

NEVADA EXPLORATION INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2014

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended October 31, 2014.

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

	October 31, 2014	April 30, 2014 (Audited)
ASSETS		
Current assets		
Cash	\$ 25,792	\$ 22,603
Accounts receivable (Note 3)	2,935	2,131
Prepaid expenses (Note 4)	18,250	17,735
Short term investments (Note 5)	<u>3,401</u>	<u>3,401</u>
Total current assets	<u>50,378</u>	<u>45,870</u>
Non-current assets		
Equipment (Note 7)	139,250	144,860
Exploration and evaluation assets (Note 8)	3,207,458	4,359,925
Deposits and bonds (Note 9)	<u>27,372</u>	<u>87,321</u>
Total non-current assets	<u>3,374,080</u>	<u>4,592,106</u>
Total assets	<u>\$ 3,424,458</u>	<u>\$ 4,637,976</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 10 and 6)	\$ 416,763	\$ 272,045
Current portion of finance lease obligations (Note 11)	<u>4,859</u>	<u>9,381</u>
Total current liabilities	<u>421,622</u>	<u>281,426</u>
Non-current liabilities		
Finance lease obligations (Note 11)	<u>36,888</u>	<u>35,870</u>
Total liabilities	<u>458,510</u>	<u>317,296</u>
Equity		
Capital stock (Note 12)	16,214,596	16,122,776
Reserves (Note 13)	1,240,801	1,286,854
Deficit	<u>(14,489,449)</u>	<u>(13,088,950)</u>
Total equity	<u>2,965,948</u>	<u>4,320,680</u>
Total liabilities and equity	<u>\$ 3,424,458</u>	<u>\$ 4,637,976</u>

Nature of operations and going concern (Note 1)

Approved and authorized on behalf of the Board on December 23, 2014:

<u>“Wade Hodges”</u>	Director	<u>“Cyrus Driver”</u>	Director
Wade Hodges		Cyrus Driver	

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended October 31, 2014	Three Months Ended October 31, 2013	Six Months Ended October 31, 2014	Six Months Ended October 31, 2013
INCOME				
Project management and consulting	\$ -	\$ 99,292	\$ -	\$ 99,292
Option payments	-	103,992	-	103,992
Interest	-	109	-	109
Total income	-	203,393	-	203,393
EXPENSES				
Amortization (Note 7)	4,763	4,126	9,427	8,214
General exploration costs	905	70,286	1,209	143,810
Interest and bank charges	618	340	1,021	867
Office expenses and other	14,542	18,888	27,951	40,693
Professional fees and consulting (Note 6)	27,588	37,281	54,409	74,931
Project management and consulting	-	12,934	-	12,934
Rent	16,609	16,112	33,377	31,633
Salaries (Note 15)	61,709	107,721	95,823	200,838
Travel	1,207	3,920	1,207	16,405
Total operating expenses	(127,941)	(271,608)	(224,424)	(530,325)
Loss from operations	(127,941)	(68,215)	(224,424)	(326,932)
OTHER GAIN (LOSS)				
Unrealized loss on marketable securities	-	(6,803)	-	(17,007)
Write-off of exploration and evaluation assets (Note 8)	-	-	(1,349,346)	(2,632,919)
Total other loss	-	(6,803)	(1,349,346)	(2,649,926)
Net loss for the period	(127,941)	(75,018)	(1,573,770)	(2,976,858)
OTHER COMPREHENSIVE INCOME				
Currency translation adjustment	101,027	57,290	79,533	181,300
Comprehensive loss for the period	\$ (26,914)	\$ (17,728)	\$ (1,494,237)	\$ (2,795,558)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	130,336,200	128,065,900	129,188,711	128,065,900

