GOWEST GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2012

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Gowest Gold Ltd. ("Gowest" or the "Company") describes the operating and financial results of the Company for the three and twelve months ended October 31, 2012. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The MD&A supplements, but does not form part of the financial statements of the Company and should be read in conjunction with Gowest's audited consolidated financial statements for the years ended October 31, 2012 and 2011, together with the notes thereto. The Company prepares and files its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise noted and gold is measured in fine troy ounces ("ounces").

On November 1, 2011, Gowest adopted International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the three and twelve months ended October 31, 2012, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and using accounting policies consistent with IFRS. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Readers of this MD&A should refer to "Change in Accounting Policies" below for a discussion of IFRS and its effect on the Company's financial presentation.

The comparative financial information of fiscal year 2011 in this MD&A has been restated to conform to IFRS, unless otherwise stated.

Forward-looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of Gowest's properties to contain economic precious and base metal deposits; the Company's ability to meet its working capital needs for the twelve-month period ending October 31, 2013, or the foreseeable future; the plans, costs, timing and capital for future exploration and development of Gowest's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; prices and price volatility for precious and base metals; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Gowest's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, precious and base metal deposits, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to the Company's properties, the possibility that future exploration results will not be consistent with Gowest's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the precious and base metal and development industry, as well as those risk factors listed in the "Risks and Uncertainties" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for Gowest's exploration and development activities; operating and exploration costs; the Company's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Gowest's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Date of MD&A

This MD&A is dated February 26, 2013.

Description of the Business and Going Concern

Gowest is an exploration and development stage resource company engaged in the exploration, development and acquisition of precious metals mineral properties. The Company is focused on the exploration and development of the North Timmins Gold Project ("NTGP,") which includes its wholly-owned Frankfield East gold deposit. Gowest's 9,255-hectare NTGP land package is located near Timmins, Ontario, in the Timmins Gold Camp, which, since its discovery in the early 1900's, has produced almost half of all the gold mined in Canada.

The Company's primary objective is to advance its Frankfield East deposit to production. It also intends to continue to explore other prospective areas in the NTGP, particularly along the Pipestone fault. The Company also remains open to evaluating other potential opportunities to enhance shareholder value.

In addition to its focus on the exploration and development of its Frankfield East deposit, the Company is exploring additional gold targets on the remainder of its 93 square kilometre land package. This land package generally surrounds, or is contiguous with, the Frankfield property and includes exploration interests along the largely undeveloped Pipestone Fault area of the Timmins Gold Camp, including a contiguous block of claims extending approximately 18 kilometres along the Pipestone Fault from the Frankfield East deposit southeast towards the Clavos deposit. The Company regularly evaluates potential acquisition targets in the vicinity of the Pipestone Fault, among other acquisition opportunities.

On April 4, 2011, the name of the Company was changed from Gowest Amalgamated Resources Ltd. to Gowest Gold Ltd. On March 29, 2011, the shareholders of the Company approved the name change at the annual and special meeting of the shareholders.

Gowest, directly and from time to time through joint ventures, is in the business of exploring mineral properties that it believes contain mineralization that is, or will, in the future, be economically recoverable. To date, the Company has not earned significant revenues from mineral exploration and is considered to be in the development stage, as defined by CICA Accounting Guideline 11.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of mineral properties.

Although the Company has taken steps to verify title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The accompanying consolidated financial statements have been prepared in accordance with Canadian General Accepted Accounting Principles ("GAAP"), as applicable to a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of a mineral property. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, as described in the following paragraph. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim consolidated financial statements.

Fourth Quarter Highlights and Outlook

In November 2012, the Company reported an updated resource at the Frankfield East deposit containing approximately 945,600 ounces of gold (“Au”) in the indicated category (6.0 million tonnes at a grade of 4.9 grams per tonne [“g/t”] Au), an increase of 170% over the June 2011 estimate. The updated estimate also included 536,800 ounces of gold in the inferred category (3.7 million tonnes at a grade of 4.2 g/t Au). As was used in the Company’s November 2011 Preliminary Economic Assessment, the current estimate is based on a 3.0 g/t Au cut-off and a conservative gold price of US$1,200/oz. This new resource estimate has been completed by Neil N. Gow, P. Geo., an independent Qualified Person, and reported in accordance with Canadian Securities Administration National Instrument 43-101 ("**NI 43-101**") requirements and CIM (Canadian Institute of Mining, Metallurgy and Petroleum) Standards for Mineral Resources and Reserves.

On October 30, 2012, the Company entered into a Memorandum of Understanding with a third party processor in the Timmins, Ontario area to advance the Frankfield East gold deposit towards early gold production. The current plan is to produce a high-grade gold concentrate to be sold through a separate off-take agreement. The Company has a number of studies underway, including engineering, metallurgical and mine development, aimed at establishing appropriate technical, operational and economic parameters in advance of negotiating a final agreement with the third party processor in the first half of 2013.

