EARTHWORKS INDUSTRIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2014

(Expressed in Canadian Dollars)

Crowe MacKay LLP
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Independent Auditors' Report

To the Shareholders of
Earthworks Industries Inc.

We have audited the accompanying consolidated financial statements of Earthworks Industries Inc. and its subsidiary, which comprise the consolidated statements of financial position as at November 30, 2014 and November 30, 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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 audits 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 auditors' 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 auditors consider 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 Earthworks Industries Inc. and its subsidiary as at November 30, 2014 and November 30, 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 modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Earthworks Industries Inc. to continue as a going concern.

"Crowe MacKay LLP"

Chartered Accountants
Vancouver, British Columbia
March 25, 2015

EARTHWORKS INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

November 30, 2014 and 2013

	November 30 2014	November 30 2013
ASSETS		
Current Assets		
Cash	$ 52,998	$ 2,165
Goods and Services/Harmonized sales tax recoverable	2,205	9,063
Prepaid expenses	1,917	-
	57,120	11,228
Equipment (note 5)	3,322	2,582
Cortina Landfill Project (notes 2 and 6)	9,343,550	8,637,449
Deposits	1,233	1,233
	$ 9,405,225	$ 8,652,492
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	$ 598,778	$ 497,167
Notes payable (note 7)	659,112	316,290
Advances from Cortina Landfill Company (note 6)	6,063,200	5,892,772
Accrued interest on convertible loans (note 8)	210,231	149,290
Liability component of convertible loans (note 8)	168,062	648,633
	7,699,383	7,504,152
SHAREHOLDERS' EQUITY		
Share capital (note 9)	16,156,945	14,861,235
Share subscription advance	-	70,000
Contributed surplus (note 9)	1,686,017	1,539,817
Equity portion of convertible loans (note 8)	231,326	192,347
Accumulated other comprehensive income (loss)	363,832	124,860
Deficit	(16,732,278)	(15,639,919)
	1,705,842	1,148,340
	$ 9,405,225	$ 8,652,492

Nature of Business, Continued Operations and Going Concern (note 1)

Approved on Behalf of the Board on March 25, 2015:

David Atkinson
Director

David Scott
Director

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

EARTHWORKS INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

For the Years Ended November 30, 2014 and 2013

	Year Ended November 30 2014	2013
Administration Costs		
Amortization	$ 932	$ 1,014
Bank charges and interest (note 10)	74,070	15,236
Consulting	7,000	3,500
Convertible loan interest and accretion (note 8)	169,843	97,489
Directors' fees (note 10)	18,000	19,500
Interest on advances from Cortina Landfill Company (note 6)	385,356	359,531
Adjustment on settlement agreement with Cortina Landfill Company (note 6)	-	(853,537)
Management fees and salaries (note 10)	137,306	136,483
Office and administrative costs	33,882	31,369
Professional fees (note 10)	152,461	271,911
Promotion	7,048	5,851
Rent and parking	35,318	45,093
Salaries and benefits	55,433	53,256
Stock exchange and filing fees	14,547	10,438
Telephone and internet	2,257	3,280
Transfer agent	8,830	6,823
Travel	7,770	7,041
Gain on settlement of convertible loan (note 8)	(19,494)	-
Loan bonus (note 10)	1,800	-
Loss for the year	1,092,359	214,278
Other Comprehensive Loss (Income)		
Exchange difference on translation of foreign operations	(238,972)	(163,583)
Comprehensive loss for the year	$ 853,387	$ 50,695
Basic and diluted loss per share	$ 0.03	$ 0.01
Weighted average number of common shares outstanding - basic and diluted	35,720,710	27,869,532

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

EARTHWORKS INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the Years Ended November 30, 2014 and 2013

	Year Ended November 30 2014	2013
Operating Activities		
Net income (loss) for the year	$ (1,092,359)	$ (214,278)
Adjust for non-cash items:		
Amortization	932	1,014
Interest on advances from Cortina Landfill Company	275,646	359,531
Bank charges and interest	70,822	12,656
Convertible loan interest and accretion	163,843	97,489
Adjustment on settlement agreement with Cortina Landfill Company	-	(853,537)
Loan bonus	1,800	-
GST writeoff	9,062	-
Gain on settlement of convertible loans	(19,494)	-
	(589,748)	(597,125)
Change in non-cash working capital accounts (note 14)	130,784	396,142
	(458,964)	(200,983)
Financing Activities		
Share capital issued for cash	1,337,000	-
Share issue costs	(21,890)	-
Share subscription advance	-	70,000
Repayment of convertible loans	(525,000)	-
Repayment of Advances from Cortina Landfill Company	(499,071)	(208,160)
Notes payable	272,000	276,000
	563,039	137,840
Investing Activities		
Equipment purchased	(1,672)	-
Cortina Landfill project deferred costs	(33,294)	(6,515)
	(34,966)	(6,515)
Effects of foreign exchange on cash balances	(18,276)	(9,957)
Increase (decrease) in cash	50,833	(79,615)
Cash, beginning of year	2,165	81,780
Cash, end of year	$ 52,998	$ 2,165
Interest paid (received)	$ 5,845	$ -
Income taxes paid (received)	$ -	$ -

Supplemental Cash Flow Information (note 14)

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

EARTHWORKS INDUSTRIES INC.

