CASCADERO COPPER CORPORATION

INDEPENDENT AUDITORS' REPORT AND

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2012 and 2011

CASCADERO COPPER CORPORATION

FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2012 AND 2011 **Page**

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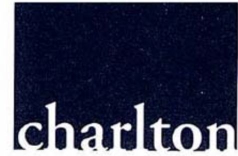

charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Cascadero Copper Corporation

We have audited the accompanying financial statements of Cascadero Copper Corporation, which comprise the statements of financial position as at November 30, 2012 and 2011 and December 1, 2010 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended November 30, 2012 and 2011 and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Cascadero Copper Corporation as at November 30, 2012 and 2011 and December 1, 2010 and its financial performance and cash flows for the years ended November 30, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matters
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
March 25, 2013

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

		November 30, 2012	November 30, 2011 (Note 14)	December 1, 2010 (Note 14)
ASSETS				
Current				
Cash and cash equivalents	**$**	**1,194,179**	$ 272,291	$ 181,339
GST/HST receivable		**94,265**	138,335	31,675
Prepaid expenses		**27,700**	18,157	-
		1,316,144	959,210	878,080
Long-term investments (Note 5)		**1**	1	45,894
Advances to equity affiliates (Note 10(a)(v))		**2,803,941**	530,427	665,066
Mineral properties (Note 6)		**10,409,580**	10,440,357	9,709,594
Equipment (Note 7)		**3,842**	6,830	9,067
	$	**14,533,508**	$ 11,406,398	$ 10,642,635
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable	**$**	**33,676**	$ 88,611	$ 18,297
Accrued Liabilities (Note 11)		**330,625**	317,501	290,001
Due to related parties (Note 10(a)(i) to (iv))		**84,959**	230,977	257,340
		449,260	637,089	565,638
Flow-through share premium liability		**-**	116,953	-
		449,260	754,042	565,638
SHAREHOLDERS' EQUITY				
Share capital (Note 8(b))		**19,577,899**	15,004,620	14,123,434
Share subscriptions		**-**	224,460	-
Treasury shares		**(465,463)**	(465,463)	(625,543)
Contributed surplus (Note 8(c))		**3,827,052**	3,419,178	3,046,323
Deficit		**(8,855,240)**	(7,530,439)	(6,467,217)
		14,084,248	10,652,356	10,076,997
	$	**14,533,508**	$ 11,406,398	$ 10,642,635

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

Approved on Behalf of the Board:

Director – "William McWilliam" Director – "Michael Denega"

See accompanying notes to the financial statements

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

	2012	2011 (Note 14)
Expenses		
Accounting and audit (Note 10(b)(v))	**$ 106,425**	$ 73,050
Amortization	**2,988**	3,975
Bank charges and interest (Note 10(b)(ii))	**10,893**	25,702
Filing fees	**59,800**	26,588
Legal fees	**50**	525
Management fees (Note 10(b)(ii))	**160,000**	160,000
Office and miscellaneous (Note 10(b)(iii) & (iv))	**391,227**	271,437
Part XII.6 tax (Note 11)	**13,157**	12,500
Rent	**10,600**	21,167
Share-based compensation (Note 8(b))	**326,487**	238,324
	1,081,627	833,268
Loss before other items	**(1,081,627)**	(833,268)
Other items		
Equity loss of affiliates (Note 5)	**-**	(45,893)
(Loss) gain on settlement of advances	**-**	(361)
Interest and other income	**192,357**	3,892
Foreign exchange loss/ (gain)	**(33,552)**	(14,793)
Mineral property write-down (Note 6)	**(401,979)**	(172,799)
	(243,174)	(229,954)
Net loss and comprehensive loss for the year	**$ (1,324,801)**	$ (1,063,222)
Basic and diluted loss per common share	**$ (0.01)**	$ (0.01)
Weighted average number of shares outstanding	**122,356,617**	105,422,848

See accompanying notes to the financial statements

CASCADERO COPPER CORPORATION
STATEMENT OF SHARHOLDERS' EQUITY AND DEFICIT
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

	Shares	Amount	Contributed Surplus	Treasury Shares	Share Subscriptions	Deficit	Total
Balance, December 1, 2010	102,944,612	$ 14,123,434	$ 3,046,323	$ (625,543)	.$ -	(6,467,217)	$ 10,076,997
Shares issued pursuant to private placements	5,583,125	1,030,300	-	-	-	-	1,030,300
Cash finder's fees	-	(4,161)	-	-	-	-	(4,161)
Residual value allocation to warrants	-	(94,453)	94,453	-	-	-	-
Stock options granted	-	-	238,324	-	-	-	238,324
Excess of FMV over cost of treasury shares paid as consideration for mineral property acquisition, mineral property services and consulting services	-	-	106,531	-	-	-	106,531
Treasury shares paid as consideration for mineral property acquisition, mineral property services and consulting services - cost	-	-	-	160,080	-	-	160,080
Premium on flow-through shares issued	-	(50,500)	(66,453)	-	-	-	(116,953)
Share subscriptions received	-	-	-	-	224,460		224,460
Net loss for the year	-	-	-	-	-	(1,063,222)	(1,063,222)
Balance, November 30, 2011	108,527,737	15,004,620	3,419,178	(465,463)	224,460	(7,530,439)	10,652,356
Shares issued pursuant to private placements	42,164,791	4,613,200	-	-	(224,460)	-	4,388,740
Finder's fees	-	(90,421)	14,934	-	-	-	(75,487)
Stock options granted	-	-	326,487	-	-	-	326,487
Reversal of Premium on flow-through shares	-	50,500	66,453	-	-	-	116,953
Net loss for the year	-	-	-	-	-	(1,324,801)	(1,324,801)
Balance, November 30, 2012	**150,692,528**	**$ 19,577,899**	**$ 3,827,052**	**$ (465,463)**	**$ -**	**(8,855,240)**	**$ 14,084,248**