During the quarter, the Company reported that its recently completed testing on a commercial scale Dual Energy X-ray Transmission (DEXRT) ore sorting equipment had clearly demonstrated the amenability of the Frankfield East mineralization to separation using this technology. At typical mine grades, DEXRT effectively separates waste rock (50% or more of total) with the potential to more than double the gold content in the crushed rock. The implementation of commercial ore-sorting provides significant economic upside opportunities.

Subsequent Events

On November 22, 2012, 100,000 stock options to purchase common shares expired unexercised.

On November 30, 2012, the Company issued 12,500 common shares and 12,500 warrants to purchase common shares of the Company at a price $0.25 to the Mattagami First Nation and the Matachewan First Nation pursuant to the agreement entered into in October 2011.

On December 19, 2012, the Company completed a private placement for aggregate proceeds of $3,000,640. Pursuant to the Offering, the Corporation issued and sold: (i) 6,615,045 Units, at a price of $0.11 per Unit, for gross proceeds of $727,650; and (ii) 18,942,000 FT Units, at a price of $0.12, for gross proceeds of $2,273,000. Each Unit was comprised of one common share of the Corporation and one-half of one common share purchase warrant and each FT Unit was comprised of one common share of the Corporation issued as a flow-through share and one-half of one Warrant. Each Warrant is exercisable to acquire one common share of the Corporation at a price of $0.14 any time prior to 5:00 p.m. (Toronto time) on December 19, 2014.

Selected quarterly information

The following tables set out financial performance highlights for the last eight quarters:

	Fourth Quarter October 31, 2012	**Third Quarter July 31, 2012**	**Second Quarter April 30, 2012**	**First Quarter January 31, 2012**
	$	$	$	$
Expenses	122,445	352,836	359,553	484,514
Net (loss) from operations	(122,445)	(352,836)	(359,553)	(484,514)
Interest income/(expense)	(3,803)	(2,175)	3,037	8,280
Future income taxes recovered	(1,108,106)	-	500,996	-
Net income / (loss)	(1,204,354)	(355,011)	144,480	(566,984)
Net (loss) per share, basic	(0.02)	0.00	0.00	(0.00)
Comprehensive gain / (loss)	(1,211,854)	(347,511)	136,980	(473,234)
Cash flow (used in) operations	(221)	(453,321)	(494,999)	(268,894)
Cash & cash equivalents, end of period	676,538	1,106,674	1,210,205	2,867,404
Assets	14,756,349	14,646,715	14,414,253	14,944,032
Future tax liabilities	1,505,240	480,000	480,000	480,000

	(1) Fourth Quarter October 31, 2011	**(1) Third Quarter July 31, 2011**	**(1) Second Quarter April 30, 2011**	**First Quarter January 31, 2011**
	$	$	$	$
Expenses	354,672	451,669	1,161,504	366,873
Net (loss) from operations	(354,672)	(451,669)	(1,161,504)	(366,873)
Interest income	1,312	1,655	5,799	-
Other (expense)	42,000	-	-	-
Net (loss)	(311,360)	(466,514)	(1,155,705)	(366,873)
Net (loss) per share, basic	(0.00)	(0.01)	(0.01)	(0.00)
Comprehensive (loss)	(333,860)	(466,514)	(1,189,455)	(393,873)
Cash flow (used in) operations	(176,718)	(711,647)	(77,484)	(425,654)
Cash & cash equivalents, end of period	1,838,799	354,757	1,670,727	2,701,045
Assets	12,825,850	10,389,538	10,637,045	10,298,620
Future tax liabilities	480,000	651,000	651,000	651,000

(1) Adjusted to Reflect adoption of IFRS as of November 1, 2011.

Selected Annual Information

The following is a summary of selected audited financial information for the fiscal years of:

	2012	(1) 2011	2010
		$	$
Revenues	13,580	8,766	26,165
Expenses	1,319,348	2,334,718	1,699,727
Interest and other income/(expense)	(68,991)	-	142,017
Net loss from operations	(1,374,759)	(2,325,952)	(1,673,562)
Other	-	-	142,017
Future income taxes (expense) recovered	(607,110)	42,000	392,893
Net loss	(1,981,869)	(2,283,952)	(1,138,652)
Net loss per share, basic and diluted	(0.02)	(0.02)	(0.01)
Comprehensive loss	(1,895,619)	(2,383,702)	(1,214,402)
Cash flow from (used in) operations	(1,217,435)	(1,391,503)	(841,534)
Cash & cash equivalents, end of period	676,538	1,838,799	2,670,902
Assets	14,756,349	12,825,850	8,531,907
Future tax liabilities	1,505,240	480,000	651,000

(1) Adjusted to Reflect adoption of IFRS as of November 1, 2011.

Results of Operations

The Company's operations during the three and twelve month periods ended October 31, 2012, produced a net loss of $1,204,354 and $1,981,869, respectively as compared to a net loss of $311,360 and $2,283,952 for the comparable prior year period. The Company reported a comprehensive loss of $1,211,854 and $1,895,619 for the three and twelve month periods ended October 31, 2012, respectively as compared with a comprehensive loss of $333,860 and $2,383,702 in the comparable prior year periods.

