EUREKA RESOURCES, INC.

Interim Unaudited Financial Statements
(Expressed in Canadian Dollars)

FOR THE SIX AND THREE MONTHS ENDED APRIL 30, 2014

EUREKA RESOURCES INC.
Suite 1000 – 355 Burrard Street
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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

EUREKA RESOURCES, INC.
INTERIM UNAUDITED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

		April 30, 2014		October 31, 2013
ASSETS				
Current assets				
Cash (Note 3 (a))	**$**	**1,264**	$	3,108
Sales tax and other receivables (Note 4)		**1,199**		302
Prepaid expenses (Note 5)		**957**		3,209
Total current assets		**3,420**		6,619
Non-current assets				
Reclamation bond (Note 6)		**5,000**		5,778
Exploration and evaluation assets (Note 7)		**—**		68,025
Total non-current assets				73,803
Total assets	**$**	**8,420**	$	80,422
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	**$**	**7,727**	$	9,149
Due to related parties (Note 12)		**272,097**		221,961
Total liabilities		**279,824**		231,110
Shareholder's deficiency				
Share capital (Note 9)		**5,301,469**		5,301,469
Reserves		**447,156**		447,156
Deficit		**(6,020,029)**		(5,899,313)
Total shareholders' deficiency		**(271,404)**		(150,688)
Total liabilities and shareholders' deficiency	**$**	**8,420**	$	80,422

Nature of operations and going concern (Note 1)

These financial statements are authorized for issue by the Board of Directors on June 20, 2014.

On behalf of the Board:

"John J. O'Neill"	*"Lawrence B. O'Neill"*
John J. O'Neill	Lawrence B. O'Neill

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

EUREKA RESOURCES, INC.

INTERIM UNAUDITED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Six and Three Months Ended April 30,
(Expressed in Canadian Dollars)

Three Months 2014	Three Months 2013		Six Months 2014	Six Months 2013
		EXPENSES		
$ 9,627	$ 7,641	Administration	**$ 15,984**	$ 12,518
9,784	9,750	Audit & accounting fees	**17,784**	17,265
—	625	Directors' fees	**1,667**	2,083
6,879	8,195	Filing fees	**6,879**	8,195
1,126	1,119	Insurance	**2,252**	2,238
4,140	8,655	Legal fees	**5,664**	9,555
1,449	1,932	Transfer agent	**2,519**	2,827
$ (33,005)	$ (37,917)	**Net Loss before other items**	**$ (52,749)**	$ (54,681)
—	—	**Loss on write off of mineral property**	**(68,025)**	—
—	25,000	**Net mineral property option revenue**	**—**	25,000
58	29	**Interest income**	**58**	29
$ (32,947)	$ (12,888)	**Net Loss and Comprehensive Loss for the Period**	**$ (120,716)**	$ (29,652)
$ (0.002)	$ (0.001)	**Basic and Fully Diluted Loss Per Share**	**$ (0.008)**	$ (0.002)
16,047,239	16,047,239	**Weighted Average Number of Shares Outstanding**	**16,047,239**	16,047,239

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

EUREKA RESOURCES, INC.

INTERIM UNAUDITED STATEMENTS OF CASH FLOWS
For the Six and Three Months Ended April 30,
(Expressed in Canadian Dollars)

Three Months 2014	Three Months 2013		Six Months 2014	Six Months 2013
		Cash Provided By (Used For):		
		Operating Activities		
$ **(32,947)**	$ (12,888)	Net loss for the period	$ **(120,716)**	$ (29,652)
		Adjustments for items not involving cash:		
—		Write off of mineral property	**68,025**	
		Net changes in non-cash working capital components:		
(172)	(694)	Sales taxes and other receivables	**(897)**	(2,466)
1,126	693	Prepaid expenses	**2,252**	1,821
778	(29)	Reclamation bond	**778**	(29)
(6,435)	6,640	Accounts payable and accrued liabilities	**(1,422)**	15,861
4,216	4,532	Due to related parties	**9,636**	8,328
(33,434)	(1,746)		**(42,344)**	(6,137)
		Investing Activity		
—	—	Exploration and evaluation assets	—	(12,896)
—	—		—	(12,896)
		Financing Activity		
35,000	—	Due to related parties	**40,500**	—
35,000	—		**40,500**	—
1,566	(1,746)	**Net Cash and cash equivalents Provided During the Period**	**(1,844)**	(19,033)
(302)	55,678	**Cash and cash equivalents (Bank indebtedness) – Beginning of Period**	**3,108**	72,965
$ **1,264**	$ 53,932	**Cash and cash equivalents – End of Period**	$ **1,264**	$ 53,932

