to normal trade terms. The loans payable are past due as at October 31, 2014.

c) Market risk

Interest rate risk

The Company's loans payable bear a fixed interest rate and therefore is not subject to interest rate risk. The Company invests any cash surplus to its operational needs in investment-grade short-term deposit certificates issued by highly rated Canadian banks. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

There were no significant changes to credit risk, liquidity risk and market risk during the years ended October 31, 2014 and 2013.

d) Fair value

The carrying amounts for cash, other receivables, trade payable and accrued liabilities, and loans payable on the statements of financial position approximate fair value due to their short-term maturity. The fair value of investments in entities listed on the TSX Venture Exchange are based on quoted market prices in active markets and are classified as a Level 1 in the fair value hierarchy.

6. FINANCIAL RISK FACTORS (continued)

d) Fair value (continued)

A three tier hierarchy is used as a framework for disclosing the fair value of financial instruments based on inputs used to value the Company's financial instruments. 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

e) Sensitivity analysis

The Company is exposed to foreign exchange fluctuations as a result of transactions with its subsidiary, Silver Spruce Resources Mexico S.A. de C.V. The Company does not use derivatives to mitigate its foreign currency risk.

The statement of financial position includes the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in Mexican pesos.

	2014	2013
	$	$
Mexican Pesos:		
Cash	**3,795**	7,754
Trade payable	**5,928**	7,260

A plus or minus 10% change in the value of the Canadian dollar with respect to Mexican Pesos would affect the Company's net loss by approximately $50 (2013 - $50) based on balances denominated in Mexican Pesos on October 31, 2014.

A plus or minus 10% change in the Company's investment in marketable securities as at October 31, 2014, would affect the Company's net loss by $34 ($338 x 10%) (2013 – $34).

(Expressed in Canadian dollars)

7. MINERAL EXPLORATION PROPERTIES

	October 31, 2013	Additions	Refund of expenditures	Impairment and abandonments	**October 31, 2014**
	$	$	$	$	**$**
Gold and Base Metals					
Big Easy	815,690	40,507	-	856,197	-

The Company is entitled to refundable mining rights credits on exploration expenses incurred in Newfoundland, Canada. These credits are applied to the capitalized expenses to which they relate, unless these expenses have been written off, upon which they will be recorded as income when received.

During the year ended October 31, 2014, the Company wrote off the Big Easy property resulting in an impairment of $856,197. As of October 31, 2014, these properties were not abandoned since staking claims are still held for these properties. These write-offs reflect the results of the Company's impairment analysis as of October 31, 2014. The Company reviewed the capitalized costs on its properties and recognized impairment in value based on current exploration results, adverse changes in business climate, and a decrease in the Company's market capitalization compared to the carrying value of its resource properties that indicated that impairment may exist.

	October 31, 2012	Additions	Refund of expenditures	Impairment and abandonments	**October 31, 2013**
	$	$	$	$	**$**
Uranium					
Fish Hawk Lake	84,583	262	-	84,845	-
	84,583	262	-	84,845	-
Gold and Base Metals					
Big Easy	852,704	49,901	86,915	-	**815,690**
Rare Earth Elements					
Pope's Hill Joint Venture	245,203	-	-	245,203	-
Pope's Hill	604,814	2,308	-	607,122	-
	850,017	2,308	-	852,325	-
	1,787,304	52,471	86,915	937,170	**815,690**

(Expressed in Canadian dollars)

7. MINERAL EXPLORATION PROPERTIES (continued)

During the year ended October 31, 2013, the Company wrote off the balance for Fish Hawk Lake of $84,845, Pope's Hill Joint Venture of $245,203, and Pope's Hill of $607,122, for total impairments of $937,170. As of October 31, 2013, these properties were not abandoned since staking claims are still held for these properties. These write-offs reflect the results of the Company's impairment analysis as of October 31, 2013. The Company reviewed the capitalized costs on its properties and recognized impairment in value based on current exploration results, adverse changes in business climate, and a decrease in the Company's market capitalization compared to the carrying value of its resource properties that indicated that impairment may exist. Management's assessment of the properties' estimated current value is also based upon a review of other property transactions that have occurred in the same geographic area as that of the properties under review.