For the three months ended October 31, 2012, the increase in the Company's comprehensive loss as compared to the prior year loss was primarily due to: i) a future income tax expense of $1,108,106 in the current year period as compared to a recovery in of $42,000 in the prior year period primarily reflecting a renunciation of flow through shares; ii) decrease in general and administrative expenses of $122,445 as compared to $354,672 in the prior year period a result of the following; reclassification of expenses to mineral properties of $82,000, recovery of bad debt of $50,000, and dividend income of $30,000.

For the twelve months ended October 31, 2012, the decline in the Company's comprehensive loss of $1,895,619 as compared to the prior year loss of $2,383,702 was primarily due to: i) a decrease in share-based payments of $142,419 in the current year period as compared to $1,015,696 in the prior year period reflecting a reduction in stock option grants in the current year; ii) a decrease in professional fees and other administrative expenses of $904,419 as compared to $1,068,794 in the prior year period reflecting a reduction in administrative costs; iii) a future income tax expense of $607,110 in the current year period as compared to a recovery of $42,000 in the prior year period reflecting the renunciation of the premium on flow-through shares in the current year period; and iv) an unrealized gain on an available for sale investment of $86,250 as compared to an unrealized loss of ($99,750) in the prior year period reflecting an adjustment to the carrying value of its long-term investment.

Liquidity and Capital Resources

The activities of the Company, which are primarily the acquisition, exploration and development of mineral properties, that it believes contain mineralization, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that equity capital will be available to the Company in the required amounts, with acceptable terms or at the time required. See "Risk Considerations" below.

As at October 31, 2012 and 2011, the Company reported a cash and cash equivalent position of $676,538 and $1,838,799 respectively and had working capital of $414,403 and $1,076,994 respectively.

The Company's use of cash in operating activities was $1,217,435 and cash used in investing activities was $3,090,608 for the twelve month period ended October 31, 2012, reflecting exploration and evaluation expenditures.

The Company's cash provided by financing activities was $3,145,782 for the twelve month period ended October 31, 2012, reflecting the net proceeds from the private placements of December 22, 2011 and June and July 2012 and exercise of stock options.

Exploration and Evaluation Properties

According to Gowest's Exploration and Evaluation Properties as at October 31, 2012, accumulated costs related the Company's interest in mineral properties owned, leased, under consideration to be acquired or under option, were as follows:

	Acquisition cost	Deferred Exploration	Option Payments Received	**October 31, 2012 Net book value**	October 31, 2011 Net book value
	$	$	$	$	$
Frankfield Project, Ontario	1,229,375	11,250,502	-	**12,479,877**	10,307,651
Whitney Township, Ontario	16,800	60,768	(77,568)	**-**	-
Dowe Property, Ontario	34,200	-	-	**34,200**	34,200
Pipestone Property, Ontario	134,000	756,846	-	**890,846**	250,405
Tully Property, Ontario	69,458	385,747	-	**455,205**	19,458
	1,408,833	12,453,863	(77,568)	**13,860,128**	10,611,714

On a quarterly basis, the management of the Company reviews exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization.

For a description of the mineral properties owned by the Company, refer to Note 9 of the audited consolidated financial statements as at October 31, 2012.

Commitments and Contingencies

On December 22, 2011, the Company issued a total of $2,586,201 in flow through common shares, As at October 31, 2012, the Company had expended approximately $2,050,000 related to these flow-through funds and is required to expend the balance of $536,000 by December 31, 2012. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at December 31, 2012, the Company had spent all of its commitment related to the December 22, 2011 flow-through funds.

The Company is party to a management contract. The contract contains clauses requiring additional payments of up to $300,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payment has not been reflected in these consolidated financial statements.

The Company is committed to minimum amounts under an operating lease agreement, which expires September 29, 2013. Minimum commitments remaining under this lease were approximately $18,000 which is due within one year.

The Company's exploration and evaluation activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Related party transactions conducted in the normal course of operations are measured at the exchange value. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related parties subscribed for 5,069,473 units in the private placements during the year for proceeds of $607,700.

The amounts due to related parties are unsecured, non-interest bearing and due on demand.

The remuneration of directors and key management of the Company for the year ended October 31, 2012 and 2011 was as follows.

	2012	2011
Aggregate cash compensation	$ 463,800	$ 442,300
Share-based compensation	$ 46,476	$ 736,020

Proposed Transactions

There are no material decisions by the board of directors of the Company with respect to any imminent or proposed transactions that have not been disclosed.

Critical Accounting Estimates

Critical accounting estimates represent estimates that are highly uncertain and for which changes in those estimates could materially impact the financial statements. The following accounting estimates are critical: the measurement of deferred income tax assets and liabilities and assessment of the need to record valuation allowances against those assets; valuation of options; and capitalized mining costs.

Costs relating to the acquisition, exploration and development of non-producing resource properties are capitalized until such time as either economically recoverable reserves are established or the properties are sold or abandoned. Based on the results at the conclusion of each phase of an exploration program, management re-evaluates properties that are not suitable as prospects to determine if future exploration is warranted, and that carrying values are appropriate. The decision to capitalize exploration expenditures and the timing of the recognition that capitalized exploration is unlikely to have future economic benefits can materially affect the reported earnings of the Company.