CONSOLIDATED SCHEDULE OF CORTINA LANDFILL PROJECT COSTS

(Expressed in Canadian Dollars)

For the Years Ended November 30, 2014 and 2013

	Year Ended November 30	
	2014	**2013**
Cortina Landfill Project		
Consulting	$ -	$ 20,120
Costs incurred during the year	-	20,120
Exchange Adjustment	706,101	588,306
Project Costs, beginning of the year	8,637,449	8,029,023
Project Costs, end of the year	$ 9,343,550	$ 8,637,449

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

EARTHWORKS INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended November 30, 2014 and 2013

	Number of Shares	Amount	Share subscription advance	Contributed Surplus	Equity Portion of Convertible Loans	Accumulated Other Comprehensive Income (Loss) - cumulative translation adjustment	Deficit	Total
Balance, November 30, 2012	27,869,532	$ 14,861,235	$ -	$ 1,539,817	$ 192,347	$ (38,723)	$ (15,425,641)	$ 1,129,035
Share subscription advances	-	-	70,000		-	-	-	70,000
Other comprehensive income (loss)	-	-	-	-	-	163,583	-	163,583
Net loss for the year	-	-	-	-	-	-	(214,278)	(214,278)
Balance, November 30, 2013	27,869,532	14,861,235	70,000	1,539,817	192,347	124,860	(15,639,919)	1,148,340
Loan bonus	20,000	1,800	-	-	-	-	-	1,800
Units offering (net of commission)	14,620,000	1,293,910	(70,000)	146,200	(55,542)	-		1,314,568
Equity portion of convertible loan	-	-	-	-	94,521	-	-	94,521
Other comprehensive income (loss)	-	-	-	-	-	238,972	-	238,972
Net loss for the year	-	-	-	-	-	-	(1,092,359)	(1,092,359)
Balance, November 30, 2014	42,509,532	$ 16,156,945	$ -	$ 1,686,017	$ 231,326	$ 363,832	$ (16,732,278)	$ 1,705,842

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

1 Nature of Business, Continued Operations and Going Concern

Earthworks Industries Inc. (the "Company") is incorporated under the laws of British Columbia, Canada and management has determined that the Company is in the development stage based on the fact it has no operations, no significant revenues and has not completed the landfill project. Its office is located at Suite 1608 - 675 West Hastings Street, Vancouver B.C. V6B 1N2.

The Company has completed an environmental impact study of a landfill project through its wholly-owned subsidiary, Cortina Integrated Waste Management Inc. ("CIWM") and received a Record of Decision to approve its lease to construct and operate the site from the United States Department of the Interior - Bureau of Indian Affairs ("BIA") in 2000. Final approval of the lease was issued in January 2007. Notice of termination of this lease was given by the BIA on August 19, 2013. The Company filed a Notice of Appeal to the Interior Board of Indian Affairs (IBIA) on September 16, 2013 which stayed the termination and was successful in receiving a docketing for a formal filing which was made in February, 2014. The outcome of the appeal remains uncertain at this point.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The establishment of operations by the Company and the recoverability of the amount shown for the landfill project is dependent upon the ability of the Company to obtain necessary financing to complete the development of the landfill operation and commence future profitable operations. Management will pursue future equity financings and continued loans from related and other parties. These matters represent a material uncertainty that may raise significant doubt about the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2 Significant Accounting Policies

a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC"). These consolidated financial statements have been prepared on the basis of IFRS that are effective for the Company's reporting year ended November 30, 2014.

These consolidated financial statements have been prepared on a historical basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Consolidation of Financial Statements

These consolidated financial statements include the accounts of the Company and Cortina Integrated Waste Management, Inc., a wholly-owned subsidiary incorporated in the State of California on July 19, 1994. A wholly- owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. References to "the Company" include Cortina Integrated Waste Management, Inc. Intercompany balances and transactions have been eliminated upon consolidation.

c) Financial Instruments

All financial instruments are classified into one of the following five categories: fair-value-through-profit-or-loss, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the statement of financial position and are measured at fair market value upon inception. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification.

Financial instruments classified as fair-value-through-profit-or-loss are measured at fair value and all gains and losses are included in profit or loss in the period in which they arise. Available-for-sale financial assets are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the statement of financial position or there is an other than temporary impairment. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately in profit or loss. Transaction costs in respect of financial instruments at fair-value-through-profit-or-loss are recognized in profit or loss immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

2 Significant Accounting Policies (continued)

c) Financial Instruments (continued)

The Company assesses at each reporting date whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent year, 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 to the extent that the carrying value of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated other comprehensive income (loss) to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

IFRS 13 Fair Value Measurement requires a three-level hierarchy that reflects the significance of the inputs used in making the fair value adjustments. The three levels of fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

At November 30, 2014 and 2013, the Company had no financial instruments measured at fair value.

Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted into shares of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss. When the conversion option is exercised, the consideration received is recorded as share capital and the equity component of the compound financial instrument is transferred to share capital.