Uranium

a) Fish Hawk Lake

On August 22, 2012, the Company purchased a uranium exploration property in the Central Mineral Belt (CMB) of Labrador from Virginia Energy Resources Inc. The property consists of two mineral claim licences in the western part of the Central Mineral Belt in Labrador. The Company acquired a 100% interest, subject to a 2% NSR with a 1% buyback for $500,000 to a third party, for a one-time share payment of two million shares of the Company.

During the year ended October 31, 2013, the Company wrote off $84,845 of this property to reflect results of its impairment analysis as of October 31, 2013.

Gold and Base Metals

a) Big Easy

On April 28, 2010, the Company entered into an option on the Big Easy Property located in the Thorburn Lake area of Eastern Newfoundland, in the Province of Newfoundland and Labrador. The agreement provided the Company an option to earn a 100% interest in the property and all associated mineral license rights subject to a 3% NSR with a 1.5% buy back by the Company for $1,500,000. The Company exercised this option on April 26, 2013. The consideration for the 100% interest in the property by the Company was $117,510 and 1,600,000 common shares of the Company payable over four years as follows and a further payment starting on the fourth anniversary date of the agreement of $20,000 per year until production is obtained as an advance against the NSR payable:

Year 1 (paid on signing - April 28, 2010;	$27,510
issued on regulatory approval - May 7, 2010)	350,000 common shares
Year 2 (paid April 12, 2011 - issued on April 12, 2011)	$30,000 and 400,000 common shares
Year 3 (paid April 13, 2012 - issued on April 16, 2012)	$30,000 and 500,000 common shares
Year 4 (paid April 26, 2013 - issued on April 15, 2013)	$30,000 and 350,000 common shares

7. MINERAL EXPLORATION PROPERTIES (continued)

a) Big Easy (continued)

During the year ended October 31, 2014, the Company received a refund of expenditures of $nil (2013 - $86,915) under the Junior Exploration Assistance Program which is administered by the Department of Natural Resources for Newfoundland and Labrador.

During the year ended October 31, 2014, the Company wrote off $856,197 of this property to reflect results of its impairment analysis as of October 31, 2014.

See also Note 13.

Rare Earth Elements

a) Pope's Hill

The Company has certain claims that are located in the Pope's Hill area in the Happy Valley/ Goose Bay areas of Labrador. These claims relate to two separate projects the Company is involved in. The first is a 100% owned project. The second is a 50/50 joint operation with the Company's joint operation partner, Great Western Minerals Group Ltd. ("GWMG"). The joint operation agreement was reach on April 11, 2011 and consummated on May 5, 2011, with GWMG being the operator of the joint operation.

During the year ended October 31, 2013, the Company wrote off $607,122 of the 100% owned project and $245,203 of the 50/50 joint operation project to reflect results of its impairment analysis of October 31, 2013. The joint operation has no assets, liabilities, revenue or expenses for the years presented.

(Expressed in Canadian dollars)

8. EQUIPMENT

2014	Equipment	Computers	Vehicles	Total
Cost:	$	$	$	$
At October 31, 2013	**175,192**	**63,483**	**90,442**	**329,117**
Disposals	**988**	**-**	**21,361**	**22,349**
At October 31, 2014	**174,204**	**63,483**	**69,081**	**306,768**
Amortization:				
At October 31, 2013	**126,116**	**59,291**	**76,582**	**261,989**
Additions	**8,923**	**1,840**	**2,769**	**13,532**
Disposals	**383**	**-**	**17,951**	**18,334**
At October 31, 2014	**134,656**	**61,131**	**61,400**	**257,187**
Carrying Value:				
At October 31, 2013	**49,076**	**4,192**	**13,860**	**67,128**
At October 31, 2014	**39,548**	**2,352**	**7,681**	**49,581**

2013	Equipment	Computers	Vehicles	Total
	$	$	$	$
Cost:				
At October 31, 2012	**177,812**	**63,483**	**104,508**	**345,803**
Disposals	**2,620**	**-**	**14,066**	**16,686**
At October 31, 2013	**175,192**	**63,483**	**90,442**	**329,117**
Amortization:				
At October 31, 2012	**115,498**	**56,122**	**76,122**	**247,742**
Additions	**10,967**	**3,169**	**6,341**	**20,477**
Disposals	**349**	**-**	**5,881**	**6,230**
At October 31, 2013	**126,116**	**59,291**	**76,582**	**261,989**
Carrying Value:				
At October 31, 2012	**62,314**	**7,361**	**28,386**	**98,061**
At October 31, 2013	**49,076**	**4,192**	**13,860**	**67,128**