Change in Accounting Policy

Impact of Adopting IFRS on the Company's Accounting Policies

Effective the first quarter of 2012, the Company began preparing its financial statements in accordance with IFRS. Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows are provided in Note 14, "Conversion to IFRS" of the audited consolidated financial statements. This note also includes reconciliations of equity and comprehensive loss for comparative periods reported under Canadian GAAP with amounts reported for those periods under IFRS.

The Company has changed certain accounting policies to be consistent with IFRS. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of non-financial assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the audited consolidated financial statements as there were no impairment indicators on the Transition Date.

(b) Decommissioning liabilities (asset retirement obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the audited consolidated financial statements as there was no legal or constructive obligation on the Transition Date.

(c) Flow-through shares

On transition to IFRS, the Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A premium on flow through share liability is recognized for this difference. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the premium on flow through shares liability is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery. Previously, the Company's Canadian GAAP policy was to follow the recommendations of Emerging Issues Committee ("EIC") 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration expenditures in favour of the flow-through share subscribers.

(d) Expired stock options and warrants

Under Canadian GAAP, the Company's policy was to leave the value recorded for expired unexercised stock options and warrants in contributed surplus. On transition to IFRS, the Company elected to change its accounting policy for the treatment of expired stock options and warrants whereby amounts recorded for expired unexercised stock options and warrants are transferred to deficits.

(e) Share issue costs

Under IFRS, current and deferred taxes that arise from an item recorded directly in equity should also be recorded through equity, and not through net income (loss). Any remeasurement of an item recorded directly in equity that originally triggered the recognition of the current or deferred taxes is also recorded through the equity account and not through net income (loss); this concept is referred to as "backward tracing". Canadian GAAP does not allow backwards tracing on items recorded directly in equity. As a result of the difference between Canadian GAAP and IFRS related to backward tracing, a transitional adjustment is required to move future tax recoveries recorded on share issuance costs prior to the Transition Date from deficit to the capital stock account.

Subsequent Disclosures

New accounting standards and interpretations

Certain pronouncements were issued by the IASB ("International Accounting Standards Board") or the IFRIC ("International Financial Reporting Interpretation Committee") that are mandatory for accounting periods after November 1, 2011 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010, and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

(ii) IFRS 10 – Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint Arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard, which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and

further guidance has been added to the determination of classes of assets and liabilities;

- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011, in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended October 31, 2012. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Risk Considerations

Gowest's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effects on its financial performance, but there is no guarantee that the Company will be profitable in the future, and Gowest common shares should be considered speculative.

Financial Risk Factors

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

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company will continue to review its ongoing financial requirements to meet continued exploration and development plans.

Market risk

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

(a) Interest rate risk: Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and assets. In the normal course of business, the Company is exposed to prime interest rate fluctuations as a result of cash equivalents being invested in interest-bearing instruments. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks. Management believes that interest rate risk is remote as investments have maturities of three months or less and the Company currently does not carry interest bearing debt at floating rates.

(b) Foreign currency risk: The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is remote.

(c) 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, as it relates to gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company's investment in Crown Minerals Inc. ("Crown Minerals") is subject to fair value fluctuations arising from changes in the equity and commodity markets.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. Cash and cash equivalents consist of cash, high interest savings accounts and certificates of deposit at select Canadian financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in accounts receivable consist of goods and services tax due from the Federal Government of Canada and receivables from joint venture partners. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

Sensitivity analysis

The Company has designated its cash as held-for-trading, which is measured at fair value. Marketable securities are classified as available-for-sale, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at October 31, 2012, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

(i) The Company's cash equivalents are subject to floating interest rates. As at October 31, 2012, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended October 31, 2012 would have been approximately $6,800 higher/lower, as a result of lower/higher interest income from cash equivalents. Management believes interest rate risk is minimal.

(ii) The Company's long-term investments amounting to $26,250 are subject to fair value fluctuations. As at October 31, 2012, if the fair value of the Company's long-term investments had decreased/increased by 10% with all other variables held constant, comprehensive loss for the year ended October 31, 2012 would have been approximately $2,625 higher/lower. Similarly, as at October 31, 2012, reported shareholders' equity would have been approximately $2,625 lower/higher as a result of the 10% decrease/increase in the fair value of the Company's long-term investments.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

Commodity price risk is remote since the Company is not a producing entity.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at October 31, 2012, Gowest management, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management of the Company is responsible for designing internal control over financial reporting or causing it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

There are inherent weaknesses in the systems of internal control due to the small size of the company and its inability to segregate incompatible functions. The Company plans to remediate this weakness by expanding the number of individuals involved in the accounting function as the company incurs future growth.

Outstanding Share Data

Common Shares:

The Company has authorized and unlimited number of common shares and 1,500,000 special shares, redeemable, voting and non-participating. The Company has 131,902,179 shares issued and outstanding as of the date hereof.

Gowest shares are traded on the TSX Venture Exchange under the symbol GWA.

