Consolidated Financial Statements of

BANDERA GOLD LTD.

Years Ended November 30, 2014 and 2013

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bandera Gold Ltd.

We have audited the accompanying consolidated financial statements of Bandera Gold Ltd., which comprise the consolidated statements of financial position as at November 30, 2014 and 2013 and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 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 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Bandera Gold Ltd. as at November 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Bandera Gold Ltd. to continue as a going concern.

Saturna Group LLP

Saturna Group Chartered Accountants LLP

Vancouver, Canada

March 30, 2015

BANDERA GOLD LTD.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	November 30, 2014 $	November 30, 2013 $
Assets		
Current assets		
Cash	794	10,853
Amounts receivable	4,794	14,043
Total current assets	5,588	24,896
Non-current assets		
Restricted cash (Note 3)	49,092	48,498
Refundable warranty bond (Note 10)	490,917	484,982
Property and equipment (Note 4)	51,191	119,447
Exploration and evaluation assets (Note 5)	4,660,676	10,425,103
Total non-current assets	5,251,876	11,078,030
Total assets	5,257,464	11,102,926
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	1,377,955	626,292
Due to related parties (Note 6)	1,809,504	1,610,586
Total liabilities	3,187,459	2,236,878
Shareholders’ equity		
Share capital	20,849,890	20,534,890
Share subscriptions received (Note 7)	–	255,000
Share-based payment reserve	3,307,497	3,307,497
Deficit	(22,087,382)	(15,231,339)
Total shareholders’ equity	2,070,005	8,866,048
Total liabilities and shareholders’ equity	5,257,464	11,102,926

Nature of operations and continuance of business (Note 1)
Contingent liability (Note 10)

Approved and authorized for issuance on behalf of the Board of Directors on March 30, 2015:

/s/ “Peter Gommerud”
Peter Gommerud, Director

/s/ “Don Bossert”
Don Bossert, Director

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

BANDERA GOLD LTD.
Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended November 30, 2014 $	Year ended November 30, 2013 $
Revenue	–	–
Expenses		
Advertising and promotion	2,554	9,085
Consulting fees (Note 6)	115,675	158,330
Depreciation	68,256	68,256
Exploration and evaluation costs	174,432	2,014
Foreign exchange loss (gain)	16,797	(31,940)
Impairment of exploration and evaluation assets (Note 5)	6,148,385	4,820,692
Insurance	24,630	25,036
Office and miscellaneous	5,976	16,161
Professional fees (Note 6)	55,444	118,874
Rent (Note 6)	7,092	8,668
Salaries and benefits (Note 6)	114,000	117,604
Transfer agent and regulatory fees	14,599	24,905
Travel	3,285	28,760
Total operating expenses	6,751,125	5,366,445
Net loss before other expense	(6,751,125)	(5,366,445)
Other expense		
Interest expense (Note 6)	(104,918)	(97,744)
Net and comprehensive loss for the year	(6,856,043)	(5,464,189)
Loss per share, basic and diluted	(0.07)	(0.06)
Weighted average number of shares outstanding	111,706,900	100,055,393

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

BANDERA GOLD LTD.
Consolidated statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share subscriptions received	Share-based payment reserve	Deficit	Total shareholders' equity
	Shares #	Amount $	$	$	$	$
Balance, November 30, 2012	86,052,653	19,629,890	168,500	3,307,497	(9,767,150)	13,338,737
Shares issued pursuant to private placements	7,400,000	370,000	(168,500)	–	–	201,500
Shares issued pursuant to mineral property option agreement	2,000,000	100,000	–	–	–	100,000
Shares issued pursuant to settlement of related party debt	8,700,000	435,000	–	–	–	435,000
Share subscriptions received	–	–	255,000	–	–	255,000
Net loss for the year	–	–	–	–	(5,464,189)	(5,464,189)
Balance, November 30, 2013	104,152,653	20,534,890	255,000	3,307,497	(15,231,339)	8,866,048
Shares issued pursuant to private placement	5,100,000	255,000	(255,000)	–	–	–
Shares issued pursuant to consulting agreement	3,000,000	60,000	–	–	–	60,000
Net loss for the year	–	–	–	–	(6,856,043)	(6,856,043)
Balance, November 30, 2014	112,252,653	20,849,890	–	3,307,497	(22,087,382)	2,070,005