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

		2012		2011
Cash used in Operating Activities				
Operating activities				
Net loss for the year	$	(1,324,801)	$	(1,068,891)
Items not affecting cash:				
Amortization		2,988		3,975
Share-based compensation		326,487		248,282
Loss (gain) on settlement of advances		-		361
Equity loss of affiliates		-		45,893
Mineral property write-down		401,979		172,799
Interest and other income		-		(3,892)
		(593,347)		(601,473)
Net changes in non-cash working capital items				
GST recoverable		44,070		(106,660)
Prepaid expenses		(9,543)		(18,157)
Accounts payable		(54,935)		70,314
Accrued liabilities		13,124		23,211
		(600,631)		(632,765)
Financing activities				
Advances to/from related parties		(146,018)		(2,908)
Advances made to equity affiliates		(2,273,514)		124,371
Gross proceeds on issuance of shares		4,388,740		1,030,300
Cash finders' fees		(75,487)		(4,161)
Share subscriptions received`		-		224,460
		1,893,721		1,372,062
Investing activities				
Purchase of equipment		-		(1,736)
Mineral property costs		(371,202)		(646,609)
		(371,202)		(648,345)
Increase (decrease) in cash during the year		921,888		90,952
Cash and cash equivalents, beginning of year		272,291		181,839
Cash and cash equivalents, end of year	$	1,194,179	$	272,291

Supplemental disclosure of cash flow information:

		2012		2011
Cash paid for:				
Interest	$	-	$	-
Income taxes	$	-	$	-
Cash consists of:				
Cash / (bank overdraft)	$	940,930		22,291
GIC		253,249		250,000
	$	1,194,179	$	272,291

Supplemental disclosure with respect to cash flows (Note 13)

See accompanying notes to the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Cascadero Copper Corporation ("Cascadero" or the "Company") was incorporated pursuant to the Alberta Business Corporations Act on October 30, 2003 and continued into the Province of British Columbia on June 3, 2004. The Company is engaged in the business of acquiring, exploring and developing mineral properties located primarily in Canada. The Company is considered to be in the development stage. The Company's head office, principal address, and records office are located at 590 East Kings Road, North Vancouver, British Columbia, Canada V7N 1J3.

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

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

The ability of the Company to continue operations is dependent upon the continued financial support of its shareholders, other investors and lenders, and the successful development of mineral properties in the future. The outcome of these matters cannot be predicted at this time. Since inception, the Company has incurred cumulative losses of $8,855,240 (2011: $7,530,439) and for the year ended November 30, 2012 has negative operating cash outflow from continuing operations of approximately $ 600,631 (2011: $632,765). Management believes that the Company will be able to continue to raise additional funds and has prepared these financial statements on a going concern basis. Realization values may be substantially different from the carrying values as presented in the financial statements should the Company be unable to continue as a going concern. It is management's opinion that all adjustments considered necessary for fair presentation of the results for the years presented have been reflected in these financial statements.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements of the Company for the year-ended November 30, 2012 have been prepared in accordance with International Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"). These are the Company's first IFRS annual financial statements, having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP).

An explanation of the impact of the transition from Canadian GAAP to IFRS on the Company's financial statements is provided in Note 14.

2. BASIS OF PRESENTATION - continued

b) Basis of Measurement

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

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

An explanation of the impact of the transition from CGAAP to IFRS on the Company's financial statements is provided in Note 14.

The accounting policies set out in Note 3 have been applied consistently by the Company to all periods presented and in preparing the opening balance sheet at December 1, 2010 for the purposes of the transition to IFRS.

c) Use of estimates and judgments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments that are redeemable within ninety days or less when purchased

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) Equipment

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

Computer equipment	45%
Furniture and fixtures	20%

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

c) Accounts receivable

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

d) Exploration and evaluation assets

(i) Pre-license expenditures

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

(ii) Exploration and evaluation expenditures

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Exploration and evaluation assets – continued

(iii) Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

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

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

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

e) Revenue recognition

Revenues are recognized on the following bases:

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

f) Share Capital

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

g) Warrants

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

h) Related party transactions

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

i) Earnings (loss) per share

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

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

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

j) Share-based payments

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

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

k) Income taxes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

k) Income taxes – continued

Deferred tax is provided using the balance sheet liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enactive or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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

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

l) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of it exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

To the extent that the Company has available tax pools for which the benefit has not been previously recognized as being realizable, the premium is recognized in profit or loss as a deferred income tax recovery to recognize the deferred tax asset offsetting the liability at the time of renunciation of the tax pools.

m) Provision for Environmental rehabilitation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

n) Financial Instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories at their initial recognition:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Or available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transactions costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets recognition and de-recognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when:

- The contractual rights to the cash flows from the financial asset expire;
- The contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company;
- Or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled or expire.