Share Purchase Warrants:

As of the date hereof, the Company has 14,647,490 common share purchase warrants outstanding with a weighted average exercise price of $0.24 expiring between August 12, 2013 and December 31, 2018.

Stock Options:

As of the date hereof, the Company has 8,685,000 options outstanding under the Company's stock option plan for employees, directors, officers and directors with a weighted average exercise price of $0.26 expiring from 2012 to 2017.

Additional Information

Additional information relating to the Company is available on the Internet at the SEDAR website located at www.sedar.com and at http://www.gowestgold.com/index.html.

GOWEST GOLD LTD.

Consolidated Financial Statements

Years Ended October 31, 2012 and 2011

Expressed in Canadian Dollars

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gowest Gold Inc.

We have audited the accompanying consolidated financial statements of Gowest Gold Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at October 31, 2012, October 31, 2011 and November 1, 2010, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended October 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained 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 Gowest Gold Inc. and its subsidiaries as at October 31, 2012, October 31, 2011 and November 1, 2010, and their financial performance and cash flows for the years ended October 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
February 25, 2013

GOWEST GOLD LTD.
Consolidated Statements of Financial Position
In Canadian dollars

	October 31, 2012	October 31, 2011 (Note 14)	November 1, 2010 (Note 14)
ASSETS			
Current assets			
Cash and cash equivalents	**$ 676,538**	$ 1,838,799	$ 2,670,902
Amounts receivable and other assets (Note 6)	**104,689**	218,309	190,967
Total current assets	**781,227**	2,057,108	2,861,869
Long-term investments (Note 8)	**26,250**	30,750	130,500
Property, plant and equipment (Note 7)	**88,744**	126,278	129,746
Exploration and evaluation properties (Note 9)	**13,860,128**	10,611,714	5,409,792
Total assets	**$ 14,756,349**	$ 12,825,850	$ 8,531,907
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**$ 366,824**	$ 479,118	$ 896,562
Premium on flow-through shares	**-**	500,996	-
Total current liabilities	**366,824**	980,114	896,562
Deferred income tax taxes (Note 15)	**1,505,240**	480,000	651,000
Total liabilities	**1,872,064**	1,460,114	1,547,562
SHAREHOLDERS' EQUITY (Note 10)			
Share capital	**16,207,611**	13,474,424	7,527,585
Shares to be issued	**-**	-	22,500
Reserves	**2,636,188**	3,733,322	3,060,101
	18,843,799	17,207,746	10,610,186
Accumulated deficit	**(5,870,263)**	(5,666,510)	(3,550,091)
Accumulated other comprehensive loss	**(89,250)**	(175,500)	(75,750)
	(5,959,513)	(5,842,010)	(3,625,841)
Total shareholders' equity	**12,884,285**	11,365,736	6,984,345
Total liabilities and shareholders' equity	**$ 14,756,349**	$ 12,825,850	$ 8,531,907

Nature of operations and going concern (Note 1)

Commitment and contingencies (Note 9 and 13)

APPROVED ON BEHALF OF THE BOARD

"Peter Quintiliani" Director   "C. Fraser Elliott" Director

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

GOWEST GOLD LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended October 31, 2012 and 2011
In Canadian dollars

		2012		2011 (Note 14)
Operating Expenses				
General and administrative (note 11)	**$**	**(1,319,348)**	**$**	(2,334,718)
Realized loss on securities available for sale		**(90,750)**		-
Interest and other income / (expense)		**35,339**		8,766
Net loss before income taxes		**(1,374,759)**		(2,325,952)
Deferred income tax (expense) recovery (note 15)		**(607,110)**		42,000
Net loss for the year		**(1,981,869)**		(2,283,952)
Unrealized loss on securities available for sale		**(4,500)**		(99,750)
Realized loss on securities available for sale		**90,750**		-
Net comprehensive loss for the year	**$**	**(1,895,619)**	**$**	(2,383,702)
Basic and diluted (loss) per share	**$**	**(0.02)**	**$**	(0.02)
Weighted average number of common shares outstanding		**124,315,832**		98,429,303

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

GOWEST GOLD LTD.
Consolidated Statements of Changes in Equity
In Canadian dollars