Supplemental cash flow information (Note 14)

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

EUREKA RESOURCES, INC.
INTERIM UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	**Amount**	**Share Based Compensation Reserve**	**Deficit**	**Total**
Balance as at October 31, 2012	16,047,239	$5,301,469	$447,156	$(5,839,900)	$ (91,275)
Loss for the period	—	—	—	(29,652)	(29,652)
Balance, April 30, 2013	16,047,239	$5,301,469	$447,156	$(5,869,552)	(120,927)
Balance as at October 31, 2012	16,047,239	$5,301,469	$447,156	$(5,839,900)	$ (91,275)
Loss for the year	—	—	—	(59,413)	(59,413)
Balance, October 31, 2013	16,047,239	5,301,469	447,156	(5,899,313)	(150,688)
Loss for the period	—	—	—	(120,716)	(120,716)
Balance, April 30, 2014	16,047,239	$ 5,301,469	$ 447,156	$ (6,020,029)	$ (271,404)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Eureka Resources, Inc. (the "Company") was incorporated under the laws of British Columbia, Canada on June 16, 1981. The Company's principal business activities include the exploration and development of natural resource properties. The head office is located at 1000 – 355 Burrard Street, Vancouver, B.C. The registered and records office is located c/o O'Neill Rozenberg Lawyers, 301 – 4547 Hastings Street, Burnaby, B.C.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company are primarily dependent upon its ability to raise exploration financing from equity markets. Recovery of the capitalized carrying costs shown for exploration and evaluation assets will likely require establishment of economically recoverable reserves, the securing of development financing and profitable production.

The ability of the Company to continue as a going concern is dependent on the continued financial support from its directors, public equity financing, or achieving profitable operations in the future which cannot be predicted at this time. These statements do not reflect adjustments to carrying values and classifications of the assets and liabilities that might be necessary should the Company be unable to continue realizing its assets and discharging its liabilities in the normal course of business.

The Company has a history of operating losses and as at April 30, 2014 has a deficit of $6,020,029 and a working capital deficiency of $276,404. This raises significant doubt as to the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 as issued by the IASB. These condensed interim financial statements do not include all the information required for full annual financial statements. The condensed interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended October 31, 2013.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

All amounts on the consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company.

2. BASIS OF PRESENTATION, continued

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:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statement of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggests the carrying amount exceeds the recoverable amount.

ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Critical Judgment

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1. As at April 30, 2014 the Company had a working capital deficiency of $276,404. Additional financing will be required for the Company to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

a) *Cash and cash equivalents*

Cash is comprised of cash on hand. Cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. There were no cash equivalents as at April 30, 2014 and October 31, 2013.

b) *Exploration and evaluation assets*

The Company expenses pre-exploration costs as incurred. Exploration and evaluation assets consist of exploration and mining concessions, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. If it is put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

b) *Exploration and evaluation assets, continued*

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. A property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management reviews capitalized costs on its exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Management will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or sale of the property.

Recorded costs of exploration and evaluation assets costs are not intended to reflect present or future values of resource properties. The recovery of recorded costs is subject to measurement uncertainty and it is reasonably possible that changes in future conditions in the near term could require a material change in the recorded amount.

c) Decommissioning and Rehabilitation Liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-lived assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The Company recognizes the fair value of a decommissioning and rehabilitation liability in the period in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying the effective interest method of allocation using a pre-tax discount rate that reflects the time value of money. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations and comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company did not have any significant decommissioning and rehabilitation liabilities as at April 30, 2014 and October 31, 2013.

d) Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable. The asset's recoverable amount is estimated if an indication of impairment exists.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Impairment of non-financial assets, continued

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. 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. The cash-generating unit is 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. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

e) Stock-based compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and contributed surplus. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

f) Income taxes

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

f) *Income taxes, continued*

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

g) *Loss per share*

The calculation of basic loss per share is based on net loss divided by the weighted-average number of common shares outstanding during the year. Diluted earnings (loss) per share reflect the assumed conversion of all dilutive securities using the treasury stock method. For the periods presented, the calculation of loss per share on a diluted basis excluded all potential common shares because the effect was anti-dilutive.