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or likelihood that the borrower will enter bankruptcy or financial reorganization.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

n) Financial Instruments – continued

The carrying amount of financial assets is reduced by impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment loss been recognized.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets 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 loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. 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 of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

The Company has made the following classifications:

- Cash and cash equivalents are classified as fair value through profit or loss.
- Tax receivable is classified as loans and receivables.
- Accounts payable and accrued liabilities, due to related parties, and loans payable have been classified as liabilities at amortized cost.

o) Critical Accounting Estimates and Judgements

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

o) Critical Accounting Estimates and Judgements – continued

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

Judgements

Exploration and evaluation expenditures

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

Title to mineral property interests

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

Estimates

Share-based payment transactions

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

p) Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later years. None of these are expected to have a significant effect on the consolidated financial statements, except for the following:

Accounting Standards Issued and Effective January 1, 2013

IFRS 11, *Joint Arrangements,* establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12, *Disclosure of Involvement with Other Entities,* requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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

IFRS 13, *Fair Value Measurement,* defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, *Share-based Payment*;
- Leasing transactions within the scope of IAS 17, *Leases*;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment Assets*.

IFRIC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*, summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

Accounting Standards Issued and Effective January 1, 2015

IFRS 9, *Financial Instruments,* replaces the current standard IAS 39, *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

4. FINANCIAL INSTRUMENTS

		November 30, 2012	November 30, 2011	December 1, 2010
		$	$	$
FVTPL financial assets	a	**1,194,179**	272,291	181,339
Loans and receivables	b	**94,265**	138,335	31,675
Liabilities at amortized cost	c	**449,260**	637,089	565,638

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

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

Management of Industry and Financial Risk

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

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

4. FINANCIAL INSTRUMENTS - continued

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

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

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

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

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

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

5. LONG TERM INVESTMENTS

In December 2008, the Company paid US$200,000 and TSX Venture Exchange approval was granted for the Company to issue 28,000,000 of its common shares with a fair value of $700,000 to Argentine Frontier Resources Inc. ("AFRI") for its 50% membership interest in SESA Holdings, LLC ("SESA"), a limited liability company formed under the laws of the State of Nevada, USA. SESA is the legal and/or beneficial holder of 100% of the issued and outstanding equity interest in Salta Exploraciones S.A. ("Salta") a company duly formed under the laws of Argentina which holds certain mineral rights and properties. The Company uses the equity method of accounting for its investment in SESA. The Company's long-term investments are as follows:

		2011	2011	2010
Acquisition cost of SESA Holdings LLC	$	**947,540**	947,540	947,540
Loss in SESA Holdings LLC		**(947,539)**	(947,539)	(901,646)
Carrying value of SESA Holdings LLC	$	**1**	1	45,894

During the year ended November 30, 2012, Cascadero's share of SESA LLC's losses was $605,045. Of these total losses, $nil was recognized in Cascadero's net income as the value of the investment in SESA had already been reduced to a nominal amount in the prior year.

6. MINERAL PROPERTIES

Toodoggone Property

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

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

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

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

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

Swayze claims

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

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

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

Jovan property

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

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

6. MINERAL PROPERTIES - continued

Jovan property

Cash payments

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

Share issuances of Cascadero

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

Assessment and work requirements

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

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

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

Marble Mountain Property

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

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

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

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

6. MINERAL PROPERTIES – continued

The required cash payments are:

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

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

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

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

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

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

Jerome, Powerline and Rush Lake properties

During the year ended November 30, 2012, the Company made expenditures on mineral properties to which it had not yet formally acquired rights. These expenditures have been written off as at November 30, 2012.

Total costs included in mineral properties for 2012 and 2011 are as follows:

	November 30, 2011 $	Additions $	Disposals/ Write-downs $	November 30, 2012 $
	Acquisition		Total	Total
Toodoggone property				
BC, Canada	6,445,586	-	-	6,445,586
Deferred exploration – general	3,098,388	-	-	**3,098,388**
mineral property	1,750	-	-	**1,750**
consulting	48,969	-	-	**48,969**
staking	84,306	-	-	**84,306**
prospecting	15,506	-	-	**15,506**
others	7,520	-	-	**7,520**
assay	7,569	-	-	**7,569**
	9,709.594	-	-	**9,709,594**
Swayze claims				
Timmins, Ontario, Canada				
acquisition	152,000	-	-	**152,000**
consulting	19,970	3,825	-	**23,795**
staking	730	5,040	-	**5,770**
prospecting	6,800	1,550	-	**8,350**
finders' fees	49,500	-	-	**49,500**
others	17,952	1,465	-	**19,417**
geological	40,590	120,025	-	**160,615**
assay	1,645	12,877	-	**14,522**
	289,187	144,782	-	**433,969**