Equity attributable to shareholders

	Share capital	Reserves: Warrants	Reserves: Stock options	Shares to be issued	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance, November 1, 2010	**$ 7,527,585**	**$ 2,025,707**	**$ 1,034,394**	**$ 22,500**	**$ (75,750)**	**$ (3,550,091)**	**$ 6,984,345**
Private placements	5,480,990	-	-	(22,500)	-	-	5,458,490
Exercise of warrants	1,060,892	-	-	-	-	-	1,060,892
Grant date fair value of warrants exercised	301,266	(301,266)	-	-	-	-	-
Step-up warrants issued	(41,337)	41,337	-	-	-	-	-
Grant date fair value of warrants issued	(130,814)	130,814	-	-	-	-	-
Exercise of stock options	58,500	-	-	-	-	-	58,500
Grant date fair value of stock options exercised	45,825	-	(45,825)	-	-	-	-
Stock options expired	-	-	(137,266)	-	-	137,266	-
Share issue costs	(517,811)	-	-	-	-	-	(517,811)
Tax effect of share issue costs	129,000	-	-	-	-	-	129,000
Shares issued for exploration and evaluation property	61,325	-	-	-	-	-	61,325
Premium on flow through shares	(500,996)	-	-	-	-	-	(500,996)
Share-based payments	-	-	1,015,693	-	-	-	1,015,696
Warrants expired	-	(30,266)	-	-	-	30,266	-
Net loss and comprehensive loss for the year	-	-	-	-	(99,750)	(2,283,952)	(2,383,702)
Balance, October 31, 2011	**$ 13,474,424**	**$ 1,866,326**	**$ 1,866,996**	**$ -**	**$ (175,500)**	**$ (5,666,510)**	**$ 11,365,736**

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

GOWEST GOLD LTD.
Consolidated Statements of Changes in Equity
In Canadian dollars

Equity attributable to shareholders

		Reserves					
	Share capital	**Warrants**	**Stock options**	**Shares to be issued**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total**
Balance, October 31, 2011	**$ 13,474,424**	**$ 1,866,326**	**$ 1,866,996**	**$ -**	**$ (175,500)**	**$ (5,666,510)**	**$ 11,365,736**
Private placements	3,391,201	-	-	-	-	-	3,391,201
Fair value of warrants issued	(512,293)	520,543	-	-	-	-	8,250
Fair value of compensation warrants issued	(57,169)	57,169	-	-	-	-	-
Exercise of stock options	45,000	-	-	-	-	-	45,000
Fair value of stock options exercised	30,900	-	(30,900)	-	-	-	-
Stock options expired	-	-	(42,603)	-	-	42,603	-
Share issue costs	(290,419)	-	-	-	-	-	(290,419)
Shares issued for exploration and evaluation	32,625	-	-	-	-	-	32,625
Share-based payments	10,476	-	135,450	-	-	-	145,926
Warrants expired	-	(1,735,512) -	-	-	1,735,512	-	-
Tax effect of share issue costs	82,866	-	-	-	-	-	82,866
Net loss and comprehensive loss for the year	-	-	-	-	86,250	(1,981,869)	(1,895,619)
Correction	-	-	(1,281)	-	-	-	(1,281)
Balance, October 31, 2012	**$ 16,207,611**	**$ 708,526**	**$ 1,927,662**	**$ -**	**$ (89,250)**	**$ (5,870,263)**	**$ 12,884,285**

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

GOWEST GOLD LTD.
Consolidated Statements of Cash Flow
In Canadian dollars

For the years ended	October 31, 2012	October 31, 2011
Operating activities		
Net loss for the year	**$ (1,981,869)**	$ (2,283,952)
Items not affecting cash:		
Amortization	**39,924**	40,861
Share-based payment	**143,790**	1,015,696
Common shares issued for services	**18,100**	-
Deferred income taxes	**607,110**	(42,000)
Unrealized loss on long term investment	**90,750**	-
	(1,082,195)	(1,269,395)
Changes in non-cash working capital items:	**(135,240)**	(122,108)
	(1,217,435)	(1,391,503)
Investing activities		
Exploration and evaluation expenditures	**(3,088,218)**	(5,463,278)
Purchase of equipment	**(2,390)**	(37,393)
	(3,090,608)	(5,500,671)
Financing activities		
Proceeds from issue of capital stock and warrants	**3,391,201**	6,577,882
Proceeds on stock options exercised	**45,000**	-
Transaction costs	**(290,419)**	(517,811)
	3,145,782	6,060,071
(Decrease) in cash and cash equivalents during the year	**(1,162,261)**	(832,103)
Cash and cash equivalents, beginning of year	**1,838,799**	2,670,902
Cash and cash equivalents, end of year	**$ 676,538**	$ 1,838,799
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:		
Cash	**$ 113,305**	$ 158,915
Cash equivalents	**$ 563,233**	$ 1,679,884
SUPPLEMENTAL INFORMATION		
Change in accounts payable and accrued liabilities related to exploration and evaluation expenditures	**$ (135,196)**	$ (322,681)
Common shares issued for exploration and evaluation expenditures	**$ 25,000**	$ 61,325
Warrants issued for share issue costs	**$ 57,169**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Gowest Gold Ltd. ("Gowest" or the "Company") is in the business of exploring and evaluating properties that it believes contain mineralization that is, or will, in the future, be economically recoverable. To date, the Company has not earned significant revenues from its activities. The address and registered office of the Company is 80 Richmond Street West, Suite 1400, Toronto, Ontario, Canada, M5H 2A4.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The recoverability of the amounts capitalized for exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of exploration and evaluation properties.

Although the Company has taken steps to verify title to its exploration and evaluation property interests, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The accompanying consolidated financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses, the Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of property.

Accordingly, readers are cautioned that these consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. Changes in future conditions could require material write downs of the carrying value of certain assets.