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Capital Stock		Reserves					Total Equity
	Shares (Note 12)	Amount (Note 12)	Options (Note 13)	Warrants (Note 13)	Currency Translation	Total Reserves	Deficit	
Balance, May 1, 2013	128,065,900	\$ 15,965,009	\$ 884,585	\$ 286,143	\$ (86,168)	\$ 1,084,560	\$ (9,835,941)	\$ 7,213,628
Options expired	-	-	(90,612)	-	-	(90,612)	90,612	-
Currency translation adjustment	-	-	-	-	181,300	181,300	-	181,300
Net loss for the period	-	-	-	-	-	-	(2,976,858)	(2,976,858)
Balance, October 31, 2013	128,065,900	\$ 15,965,009	\$ 793,973	\$ 286,143	\$ 95,132	\$ 1,117,248	\$ (12,722,187)	\$ 4,418,070
Balance, May 1, 2014	128,065,900	\$ 16,122,776	\$ 840,490	\$ 128,376	\$ 317,988	\$ 1,286,854	\$ (13,088,950)	\$ 4,320,680
Private placement	2,830,100	141,505	-	-	-	-	-	141,505
Share issuance costs - finders' fee	-	(2,000)	-	-	-	-	-	(2,000)
Relative fair value of unit warrants issued	-	(46,892)	-	46,892	-	46,892	-	-
Share issuance costs - finders' warrant	-	(793)	-	793	-	793	173,271	-
Options expired	-	-	(173,271)	-	-	(173,271)	-	-
Currency translation adjustment	-	-	-	-	79,533	79,533	-	79,533
Net loss for the period	-	-	-	-	-	-	(1,573,770)	(1,573,770)
Balance, October 31, 2014	130,896,000	\$ 16,214,596	\$ 667,219	\$ 176,061	\$ 397,521	\$ 1,240,801	\$ (14,489,449)	\$ 2,965,948

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

NEVADA EXPLORATION INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Six Months Ended October 31, 2014	Six Months Ended October 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (1,573,770)	\$ (2,976,858)
Items not affecting cash:		
Amortization	9,427	8,214
Write-off of exploration and evaluation assets	1,349,346	2,632,919
Unrealized loss on marketable securities	-	17,007
Changes in non-cash working capital items:		
Accounts receivable	(804)	44,374
Prepaid expenses	(515)	(545)
Accounts payable and accrued liabilities	144,718	13,947
Net cash used in operating activities	<u>(71,598)</u>	<u>(260,942)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(2,028)
Proceeds from exploration and evaluation option	-	22,348
Exploration and evaluation expenditures	(116,088)	(145,095)
Net cash used in investing activities	<u>(116,088)</u>	<u>(124,775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from private placement (Note 12)	141,505	-
Share issuance cost - finders' fee (Note 12)	(2,000)	-
Redemption of bonds (Note 9)	54,199	-
Repayment of finance lease obligations	(4,644)	-
Net cash provided by financing activities	<u>189,060</u>	<u>-</u>
Effect of foreign exchange	<u>1,815</u>	<u>(10,468)</u>
Change in cash for the period	3,189	(396,185)
Cash, beginning of period	<u>22,603</u>	<u>591,060</u>
Cash, end of period	<u>\$ 25,792</u>	<u>\$ 194,875</u>

Supplemental cash flow information (note 17)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Exploration Inc. (the “Company” or “NGE”) was incorporated on April 6, 2006 under the Canada Business Corporations Act and is in the business of acquiring and exploring mineral properties. On July 14, 2010, the Company amalgamated with its subsidiary 2107189 Ontario Inc. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The amounts shown for mineral properties and related deferred exploration costs represent costs incurred to date and do not reflect present or future values. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and future profitable production.

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “NGE” and the Company’s head office is located at Suite 1500 - 885 West Georgia Street, Vancouver, BC V6C 3E8. The Company’s registered and records office is located at 25th Floor, 700 W. Georgia St., Vancouver, BC V7Y 1B3.

These condensed consolidated interim financial statements are authorized for issue on behalf of the Board of Directors on December 23, 2014.

Going concern

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. There are material uncertainties related to adverse conditions and events that cast substantial doubt on the Company’s ability to continue as a going concern.

During the period ended October 31, 2014, the Company incurred a comprehensive loss of \$1,494,237 (2013 – \$2,795,558) and as at that date, the Company had accumulated deficit of \$14,489,449 (April 30, 2014 – \$13,088,950), a working capital deficiency of \$371,244 (April 30, 2014 - \$235,556) and negative cash flows from operations of \$71,598 (2013 - \$260,942). These factors create material uncertainties that may cast substantial doubt upon the Company’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (IFRICs). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. These condensed consolidated interim financial statements should be read in conjunction with the Company’s financial statements for the year ended April 30, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual audited consolidated financial statements as at and for the year ended April 30, 2014 as filed on SEDAR at www.sedar.com.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd ...)

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary Pediment Gold LLC. The financial statements of the Company's subsidiary have been consolidated from the date that control commenced. All inter-company balances and transactions, and income and expenses have been eliminated upon consolidation.

The financial statements include the financial statements of Nevada Exploration Inc. and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Ownership Interest	Principal Activity
Pediment Gold LLC	USA	US dollar	100%	Exploration company

Use of judgments and estimates

The preparation of these condensed consolidated interim 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 financial statements and the reported revenues and expenses during the period.

