Long Harbour Exploration Corp.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended October 31, 2014 and 2013

(Expressed in Canadian Dollars)

D+H Group LLP
Chartered Accountants

Independent Auditor's Report

To the Shareholders of Long Harbour Exploration Corp.

We have audited the accompanying consolidated financial statements of Long Harbour Exploration Corp., which comprise the consolidated statements of financial position as at October 31, 2014 and October 31, 2013, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended October 31, 2014 and October 31, 2013, 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 in our audits 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 Long Harbour Exploration Corp. as at October 31, 2014 and October 31, 2013, and its financial performance and its cash flows for the years ended October 31, 2014 and October 31, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Long Harbour Exploration Corp.'s ability to continue as a going concern.

"D&H Group LLP"

Vancouver, B.C.
February 27, 2015

Chartered Accountants

Long Harbour Exploration Corp.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at October 31,	
	2014	2013
	$	$
ASSETS		
CURRENT ASSETS		
Cash	7,952	1,936
GST/HST receivable	-	576
Prepaid	-	-
Available for sale securities (Note 4)	122,692	-
	130,644	2,512
EXPLORATION AND EVALUATION ASSETS (Note 5)	2	2
EQUIPMENT (Note 6)	-	3,540
	130,646	6,054
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	86,641	188,615
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)	2,460,477	2,399,694
SHARE-BASED PAYMENTS RESERVE	149,684	146,485
ACCUMULATED OTHER COMPREHENSIVE LOSS	(12,308)	-
DEFICIT	(2,553,848)	(2,728,740)
	44,005	(182,561)
	130,646	6,054

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

These consolidated financial statements were approved for issue by the Board of Directors on February 27, 2015 and signed on its behalf by:

"Howard Louie" **Director** ***"Vincent Wong"*** **Director**

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

Long Harbour Exploration Corp.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)

	Years ended October 31,	
	2014	2013
	$	$
EXPENSES		
Consulting (Note 9)	12,000	85,000
Depreciation of equipment	797	1,517
Office	16,425	61,737
Professional fees	49,862	55,026
Share-based payments (Note 8 and 9)	3,199	8,689
LOSS BEFORE OTHER ITEMS	(82,283)	(211,969)
OTHER ITEMS		
Settlement of debt (Note 9)	124,918	69,944
Loss on disposal of equipment	(2,743)	(1,165)
Impairment of exploration and evaluation assets (Note 5)	-	(709,496)
Gain on sale of exploration and evaluation assets (Note 4 and 5)	135,000	-
	245,175	(640,717)
NET INCOME (LOSS)	174,892	(852,686)
Other comprehensive income (loss)	(12,308)	-
COMPREHENSIVE INCOME (LOSS)	162,584	(852,686)
NET INCOME (LOSS) PER COMMON SHARE - BASIC AND DILLUTED	0.06	(0.48)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	2,922,607	1,751,796

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

Long Harbour Exploration Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Common Shares					
	Shares	Amount	Share-based Payments Reserve	Deficit	Accumulated Other Comprehensive Income	Total
		$	$	$		$
Balance, October 31, 2012	1,700,996	2,331,336	137,796	(1,876,054)	-	593,078
Debt settlement	85,447	68,358	-	-	-	68,358
Share based payments	-	-	8,689	-	-	8,689
Net income (loss)	-	-	-	(852,686)	-	(852,686)
Balance, October 31, 2013	1,786,443	2,399,694	146,485	(2,728,740)	-	(182,561)
Private placement	1,300,000	65,000	-	-	-	65,000
Share issuance costs	-	(4,217)	-	-	-	(4,217)
Share based payments	-	-	3,199	-	-	3,199
Unrealized loss on available for sales securities	-	-	-	-	(12,308)	(12,308)
Net income (loss)	-	-	-	174,892	-	174,842
Balance, October 31, 2014	3,086,443	2,460,477	149,684	(2,553,848)	(12,308)	44,005