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

BANDERA GOLD LTD.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended November 30, 2014 $	Year ended November 30, 2013 $
Operating activities		
Net loss for the year	(6,856,043)	(5,464,189)
Items not involving cash:		
Depreciation	68,256	68,256
Foreign exchange gain	(6,529)	(23,703)
Impairment of exploration and evaluation assets	6,148,385	4,820,962
Share-based compensation	60,000	–
Changes in non-cash operating working capital:		
Amounts receivable	9,249	71,551
Accounts payable and accrued liabilities	380,421	(166,752)
Due to related parties	104,918	97,744
Net cash used in operating activities	(91,343)	(596,131)
Investing activities		
Exploration and evaluation asset expenditures	(12,716)	(163,202)
Net cash used in investing activities	(12,716)	(163,202)
Financing activities		
Proceeds from related party advances	94,000	274,000
Repayment of related party advances	–	(50,000)
Proceeds from issuance of shares/subscriptions received	–	456,500
Net cash provided by financing activities	94,000	680,500
Decrease in cash	(10,059)	(78,833)
Cash, beginning of year	10,853	89,686
Cash, end of year	794	10,853
Non-cash operating and financing activities:		
Exploration and evaluation assets expenditures included in accounts payable	371,242	–
Shares issued pursuant to mineral property option agreement	–	100,000
Shares issued to settle related party debt	–	435,000
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

1. Nature of Operations and Continuance of Business

Bandera Gold Ltd. (the "Company") was incorporated under the Business Corporations Act of Alberta on November 23, 1993. The Company's registered office is 9320 49th Street, Edmonton, Alberta, Canada, T6B 2L7.

The Company is in the process of exploring its mineral properties in Colombia and Mexico and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licenses and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licenses liable to forfeiture.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at November 30, 2014, the Company has not generated any revenues from operations, has a working capital deficit of $3,181,871, and has an accumulated deficit of $22,087,382. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Nueva California S.A. located in Colombia; Agave Resources S.A de C.V., and Agave Silver S.A. de C.V. located in Mexico. All significant inter-company balances and transactions have been eliminated on consolidation.

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

(b) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used include, among others, useful lives and recoverability of property and equipment, impairment of exploration and evaluation assets, measurement of share-based compensation, and deferred income tax asset valuation allowances.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

(c) Reclassifications

Certain of the figures presented for comparative purposes have been reclassified to conform to the presentation adopted in the current period.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Property and Equipment

Property and equipment is recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives at the following annual rates using the straight-line method:

Computer equipment	50%
Drilling equipment	20%

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred.

(f) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into development costs on the statement of financial position. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

2. Significant Accounting Policies (continued)

(f) Exploration and Evaluation Assets (continued)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the statement of operations.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

(g) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there are indicators of impairment for its non-financial assets, including mineral properties and equipment. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in the statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in the statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(h) Rehabilitation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located. When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the statement of operations.

2. Significant Accounting Policies (continued)

(h) Rehabilitation Provisions (continued)

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(i) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company's cash is classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale.

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of amounts receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. They 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 impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

With the exception of available-for-sale equity instruments, 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 the statement of operations 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 not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

(ii) Non-derivative financial liabilities (continued)

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable, accrued liabilities, and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

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

(j) Foreign Currency Translation

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are recognized in the statement of operations.

Foreign operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

(k) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Significant Accounting Policies (continued)

(k) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(l) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(m) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at November 30, 2014, the Company has 17,139,953 (2013 – 28,832,703) dilutive potential shares outstanding.

(n) Comprehensive Loss

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders. As at November 30, 2014 and 2013, the Company does not have any items impacting comprehensive loss.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(o) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2014, and have not been applied in preparing these financial statements.

- IFRS 9, *Financial Instruments* (New)
- IFRS 10, *Consolidated Financial Statements* (Amended)
- IFRS 11, *Joint Arrangements* (New)
- IAS 16, *Property, Plant, and Equipment* (Amended)
- IAS 27, *Separate Financial Statements* (Amended)
- IAS 28, *Investments in Associates and Joint Ventures* (Amended)
- IAS 38, *Intangible Assets* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Restricted Cash

The Company has a restricted deposit of $49,092 (2013 - $48,498) (600,000 Mexican Pesos). The Company has commenced legal action in Mexico with respect to its interests in the Cinco Minas and Gran Cabrera properties. Refer to Note 10. This deposit is held at a Mexican banking institution and has been set up in the event that the mineral property interests go to auction the Company will have an opportunity to bid on the interests to receive a 100% interest.