(Expressed in Canadian dollars)

9. INCOME TAXES

a) Reconciliation of total tax expense

The effective rate on the Company's loss before income tax differs from the expected amount that would arise using the combined statutory income tax rates. A reconciliation of the difference is as follows:

	2014	2013
	$	$
Loss before income tax	**(1,013,852)**	(1,244,188)
Income tax rate	**29.23%**	29.23%
Income tax (recovery) at the combined statutory income tax rate	**(296,000)**	(363,676)
Impairment of mineral exploration properties	**250,000**	275,645
Recognition of deferred tax assets in relation to current and prior year taxable income	**-**	(108,879)
CEDOE expenditures	**42,000**	85,900
Unrealized loss on investments	**-**	(229)
Excess amortization over capital cost allowance	**4,000**	4,432
Share issue costs	**(27,000)**	(27,194)
Difference in tax rates and other	**27,000**	(8,490)
Income tax recovery	**-**	(142,491)

(Expressed in Canadian dollars)

9. INCOME TAXES (continued)

b) Unrecognized deductible temporary differences and unused tax losses

Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	2014	2013
	$	$
Deferred tax assets		
Equipment	**275,697**	264,950
Non-capital losses	**1,661,881**	1,545,839
Loans with tax cost base in excess of accounting basis	**1,557,931**	1,557,700
Mineral exploration properties	**11,428,744**	9,636,039
Investments with cost base in excess of carrying value	**156,519**	155,325
Share issue costs	**78,771**	157,727
	15,159,543	13,317,580

The Company has non-capital loss amounting to $1,661,881 which are available to reduce future taxable Income. These non-capital losses expire as follows:

	$
2015	40,526
2027	255,040
2028	278,094
2029	525,004
2030	339,898
2031	127,453
2034	95,866
	1,661,881

(Expressed in Canadian dollars)

10. SHARE CAPITAL

The share capital is as follows:

	2014	2013
	$	$
Authorized:		
An unlimited number of non-voting preference shares		
An unlimited number of common shares, no par value		
Issued and outstanding:		
14,025,781 (October 31, 2013 - 11,195,781)	**27,468,592**	27,398,740

a) In April 2013, the Company issued 35,000 common shares for the acquisition of Big Easy Property valued at $0.20, based on the quoted market value of the common shares on the date of issue.

b) The shareholders of the Company on May 6, 2014, and the board of directors on September 4, 2014 each approved a share consolidation. The consolidation resulted in each shareholder receiving one share for every 10 existing shares. Post consolidation, the Company had 11,195,781 common shares issued and outstanding. All common share and per share amounts have been restated to give retroactive effect to the share consolidation. All outstanding warrants and employee/director options were re-priced to reflect the consolidation.

c) In October 2014, the Company closed a non-brokered private placement to raise gross proceeds of $141,500. The offering consisted of the issuance of 2,730,000 flow-through units ("FT Units") of the Company. Each FT Unit was offered at a price of $0.05 per FT Unit and consisted of one flow-through common share and one half common share purchase warrant, with each whole warrant exercisable at a price of $0.10 per non-flow-through common share if exercised within 24 months of the closing of the offering. The offering also consisted of the issuance of 100,000 non-flow-through units ("NFT Units") of the Company. Each NFT Unit was offered at a price of $0.05 per NFT Unit and consisted of one non-flow-through common share and one common share purchase warrant, with each whole warrant exercisable at a price of $0.10 per non-flow-through common share for a period of 24 months after the closing of the offering. Officers and directors of the Company subscribed for 2,100,000 FT units and 100,000 NFT units for gross proceeds of $110,000.