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

- i) the recoverability of receivables;
- ii) the carrying value and the recoverability of exploration and evaluation assets;
- iii) the estimated useful lives of equipment and the related amortization;
- iv) impairment of equipment; and
- v) valuation of share-based payments and warrants.

New Accounting Standards and Amendments to Existing Standards

New and amended standards adopted by the Company

There are no IFRS or IFRIC interpretations that are effective May 1, 2014 that are expected to have a material impact on the Company.

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3. ACCOUNTS RECEIVABLE

The Company's receivables arise from two main sources: Goods and Services Tax ("GST") receivable due from Canadian government taxation authorities and trade accounts receivable. These are broken down as follows:

	October 31, 2014	April 30, 2014
GST receivable	\$ 2,597	\$ 1,802
Accounts receivable	<u>338</u>	<u>329</u>
Total	\$ 2,935	\$ 2,131

4. PREPAID EXPENSES

The prepaid expenses for the Company are as follows:

	October 31, 2014	April 30, 2014
Security deposit for rental of premises	\$ 18,250	\$ 17,735

5. SHORT TERM INVESTMENTS

As at October 31, 2014 and April 30, 2014

	Number	Cost	Carrying Value
Spruce Ridge Resources Ltd. – Shares	170,068	\$ 25,000	\$ 3,401

6. RELATED PARTY TRANSACTIONS

During the period ended October 31, 2014, the Company:

- i) paid or accrued \$22,325 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.

During the period ended October 31, 2013, the Company:

- i) paid or accrued \$28,130 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.

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6. RELATED PARTY TRANSACTIONS (cont'd...)

The amounts included in accounts payable and accrued liabilities which are due to related parties are as follows:

	October 31, 2014	April 30, 2014
Due to a firm of which the Chief Financial Officer is a partner	\$ 52,186	\$ 28,598
	\$ 52,186	\$ 28,598

7. EQUIPMENT

Included in computer equipment as at October 31, 2014 is a database under construction with a cost of \$82,195 (2013 - \$63,848). No amortization has been taken on this computer equipment in the current period.

During the period ended October 31, 2014, the Company recorded amortization of \$2,770 (2013 - \$2,953) on the asset under finance lease.

	Vehicles	Exploration equipment	Computer equipment	Total
Cost				
Balance, April 30, 2013	\$ 71,176	\$ 233,766	\$ 105,302	\$ 410,244
Additions	49,081	-	12,474	61,555
Disposal	(40,708)	(85,069)	-	(125,777)
Effect of translation	5,153	18,235	9,515	32,903
Balance, April 30, 2014	\$ 84,702	\$ 166,932	\$ 127,291	\$ 378,925
Effect of translation	2,403	4,737	3,612	10,752
Balance, October 31, 2014	\$ 87,105	\$ 171,669	\$ 130,903	\$ 389,677
Accumulated amortization				
Balance, April 30, 2013	\$ 71,176	\$ 174,707	\$ 23,706	\$ 269,589
Disposal	(40,708)	(65,928)	-	(106,636)
Amortization	4,864	37,894	6,805	49,563
Effect of translation	5,197	14,054	2,298	21,549
Balance, April 30, 2014	\$ 40,529	\$ 160,727	\$ 32,809	\$ 234,065
Amortization	4,894	1,031	3,501	9,426
Effect of translation	1,303	4,593	1,040	6,936
Balance, October 31, 2014	\$ 46,726	\$ 166,351	\$ 37,350	\$ 250,427
Carrying amounts				
As at April 30, 2014	\$ 44,173	\$ 6,205	\$ 94,482	\$ 144,860
As at October 31, 2014	\$ 40,379	\$ 5,318	\$ 93,533	\$ 139,250

NEVADA EXPLORATION INC.
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8. EXPLORATION AND EVALUATION ASSETS

For the period ended October 31, 2014:

	GV	SGV	KC	HP	AW	FJ	TOTAL
Acquisition costs							
Balance – May 1, 2014	\$ -	\$ 67,531	\$ 927,347	\$ 109,247	\$ 239,373	\$ 235,790	\$ 1,579,288
Additions – cash	23,997	33,824	38,211	553	13,166	-	109,751
Effect of translation	<u>675</u>	<u>2,850</u>	<u>27,147</u>	<u>3,087</u>	<u>7,100</u>	<u>(1,203)</u>	<u>39,656</u>
Balance – end of period	<u>24,672</u>	<u>104,205</u>	<u>992,705</u>	<u>112,887</u>	<u>259,639</u>	<u>234,587</u>	<u>1,728,695</u>
Exploration costs							
Balance – May 1, 2014	-	-	82,116	875,087	702,957	1,120,477	2,780,637
Geological	-	-	-	5,259	787	-	6,046
Travel	291	-	-	-	-	-	291
Effect of translation	<u>7</u>	<u>-</u>	<u>2,309</u>	<u>24,751</u>	<u>19,786</u>	<u>(5,718)</u>	<u>41,135</u>
Balance – end of period	<u>298</u>	<u>-</u>	<u>84,425</u>	<u>905,097</u>	<u>723,530</u>	<u>1,114,759</u>	<u>2,828,109</u>
Write-off of property	-	-	-	-	-	(1,349,346)	(1,349,346)
Total costs – October 31, 2014	\$ 24,970	\$ 104,205	\$ 1,077,130	\$ 1,017,984	\$ 983,169	\$ -	\$ 3,207,458

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8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

For the year ended April 30, 2014:

	SGV	KC	HP	AW	FJ	TOTAL
Acquisition costs						
Balance – beginning of year	\$ -	\$ 772,938	\$ 78,902	\$ 198,809	\$ 221,255	\$ 1,271,904
Additions - cash	62,213	81,385	21,742	21,715	18,316	205,371
Option payments received	-	-	-	-	(22,348)	(22,348)
Effect of translation	<u>5,318</u>	<u>73,024</u>	<u>8,603</u>	<u>18,849</u>	<u>18,567</u>	<u>124,361</u>
Balance – end of year	<u>67,531</u>	<u>927,347</u>	<u>109,247</u>	<u>239,373</u>	<u>235,790</u>	<u>1,579,288</u>
Exploration costs						
Balance – beginning of year	-	75,649	799,528	646,081	1,032,098	2,553,356
Geological	-	-	6,650	1,522	-	8,172
Travel	-	-	-	-	147	147
Effect of translation	<u>-</u>	<u>6,467</u>	<u>68,909</u>	<u>55,354</u>	<u>88,232</u>	<u>218,962</u>
Balance – end of year	<u>-</u>	<u>82,116</u>	<u>875,087</u>	<u>702,957</u>	<u>1,120,477</u>	<u>2,780,637</u>
Total costs	\$ 67,531	\$ 1,009,463	\$ 984,334	\$ 942,330	\$ 1,356,267	\$ 4,359,925

8. EXPLORATION AND EVALUATION ASSETS (cont'd....)

Grass Valley Project (GV)

On February 27, 2012, the Company announced the signing of agreement with McEwen Mining Inc, (“MMI”), a two-year Exploration Agreement to generate new gold projects in a 25,000 hectare (95 sq mi) study area in north central Nevada (referred to as the Area of Interest or “AOI”) using the Company’s hydrogeochemistry exploration technology. In the summer of 2014, McEwen Mining Inc. elected to withdraw from the Exploration Agreement, and NGE now holds a 100% interest in the project, which consists of 452 claims (approx. 37.6 km²).

South Grass Valley (SGV)

During the year ended April 30, 2014, the Company established the South Grass Valley Project by staking 185 unpatented mining claims (approx. 15.4 km²). The Project is located in Lander County, north-central Nevada, approximately 50 kilometres (32 miles) south southwest of Barrick Gold Corp.’s Cortez Pipeline property.

Kelly Creek (KC)

On January 1, 2009, the Company entered into a Mining Lease and Option to Purchase Agreement with Genesis Gold Corporation (“Genesis”) to acquire a 100% interest of Genesis’s Hot Pot Claims, which consist of 254 unpatented mineral claims (20.2km²). Under the Agreement, the Company is the Operator and has the option to purchase 100% of the Genesis claims for USD\$1,500,000, subject to a 1.5% Net Smelter Return Royalty (“Royalty”).

Hot Pot (HP)

On September 16, 2005, the Company entered into a Mining Lease Agreement on 8.8 km² at the Hot Pot Project located in Humboldt County, Nevada, approximately 30 km northwest of Battle Mountain, Nevada. Under the terms of the agreement, the Company is required to make annual payments of US\$20,000 on each anniversary, and the agreement is subject to a 3% NSR to the property owner. The Company also controls 3 (2013 – 6) claims (approx. 25 hectares) at Hot Pot. All of the Company’s mineral interests at Hot Pot are subject to a 1.25% NSR.