4. Property and Equipment

	Drilling equipment $
Cost:	
Balance, November 30, 2012, 2013 and 2014	341,280
Accumulated Depreciation:	
Balance, November 30, 2012	153,577
Additions	68,256
Balance, November 30, 2013	221,833
Additions	68,256
Balance, November 30, 2014	290,089
Carrying Amounts:	
Balance, November 30, 2013	119,447
Balance, November 30, 2014	51,191

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets

	Belmira $	Cinco Minas and Gran Cabrera $	Tiberius $	Total $
Acquisition costs:				
Balance, November 30, 2012	704,938	302,197	–	1,007,135
Additions	–	–	100,000	100,000
Impairment	(704,938)	–	–	(704,938)
Balance, November 30, 2013 and 2014	–	302,197	100,000	402,197
Exploration costs:				
Balance, November 30, 2012	3,966,660	9,622,108	–	13,588,768
Accounting and legal	89,311	343,882	14,994	448,187
Administration	7,842	153	–	7,995
Concession taxes	9,688	18,088	–	27,776
Geology	42,253	–	23,681	65,934
Impairment	(4,115,754)	–	–	(4,115,754)
Balance, November 30, 2013	–	9,984,231	38,675	10,022,906
Accounting and legal	–	381,093	–	381,093
Concession taxes	–	–	2,865	2,865
Impairment	–	(6,106,845)	(41,540)	(6,148,385)
Balance, November 30, 2014	–	4,258,479	–	4,258,479
Carrying Amounts:				
Balance, November 30, 2013	–	10,286,428	138,675	10,425,103
Balance, November 30, 2014	–	4,560,676	100,000	4,660,676

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

Belmira Gold-Silver Project, Colombia

Effective October 26, 2004, the Company purchased an option to acquire an 80% interest of mineral property rights in Colombia, South America, near the town of Belmira ("Belmira") in exchange for issuing 2,000,000 common shares with a fair value of $400,000 and paying US$250,000.

The Company will owe additional consideration for mineral property rights if the existence of gold on the mineral property is confirmed. The amount of additional consideration is the issuance of 1,000,000 common shares of the Company if the resources are in excess of two million ounces of gold or equivalent and an additional issuance of 1,000,000 common shares if the resources are in excess of three million ounces of gold or equivalent. The Company has also agreed to pay a net smelter royalty of 1% (with provision for escalation to 3%) on resources in excess of 1,000,000 ounces depending on the ore grade.

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets (continued)

Belmira Gold-Silver Project, Colombia (continued)

During the year ended November 30, 2013, the Company was informed that the environmental authorities in Colombia redefined the boundaries of the Santa Ines Paramo ecosystem, increasing the area of this protected land area from approximately 1,000 hectares to 11,000 hectares. This new defined boundary has effectively reduced the area of the concessions held by Company and limited the area in which it can explore from 7,000 hectares to approximately 4,000 hectares and has substantially impacted the area on which the Company had previously performed drilling work. Though the Company is working with the government mining authorities and the environmental authorities to determine the impact of this decision on the Company's concessions and lobbying to have these new boundaries reduced, the Company has suspended any exploration until it receives the results of these discussions. Due to the significant impact of the rezoning of the Paramo area on these concessions and the likelihood that the authorities will uphold their decision to extend these boundaries, the Company decided to fully impair this property as at November 30, 2013 and recorded an impairment of $4,820,692.

Cinco Minas and Gran Cabrera Silver-Gold Projects, Mexico

On November 15, 2005, the Company entered an option agreement to acquire a 60% interest in mineral property rights located in the Hostotipaquillo Mining District, State of Jalisco, Mexico, near the city of Magdalena ("Cinco Minas" and "Gran Cabrera") from Minera San Jorge S.A. de C.V. ("MSJ"). The Company will earn the vested participating interests by making the following option payments:

- An initial option payment of $50,000 by December 15, 2005 (paid);
- an additional $250,000 by December 21, 2005 (paid);
- 650,000 common shares to be issued upon entering into the agreement (issued);
- 900,000 common shares to be issued on the first anniversary (issued); and
- 1,250,000 common shares to be issued one year after the approval of the Joint Operating Agreement as referred to in the option agreement.