When the Company extinguishes convertible debentures before maturity through early redemption or repurchase where the conversion option is unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of settlement. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with the method used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued. The amount of gain or loss relating to the early redemption or repurchase of the liability component is recognised in profit or loss. The amount of consideration relating to the equity component is recognised in equity.

d) Cortina Landfill Project Costs

The Company is proceeding with final federal approvals with respect to its investment in the Cortina Landfill Project and accordingly follows the practice of capitalizing all costs related to the project until such time as the project is put into commercial use, sold or abandoned. If commercial use commences, the capitalized costs will be amortized on a units of production basis. If the project is abandoned, the related capitalized costs will be written-off to profit or loss.

The amounts shown for the Cortina Landfill Project represent costs to date and are not intended to reflect present or future values. The actual amounts to be recovered from the project are uncertain and not determinable until the project is completed. Changes in future conditions could require a material change in the recognized amount.

2 Significant Accounting Policies (continued)

e) Equipment

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

Computer equipment	30%
Office equipment and furniture	20%

In the year of acquisition, amortization is recorded at one-half the normal rate.

f) Loss Per Share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Existing stock options, share purchase warrants and convertible loans have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same.

g) Foreign Currency Translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent company and its subsidiary is measured using the functional currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the parent company's functional and presentation currency. The functional currency of the subsidiary is the United States dollar.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items valued at their fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income.

Where a non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Parent and Subsidiary Companies (Group)

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at the reporting date

- income and expenses are translated at average exchange rates for the period

Exchange differences arising on translation of foreign operations are transferred directly to exchange difference on translation of foreign operations in other comprehensive loss. These differences are recognized in profit or loss in the period in which the operation is disposed of.

2 Significant Accounting Policies (continued)

h) Share-Based Compensation

The Company has a stock option plan that allows certain officers, directors, consultants, and related company employees to acquire shares of the Company. The fair value of the options is recognized as an expense with a corresponding increase in equity.

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche awarded with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Share-based payments to non employees are measured at fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date or the date the goods or services are received.

Share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised, the consideration received is recorded as share capital. In addition, the related share based payments originally recorded as contributed surplus are transferred to share capital.

i) Income Taxes

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for operating losses or tax credits. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

j) Share Issue Costs

Share issue costs incurred on the issue of the Company's shares are charged directly to share capital.

k) Valuation of Equity Units Issued In Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

2 Significant Accounting Policies (continued)

l) Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 Accounting Estimates:

Significant assumptions about the future and other sources of estimation 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 actual results differ from assumptions made relate to, but are not limited to, the following:

- the assessment of the Cortina Landfill Project assets included in the statements of financial position for indicators of impairment;
- the inputs used in accounting for share-based compensation;
- the recognition of deferred income tax assets; and
- the determination of a market rate of interest (i.e. costs of similar liability without conversion option) for calculation of the value ascribed to the liability portion of convertible debentures.

Critical Judgments:

Critical judgments include the analysis of the functional currency for each entity of the Company and the going concern assessment (see Note 1). In concluding that the Canadian dollar and the US dollar are the functional currencies of the parent and its subsidiary respectively, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates.

m) Long-lived assets

At the end of each reporting period the carrying value 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell or 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 the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

n) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation or environmental costs arises when environmental disturbance is caused. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditures is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the landfill operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate net present value. These costs are charged against profit or loss over the economic life of the related asset through amortization using either the unit of production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds, creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capital cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as the disturbance to date is insignificant.

2 Significant Accounting Policies (continued)

o) Standards, Amendments and Interpretations Adopted

The Company adopted the following standards effective December 1, 2013. The adoption of these standards did not have a material effect on the Company's financial position.

IFRS 7

Financial Instruments: Disclosures, amendments regarding Disclosures - Transfers of Financial Assets. This standard is effective for years beginning on or after January 1, 2013.

IFRS 10

Consolidated Financial Statements (New: to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12). This standard is effective for years beginning on or after January 1, 2013.

IFRS 11

Joint Arrangements (New: to replace IAS 31 and SIC-13). This standard is effective for years beginning on or after January 1, 2013.

IFRS 12

Disclosure of Interests in Other Entities (New: to replace disclosure requirements in IAS 27 (as amended in 2008) and SIC-12). This standard is effective for years beginning on or after January 1, 2013.

IFRS 13

Fair Value Measurement (New: to replace fair value measurement guidance in other IFRSs). This standard is effective for years beginning on or after January 1, 2013.

IAS 27

Separate Financial Statements (Amended in 2011). This standard is effective for years beginning on or after January 1, 2013.

IAS 28

Investments in Associates and Joint Ventures (Amended in 2011). This standard is effective for years beginning on or after January 1, 2013.

p) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretive Committee that are mandatory for accounting periods beginning after January 1, 2014 or later periods.

The following new standards, amendments and interpretations, which have not been early adopted in these consolidated financial statements, are not expected to have an effect on the Company's future results and financial position:

IFRS 9

Financial Instruments (New: to replace IAS 39 and IFRIC 9). This standard is effective for annual periods beginning on or after January 1, 2018

IAS 32

Financial Instruments: Presentation (Amended in 2011). This standard is effective for years beginning on or after January 1, 2014.

IAS 36

Impairment of Assets (Amended in 2013). This standard is effective for years beginning on or after January 1, 2014.