6. MINERAL PROPERTIES – continued

	November 30, 2011 $ Acquisition	Additions $	Disposals/ Write-downs $ Total	November 30, 2012 $ Total
Powerline property				
Sudbury, Ontario, Canada				
Acquisition	-	-	-	-
Consulting	-	3,255	3,255	-
Geological	-	8,556	8,556	-
Others	-	6,026	6,026	-
Prospecting	-	44,228	44,228	-
	-	62,065	62,065	-
Jerome property				
Timmins, Ontario, Canada				
Acquisition	-	-	-	-
Consulting	-	1,485	1,485	-
Geological	-	2,075	2,075	-
Prospecting	-	107	107	-
	-	3,667	3,667	-
Rush Lake West				
Acquisition	-	36,000	36,000	-
Consulting	-	6,899	6,899	-
Staking	-	4,754	4,754	-
Others	-	995	995	-
Geological	-	10,866	10,866	-
Prospecting	-	5,846	5,846	-
	-	65,360	65,360	-
Marble Mountain				
Sudbury, Ontario				
Optioned from John and Marie Brady				
Optioned to: Gold fields				
Acquisition	50,500	25,000	75,500	-
Consulting	5,000	15,070	20,070	-
Prospecting	-	100	100	-
Assay	4,510	166	4,676	-
Geological	35,547	900	36,447	-
mob/demob	124,974	-	124,974	-
Other	4,702	4,418	9,120	-
	225,233	45,654	270,887	-
Jovan claims				
Sudbury, Ontario				
Optioned from John and Marie Brady				
Acquisition	49,750	40,000	-	**89,750**
Staking	-	637	-	**637**
Consulting	3,800	3,600	-	**7,400**
Geological	61,680	2,856	-	**64,536**
Assay	16,235	-	-	**16,235**
Others	31,979	5,267	-	**37,246**
mob/demob	45,400	-	-	**45,400**
	208,844	52,360	-	**261,203**
General	7,500	-	2,686	**4,814**
	10,440,358	373,888	404,665	**10,409,580**

Contractual Commitments

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

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

6. MINERAL PROPERTIES – continued

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

7. EQUIPMENT

Cost		**Computer Equipment**		**Furniture and Fixtures**		**Total**
Balance at December 1, 2010	$	35,767	$	591	$	36,358
Additions		1,736		-		1,736
Disposals		-		-		-
Balance at November 30, 2011	$	37,503	$	591	$	38,094
Addition		-		-		-
Disposals		-		-		-
Balance at November 30, 2012	**$**	**37,503**	**$**	**591**	**$**	**38,094**

Accumulated Depreciation and Amortization		**Computer Equipment**		**Furniture and Fixtures**		**Total**
Balance at December 1, 2010	$	27,124	$	167	$	27,291
Amortization		3,889		84		3,973
Balance at November 30, 2011	$	31,013	$	251	$	31,264
Amortization		2,920		68		2,988
Balance at November 30, 2012	**$**	**33,933**	**$**	**319**	**$**	**34,252**

Net Carrying Amounts		**Computer Equipment**		**Furniture and Fixtures**		**Total**
Balance at December 1, 2010	$	8,643	$	424	$	9,067
Balance at November 30, 2011	$	6,490	$	340	$	6,830
Balance at November 30, 2012	**$**	**3,570**	**$**	**272**	**$**	**3,842**

8. SHARE CAPITAL

a) Authorized

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

b) Issued and Outstanding Common Shares
Please refer to the Statement of changes in shareholders' equity.

During the year ended November 30, 2012:

In April 2012, the Company issued 12,709,999 non flow-through shares in a non-brokered private placement at a price of $0.12 per unit for gross proceeds of $1,525,200. Each unit comprised of one common share of the Company and one purchase warrant. The Warrant entitles the holder to purchase one additional common share at $0.25. The Warrants expire on April 26, 2015.

In April 2012, the Company issued 625,000 non flow-through shares in a non-brokered private placement at a price of $0.16 per unit for gross proceeds of $100,000. Each unit comprised of one common share of the Company and one purchase warrant. The Warrant entitles the holder to purchase one additional common share at $0.19. The Warrants expire on April 24, 2013.

In September 2012, the Company issued 24,300,000 non flow-through shares in a non-brokered private placement at a price of $0.10 per unit for gross proceeds of $2,430,000. Each unit comprised of one common share of the Company and one purchase warrant. The Warrant entitles the holder to purchase one additional common share at $0.12. The Warrants expire on September 25, 2014. Cash finders' fees of $65,640 were issued in conjunction with this private placement.

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

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

During the year ended November 30, 2011:

In January 2011, the Company issued 2,525,000 flow-through shares in a non-brokered private placement at a price of $0.20 per unit for gross proceeds of $505,000. Each unit was comprised of one common share of the Company and one half purchase warrant (1,262,500 warrants). Two half-warrants entitle the holder to purchase one additional common share at $0.25. The warrants expire on December 31, 2011.

In March 2011, the Gold Fields subscribed to and was issued 400,000 units of the Company at a price of $0.25 per unit for gross proceeds of $100,000. Each unit was comprised of one common share of the Company and one purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.25. The warrants expire on March 19, 2012. A residual value of $28,000 was attributed to the warrants.

8. SHARE CAPITAL - continued

In October 2011, the Company issued 2,658,125 flow-through shares in a non-brokered private placement at a price of $0.16 per unit for gross proceeds of $425,300. Cash finders' fees of $4,161 were paid in conjunction with this private placement. Each unit was comprised of one common share of the Company and one purchase warrant, which entitles the holder to purchase one additional common share at $0.20. The warrants expire on October 7, 2013. A residual value of $66,453 was attributed to the warrants.

c) Stock Option Plan

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

During the year ended November 30, 2012:

The Company recorded total share-based compensation during the year ended November 30, 2012 of $326,487 (2011: $238,324). Of this amount, $315,821 related to options issued in the year ended November 30, 2012 and $10,668 was from options issued during the year ended November 30, 2011 and vested during the year ended November 30, 2012.

In December 2011, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 1,000,000 options at an exercise price of $0.12 per share. The options expire on December 23, 2016. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grand date. The Company has recorded share-based compensation expense in the amount of $80,761 for the portion of these options vested during 2012.

In December 2011, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 600,000 options at an exercise price of $0.12 per share. The options expire on December 23, 2012. The options vest 25% on the grant date, 25% three months from the grant date, 25% six months from the grant date and 25% nine months from the grand date. The Company has recorded share-based compensation expense in the amount of $19,118 for the portion of these options vested during 2012.