Upon execution of the option agreement, the Company is committed to financing the following expenditures related to the properties for exploration work:

	Gran Cabrera $	Cinco Minas $	Total $
Year 1	200,000	600,000	800,000
Year 2	300,000	1,000,000	1,300,000
Year 3	400,000	1,600,000	2,000,000
Year 4	500,000	1,500,000	2,000,000
Year 5	600,000	900,000	1,500,000
	2,000,000	5,600,000	7,600,000

To date, the Company has fulfilled its commitment of $5,600,000 to finance the Cinco Minas project and $200,000 to finance the Gran Cabrera project which were incurred up until February 26, 2008 when the Company commenced legal action against MSJ due to failure to execute the Joint Operating Agreement. Due to the non-compliance by MSJ, the Company has not been able to finance the remaining expenditures related to the Gran Cabrera property. Refer to Note 10.

The Company has also agreed to pay a smelter royalty of 2% on the sales of any silver and gold production, less smelting, refining and commission costs.

As at November 30, 2014 the Company has recorded an impairment of $6,106,845 on the property to bring its carrying value in line with its estimated recoverable value.

5. Exploration and Evaluation Assets (continued)

Tiberius Gold Project, Manitoba, Canada

On April 23, 2013, the Company entered into a property option agreement with Tiberius Gold Corp. ("Tiberius") whereby the Company can earn up to a 100% interest in certain mining properties comprised of eight claims covering an area of 619 hectares located in the Bissett Gold Camp area of Manitoba, Canada. To earn this interest, the Company has agreed on the following:

Issuance of:

- 2,000,000 common shares and 1,000,000 share purchase warrants on the exercise of the agreement, which was June 10, 2013; (issued);
- 2,000,000 common shares and 1,000,000 share purchase warrants on or before June 10, 2014;
- 2,000,000 common shares and 1,000,000 share purchase warrants on or before June 10, 2015;
- 2,000,000 common shares and 1,000,000 share purchase warrants on or before June 10, 2016; and
- 2,000,000 common shares and 1,000,000 share purchase warrants on or before June 10, 2017.

Incur exploration expenditures totalling $1,000,000 on the Property as follows:

- $250,000 on or before June 10, 2014;
- $250,000 on or before June 10, 2015
- $250,000 on or before June 10, 2016; and
- $250,000 on or before June 10, 2017.

Under the terms of the agreement, the Company will issue 2,000,000 common shares and 1,000,000 warrants and incurred $250,000 of exploration expenditures on each anniversary of the agreement to earn a 20% interest in the property each year. Each warrant entitles Tiberius to purchase additional common shares of the Company at an exercise price of $0.22 per share for a period of two years.

The warrants include a provision that in the event that the common shares of the Company trade at or above $0.30 per share for 15 consecutive trading days, the Company may, upon notice to the holders of the warrants, shorten the exercise period to 30 days after which the warrants will lapse and any warrants issued subsequently will also have a reduced exercise period of 30 days.

In the event that the Company does not earn a 100% interest in the property, both parties will enter into a joint venture agreement whereby:

- the owner of the higher percentage interest in the tenures at the time of the termination shall be the operator of the joint venture unless mutually agreed otherwise;
- a management committee will be formed composed of designates from both parties representing each corporation pro rata in their ownership interest as at the time of the termination of the property option agreement; and
- the Company will be entitled to reimbursement by Tiberius with respect to the pro rata share of any unrecovered operating costs outstanding at the time of the termination. Thereafter, the parties shall participate on a pro rata basis in all financing programs relating to the exploration, development and production of minerals extracted from the tenures. Dilution of interests in and to the tenures will occur in the event or partial or non-participation by a party.

On September 4, 2014, the Company signed a cancellation agreement with Tiberius to return the interest in the property in exchange for the return and cancellation of the 2,000,000 shares and the 1,000,000 warrants the Company issued to Tiberius on June 10, 2013. As of November 30, 2014, the shares have not yet been returned. As at November 30, 2014 the Company has recorded an impairment of $41,540 on the property to bring its carrying value in line with the value of the shares and warrants to be returned and cancelled.

6. Related Party Transactions

During the years ended November 30, 2014 and 2013, the Company was involved in the following related party transactions:

(a) The amount of $45,000 (2013 - $nil) was incurred to the President of the Company for salary.

(b) The amount of $45,000 (2013 - $90,000) was incurred to the former President of the Company for salary.

(c) The amount of $7,092 (2013 – $8,668) was incurred to a company controlled by a director of the Company for rent.

(d) The amount of $36,000 (2013 – $36,000) was incurred to a company controlled by the Chief Financial Officer of the Company for professional fees.

(e) The amount of $25,000 (2013 – $nil) was incurred to a company controlled by a director of the Company for consulting fees.