(Expressed in Canadian Dollars)

3 Financial Instruments and Financial Risk Management

a) Financial Instruments

The Company has classified its financial instruments as follows:

		November 30, 2014		November 30, 2013
Financial assets:				
Loans and receivables, measured at amortized cost:				
Cash	$	52,998	$	2,165
Financial liabilities, recorded at amortized cost:				
Accounts payable and accrued liabilities		598,778		497,167
Notes payable		659,112		316,290
Liability component and accrued interest on convertible loan		378,293		797,923
Advances from Cortina Landfill Company		6,063,200		5,892,772

The Company had no held-for-trading, available-for-sale, nor held-to-maturity financial instruments as at November 30, 2014 and November 30, 2013.

b) Financial Risk Management

(i) Overview:

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

(ii) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has no accounts receivable at the current year end and as the Goods and Services tax recoverable is recoverable from the federal Government of Canada, the Company does not currently face significant credit risk.

(iii) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company regularly reviews its current obligations, and to the extent that the Company may not have sufficient liquidity to meet these obligations, management considers securing additional funds through equity or debt transactions.

3 Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Management (continued)

(iii) Liquidity Risk (continued):

At November 30, 2014, the Company had current assets of $57,120 (2013 - $11,228) and current liabilities of $7,699,383 (2013 - $7,504,152). Management recognizes its liquidity risk and will pursue future equity financings and continued loans from related and other parties.

(iv) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments.

The Company is developing its Landfill Project in California, and as a result is subject to currency risk. Project costs are denominated in U.S. dollars and the loan advanced by Cortina Landfill Company ("CLC") to finance much of the ongoing cost is also in U.S. dollars. To this point in time the Company does not hedge the risk related to the fluctuations in the exchange rate between the U.S. and Canadian dollar as it relates to the Company's loan obligation. Management may decide to consider hedging the risk in the future.

	November 30, 2014	November 30, 2013
Cash - U.S. dollars	$ 1,052	$ 120
Accounts payable and accrued liabilities - U.S dollars	(215,088)	(244,501)
Advances from Cortina Landfill Company - U.S. dollars	(5,300,000)	(5,548,750)

U.S. Dollars are translated at Cdn $1.1440 at November 30, 2014 (2013 - Cdn $1.0602).

At November 30, 2014, if the U.S. dollar had weakened 10 percent against the Canadian dollar with all other variables held constant, the comprehensive loss for the year would have been $288,000 higher (2013 - $250,000). Conversely, if the U.S. dollar had strengthened 10 percent against the Canadian dollar with all other variables held constant, the comprehensive loss would have been $288,000 lower (2013 - $250,000).

The Company is subject to interest rate risk on its notes payable as the interest is tied to Royal Bank of Canada's prime rate ("Prime"). However, lending rates are currently low and management considers the loans to be short term and the interest rate risk is not considered material.

(v) Fair Value of Financial Instruments:

The carrying values of cash, accounts payable and accrued liabilities, advances from Cortina Landfill Company, notes payable and the liability component and accrued interest on convertible loans approximate their fair values due to the relatively short periods to maturity and terms of these financial instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(Expressed in Canadian Dollars)

4 Capital Structure and Management

The Company manages its capital to maintain its ability to continue as a going concern, to meet its financial obligations and to provide benefits to its shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity comprised of issued capital, share subscription advance, equity portion of convertible loans, contributed surplus, accumulated other comprehensive income (loss) and deficit.

The Company manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company, with the approval of the Board of Directors, will continue to balance its overall capital structure through new share or debt issuances or by other activities as deemed appropriate.

There were no changes to the Company's approach to capital management during the years ended November 30, 2014 and 2013. The Company is not subject to externally imposed capital requirements.

5 Equipment

	Computer equipment	Office equipment	Total
Cost			
November 30, 2012 and 2013	$ 23,466	$ 12,914	$ 36,380
Additions	-	1,672	1,672
November 30, 2014	$ 23,466	$ 14,586	$ 38,052
Accumulated amortization			
November 30, 2012	$ 20,517	$ 12,267	$ 32,784
Amortization	884	130	1,014
November 30, 2013	21,401	12,397	33,798
Amortization	621	311	932
November 30, 2014	$ 22,022	$ 12,708	$ 34,730
Net book value			
November 30, 2013	$ 2,065	$ 517	$ 2,582
November 30, 2014	$ 1,444	$ 1,878	$ 3,322

6 Cortina Landfill Project

The Company has negotiated a Business Lease and completed an Environmental Impact Statement for an integrated waste management project located on the Cortina Indian Rancheria in Colusa County, California. The BIA issued final approval of the Lease in January 2007, and the Wintun Environmental Protection Agency, Board of Commissioners, issued the Authority to Construct in October 2008.

The Company leased a portion of the land located within the Cortina Indian Rancheria in Colusa County, California, for the purpose of developing and operating a sanitary landfill and materials recovery facility for an initial term of twenty-five years (with a renewal term of an additional twenty-five years), which commenced on the date the lease was approved for consideration of:

(i) $10,000 U.S. payable within 21 days of the lease being approved by the BIA;

(ii) $15,000 U.S. per month commencing the first month following the month in which commercial production commences, with monthly payments being indexed on an annual basis according to increases in the Cost of Living Index as published by the United States Government; and

(iii) Fees equal to 3% of gross revenue on the first 150,000 tonnes of waste received in a fiscal year, to be calculated and paid monthly, and 5% of gross revenue for waste in excess of 150,000 tonnes received in a fiscal year.