In March 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 1,000,000 options at an exercise price of $0.12 per share. The options expire on March 9, 2017. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grand date. The Company has recorded share-based compensation expense in the amount of $78,256 for the portion of these options vested during 2012.

In July 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 950,000 options at an exercise price of $0.12 per share. The options expire on July 17, 2017. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grand date. The Company has recorded share-based compensation expense in the amount of $60,480 for the portion of these options vested during 2012.

In July 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 350,000 options at an exercise price of $0.12 per share. The options expire on July 17, 2013. The options vest 25% on the grant date, 25% three months from the grant date, 25% six months from the grant date and 25% nine months from the grand date. The Company has recorded share-based compensation expense in the amount of $8,208 for the portion of these options vested during 2012.

8. SHARE CAPITAL - continued

c) Stock Option Plan (continued)

In August 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 1,000,000 options at an exercise price of $0.12 per share. The options expire on August 1, 2017. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grand date. The Company has recorded share-based compensation expense in the amount of $53,087 for the portion of these options vested during 2012.

In October 2012, the Company granted option to consultants to acquire common share of the Company. The Consultants were granted 300,000 options at an exercise price of $0.10 per share. The options expire on October 24, 2017. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grand date. The Company has recorded share-based compensation expense in the amount of $15,911 for the portion of these options vested during 2012.

During the year ended November 30, 2011:

The Company recorded total share-based compensation during the year ended November 30, 2011 of $238,324. Of this amount, $185,365 related to options issued in the year ended November 30, 2011, and $52,959 was from options issued during the year ended November 30, 2010 and vested during the year ended November 30, 2011.

In January 2011, the Company granted options to consultants to acquire common shares of the Company. The consultants were granted 600,000 options at an exercise price of $0.18 per share. The options expire on January 14, 2014. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grant date. The Company has recorded share-based compensation expense in the amount of $58,494 for the portion of these options vested during 2011.

In April 2011, the Company granted 1,150,000 options to a consultant and to two directors to acquire common shares of the Company at an exercise price of $0.25. The options expire on January 14, 2014. The options vest 25% on the grant date, 25% six months from the grant date, 25% nine months from the grant date and 25% eighteen months from the grant date. The Company has recorded share-based compensation expense in the amount of $90,881 for the portion of these options vested during 2011.

In April 2011, the Company granted 400,000 options to a consultant to acquire common shares of the Company. The consultant was granted 400,000 options at an exercise price of $0.25 per share. The options expire on April 1, 2013. The options vest 25% on the grant date, 25% four months from the grant date, 25% eight months from the grant date and 25% twelve months from the grant date. The Company has recorded share-based compensation expense in the amount of $33,646 for the portion of these options vested during 2011.

In November 2011, the Company granted 50,000 options to a consultant to acquire common shares of the Company at an exercise price of $0.12. The options expire on December 12, 2012. The Company has recorded share-based compensation expense in the amount of $2,344 for the portion of these options vested during 2011.

8. SHARE CAPITAL - continued

c) Stock Option Plan (continued)

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

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

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

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

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

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

8. SHARE CAPITAL - continued

b) Stock Option Plan (continued)

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

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

The following inputs were used to value the option grants made during 2011:

	January 2011 – 600,000 options
Weighted average risk-free interest rate	1.10% to 1.90%
Dividend yield	0%
Expected volatility	130.47% to 141.61%
Weighted average expected life of option	2.12 to 3.00 years

	April 2011 – 400,000 options
Weighted average risk-free interest rate	1.46% to 2.65%
Dividend yield	0%
Expected volatility	99.06% to 125.25%
Weighted average expected life of option	1.34 to 2.00 years

	April 2011 – 1,150,000 options
Weighted average risk-free interest rate	1.10% to 2.11%
Dividend yield	0%
Expected volatility	140.23% to 141.55%
Weighted average expected life of option	2.12 to 2.78 years

	November 2011 – 50,000 options
Weighted average risk-free interest rate	1.01%
Dividend yield	0%
Expected volatility	98.07%
Weighted average expected life of option	1.07 years

8. SHARE CAPITAL - continued

c) Stock Option Plan (continued)

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

The following options were outstanding as at November 30, 2012 and 2011:

	2012		2011	
	Outstanding	**Weighted Average Exercise Price**	Outstanding	Weighted Average Exercise Price
Balance, beginning of year	18,044,000	$0.12	18,149,000	$0.14
Increase (decrease):				
Options granted	5,200,000	$0.12	2,200,000	$0.23
Options expired	(800,000)	$0.15	(1,555,000)	$0.15
Options cancelled/forfeited	(1,284,000)	$0.18	(750,000)	$0.31
Balance, end of year	21,160,000	$0.12	18,044,000	$0.12

The following options were exercisable as at November 30, 2012 and 2011:

	2012		2011	
	Outstanding	**Weighted Average Exercise Price**	Outstanding	Weighted Average Exercise Price
Balance, beginning of year	17,024,000	$0.12	17,024,000	$0.14
Increase (decrease):				
Options granted	4,636,687	$0.12	2,571,423	$0.23
Options expired	(800,000)	$0.15	(1,555,000)	$0.15
Options cancelled/forfeited	(1,284,000)	$0.18	(750,000)	$0.31
Balance, end of year	19,576,687	$0.12	17,024,000	$0.12