(Expressed in Canadian dollars)

11. WARRANTS

The following is a summary of warrants activity for the years ended October 31, 2014 and October 31, 2013:

	2014		2013	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**119,625**	**2.00**	780,960	2.00
Granted in connection with private placements	**1,465,000**	**0.10**	-	-
Expired during the year	**-**	**-**	(661,335)	2.00
Balance, end of year	**1,584,625**	**0.24**	119,625	2.00

a) In connection with the October 30, 2014 private placement disclosed in Note 10, the Company issued 1,465,000 warrants. The grant date fair value of $30,587 assigned to the warrants was estimated using the Black Scholes option pricing model with the following assumptions: expected dividend yield 0%, expected volatility based on historical volatility 196.88%, a risk free interest rate of 1.04%, and an expected maturity of 2 years.

Summary of warrants outstanding as at October 31, 2014:

Warrants	Exercise price	Grant date fair value of warrants	Expiry date
#	$	$	
119,625	2.00	28,596	May 18, 2015 *
1,465,000	0.10	30,587	October 30, 2016
1,584,625		59,183	

*Subsequent to October 31, 2014, these warrants expired unexercised.

(Expressed in Canadian dollars)

12. SHARE BASED PAYMENTS

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 20% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to anyone person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for options is set by the Company at the time the options are granted. The shareholders of the Company are covered by a Shareholder Rights Plan Agreement between the Company and CIBC Mellon Trust Company.

Share based payment activity for the years ended October 31, 2014 and October 31, 2013 are summarized as follows:

	2014		2013	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**756,500**	**2.00**	1,118,500	2.40
Expired	**(284,000)**	**1.63**	(362,000)	3.30
Balance, end of year	**472,500**	**2.25**	756,500	2.00

At October 31, 2014, outstanding options to acquire common shares of the Company were as follows:

Exercise price	Number of outstanding options	Weighted average remaining contractual life of outstanding options (years)	Grant date weighted average fair value per option	Number of exercisable options
$			$	
3.00	145,000	1.62	0.80	145,000
3.00	130,000	1.22	2.00	130,000
1.20	197,500	0.49	0.80	197,500
	472,500	1.04	1.10	472,500

(Expressed in Canadian dollars)

12. SHARE BASED PAYMENTS (continued)

The weighted average grant date fair value per option of options outstanding as at October 31, 2014 is $1.10 (2013 - $1.10).

The number of shares reserved for issue of options is 2,332,657 as at October 31, 2014 (2013 – 1,482,656).

13. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at October 31, 2014 is $226,201 (2013 - $140,212) owing to directors and companies controlled by directors of the Company for consulting related services rendered and $nil (2013 - $56,103) owing to directors for their annual stipend. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

In April 2013, the Company received a loan of $30,000 from a director of the Company. The loan is secured by the Big Easy Property. During the 2014 fiscal year, an additional loan of $35,000 was received from a director of the Company for a total outstanding balance of $65,000 (2013 - $30,000). The $30,000 loan is non-interest bearing and the $35,000 loan bears interest at 5% per annum. During the year ended October 31, 2014, the loans incurred interest expense of $1,167 which is outstanding at year end. The loans are past due as at October 31, 2014.

During the year ended October 31, 2014, no stock options were granted to directors, officers and employees of the Company (2013 – Nil).

During the years ended October 31, 2014 and 2013 key management personnel compensation consisted of services provided by companies owned by directors of $87,708 (2013 - $91,468), and directors' fees of $nil (2013 - $34,603) which are classified as short-term employee benefits and recorded as wages and benefits on the consolidated statement of operations.

See also Note 10 (c).

14. SUPPLEMENTAL CASH FLOW INFORMATION

	2014	2013
	$	$
Non-cash investing and financing activities:		
Acquisition of mineral exploration properties for share consideration	**-**	7,000
Expiry of warrants	**-**	567,781

15. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

During the year ended October 31, 2010, the Company acquired a 100% interest in the licenses, and property and mineral license rights of the Big Easy property. Consequently, on the fourth anniversary, April 2014, and yearly thereafter, the Company is committed to make annual advance royal payments of $20,000 payable each year until production is obtained. The advance royalty payments are deductible from future 3% Net Smelter Return royalty payments derived from commercial production from the property.

The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow- through subscription agreements. The Company renounced $136,500 of qualifying exploration expenditures to shareholders effective December 31, 2014. Under the "look back" provision governing flow-through shares, $136,500 of this amount is remaining and must be spent by the end of 2015.