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

Long Harbour Exploration Corp.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended October 31,	
	2014	2013
	$	$
OPERATING		
Net income (loss)	162,584	(852,686)
Adjustments for items not affecting cash:		
Depreciation of equipment	797	1,517
Share-based payments	3,199	8,689
Loss on disposal of equipment	2,743	1,165
Impairment of exploration and evaluation assets	-	709,496
Loss on available for sale securities	12,308	-
Gain on sale of exploration and evaluation assets	(135,000)	-
Debt settlement	(124,918)	(69,944)
Changes in non-cash working capital accounts:		
Decrease (increase) in		
Amounts receivable	576	8,050
Prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	22,944	141,450
	(54,767)	(52,263)
FINANCING		
Proceeds from share issuances	65,000	-
Share issue costs	(4,217)	-
	60,783	-
NET CHANGE IN CASH	6,016	(52,263)
CASH at beginning of period	1,936	54,199
CASH at end of period	7,952	1,936

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Long Harbour Exploration Corp. (the "Company"), which changed its name from Long Harbour Capital Corp. on June 9, 2011, was incorporated under the *Business Corporations Act* (British Columbia) on April 26, 2004. The Company's principal office is located at #1500 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. Canada. Since August 5, 2008, the Company has been engaged in sourcing, reviewing and acquiring high potential business opportunities, including the mineral resource sector.

The Company had held a 100% interest in five mineral dispositions in the Athabasca Basin in northern Saskatchewan. Four of the claims are referred to as the 2Z Lake Property and the other claim is called the Madison Property, collectively (the "Properties"). Although the Properties maintain high exploration potential the Company decided to sell 75% of the Properties (Notes 4 and 5).

The Company continues to evaluate business opportunities in both the mining exploration and non-mining sectors.

As at October 31, 2014 the Company had an accumulated deficit of $2,566,156 and working capital of $44,003. In the immediate term, the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital to fund its ongoing business operations. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is material uncertainty about whether the Company will be able to obtain the required financing. This material uncertainty casts significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to obtain additional financing, it may have no alternative but to significantly curtail, or cease to carry on, business operations.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") appropriate for a going concern. The going concern basis of accounting assumes the Company will continue to realize the value of its assets and discharge its liabilities and other obligations in the ordinary course of business. Should the Company be required to realize the value of its assets in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that may be necessary should the Company be unable to repay its liabilities and meet its other obligations in the ordinary course of business or to continue operations.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Company's consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards board ("IASB"). The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

Details of the group

In addition to the Company, the consolidated financial statements include the wholly-owned subsidiary, 0930646 B.C. Ltd. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

Functional and presentation currency

The parent and subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Critical judgments and sources of estimation uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

i) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making this assessment, management is required to make judgments about the status of each project and of future plans to undertake additional exploration and evaluation work. At October 31, 2013 management determined impairment indicators were present in respect of the 2Z Lake and Madison properties and as a result the properties were impaired to a nominal value.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

i) The estimated fair value of the available for sale securities.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts payable and accrued liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Equipment

Equipment is carried at cost less accumulated depreciation and, where necessary, write-downs for impairment. Depreciation is calculated using the declining balance method at an annual rate of 30%.

Exploration and evaluation assets

The Company capitalizes all costs, net of any recoveries, relating to the acquisition, exploration and development of exploration and evaluation assets. These costs will be depleted over the useful life of each interest upon commencement of commercial production or written off if the interest is abandoned or the related claims are allowed to lapse. The carrying amount of exploration and evaluation assets represent costs incurred to date and does not necessarily reflect present or future values.

The Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. As options are exercisable entirely at the discretion of the optionee, amounts payable or receivable are not recorded until paid. Option payments are recorded as costs or recoveries when the payments are made or received.

On a periodic basis, management reviews the carrying values of exploration and evaluation assets with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or interest. Although the Company has taken steps to ensure the title to its interests, such procedures do not guarantee the Company's title. Interests may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Impairment of long-lived assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

An asset's 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 or cash generating unit 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.

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 only to the extent 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.

Provision for restoration and decommissioning costs

Obligations to retire a non-current asset, including dismantling, restoration and similar activities, are provided for at the time they are incurred or when an event occurs giving rise to such an obligation. The Company is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials, in all jurisdictions in which it operates. The Company may be found to be responsible for damage caused by prior owners and operators of its unproven mineral interests and in relation to interests previously held by the Company. The Company believes it has conducted its exploration and evaluation activities in compliance with applicable environmental laws and regulations. On initial recognition, the estimated fair value of a provision is recorded as a liability and a corresponding amount is added to the capitalized cost of the related non-current asset. The liability is increased over time through periodic charges to profit and loss. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation. The Company is not presently aware of any such obligations.