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

2012			2011		
Number of Options Outstanding	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life Years**	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
1,550,000	$0.25	1.70	1,550,000	$0.25	2.70
600,000	$0.18	1.11	600,000	$0.18	2.11
2,150,000	$0.15	1.26	3,050,000	$0.15	2.26
4,900,000	$0.12	3.33	1,050,000	$0.11	3.96
11,960,000	$0.10	1.14	11,794,000	$0.10	1.99
21,160,000	$0.12	1.80	18,044,000	$0.12	2.22

8. SHARE CAPITAL - continued

(d) Warrants

The following summarizes warrant activity during the year:

	2012		2011	
	Outstanding	**Weighted Average Exercise Price**	**Outstanding**	Weighted Average Exercise Price
Balance, beginning of the year	8,320,625	$0.11	4,000,000	$0.12
Increase (decrease):				
Warrants granted	42,235,666	$0.15	4,320,625	$0.11
Warrants expired	(5,662,500)	$0.10	-	-
Warrants exercised			-	-
Balance, end of the year	44,893,791	$0.15	8,320,625	$0.11

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

2011			2011		
Number of Warrants Outstanding	**Weighted Average Exercise Price**	**Expiry Date**	Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date
2,658,125	$0.20	Oct. 7, 2013	4,000,000	$0.10	Sept. 20, 2012
12,709,999	$0.25	Apr. 26, 2015	1,262,500	$0.25	Dec. 31, 2011
625,000	$0.19	Apr 24, 2013	400,000	$0.25	Mar. 19, 2012
24,731,500	$0.12	Sept. 25, 2014	2,658,125	$0.20	Oct. 7, 2013
4,169,167	$0.14	Oct 30. 2014			
44,893,791	$0.15		8,320,625	$0.12	

9. INCOME TAXES

	2012	2011
Loss before income taxes	**$ (1,324,801)**	$ (1,068,891)
Statutory tax rate	**25.13%**	26.63%
Expected income tax recovery	**$ (332,856)**	$ (284,592)
Share issue costs	**(10,952)**	(15,995)
Other temporary differences	**9,876**	7,556
Equity loss of affiliate	**-**	12,219
(Gain) / loss on settlement of advances	**-**	96
Share-based compensation	**82,030**	66,105
Mineral property write-down	**100,997**	46,008
Change in statutory rate	**139,984**	165,416
Change in the valuation allowance	**10,921**	3,187
Future income tax recovery	**$ -**	$ -

9. INCOME TAXES - continued

The significant components of the Company's future income tax assets are as follows:

		2012		2011
Future income tax assets				
Non-capital losses carry forward	$	**1,536,205**	$	1,356,013
Canadian exploration expenditures		**1,011,178**		1,112,344
Unamortized share issue costs		**19,083**		15,019
		2,566,466		2,483,376
Valuation allowance		(2,566,466)		(2,483,376)
Income tax provision	$	**-**	$	-

A full valuation allowance has been recorded against the net potential future income tax assets associated with the loss carry-forwards and certain other deductible temporary differences as their utilization is not considered more likely than not at this time. Future income tax assets are not recorded for the above tax loss carry-forwards due to uncertainty of their recovery. The tax losses may be subject to audit and adjustment by local tax authorities as well as other local regulations.

The Company has accumulated non-capital losses available for income tax purposes in the amount of $6,144,819 and Canadian exploration expenditures of $6,364,869 available to reduce taxable income of future years. The non-capital losses expire as follows:

2015	$ 1,134,046
2026	925,227
2027	830,803
2028	572,658
2029	648,563
2030	799,653
2031	633,250
2032	600,619
	$ 6,144,819

10. RELATED PARTY TRANSACTIONS

a) The Company has the following balances owed to and from related entities as at November 30, 2012:

   i. $83,216 due to Stealth Minerals Ltd., a related Company (November 30, 2011: $135,419; December 1, 2010: $163,481). This amount is unsecured, has no specific terms of repayment, and bears interest at a rate of 7.5% per year.
   ii. $ 17,662 due from Bill McWilliam an officer and director of the Company (November 30, 2011: $75,734; December 1, 2010: $84,718).
   iii. $12,500 due to Judith Harder, an immediate family member of the President of the Company (November 30, 2011: $12,500; December 1, 2010: $9,140) for services provided.
   iv. $6,901 due to Sharon Lewis, the CFO of the Company (November 30, 2011: $7,324; December 1, 2010: $nil).
   v. Advances of $2,803,941 to Argentine Frontier Resources Inc., and SESA Holdings LLC (November 30, 2011: $530,447; December 1, 2010: $665,066) equity affiliates or the Company.

b) During the year ended November 30, 2012, the Company had the following transactions with related parties:

   i. Charged $5,897 in interest expense on advances payable to a Stealth Minerals Ltd., a Company with a common President (2011: $11,937).

10. RELATED PARTY TRANSACTIONS – continued

ii. Incurred $160,000 in management fees to Bill McWilliam, a director of the Company (2011: $160,000).
iii. Reimbursed Bill McWilliam, a director of the Company $46,960 (2011: $82,841) for amounts paid on the Company's behalf for office expenses, travel, telecommunications and vehicle expenses.
iv. Incurred $18,000 in office and administrative fees charged by Judith Harder, an immediate family member of a director of the Company (2011: $36,000).
v. Incurred $10,600 (2011: $15,496) in rent to 0695918 BC Ltd., a Company owned by Bill McWilliam, a director of the Company.
vi. Incurred $38,925 in accounting fees paid to Sharon Lewis, the CFO (2011: $14,550).
vii. Received $195,000 in management fees from SESA Holdings LLC, a related company (2011: $nil).