These consolidated financial statements of the Company were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 25, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

The Company previously prepared its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to GAAP before the adoption of IFRS.

IFRS 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1") governs the first-time adoption of IFRS. IFRS 1 in general requires accounting policies under IFRS to be applied retrospectively to determine the opening statement of financial position of the Company as of the transition date of November 1, 2010 and allows certain exemptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Subject to certain transition elections disclosed in note 14, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at November 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 14 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements as at November 1, 2010 and for the year ended October 31, 2011.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its two wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation. On November 1, 2011, the Company amalgamated with its two subsidiaries and continued as a single entity with the name Gowest Gold Ltd.

(c) Foreign currency translation

The functional currency of Gowest is the Canadian dollar. For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian dollars.

Transactions in currencies, other than the functional currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates, are recognised in the consolidated statement of loss and comprehensive loss. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash	Loans and receivables
Cash equivalents	Fair value through profit or loss ("FVTPL")
Long-term investments	Available for sale
Amounts receivable	Loans and receivables

Financial liabilities:	**Classification:**
Amounts payable and accrued liabilities	Other financial liabilities

Loans and receivables:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

FVTPL

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Available for sale:

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classed in any other categories. Available-for-sale investments are carried at fair value at initial recognition. Changes to the fair value of available-for-sale investments are recognized in other comprehensive income. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognized in accumulated other comprehensive income are included in the statement of loss.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at October 31, 2012, October 31, 2011, and November 1, 2010, other than cash equivalents and the available-for-sale investment, none of the Company’s financial instruments are recorded at fair value on the consolidated statement of financial position based on their classification.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

(f) Exploration and evaluation expenditures

The Company is in the exploration and evaluation stage with respect to its investment in exploration and evaluation properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and evaluation of its interest in these properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned exploration and evaluation properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to an exploration and evaluation property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for interest in exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income, costs recovered on exploration and evaluation properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

(g) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks, and guaranteed investment certificates with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and guaranteed investment certificates that are available on demand by the Company for its programs. The Company does not invest in any asset-backed deposits/investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Vehicle	30%	Declining balance
Furniture and fixtures	20%	Straight line
Computer equipment	30%	Declining balance
Software	30%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

(i) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(j) Share based payment transactions

The fair value of share based payments to employees and non-employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value of employee share based payments is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on an estimate of the forfeiture rate.

Share-based payments granted to non-employees are measured at the fair value of goods received unless that cannot be reasonably estimated in which case the fair value of the share-based payments are used. The measurement date is generally the date the goods or services are received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(l) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration and evaluation of a property interest. Such costs are discounted to their net present value using a risk-free rate and are provided for and expensed as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no material restoration, rehabilitation and environmental obligations as at October 31, 2012, October 31, 2011 and November 1, 2010 as the disturbance to date is minimal.

(m) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Significant accounting judgments and estimates

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

Capitalization of exploration and evaluation costs
Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Impairment of exploration and evaluation properties
While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties. Internal sources of information include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

Share-based payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Significant accounting judgments and estimates (continued)

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Contingencies
Refer to Note 13.

(o) Flow-through shares

The Company periodically finances a portion of its exploration and evaluation activities through the issue of flow through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to share capital and any difference between that amount and the issue price is recognized as a flow through share premium and recognized as a liability in the statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the liability previously recorded is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a recovery on the statement of loss. The related exploration costs are charged to exploration and evaluation properties.

(p) New accounting standards and interpretations

Certain pronouncements were issued by the IASB ("International Accounting Standards Board") or the IFRIC ("International Financial Reporting Interpretation Committee") that are mandatory for accounting periods after November 1, 2012 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Earlier adoption is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New accounting standards and interpretations (continued)

(ii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011 and will replace IAS 27 Consolidated and Separate Financial Statement and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: joint operations and joint ventures. A joint operation exists when the parties have rights to the assets and obligations for the liabilities of a joint arrangement. A joint venture exists when the parties have rights to the net assets of a joint arrangement. Assets, liabilities, revenues and expenses in a joint operation are accounted for in accordance with the arrangement. Joint ventures are accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 13 – Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(vi) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. Earlier adoption is permitted.

(vii) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") was issued by the IASB in October 2011. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

3. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and evaluation of its properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be shareholders' equity, which comprises share capital, reserves, accumulated deficit and accumulated other comprehensive loss, which at October 31, 2012, totaled $12,884,285 (October 31, 2011 - $11,365,736 and November 1, 2010 - $6,984,345).

The properties in which the Company currently has an interest are in the exploration and evaluation stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iii) exploring alternative sources of liquidity.

In light of the above, the Company will attempt to explore and evaluate its properties, assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the years ended October 31, 2012 and October 31, 2011. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Financial risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors.

(i) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash and cash equivalents consist of cash, high interest savings accounts and certificates of deposit at select Canadian financial institutions, from which management believes the risk of loss to be remote. Amounts receivable are in good standing as at October 31, 2012. Management believes that the credit risk concentration with respect to the financial instruments included in cash and cash equivalents and amounts receivable is remote.