Awakening (AW)

The Awakening Project is located in Humboldt County, Nevada, approximately 50 km north-northwest of Winnemucca, Nevada. The Company has a 100% interest in 72 (2013 – 206) claims (approx. 4.5 km²) at Awakening.

Fletcher Junction (FJ)

During the period ended October 31, 2014, the Company decided to drop the Fletcher Junction Project in order to focus its resources on the projects demonstrating the highest potentials. Accordingly, the Company has written off this project to \$Nil as at July 31, 2014.

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9. DEPOSITS AND BONDS

	October 31, 2014	April 30 2014
Security deposits ⁽¹⁾	\$ 5,750	\$ 11,500
Reclamation bond deposits ⁽²⁾	<u>21,622</u>	<u>75,821</u>
	<u>\$ 27,372</u>	<u>\$ 87,321</u>

⁽¹⁾ Security deposits consist of \$5,750 guaranteed investment certificate ("GIC") and bearing interest at prime less 2%. The GIC is used to secure the credit limit on a credit card.

⁽²⁾ Reclamation bond deposits are required by the U.S. Bureau of Land Management ("BLM") and the U.S. Forest Service ("USFS") to ensure that any reclamation and clean-up work required on the Company's properties will be completed to the satisfaction of the BLM and the USFS. The Company did not have any asset retirement obligations as of October 31, 2014 and April 30, 2014.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are as follows:

	October 31, 2014	April 30, 2014
Trade payables	\$ 55,637	\$ 25,918
Due to related parties (Note 6)	52,186	28,598
Due to key management personnel (Note 15)	269,378	174,020
Accrued liabilities	<u>39,562</u>	<u>43,509</u>
Total	<u>\$ 416,763</u>	<u>\$ 272,045</u>

11. FINANCE LEASE OBLIGATIONS

The Company has a finance lease obligation for a leased vehicle, with blended monthly payments of principal and interest totaling \$44,314 (US\$39,316) and bearing interest at a rate of 2.90% per annum.

	October 31, 2014	April 30, 2014
Finance lease obligations	\$ 44,314	\$ 48,375
Deduct: amount representing interest	<u>(2,567)</u>	<u>(3,124)</u>
Present value of minimum lease payments due	41,747	45,251
Less: current portion	<u>(4,859)</u>	<u>(9,381)</u>
Non-current portion	<u>\$ 36,888</u>	<u>\$ 35,870</u>

The total of principal repayments of the finance lease obligations that are due within the next one year is \$4,859, and the remaining portion for \$36,888 is due between fiscal years 2015 to 2019.

12. CAPITAL STOCK

a) Authorized share capital:

As at October 31, 2014, the authorized share capital of the Company was:
Unlimited number of common shares without par value;
Unlimited number of preferred shares without par value;
All issued shares are fully paid.

b) Issued share capital:

During the period ended October 31, 2014, the Company completed the first tranche of its non-brokered private placement by issuing 2,830,100 units at a price of \$0.05 per unit, for gross proceeds of \$141,505. Each unit consists of one common share and one non-transferable common share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.05 for a period of three years. Fair value allocated in connection to these warrants was \$46,892. In connection with the private placement, the Company:

- i) paid finders' fee of \$2,000 to an arm's length party; and
- ii) issued 40,000 finders' warrants with a fair value of \$793.

During the period ended October 31, 2013, the Company did not have any share activities.

c) Shares for debt arrangements:

On July 15, 2014, the Company announced, subject to shareholder and TSX Venture Exchange approval, it has entered into shares for debt agreements with management and a non-arms length party to which the Company will issue 2,050,000 common shares to settle \$30,000 in outstanding accrued salary for each of three senior officers of the Company and \$12,500 in outstanding payables due to an accounting firm, in which an officer and director of the Company is a partner for accounting services rendered in the ordinary course of business.

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13. RESERVES

a) Options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years, and generally vest over a 3 year period, or as determined by the Company's directors.

During the period ended October 31, 2014 and 2013, the Company, did not grant any stock options.