11. COMMITMENTS AND CONTINGENT LIABILITY

Canada Revenue Agency ("CRA") has disallowed certain exploration expenditures incurred by the Company as non-eligible exploration expenditures that do not qualify for transfer of the tax deduction to holders of the flow-through shares. In this connection, the Company has been assessed by CRA on Part XII.6 tax, in respect of certain flow-through shares issued in the 2004 taxation year, in the amount of $237,976 (November 30, 2011: $237,976; December 1, 2010: $237,976) plus interest of approximately $37,648 (November 30, 2011: $24,524; December 1, 2010: $12,024) for a total of $275,624 (November 30, 2011:$262,500; December 1, 2010: $250,000). Of this total in tax and interest, the Company will not contest an amount of $181,060 (November 30, 2011: $172,440; December 1, 2010: $164,229). Accordingly, the full amount, contested and not contested, has been included in accrued liabilities in the Company's financial statements.

The balance of $94,564 in assessed Part XII.6 tax and interest is being formally contested by the Company as management disagrees with CRA's position on this amount. The outcome of this matter cannot be determined at this time. A provision has been made in these financial statements for the total amount of the contingent liability.

12. COMPARATIVE FIGURES

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

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO FINANCING AND INVESTING ACTIVITIES

<u>During the year ended November 30, 2012</u>

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

<u>During the year ended November 30, 2011</u>

As at November 30, 2011, the Company had $53,319 (2010: $nil) of mineral property expenditures included in accounts payable.

The Company repaid amounts owing of $6,000 through transfer of 60,000 of its own common shares during the year ended November 30, 2011. These shares had a fair value of $6,000 and a cost of $6,361. The excess in the fair market value over the cost of the shares of $361 was recognized as a loss on settlement in the statement of loss and comprehensive loss.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO FINANCING AND INVESTING ACTIVITIES – continued

The Company issued 500,000 of its Treasury shares as consideration for consulting work and finders' fees relating to mineral properties. These shares had a fair value of $83,500 and a cost of $53,007. The excess in the fair market value over the cost of the shares of $30,493 was recognized in contributed surplus.

The Company issued 950,000 of its Treasury shares as consideration for consulting work and finders' fees relating to mineral properties. These shares had a fair value of $176,750 and a cost of $100,712. The excess in the fair market value over the cost of the shares of $76,038 was recognized in contributed surplus.

14. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Overview

The Company's financial statements for the year ended November 30, 2012 are the first annual financial statements prepared in accordance with IFRS. *IFRS 1 – First Time Adoption of International Financial Reporting Standards*, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was December 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company is November 30, 2012.

(a) First-time adoption of IFRS – exemptions applied

The financial statements for the year ended November 30, 2012, the comparative information presented in these financial statements for the year ended November 30, 2011, and the opening IFRS statement of financial position at December 1, 2010 are prepared in accordance with IFRS standards effective at the reporting date. However, IFRS 1 also provides for certain optional exemption and certain mandatory exceptions for first time IFRS adopters. Prior to transition to IFRS, the Company prepared its financial statements in accordance with Canadian GAAP.

Share-based Payment Transactions
The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Leases
In some cases, leases, such as premises leases, are accounted for differently under IFRS and Canadian GAAP. The Company has chosen to apply an exemption under IFRS 1 so that the Company does not have to restate balances at the transition date that might result from lease accounting differences.

The Company has taken the following IFRS mandatory exemptions:

Derecognition of Financial Assets and Liabilities
The Company has applied the derecognition requirements in *IAS 39 – Financial Instruments: Recognition and Measurement* prospectively from the Transition Date. As a result, any non- derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Estimates
The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

14. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - continued

(b) *Reconciliation from Canadian GAAP to IFRS*

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, few differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP statement of operations, statement of comprehensive profit, statement of financial position and statement of cash flows for the year ended November 30, 2011 have been reconciled to IFRS, with the resulting differences explained.

i. *Impairment*

IFRS: If indication of impairment is identified, the asset's carrying value is compared to the asset's discounted cash flows. If the discounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

Canadian GAAP: If indication of impairment is identified, the asset's carrying value is compared to the asset's undiscounted cash flows. If the undiscounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

The Company completed an impairment review of its assets at December 1, 2010 and November 30, 2011 and concluded that the assets were not impaired in accordance with IFRS.

ii. *Contingent Liability*

IFRS: Once an outflow of resources in respect of a contingent liability becomes probable, the resulting obligation is no longer a contingent liability and is recognized in the statement of financial position as a liability. Probable in this context means more likely than not

Canadian GAAP: Once an outflow of resources in respect of a loss contingency becomes likely, the resulting obligation is recognized in the statement of financial position as a liability.

The Company completed a review of its contingent liability at December 1, 2010 and November 30, 2011 and concluded that under IFRS it met the recognition principal. As a result, the Company has recorded additional Part XII.6 tax and interest payable of $85,771 as at December 1, 2010 and $90,060 as at November 30, 2011 for the amounts previously contested under Canadian GAAP. The Company recorded additional Part XII.6 tax and interest expense of $4,289 for the year ended November 30, 2011.

iii. *Share-based Compensation*

The Company applied IFRS 2, share-based compensation on all share-based payments. Under pre-changover Canadian GAAP, the company valued each grant using the Black-Scholes option pricing model and amortized that total cover over the vesting period. Per IFRS 2, the Company has adjusted its policy and is accounting for each vesting period as a separate grant, which resulted in changing the timing of recognition for share-based compensation. The adjustment recorded in contributed surplus for share-based compensation has been increased by $27,825 as at December 1, 2010 and $17,887 as at November 30, 2011.The adjustment to share-based compensation for the three months ended February 28, 2011 was decreased by $2,489 and for the year ended November 30, 2011 was a decrease of $9,958.

14. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - continued

(b) *Reconciliation from Canadian GAAP to IFRS - continued*

iv. *Premium on flow-through shares*

In order to raise exploration funds the Company may enter into flow-through share agreements which transfer the rights to income tax deductions to the flow-through shareholders. Under GAAP, the Company recorded a deferred tax liability and a share issued cost at the time the expenditures were renounced to the shareholders. Under IFRS, on the issue of flow-through shares, share capital is recorded at the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. When the flow-through expenditures are incurred and renounced, the difference between the share premium liability and the deferred income tax liability is expensed.

The IFRS accounting policy for recording flow-through shares has been adopted effective December 1, 2010. As a result, for the flow-through shares issued during the year ended November 30, 2011 (Nil during the fiscal 2010), the Company has recorded a flow-through share premium liability of $116,953, decreased contributed surplus by $66,453 for a premium originally allocated to warrants and decreased share capital by $50,500.

The Canadian GAAP statement of financial position at December 1, 2010 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current			
Cash and cash equivalents	$ 181,339	$ -	$ 181,339
GST/HST receivable	31,675	-	31,675
Advances receivable from equity affiliates	665,066		665,066
	878,080	-	878,080
Long-term Investments	45,894	-	45,894
Mineral properties	9,709,594	-	9,709,594
Equipment	9,067	-	9,067
	$ 10,642,635	$ -	$ 10,642,635
Current			
Accounts payable	$ 18,297	$ -	$ 18,297
Accrued liabilities (Note 14(b)(ii))	204,230	85,771	290,001
Due to related parties	257,340	-	257,340
	479,867	85,771	565,638
Shareholders' equity			
Share capital	14,123,434	-	14,123,434
Share subscriptions	-		-
Treasury shares	(625,543)	-	(625,543)
Contributed surplus (Note 14(b)(iii))	3,018,478	27,845	3,046,323
Deficit (Note 14(b)(ii) & (iii))	(6,353,601)	(113,616)	(6,467,217)
	10,162,768	(85,771)	10,076,997

	$ 10,642,635	$ -	$ 10,642,635

14. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - continued

(b) *Reconciliation from Canadian GAAP to IFRS - continued*

The Canadian GAAP statement of financial position at November 30, 2011 has been reconciled to IFRS as follows:

	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current			
Cash and cash equivalents	$ 272,291	$ -	$ 272,291
GST/HST receivable	138,335	-	138,335
Advances receivable from equity affiliates	530,427		530,427
Prepaid expenses	18,157	-	18,157
	959,210	-	959,210
Long-term Investments	1	-	1
Mineral properties	10,440,357	-	10,440,357
Equipment	6,830	-	6,830
	$ 11,406,398	$ -	$ 11,406,398
Current			
Accounts payable	$ 88,611	$ -	$ 88,611
Accrued liabilities (Note 14(b)(ii)	227,441	90,060	317,501
Due to related parties	230,977	-	230,977
	547,029	90,060	637,089
Flow-through share premium (Note 14(b)(iv))	-	116,953	116,953
	547,029	207,013	754,042
Capital and reserve			
Share capital (Note 14(b)(iv)	15,055,120	(50,500)	15,004,620
Share subscriptions	224,460	-	224,460
Treasury shares	(465,463)	-	(465,463)
Contributed surplus (Note 14(b)(iii) & (iv))	3,467,744	(48,566)	3,419,178
Deficit (Note 14(b)(ii) & (iii))	(7,422,492)	(107,947)	(7,530,439)
	10,859,369	(207,013)	10,652,356
	$ 11,406,398	$ -	$ 11,406,398

14. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - continued

(b) *Reconciliation from Canadian GAAP to IFRS - continued*

The Canadian GAAP income statement and statement of comprehensive income for the twelve months ended November 30, 2011 have been reconciled to IFRS as follows:

	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses			
Accounting and audit	$ 73,050	$ -	$ 73,050
Amortization	3,975	-	3,975
Bank and interest charges	25,702	-	25,702
Filing fees	26,588	-	26,588
Legal fees	525	-	525
Management fees	160,000	-	160,000
Office and miscellaneous	271,437	-	271,437
Part XII.6 tax (Note 14(b)(ii))	8,211	4,289	12,500
Rent	21,167	-	21,167
Share-based compensation (Note 14(b)(iii))	248,282	(9,958)	238,324
	838,937	(5,669)	833,268
Loss before other items	(838,937)	5,669	(833,268)
Other items			
Equity loss of affiliates	(45,893)	-	(45,893)
(Loss)gain on settlement of advances	(361)		(361)
Interest and other income	3,892	-	3,892
Foreign exchange(loss)/gain	(14,793)	-	(14,793)
Mineral property write-down	(172,799)	-	(172,799)
	(229,954)	-	(229,954)
Net loss and comprehensive loss for the year	$ (1,068,891)	$ 5,669	$ (1,063,222)

The reconciliation of the statement of cash flows for the year ended November 30, 2011 has not been provided as there were no changes to cash flows from operations, financing and/or investing for the above mentioned periods as a result of the change over to IFRS.