6 Cortina Landfill Project (continued)

The Company also agreed to pay all of the Cortina Tribe's reasonable attorney fees and costs incurred by Tribal officials and attorneys in carrying out their obligations under this Agreement.

On October 26, 2008, the Wintun Environmental Protection Agency issued the Authority to Construct for the Class III Municipal Solid Waste Landfill portion of the project.

In April 2007, an agreement was signed to sell 50% of the issued shares of Cortina Integrated Waste Management (CIWM), the Company's wholly-owned subsidiary and the owner and developer of the project, to the Cortina Landfill Company (CLC), a 100% owned subsidiary of North Bay Corporation ("North Bay") of Santa Rosa, California. Terms of the agreement were (in U.S. dollars):

- a sale price of $4 Million, of which $350,000 was paid;

- Earthworks to receive royalties of $2.00 per ton of waste disposed in the Cortina landfill, subject to annual U.S. inflation index adjustment, for the life of the project;

- Earthworks granted CLC an option to acquire a further 10% of the issued shares of CIWM exercisable at $2 Million for a one year period following the date of the commencement of commercial operation of the project;

- CLC agreed to supply to CIWM the next $12 Million of costs required for the planning, development and construction of the project with further required financing that cannot be obtained from lending sources to be supplied 50% by each of Earthworks and CLC;

- closing of the agreement and payment of the purchase price was subject to the fulfillment of certain conditions with respect to the project and continuing due diligence by CLC over a period which could have extended for 360 days to April 11, 2008; and

- upon closing, CLC would have been given the majority of the CIWM board positions with the objective that CLC would control the continued planning, development and operation of the project.

If this agreement was extended beyond the original feasibility period or did not finalize, the $350,000 would not be refundable (recorded as a cost recovery in 2007).

On February 27, 2008, the Company entered into an agreement extending the closing deadline for its sale of a 50% interest in the Cortina Landfill Project to CLC. in exchange for assuming 100% of the project financing and committing to make quarterly payments of $150,000 for the period between January 1, 2008 and the date of closing, CLC was granted an extension for the closing to the earlier of December 31, 2009, or 14 days after commencement of commercial operation of the landfill facility. The payments are included in advances from CLC and were to be applied to the purchase price on closing. The Company received a total of $450,000 under the agreement of which $150,000 is not refundable in the event CLC cancelled and terminated the agreement. On October 9, 2008, a Letter of Intent (LOI) was signed further revising the terms of this agreement.

On December 23, 2009, North Bay and CLC notified Earthworks that they would not be exercising their option to acquire 50% of the issued shares of CIWM nor continue funding the development of its waste management facility in Colusa County, California. Pursuant to the terms of the agreement between the Company and North Bay, the funds advanced were repayable by CIWM to North Bay by December 23, 2011. The monies, agreed to be $5,966,799 with accrued interest to March 1, 2012, were not paid.

The Company, CIWM, North Bay and CLC entered into a compromise and settlement agreement dated March 28, 2012. The Parties agreed that settlement of the amount will be considered to have been made in full if the Company made the following installment payments to CLC:

September 1, 2012	US	$	1,000,000
June 30, 2013	US	$	2,000,000
May 31, 2014	US	$	2,000,000

6 Cortina Landfill Project (continued)

In addition, if the Company should dispose of CIWM or the Cortina Landfill Project at any time prior to June 30, 2022, 12.5% of the gross proceeds were to be paid to CLC.

If the Company failed to make any of the installment payments on a timely basis, the settlement would be cancelled and the previously agreed amount, plus accrued interest at 7%, would become due and payable immediately. The Company has not made the payments as required.

On April 16, 2013, a Judgment was awarded against the Company in a court action brought by NB/CLC for monies loaned under the earlier agreement between the two companies. Notwithstanding that, the Company disputed the amount owed. Judgment was awarded in the full amount of $5,966,799 (U.S.) plus interest.

Under a Formal Agreement dated August 5, 2013 and subsequently amended on October 4, 2013, November 13, 2013, December 13, 2013 and February 14, 2014, with NB/CLC, CIWM has agreed to settle the Judgement by the payment of US$6,000,000 on the following terms.

a) US$200,000 on August 5, 2013; (Paid)

b) US$100,000 on December 23, 2013 (Paid)

c) US$100,000 on February 15, 2014 (Paid)

c) US$600,000 on or before May 15, 2014; (see amendment below)

d) US$5,000,000 on or before August 5, 2014 (see amendment below)

In August, 2014 the Company renegotiated the repayment terms for the final $5,600,000 payment to NB/CLC as follows:

(a) The extension is conditional upon Earthworks paying $100,000 (paid) to North Bay by July 11, 2014. (subsequently extended to August 8, 2014) If that payment is made then the remaining $5,600,000 will be payable:

(b) $100,000 on or before August 5, 2014 (subsequently extended to August 26, 2014) (Paid)

(c) $200,000 on or before September 30, 2014; (subsequently extended to October 31, 2014) (Paid)

(d) The balance within 120 days after the date that a final decision is issued by the U.S. Interior Board of Indian Appeals in the Appeal that has been filed; or, if the dispute which is the subject of the Appeal is resolved by agreement rather than by a decision of the IBIA and the Lease is agreed to be in good standing, within 120 days after the Company receives a signed copy of the agreement.