Income (Loss) per share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Equity financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-based payments

The fair value, at the grant date, of equity-settled share awards is charged to comprehensive income (loss) over the period for which the benefits of employees, directors and officers and consultants providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the share-based payments reserve. Share-based payments are measured at the fair value of goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transactions are measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. The fair value of awards are calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate
- Expected forfeitures

Stock options granted with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Expected volatility is based on available historical volatility of the Company’s share price. Cash received on exercise of stock options is credited to share capital along with any share-based payments previously recorded that are applicable to the options exercised.

Current and deferred income taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the income tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

3. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

Financial instruments

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss.

Financial assets classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive income (loss). Cash is classified as fair value through profit or loss. Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. At October 31, 2014, the Company has not classified any financial instruments as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At October 31, 2014, the Company has classified certain marketable securities as available for sale.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Transaction costs associated with fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities. Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities. Financial liabilities classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recognized through comprehensive income (loss). At October 31, 2014, the Company has not classified any financial liabilities as fair value through profit or loss.

Accounting standards and interpretations issued but not yet adopted

The Company has adopted the following new accounting standards and interpretations effective November 1, 2013. These changes were made in accordance with the applicable transitional provisions and had no impact on the consolidated financial statements.

(i) IFRS 10 - *Consolidated Financial Statements*. IFRS 10 defines a single concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of a parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(ii) IFRS 11 - *Joint Arrangements*. IFRS 11 focuses on the rights and obligations of an arrangement rather than its legal form. The standard distinguishes between joint operations, where the joint operator accounts for the assets, liabilities, revenues, and expenses relating to its involvement, and joint ventures, which must be accounted for using the equity method.

(iii) IFRS 12 - *Disclosure of Interests in Other Entities*. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint operations, joint ventures, associates and unconsolidated structured entities.

(iv) IFRS 13 - *Fair Value Measurement*. IFRS 13 is a new standard that applies to both financial and non-financial items measured at fair value. It defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. Previously, a variety of fair value techniques and disclosures were possible under the requirements of separate applicable IFRS's.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

New standards not yet adopted

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its consolidated financial statements.

(i) IFRS 9 - *Financial Instruments*. This standard partially replaces IAS 39 - *Financial Instruments: Recognition and Measurement*. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. The standard is effective for annual periods beginning on or after January 1, 2018. In the year of adoption, the Company is required to provide additional disclosures relating to the reclassified financial assets and liabilities.

(ii) IFRS 15 - *Revenue from contracts with customers.* IFRS 15 is effective for annual periods beginning on or after January 1, 2017. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

(Expressed in Canadian Dollars)

4. **AVAILABLE FOR SALE SECURITIES**

Available for sale securities consist of investments in the common shares of NexGen Energy Ltd. ("NexGen"), a publicly traded company listed on the TSX Venture Exchange (TSX.V: NXE).

The fair value of the listed available for sale securities has been determined directly by reference to published price quotations in an active market:

	Fair Value as at October 31,	
	2014	2013
NexGen Energy Ltd.		
October 2014 - 361,930 shares (2013 – nil)	$122,692	$ -
	$122,692	$ -

During the year ended October 31, 2014, the Company recorded an unrealized loss in other comprehensive income relating to the decline loss on the fair value of available for sale securities of $12,308 (2013 - $nil).

(Expressed in Canadian Dollars)

5. EVALUATION OF HOLDINGS AND EXPLORATION ASSETS

2Z Lake Property, Saskatchewan

On May 11, 2011, the Company entered into an agreement to acquire a 100% interest in the 2Z Lake uranium property in Saskatchewan. To acquire the property, the Company paid $350,000 in cash and issued 1,000,000 common shares with a fair value of $200,000 for the mineral property (see Note 6). A finder’s fee of $49,500 was paid on the purchase of the property. The mineral property is subject to a 2% net smelter returns royalty and a 2% gross overriding royalty.

Madison Property, Saskatchewan

On June 1, 2011, the Company entered into an agreement to acquire a 100% interest in the Madison uranium property in Saskatchewan. To acquire the property, the Company paid $20,000 in cash and issued 300,000 common shares with a fair value of $60,000 for the mineral property. A finder’s fee of $8,300 was paid on the purchase of the property. The mineral property is subject to a 2% net smelter returns royalty and a 2% gross overriding royalty.