h) *Financial instruments*

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Cash is included in this category of financial assets.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Sales tax and other receivables are included in this category of financial assets.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES, continued

h) Financial instruments, continued

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities and due to related parties are included in this category of financial liabilities.

i) Changes in accounting policies and recent accounting pronouncements

The Company has implemented the following recent accounting pronouncements:

- IAS 1: (Amendment) Presentation of financial statements (effective for annual periods beginning on or after July 1, 2012)
- IFRS 7: (Amendment) Financial Instruments disclosures (effective January 1, 2013)
- IFRS 10: Consolidated Financial Statements (effective for annual periods beginning on or after January 1, 2013)
- IFRS 11: Joint Arrangements (effective January 1, 2013)
- IFRS 12: Disclosure of Interest in Other Entities (effective January 1, 2013)
- IFRS 13: Fair value measurement and disclosure (effective January 1, 2013)
- IAS 27: Separate Financial Statements (effective January 1, 2013)
- IAS 28: (Amendment) Investments in Associates and Joint Ventures (effective January 1, 2013)
- IAS 32: (Amendment) Financial Instruments: Presentation (effective January 1, 2014)

There has been no material impact to the results and to the financial position of the Company as a result of these changes.

New Accounting Standards Not Yet Adopted

Unless otherwise noted, the following revised standards and amendments are effective for future annual periods with earlier application permitted. The Company is in the process of assessing the impact of these standards and amendments.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, continued

i) Changes in accounting policies and recent accounting pronouncements, continued

New Accounting Standards Not Yet Adopted, continued

- IFRS 9: Financial Instruments (effective for annual periods beginning on or after January 1, 2015)

4. SALES TAX AND OTHER RECEIVABLES

The Company's receivables arise mainly from the Goods and Services Tax ("GST") and/or the Harmonized sales tax ("HST") receivable and other miscellaneous receivables. These are broken down as follows:

	April 30, 2014	October 31, 2013
GST receivable	$ 1,099	$ 202
Other receivable	100	100
Total	$ 1,199	$ 302

5. PREPAID EXPENSES

Prepaid expenses for the Company are broken down as follows:

	April 30, 2014	October 31, 2013
Insurance	$ 751	$ 3,003
General	206	206
Total	$ 957	$ 3,209

6. RECLAMATION BOND

Reclamation bonds represent term deposits bearing interest rate at 1.00% per annum, which have been pledged to the Province of British Columbia as security for reclamation obligations pursuant to the mining regulations of British Columbia.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

Cariboo Mining Division, British Columbia, Canada

	Lottie Lake	Frasergold	Total
Balance October 31, 2012	$ 42,526	$ —	$ 42,526
Acquisition	25,499	—	25,499
Balance October 31, 2013	$ 68,025	$ —	$ 68,025
Write-off	(68,025)	—	(68,025)
Balance April 30, 2014	$ —	$ —	$ —

a) Lottie Lake Project:

Due to the current economic conditions, the Company wrote off the Lottie Lake mineral property during the current period.

b) Frasergold Project:

The Company holds a 100% interest claims underlying the Frasergold Project area.

i. Under the terms of the option agreement, which the Company's interest in the claims was originally acquired, the Company must issue 200,000 shares to the original owners upon completion of a positive feasibility study.
ii. The Company must issue 210,000 shares to a related party (a director) in consideration for exploration work done on the property, as follows:

Upon completion of feasibility study recommending production	70,000
Upon commencement of production	70,000
Upon repayment of pre-production capital costs	70,000

During the 2011 fiscal year, the Company signed an agreement with Teslin River Resources Corp. which provides Teslin with an option to acquire up to 75% of Eureka's Frasergold property, located 100 kilometres east of Williams Lake in the Cariboo area of central B.C. Under the terms of the agreement, Teslin has the right to earn a 51% interest by spending $3,550,000 on the property and providing payments to Eureka totalling $200,000 over a three year period. Teslin can earn an additional 24% interest (totalling 75%) by completing a feasibility study. During the year ended October 31, 2012, the Company received a total of $75,000.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS, continued

b) Frasergold Project, continued:

During the 2013 fiscal year, the Option Agreement was further amended to defer cash option payments of $25,000 by March 1, 2013 (received); $50,000 by December 31, 2013 and the final $50,000 by December 31, 2014 and that Teslin incur expenditures of not less than $3,550,000 by December 31, 2015 of which $600,000 must be expended by December 31, 2013.