The Company has pledged 100% of the shares of CIWM in escrow. If the payments are not paid in full on or before their due dates, NB/CLC can seek its only remedy and exercise their rights under the pledge to seize ownership of 100% of the issued shares of CIWM.

On August 19, 2013 the Company received a Notice of Termination of its lease on the Cortina Indian Reserve Lands. On September 16, 2013 an appeal was filed with the IBIA challenging the validity and sufficiency of the reasons for the termination by the IBIA. By filing the appeal the termination is suspended until the review takes place. Management believes that the termination is invalid and that the basis for the termination is insufficient. The Company filed its required opening brief of the appeal on February 3, 2014.

(Expressed in Canadian Dollars)

7 Notes Payable (see notes 10g and 10h)

	November 30, 2014	November 30, 2013
Notes payable, unsecured, at cost plus accrued interest at Royal Bank prime plus 3% per annum. The loans are convertible at the holders option into common shares of the Company at the discounted market price of the shares on the date the notice of conversion is given.	$ 30,634	$ 29,138
Notes payable, unsecured bearing interest at Prime + 2% per annum and matures 90 days from the agreement date (February 27, 2013 - November 1, 2013). Additionally, a 10% financing fee is satisfied on Maturity Date or closing on any private placement prior to Maturity Date. The lender may, if the Company announces a private placement of its common shares prior to Maturity Date, elect to have all or a portion of the principal and fee applied to the purchase of shares in the private placement at the same net (after commissions being paid) price being charged by the Company to other investors.	138,661	125,368
Notes payable, unsecured bearing interest at Prime + 3% per annum and matures 90 days from the agreement date (March 4, 2013 - November 13, 2014). Additionally, a 10% financing fee is satisfied on Maturity Date or closing on any private placement prior to Maturity Date. The lender may, if the Company announces a private placement of its common shares prior to Maturity Date, elect to have all or a portion of the principal and fee applied to the purchase of shares in the private placement at the same net (after commissions being paid) price being charged by the Company to other investors.	489,817	161,784
	$ 659,112	$ 316,290

8 Convertible Loans (see note 10f)

In June 2011, the Company issued two convertible loans in the amounts of $700,000 and $25,000. The lenders may, in whole or in part and from time to time, until May 31, 2014 (the "Maturity Date") convert all or portions of the loaned funds to the acquisition of Units – one Unit to be issued for each $0.30 of loan converted. Each Unit will consist of one share of the Company and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share of the Company for a price of $0.43 per share until the Maturity Date. The Convertible Loans are divided between a liability component and an equity component. The liability component represents the present value of the term debt discounted using the discount rate that would have been applicable to non-convertible debt. The equity component was determined as the residual of the face value of the debt less the liability component. This balance is accreted over the period of the loans using the effective-interest-rate method at a weighted average effective interest rate of 33.94% and is included in convertible loan interest and accretion expense.

The loans will bear interest until they are converted or repaid at 8.5% per annum, compounded monthly. Any principal or interest which has not been prepaid or converted will be payable on the Maturity Date.

The lenders made the loans to the Company on an unsecured basis. They have been issued 362,500 shares in the capital of the Company as bonuses. These shares are valued at $0.35 per share ($126,875) and have been allocated to the debt and equity portions of the convertible loans. The amounts are being amortized over the term of the loan.
In March 2014, the Company paid $431,000 to retire a $25,000 convertible loan and accrued interest as well as $400,000 of principal of another convertible loan. The debtholder has agreed to extend the term of the remaining convertible loan ($300,000) until May 31, 2015. Upon extension, the remaining convertible loan was divided between a liability component and an equity component. The liability component represents the present value of the term debt discounted using the discount rate that would have been applicable to non-convertible debt. The equity component was determined as the residual of the face vale of the debt less the liability component. The balance is accreted over the period of the remaining convertible loan using the effective-interest-rate method at an effective interest rate of 46.00%. Both debtholders have reinvested in the private placement completed in April 2014.

In November 2014, the Company paid $100,000 to retire $100,000 in principal of the remaining convertible loan. The debtholder reinvested in the private placement share offering on November 27, 2014. The remaining obligation includes the remaining principal balance of $200,000 and unpaid accrued interest of $210,231.

(Expressed in Canadian Dollars)

8 Convertible Loans (see note 10f) (continued)

	Debt Portion	Equity Portion	Total
Balance, November 30,2012	$ 612,768	$ 192,347	$ 805,115
Accretion	35,865	-	35,865
Balance, November 30, 2013	648,633	192,347	840,980
Accretion	102,902	-	102,902
Equity portion of remaining convertible loan	(94,521)	94,521	-
Repayments	(469,458)	(55,542)	(525,000)
Gain on settlement of convertible loans	(19,494)	-	(19,494)
Balance November 30, 2014	$ 168,062	$ 231,326	$ 399,388

	Year ended November 31, 2014	Year ended November 31, 2013
Accrued interest	$ 66,941	$ 61,624
Accretion in the year	102,902	35,865
Expense for the year	$ 169,843	$ 97,489

9 Share Capital

The share capital of the Company consists of unlimited common shares without par value.