On April 25, 2014 the Company announced that it had entered into an agreement with NexGen, to sell a 75% interest in the 2Z Lake Property and Madison Property (“the Properties”) to NexGen, and to also allow NexGen an option (the "Option") to acquire the remaining 25% interest in the Properties. The Company received 361,930 shares of NexGen at an estimated fair value of $0.373 for total consideration of $135,000. NexGen also agreed to issue to the Company, upon exercise of the Option, an additional $45,000 in NexGen shares, at a price to be determined in the context of the market.

	October 31, 2014			October 31, 2013		
	2Z Lake Property	Madison Property	Total	2Z Lake Property	Madison Property	Total
	$	$	$	$	$	$
Acquisition costs:						
Balance, beginning of year	1	1	2	604,250	90,297	694,547
Cash payment	-	-	-	-	-	-
Share payment	-	-	-	-	-	-
Finder’s fee	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-
Impairment	-	-	-	(604,249)	(90,296)	(694,545)
Balance, end of year	1	1	2	1	1	2
Exploration costs:						
Balance, beginning of year	-	-	-	10,941	4,160	14,951
Impairment	-	-	-	(10,941)	(4,160)	(14,951)
Balance, end of year	-	-	-	-	-	-
Total costs	1	1	2	1	1	2

(Expressed in Canadian Dollars)

6. **EQUIPMENT**

Office furniture and equipment

Cost:	$
Balance at October 31, 2012	24,707
Disposals	(5,512)
Balance at October 31, 2013	19,195
Disposals	(19,195)
Balance at October 31, 2014	-
Accumulated Depreciation:	
Balance at October 31, 2012	18,485
Additions	1,517
Disposals	(4,347)
Balance at October 31, 2013	15,655
Additions	797
Disposals	(16,452)
Balance at October 31, 2014	-
Carrying Value:	
Balance at October 31, 2013	3,540
Balance at October 31, 2014	-

(Expressed in Canadian Dollars)

7. **SHARE CAPITAL**

The Company's authorized share capital is an unlimited number of common shares without par value. All issued common shares are fully paid. On October 8, 2013, the Company consolidated outstanding common shares on a 10:1 basis. The 2013 share and per share amounts have been adjusted to reflect the consolidation.

Common Stock

During the year ended October 31, 2014, the Company completed the following issues of common shares:

i) On December 17, 2013, the Company completed a non-brokered private placement raising gross proceeds of $65,000 through the issue of 1,300,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share at a price of $ 0.05 for a period of two years. In conjunction with the private placement, the Company has incurred $4,218 in share issue costs.

During the year ended October 31, 2013, the Company completed the following issues of common shares:

i) On March 26, 2013 the Company agreed to settle $55,888 in accounts payable with various directors and officers in exchange for 69,861 common shares. In addition, the Company agreed to settle $12,470 in accounts payable with a legal advisor in exchange for 15,586 common shares.

Warrants

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

	Share Purchase Warrants	Finder's Compensation Warrants	Weighted average exercise price
			$
Balance, October 31, 2012	354,083	14,160	3.10
Expired	(314,083)	(14,160)	3.35
Balance, October 31, 2013	40,000	-	1.25
Expired	(40,000)	-	1.25
Issued	1,300,000	-	0.05
Balance, October 31, 2014	1,300,000	-	0.05

The following is a summary of the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at October 31, 2014:

Exercise Price	Number	Expiry date
$0.05	1,300,000	December 17, 2015

The weighted average remaining contractual life of the outstanding warrants at October 31, 2014 was 1.13 years (2013 - 0.14).

(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS

The Company may award stock options to directors, officers, employees and consultants in accordance with the TSX Venture Exchange's policies. Awarded stock options may be exercisable for up to ten years at exercise prices determined by the Board of Directors (the "Board") at the time of award. The vesting schedule, if any, applicable to a grant of stock options is at the discretion of the Board. The Company's issued stock options may reserve for issuance up to 10% of the Company's issued and outstanding common shares.