(f) The amount of $22,000 (2013 – $20,000) was incurred to directors of the Company for directors' fees which is included in salaries and benefits.

(g) As at November 30, 2014, included in accounts payable and accrued liabilities is $80,439 (2013 - $34,896) owed to a company controlled by the Chief Financial Officer of the Company.

(h) As at November 30, 2014, included in accounts payable and accrued liabilities is $57,210 (2013 - $11,219) owed to directors of the Company.

(i) As at November 30, 2014, included in accounts payable and accrued liabilities is $76,695 (2013 - $76,695) owed to a company controlled by a director of the Company.

(j) As at November 30, 2014, included in accounts payable and accrued liabilities is $3,547 (2013 - $nil) owed to the spouse of a director of the Company.

(k) As at November 30, 2014, $1,809,504 (2013 - $1,610,586) is owed to directors of the Company for cash advanced to the Company. Of this amount, $1,630,924 (2013 - $1,459,006) is secured by a general security agreement pledging the assets of the Company, bears interest at prime rate plus 4% per annum, and repayable upon 90 days' notice, such notice not to be given prior to December 1, 2012. The remaining $178,580 (2013 - $151,580) is non-interest bearing, unsecured, and has no set terms of repayment other than repayment will not be demanded prior to December 1, 2012. During the year ended November 30, 2014, the Company incurred $104,918 (2013 - $97,744) of interest expense on the related party loans.

7. Share Capital

Authorized: Unlimited number of common shares without par value
Unlimited number of preferred shares, issuable in series

(a) On February 28, 2014, the Company issued 3,000,000 shares with a fair value of $60,000 pursuant to a consulting agreement.

(b) On December 2, 2013, the Company issued 5,100,000 units at a price of $0.05 per unit for proceeds of $255,000 which were received as at November 30, 2013. Each unit consisted of one common share and one half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at an exercise price of $0.08 per share expiring on December 2, 2015.

(c) On June 10, 2013, the Company issued 2,000,000 shares and 1,000,000 share purchase warrants with a fair value of $100,000 pursuant to the Tiberius Gold Project acquisition. Each warrant entitles the holder to purchase an additional common share at a price of $0.22 per share expiring on June 10, 2015. The fair value of the units was determined to be $0.05 per unit based on the unit price of the private placement which closed on February 13, 2013. Refer to Note 5.

(Expressed in Canadian dollars)

7. Share Capital (continued)

(d) On February 13, 2013, the Company issued 7,400,000 units at a price of $0.05 per unit for proceeds of $370,000, of which $168,500 had been received as at November 30, 2012. Each unit consisted of one common share and one half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at an exercise price of $0.10 per share expiring on February 13, 2015.

(e) On February 13, 2013, the Company issued 8,700,000 units with a fair value $435,000 to settle debt of $435,000 owing to directors of the Company. Each unit consisted of one common share and one half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at an exercise price of $0.10 per share expiring on February 13, 2015. The fair value of the units was determined to be $0.05 per unit based on the unit price of the private placement which closed on the same day.

8. Share Purchase Warrants

The following table summarizes the continuity of common share purchase warrants:

	Number of warrants	Weighted average exercise price
Balance, November 30, 2012	14,242,750	0.20
Issued	9,050,000	0.11
Balance, November 30, 2013	23,292,750	0.17
Issued	2,550,000	0.08
Expired	(14,242,750)	0.12
Balance, November 30, 2014	11,600,000	0.11

As at November 30, 2014, the following common share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
8,050,000	0.10	February 13, 2015
1,000,000	0.22	June 10, 2015
2,550,000	0.08	December 2, 2015
11,600,000		

9. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts) on the TSX Venture Exchange. Options can have a maximum term of five years and typically terminate ninety days following the termination of the optionee’s employment or engagement. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

(Expressed in Canadian dollars)

9. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, November 30, 2012	6,809,953	0.20
Expired	(1,270,000)	0.20
Outstanding, November 30, 2013 and 2014	5,539,953	0.20

Additional information regarding stock options outstanding as at November 30, 2014, is as follows:

	Outstanding and Exercisable		
Range of exercise prices $	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.15	378,953	0.1	0.15
0.20	5,000,000	0.7	0.20
0.22	161,000	1.1	0.22
	5,539,953	1.7	0.20

10. Contingent Liability

On February 26, 2008, the Company commenced legal action in Mexico with respect to its interests in Cinco Minas and Gran Cabrera (the "Assets"). Compensation being claimed by the Company includes enforcement of the Option Agreement and damages arising from non-compliance by MSJ. A court of law in Guadalajara, Mexico has awarded, as a preventative measure in favor of the Company, encumbrances which have been filed against the applicable assets and mining concessions with the Mexico Mining Public Registry ("MPR"). The outcome of the claims for remedies and damages is not determinable; therefore, no amounts have been recorded in these consolidated financial statements.