Transactions for the Issue of Share Capital During the year ended November 30, 2014:

Transaction	Date of Issue	Shares issued	Amount	Warrants issued
Units offering @ $.10	17-Dec-13	3,230,000	$ 308,950	1,615,000
Units offering @ $.10	14-Apr-14	6,860,000	$ 684,400	3,430,000
Units offering @ $.10	17-Sep-14	1,850,000	$ 183,000	925,000
Units offering @ $.10	27-Nov-14	2,680,000	$ 263,760	1,340,000
Loan bonus	14-Mar-14	20,000	$ 1,800	-
		14,640,000	$ 1,441,910	7,310,000

Warrants are subject to a 4 month hold period from the date of issue.

Transactions for the Issue of Share Capital During the year ended November 30, 2013:

a) There were no share capital transactions during the year.

(Expressed in Canadian Dollars)

9 Share Capital (continued)

Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the Plan will have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under TSX Venture Exchange policies), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Options granted under the Plan vest immediately, except for options granted to consultants conducting investor relations activities, which become vested with the right to exercise one-fourth of the options upon the conclusion of each three month period subsequent to the grant date.

A summary of the status of the Company's stock option plan as at November 30, 2014, and November 30, 2013, and changes during the years then ended is as follows:

	2014		2013	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options Outstanding, beginning of year	1,905,000	$ 0.35	2,590,000	$ 0.35
Expired / Cancelled	(380,000)	0.40	(685,000)	0.34
Granted	-	-	-	-
Options Outstanding, end of year	1,525,000	$ 0.33	1,905,000	$ 0.35

The Company has outstanding stock options to acquire 1,525,000 shares of the Company's capital stock as follows:

Number	Exercise Price $		Expiry Date
150,000	$0.40	a	Jan 14, 2015
75,000	$0.40	a	Feb 28, 2015
625,000	$0.40	a	Apr 19, 2016
675,000	$0.25	b	Nov 7, 2017
1,525,000			

(a) Repriced from $0.40 to $0.15 On December 4, 2014, to become effective, upon approval, at the next Annual General Meeting.

(b) Repriced from $0.25 to $0.15 On December 4, 2014, to become effective, upon approval, at the next Annual General Meeting.

(Expressed in Canadian Dollars)

9 Share Capital (continued)

Stock Options (continued)

The following table summarizes information about the stock options outstanding and exercisable at November 30, 2014:

Range of Prices ($)	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
0.40	850,000	1.06	0.40
0.25	675,000	2.94	0.25
	1,525,000	1.89	0.33

Escrow Shares

The Company has no outstanding escrow shares.

Warrants

	2014	2013
Balance, beginning of year	1,125,833	5,560,833
Issued during the year	7,310,000	-
Expired	(1,125,833)	(4,435,000)
Balance, end of year	7,310,000	1,125,833
Weighted Avg. Exercise Price	$ 0.20	$ 0.42

At November 30, 2014, the Company had warrants outstanding as follows:

Number	Exercise Price $	Expiry Date
1,615,000	$ 0.20	Dec 17, 2015
3,430,000	$ 0.20	April 14, 2016
925,000	$ 0.20	Sept 17, 2016
1,340,000	$ 0.20	Nov 27, 2016
7,310,000		

(Expressed in Canadian Dollars)

10 Related Party Transactions

a) Salaries totaling $135,805 (2013 - $135,041) were incurred with David Atkinson, the President of the Company.

b) Directors' fees totaling $9,000 (2013 - $9,000) were incurred with a corporation controlled by a Director of the Company.

c) Directors' fees totaling $9,000 (2013 - $10,500) were incurred with a Director of the Company.

d) Legal fees totaling $42,129 (2013 - $48,800) were incurred with a law firm within which a personal law corporation controlled by the Secretary of the Company is a principal.

e) Accounting fees totaling $21,919 (2013 - $8,300) were incurred with a corporation controlled by an officer of the Company.

f) Convertible loans totaling $200,000 (2013 - $725,000) are outstanding having been issued to a director of the Company and a limited liability partnership in which a director of the Company is a participant. During the current year interest totaling $66,941 (2013 - $61,624) was accrued on this debt. See Note 8.

g) Notes payable issued for advances by the Secretary of the Company amount to $30,634 (2013 - $29,138). During the current year, interest totaling $1,496 (2013 - $1,504) was accrued on this debt.

h) Notes payable issued for advances by a Director of the Company amount to $311,544 (2013 - $99,191). During the current year, interest totaling $8,453 (2013 - $1,691) and financing fee of $19,900 (2013 - $7,500) was accrued on this debt.

i) The Company issued 20,000 shares as a loan bonus to a Director of the Company. The value of this bonus, based on the share price at the date of grant, was $1,800.

These transactions have been in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Key Management Personnel Compensation

		November 30, 2014		November 30, 2013
Directors' fees	$	18,000	$	19,500
Management fees and salaries		135,805		135,041
	$	153,805	$	154,541

The amounts due to related parties included in accounts payable and accrued liabilities was payable to directors and officers. These balances are due on demand, have no specific terms of repayment, are non-interest bearing and unsecured; accordingly, fair value cannot be reliably determined.