A continuity of share purchase options for the period ended October 31, 2014 is as follows:

Expiry date	Exercise price	April 30, 2014	Granted	Expired	Cancelled	October 31, 2014	Exercisable
September 30, 2014	\$ 0.16	250,000	-	(250,000)	-	-	-
September 30, 2014	0.10	900,000	-	(900,000)	-	-	-
November 17, 2014 ⁽¹⁾	0.10	600,000	-	-	-	600,000	600,000
December 31, 2015	0.10	2,950,000	-	-	-	2,950,000	2,950,000
August 9, 2016	0.10	400,000	-	-	-	400,000	400,000
September 25, 2017	0.11	100,000	-	-	-	100,000	100,000
December 4, 2017	0.12	500,000	-	-	-	500,000	500,000
March 2, 2019	0.10	3,050,000	-	-	-	3,050,000	3,050,000
Total		8,750,000	-	-	-	7,600,000	7,600,000
Weighted average exercise price	\$ 0.10	\$ -	\$ 0.11	\$ -	\$ 0.10	\$ 0.10	\$ 0.11
Weighted average remaining life of options outstanding						2.53 years	

⁽¹⁾Subsequently expired after the period ended October 31, 2014.

b) Warrants

During the period ended October 31, 2014, the Company issued 2,870,100 (2013 - 5,369,200) warrants as part of its private placement. See note 12b.

A continuity of share purchase warrants for the period ended October 31, 2014 is as follows:

Expiry date	Exercise price	April 30, 2013	Granted	Expired	October 31, 2014	Exercisable
December 24, 2014 ⁱ⁾	\$ 0.15	5,000,000	-	-	5,000,000	5,000,000
August 19, 2017	0.15	-	2,830,100	-	2,830,100	2,830,100
August 19, 2017	0.15	-	40,000	-	40,000	40,000
Total		5,000,000	2,870,100	-	7,870,100	7,870,100
Weighted average exercise price	\$ 0.15	\$ 0.05	\$ -	\$ -	\$ 0.11	\$ 0.11

i) Extended from the original expiry date of December 24, 2013 to December 24, 2014 during the year ended April 30, 2014.

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14. SEGMENTED INFORMATION

The Company operates in one industry segment, being the acquisition, exploration and development of resource properties. Geographic information is as follows:

	October 31, 2014	April 30, 2014
Non-current assets:		
United States		
Equipment	\$ 139,250	\$ 144,860
Exploration and evaluation assets	3,207,458	4,359,925
Deposits and bonds	<u>21,622</u>	<u>75,821</u>
	<u>\$ 3,368,330</u>	<u>\$ 4,580,606</u>
	October 31, 2014	April 30, 2014
Income:		
United States		
Project management and consulting	\$ -	\$ 154,964
Option payments	<u>-</u>	<u>103,992</u>
	<u>\$ -</u>	<u>\$ 258,956</u>

15. KEY MANAGEMENT COMPENSATION

Remuneration of key management of the Company is as follows:

	Six Months Ended October 31, 2014	Six Months Ended October 31, 2013
Salaries	\$ 91,626	\$ 162,306

15. KEY MANAGEMENT COMPENSATION (cont'd...)

The amount included in accounts payable and accrued liabilities which is due to key management personnel is as follows:

	October 31, 2014	April 30, 2014
Due to key management personnel (Note 10)	\$ 269,378	\$ 174,020

16. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and deposits and bonds. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly-rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in the discussion on capital management. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at October 31, 2014, the Company had a cash balance of \$25,792 (April 30, 2014 - \$22,603) to settle current liabilities of \$421,622 (April 30, 2014 - \$281,426). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash, deposits and bonds and on the Company's finance lease obligations are not considered significant.

16. FINANCIAL RISK MANAGEMENT (cont'd...)

Financial risk factors (cont'd...)

Market risk (cont'd...)

(b) Foreign currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. A significant portion of the Company's expenses is denominated in US dollars. Consequently, certain assets, liabilities and operating expenses are exposed to currency fluctuations. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Net assets denominated in foreign currency and the Canadian dollar equivalents at October 31, 2014 are as follows:

	CDN	USD
Current assets	\$ 44,469	\$ 39,454
Non-current assets	3,368,330	2,988,493
Current liabilities	(270,793)	(240,256)
Non-current liabilities	<u>(36,888)</u>	<u>(32,729)</u>
	<u>\$ 3,105,118</u>	<u>\$ 2,754,962</u>

Net exposure

Based on the above net exposures as at October 31, 2014, and assuming all other variables remain constant, a 1% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of \$31,051 in comprehensive profit or loss.

17. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOW

During the period ended October 31, 2014, significant non-cash transactions included:

- i) issued unit warrants in connection with private placement with a fair value of \$46,892;
- ii) issued of finders' warrants in connection with private placement with a fair value of \$793; and
- iii) reclassified fair value of \$173,271 from reserves to deficit for 1,150,000 stock options expired.

During the period ended October 31, 2013, there was no significant non-cash transaction.