The following is a summary of share options transactions during years ended October 31, 2014 and 2013:

	Options outstanding	Weighted average exercise price
		$
Balance October 31, 2012	112,500	2.00
Expired	(25,000)	2.27
Balance, October 31, 2013	87,500	1.88
Expired	(22,500)	-
Balance, October 31, 2014	65,000	1.88

The following is a summary of share options outstanding and exercisable at October 31, 2014:

Number of share options outstanding	Exercise Price	Number of share options exercisable	Expiry date
22,500	$2.00	22,500	September 30, 2016
12,500	$2.00	12,500	March 18, 2015
30,000	$1.65	30,000	March 18, 2015
65,000	$1.84	65,000	

During the year ended October 31, 2012, the Company granted 30,000 share options to an employee. The options will vest 1/6 semi-annually from the date of grants, and expire on December 6, 2016. The fair value of share options awarded was estimated on the date of award using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.38%
Estimated volatility	107%
Expected life	4.5 years
Estimated forfeiture rate	0%

The weighted average fair value of share options awarded during the year ended October 31, 2012, estimated using the Black-Scholes option pricing model, was $ 2.00 per option. The weighted average remaining contractual life of the outstanding and exercisable options at October 31, 2014 was 1.98 years (2013 – 2.98).The Black-Scholes option pricing model requires the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect fair value estimates.

(Expressed in Canadian Dollars)

9 RELATED PARTY DISCLOSURES

A number of key management personnel hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

Transactions with Key Management Personnel

During the years ended October 31, 2014 and 2013, the following amounts were incurred with respect to the Company's Chief Executive Officer and Chief Financial Officer:

	2014	2013
	$	$
Consulting fees	12,000	69,000
Share-based payments	3,199	8,689
	15,199	77,689

As at October 31, 2014, $ 13,800 (2013 - $22,560) remained unpaid and has been included in accounts payable and accrued liabilities.

Transactions with Key Management Personnel

During the years ended October 31, 2014 and 2013 the following amounts were incurred with respect to other officers and directors:

	2014	2013
	$	$
Consulting fees	-	16,000
	-	16,000

As at October 31, 2014 $ Nil (2013 - $22,560) remained unpaid and has been included in accounts payable and accrued liabilities.

During the years ended October 31, 2014 and 2013, the Company reimbursed $ nil (2013 – 10,697) to a public company with certain common directors for shared office and other costs.

During the years ended October 31, 2014 and 2013, various officers and directors agreed to forgive $124,918 of amounts (2013 - $69,944) due to them by the Company.

10. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of input described in the following hierarchy:

- Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The Company's financial instrument recorded at fair value consists of cash and available for sale securities are measured based on Level 1 inputs.

The fair value of amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payables and accrued liabilities. The risks associated with these financial instruments and the policies regarding their management are discussed below. Management monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Company is not exposed to significant interest rate risk.

Credit risk

Credit risk is the risk of an unexpected loss if counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash is believed to be minimal as cash is on deposit with Canadian and foreign banks that are believed to be creditworthy. The Company does not believe it is exposed to significant credit risk.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS - continued

Liquidity risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities; however, it cannot guarantee that it will continue to be able to meet its going-forward obligations.

12. INCOME TAX

The following is a reconciliation of the statutory combined federal and provincial income taxes to the effective income taxes for the years ended October 31:

	2014	2013
	$	$
Income taxes (recovery) at statutory income tax rates (2014 - 25%, 2013 - 25%)	42,300	(213,200)
Permanent difference	(500)	(500)
Effect of income tax rate change	(27,100)	6,400
Impairment of exploration and evaluation assets	-	177,000
Addition (deduction from loss carryforward	(14,700)	30,300
	-	-

Income taxes

The significant components of the Company's deferred income taxes are as follows as at October 31:

	2014	2013
	$	$
Deferred income tax assets		
Benefit of loss carryforwards	439,800	462,300
Exploration and evaluation assets	215,300	207,400
Other	4,400	6,000
	659,500	675,700
less: Valuation allowance	(659,500)	(675,700)
	-	-

As at October 31, 2014 the Company had loss carryforwards of approximately $1,680,000 which expire between the 2028 and 2034 fiscal years, available to reduce future years' income taxes. The potential benefit of these loss carryforwards has not been recognized in the Company's accounts as there is no reasonable assurance such benefit will be realized.

(Expressed in Canadian Dollars)

13. SUPPLEMENTAL CASH FLOWS INFORMATION

During years ended October 31, 2014 and 2013, non-cash activities were conducted by the Company as follows:

	2014	2013
	$	$
Operating activities		
Decrease in accounts payable and accrued liabilities	-	(68,358)
Gain on sale of exploration assets	(135,000)	-
Financing activities		
Issuance of common shares for debt settlement	-	68,358
Available for sale securities received	135,000	-
	-	-