		November 30, 2014		November 30, 2013
Due to the CEO and Director	$	139,364	$	76,971
Due to Directors		32,250		14,250
Due to a Company controlled by an officer		9,440		15,287
	$	181,054	$	106,508

(Expressed in Canadian Dollars)

11 Income Taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial tax rate to loss before taxes as follows:

Year ended		November 30, 2014		November 30, 2013
Net income (loss) for the year	$	(1,092,359)	$	(214,278)
Statutory Canadian corporate		26.00%		25.67%
Anticipated tax expenses (recovery)		(284,013)		(54,998)
Effect of change in tax rate		-		(50,928)
Non-capital loss expired		119,251		-
Non-deductible (taxable) items for tax purposes		170,529		(231,037)
Difference in tax rates in other jurisdictions		(78,882)		55,586
Unrecognized (recognized) tax benefits		73,115		281,377
Current and deferred income tax	$	-	$	-

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

		November 30, 2014		November 30, 2013
Research and development	$	419,000	$	385,000
Equipment		15,000		15,000
Non-capital loss carry forwards		1,392,000		1,352,000
Share issue costs		7,000		14,000
Convertible loan		(8,000)		(20,000)
Unrecognized tax assets		(1,825,000)		(1,746,000)
Net deferred tax assets	$	-	$	-

The Company has approximately the following available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses of approximately $5,313,000 expire as follows:

2015	$	375,000
2026		380,000
2027		522,000
2028		562,000
2029		479,000
2030		592,000
2031		774,000
2032		728,000
2033		293,000
2034		608,000
	$	5,313,000

At November 30, 2014, the Company has unclaimed landfill costs for Canadian income tax purposes in the amount of $235,621 (2013 - $235,621) which may be deducted against future taxable income on a discretionary basis.

(Expressed in Canadian Dollars)

11 Income Taxes (continued)

The Company has available tax loss carry forwards of approximately US$23,000 (2013 - US$20,000) which may be carried forward to reduce taxable income in the United States in future years. If not utilized, the available loss carry forwards expire between 2016 and 2034:

At November 30, 2014, the Company has unclaimed landfill costs for US income tax purposes in the amount of approximately US$8,855,000 (2013 - US$8,806,000) which may be deducted against future taxable income on a discretionary basis.

12 Segmented Information

The Company's activities are all in one industry segment of waste disposal.

Property and equipment by geographical segments is as follows:

	Canada	United States	Total
November 30, 2014			
Equipment	$ 3,322	$ -	$ 3,322
Cortina Landfill Project	-	9,343,550	9,343,550
	$ 3,322	$ 9,343,550	$ 9,346,872

	Canada	United States	Total
November 30, 2013			
Equipment	$ 2,582	$ -	$ 2,582
Cortina Landfill Project	-	8,637,449	8,637,449
	$ 2,582	$ 8,637,449	$ 8,640,031

13 Bonus Commitment

In the case of:

(i) the sale of 50.1% or more of Cortina Integrated Waste Management Inc. (CIWM); or

(ii) the sale of 50.1% or more of CIWM's Cortina Landfill Project; or

(iii) the sale of 50.1% or more of the Company's assets; or

(iv) the acquisition by new principals, or a group more than 50% of the principals of which are not directly principals of the Company, of 33.34% or more of the issued shares of the Company; or

(v) a de facto change of control of the Company and its management to a group the majority of which are not principals of the Company and which does not include the current President of the Company.

A cash bonus of $1 million shall become payable on or before the 60th day following any of the change of control events described above, as follows:

(i) 60% to a corporation controlled by the President of the Company;

(ii) 20% to be divided evenly between and paid to the other then sitting Directors of the Company; and

(iii) the remaining 20% will be divided and allocated between the then sitting Directors and others who have contributed to the success of the Company, excluding the current President, as determined by the Board of Directors.

In addition, the bonus shall become payable within 180 days of commercial production if the project is completed and put into commercial production by and under the control of the Company.

(Expressed in Canadian Dollars)

14 Supplemental Cash Flow Information

Changes in non-cash working capital for the years ended November 30, 2014 and 2013 were comprised of the following:

		2014		2013
Good and Services/Harmonized sales tax recoverable	$	(2,204)	$	15,895
Prepaid expenses		(1,917)		2,581
Accounts payable and accrued liabilities		134,905		377,666
Net Change	$	130,784	$	396,142

The Company incurred non-cash financing and investing activities during the year ended November 30, 2014 and 2013:

		2014		2013
Non-cash financing and investing activities:				
Issue of share capital for:				
Shares issued for finance/bonus fees	$	1,800	$	-
Accounts payable related to Cortina Landfill project costs		16,658		49,952
Payment of advances from Cortina Landfill Company		55,000		-
Share subscription advance		70,000		-

15 Subsequent events

a) On December 4, 2014, the Company granted 2,080,000 share purchase options exercisable on or before November 30, 2019, at $0.15 per share to its Directors, Officers and service providers. In addition, the existing outstanding options totaling 1,525,000 have been repriced to be exercisable at $0.15 per share until their existing expiry dates.

b) On February 11, 2015, the Company announced the undertaking for sale of up to 2,500,000 units at $0.10 per unit. Each unit will consist of 1 share and one half share purchase warrant.

c) 150,000 stock options expired unexercised on January 14, 2015 and 75,000 stock options expired unexercised on February 28, 2015.