In the current period the Company received notification from Teslin that it is terminating its Frasergold Option Agreement with the Company. Teslin has no further rights or interest in the Frasergold property and no further obligations or liabilities to the Company.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	April 30, 2014	October 31, 2013
Trade payables	$ 2,627	$ 149
Accrued liabilities	5,100	9,000
Total	$ 7,727	$ 9,149

9. SHARE CAPITAL

a) Authorized:
Unlimited number of common shares without par value.

b) Issued Share Capital:
On April 30, 2014 and October 31, 2013 there were 16,047,239 common shares issued and outstanding.

c) Stock options

The Company adopted a stock option plan in April 2003 and amended in 2008. Under the Stock Option Plan, the Company may grant stock options to its officers, directors, employees and consultants up to a maximum of 10% of the issued and outstanding shares may be purchased for a maximum period of five years. Exchange policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. The exercise price of stock options is determined by the Board of Directors of the Company at the time of grant, based on the quoted market price of the Company's shares on the Exchange

The option price of the shares which are the subject of any option shall in no circumstances be less than the market price of the shares at the date of the grant of the option.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL, continued

c) Stock options, continued

A summary of the status of the Company's stock option plan as of April 30, 2014 and October 31, 2013 and changes during the periods is presented below:

	April 30, 2014		October 31, 2013	
	Options	Options	Options	Weighted Average Exercise Price
Outstanding at beginning of period	—	—	950,000	$0.14
Expired/cancelled	—	—	(950,000)	0.20
Outstanding and exercisable at end of period	—	—	—	$0.14

At April 30, 2014, the Company had no stock options.

10. FINANCIAL INSTRUMENTS, CAPITAL AND RISK MANAGEMENT

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

The Company does not have any major capital expenditures committed for the coming year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met.

The Company anticipates continuing to access equity markets to fund continued exploration of its mineral properties and the future growth of the business.

There were no changes in the Company's approach to capital management during the period ended April 30, 2014. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS, CAPITAL AND RISK MANAGEMENT, continued

Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the 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 the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash, sales tax and other receivables, accounts payable and accrued liabilities, and due to related parties approximate their carrying values. The Company's cash is measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees of financial instrument related risks:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2014, the Company had cash of $1,264 (October 31, 2013 – $3,108) to settle current liabilities of $279,824 (October 31, 2013 - $231,110). The Company currently does not have sufficient funds to sustain operations and would be unable to make the mandatory regulatory and exploration filings and payments to maintain the Company's assets. The Company will need additional funding to meet working capital and mineral property requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances and reclamation bonds. The Company has no interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. FINANCIAL INSTRUMENTS, CAPITAL AND RISK MANAGEMENT, continued

Financial Instruments, continued

Currency risk

The Company is not exposed to currency risk as all transactions are denominated in Canadian dollars.

12. RELATED PARTY TRANSACTIONS

During the six month period ended April 30, 2014, the Company was involved in the following related party transactions:

a) A shareholder lent a total of $40,500 (April 30, 2013 - $Nil) to the Company.

b) Legal fees totaling $1,956 (April 30, 2013 - $1,800) were paid or accrued to a firm which a partner is a director of the Company.

c) Accounting fees totaling $11,484 (April 30, 2013 - $11,425) were paid or accrued to a firm that is related to the CFO of the Company.

d) In 2010, the Company entered into a month to month agreement with the CEO of the Company whereby office space, parking and office services will be provided for a rate of $1,489 per month. During the period, $8,936 (April 30, 2013 - $8,936) was accrued to the related party.

e) During the current period the Company paid or accrued $600 (April 30, 2013 - $Nil) for advertising and promotion to the corporate secretary of the Company.

Key management compensation

During the current period, the following compensation was paid to key management. Key management includes the Company's directors and senior management. This compensation is included in administrative expenses.

	April 30, 2014	April 30, 2013
Director fees	$ 1,667	$ 2,500

As at April 30, 2014, due to related parties includes $269,892 (October 31, 2013 - $220,456) to a director or a company controlled by the director for cash advances made to the Company and for office space, parking and office services; $1,680 (October 31, 2013 – $672) payable to a legal firm of which a partner is a director; $525 for accounting fees (October 31, 2013 - $Nil) to a firm of which the CFO is an employee and $Nil (October 31, 2013 - $833) payable for director's fees.

The above 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.

13. SEGMENTED INFORMATION

The Company operates in one industry, being the acquisition, exploration and development of mineral interests.

The Company's mineral interests are all in Canada.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions for the periods ended April 30, 2014 and 2013