On March 7, 2008, the State Court, Commercial Division of Guadalajara, Mexico, issued preventive measures in favor of the Company consisting of: (i) the encumbrance of assets of the defendants for an amount of US$6,000,000; (ii) the registration of the lawsuit on the files of each of the mining concessions subject to the Option Agreement before the MPR in Mexico City; and (iii) a prohibition for defendants, the legal representative of MSJ, to leave the Court's jurisdiction (the Mexican State of Jalisco) until this case is settled, unless having appointed an attorney to act on his behalf while he is away. In order for these preventive measures to be put in place and stay applicable, the Company was required to place a refundable warranty bond of $490,917 (2013 - $484,982) (6,000,000 Mexican Pesos) in order to respond to any damages and injury that the defendants may suffer as a result of the said preventive measures being put in place.

As at November 30, 2014, the Company is still in the process of protecting its interest in the Cinco Minas and Gran Cabrera mining properties in the Mexican courts.

A ruling in favour of the Company by the Federal Court will affirm the Company's ownership interest in the mineral property and amounts will become due in order to put the concessions in good standing; however, as the amounts are not determinable, no accrual has been recorded in these consolidated financial statements. Should the ruling be in favour of the defendant, the Company would be required to recognize an impairment charge on the property for $4,560,676.

11. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2014, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, November 30, 2014 $
Cash	794	–	–	794
Restricted cash	49,092			49,092
Refundable warranty bond	490,917	–	–	490,917
	540,803	–	–	540,803

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST receivable. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada, Colombia, and Mexico, but has the majority of its cash held in Canada in Canadian dollars. Future exploration programs and option payments may be denominated in US dollars, Colombian Pesos, or Mexican Pesos. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. A change of 5% in the exchange rate for the Mexican Peso would not result in a significant change in net loss. A change of 5% in the exchange rate for the Colombian Peso would result in a change in net loss of $14,616.

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(Expressed in Canadian dollars)

11. Financial Instruments and Risks (continued)

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

12. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, share subscriptions received, and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2013.

13. Segmented Information

The Company operates in one industry, which is the mineral resource industry, with properties in Canada and Mexico.

2014	Canada $	Mexico $	Total $
Restricted cash	–	49,092	49,092
Refundable warranty bond	–	490,917	490,917
Property and equipment	51,191	–	51,191
Exploration and evaluation assets	100,000	4,560,676	4,660,676
	151,191	5,100,685	5,251,876

2013	Canada $	Mexico $	Total $
Restricted cash	–	48,498	48,498
Refundable warranty bond	–	484,982	484,982
Property and equipment	119,447	–	119,447
Exploration and evaluation assets	138,675	10,286,428	10,425,103
	258,122	10,819,908	11,078,030

(Expressed in Canadian dollars)

14. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2014 $	2013 $
Canadian statutory income tax rate	26%	25.67%
Income tax recovery at statutory rate	(1,782,571)	(1,402,475)
Tax effect of:		
Permanent differences and other	–	3,038
True up of prior year difference	2,881	(17,063)
Change in enacted tax rates	–	(46,713)
Expiry of non-capital loss	45,858	–
Change in valuation allowance	1,733,832	1,463,213
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2014 $	2013 $
Deferred income tax assets		
Capital losses carried forward	46,671	46,671
Non-capital losses carried forward	1,341,343	1,220,783
Property and equipment	90,871	76,009
Resource properties	2,414,536	815,957
Share issuance costs	–	169
Total gross deferred income tax assets	3,893,421	2,159,589
Valuation allowance	(3,893,421)	(2,159,589)
Net deferred income tax asset	–	–

As at November 30, 2014, the Company has non-capital losses carried forward of $5,159,009 which are available to offset future years' taxable income. These losses expire as follows:

	$
2015	190,671
2023	29,926
2024	15,700
2026	332,273
2027	753,390
2028	529,436
2029	513,145
2030	470,703
2031	622,185
2032	473,017
2033	604,194
2034	450,450
Indefinite	173,919
	5,159,009

The Company also has available mineral resource related expenditure pools totalling $13,947,354, which may be deducted against future taxable income on a discretionary basis.