4. FINANCIAL RISK FACTORS (CONTINUED)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at October 31, 2012, the Company had cash and cash equivalents of $676,538 (October 31, 2011 - $1,838,799, November 1, 2010 - $2,670,902) to settle accounts payable and accrued liabilities of $366,824 (October 31, 2011 - $479,118 and November 1, 2010 - $896,562). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration and evaluation activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iii) Market risk

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

(a) Interest rate risk

The Company has cash and cash equivalents and no interest-bearing debt. The Company's current policy is to invest excess cash in high interest savings accounts and investment-grade certificates of deposit issued by its Canadian financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its Canadian financial institutions. Currently, the Company does not hedge against interest rate risk.

(b) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(c) 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, as they relate to gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. As the Company's mineral properties are in the exploration stage, the Company does not hedge against commodity price risk. The Company's long-term investment in Crown Gold Corporation "Crown" is subject to fair value fluctuations arising from changes in the equity and commodity markets.

4. FINANCIAL RISK FACTORS (CONTINUED)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Cash equivalents are subject to floating interest rates. As at October 31, 2012, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended October 31, 2012 would have been approximately $6,800 higher/lower, as a result of lower/higher interest income from cash equivalents.

(ii) The Company's available-for-sale investment in the common shares of Crown Minerals is subject to fair value fluctuations. As at October 31, 2012, if the bid price of the common shares of Crown Minerals had changed by 10% with all other variables held constant, the other comprehensive income for the year ended October 31, 2012 before tax would have been approximately $2,625 higher/lower and reported shareholders' equity would have been approximately $2,625 higher/lower.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at October 31, 2012:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash equivalents	-	676,538	-	676,538
Long-term investments:				
- Investment in a public company	26,250	-	-	26,250
	26,250	676,538	-	702,788

5. CATEGORIES OF FINANCIAL INSTRUMENTS

	As at October 31, 2012	As at October 31, 2011	As at November 1, 2010
Financial assets:			
FVTPL			
Cash equivalents	$ 563,233	$ 1,679,884	$ 2,331,118
Loans and receivables			
Cash	113,305	158,915	339,784
Amounts receivable	81,306	168,485	173,787
Available for sale financial asset	26,250	30,750	130,500
Financial liabilities:			
Other financial liabilities			
Amounts payable and accrued liabilities	$ 366,824	$ 479,118	$ 896,562

As at October 31, 2012, October 31, 2011 and November 1, 2010, the fair value of each of the Company's financial instruments approximates their estimated carrying values, due to their short-term nature.

6. AMOUNTS RECEIVABLE AND OTHER ASSETS

	As at October 31, 2012	As at October 31, 2011	As at November 1, 2010
Amounts receivable	$ 81,306	$ 168,485	$ 173,787
Prepaid expenses	23,383	49,824	17,180
	$ 104,689	$ 218,309	$ 190,967

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Computer equipment	Furniture and fixtures	Vehicles	Software	Total
Balance, November 1, 2010	$ 6,536	$ 23,617	$ 69,543	$ 51,676	$ 151,372
Additions	-	2,824	24,558	10,013	37,395
Balance, October 31, 2011	6,536	26,441	94,101	61,689	188,767
Additions	-	-	2,390	-	2,390
Balance, October 31, 2012	$ 6,536	$ 26,441	$ 96,491	$ 61,689	$ 191,157

Accumulated amortization	Computer equipment	Furniture and fixtures	Vehicles	Software	Total
Balance, November 1, 2010	$ 1,097	$ 2,244	$ 18,285	$ -	$ 21,626
Amortization	1,632	4,667	19,061	15,503	40,863
Balance, October 31, 2011	2,729	6,911	37,346	15,503	62,489
Amortization	1,142	5,288	17,385	16,109	39,924
Balance, October 31, 2012	$ 3,871	$ 12,199	$ 54,731	$ 31,612	$ 102,413

Carrying value	Computer equipment	Furniture and fixtures	Vehicles	Software	Total
Balance, November 1, 2010	$ 5,439	$ 21,373	$ 51,258	$ 51,676	$ 129,746
Balance, October 31, 2011	$ 3,807	$ 19,530	$ 56,755	$ 46,186	$ 126,278
Balance, October 31, 2012	$ 2,665	$ 14,242	$ 41,760	$ 30,077	$ 88,744

8. LONG-TERM INVESTMENTS

Investment	Cost	Write-down	Accumulated Other comprehensive income adjustment	October 31, 2012 estimated fair value	October 31, 2011 estimated fair value	November 1, 2010 estimated fair value
Crown Gold Corporation						
- common shares [1]	$ 115,500	$ -	$ (89,250)	$ 26,250	$ 30,000	$ 82,500
- warrants [2]	90,750	(90,750)	-	-	750	48,000
	$ 206,250	$ (90,750)	$ (89,250)	$ 26,250	$ 30,750	$ 130,500

[1] 750,000 common shares of Crown; and
[2] 750,000 warrants of Crown - $0.25 per share (expired on December 4, 2011).

9. EXPLORATION AND EVALUATION PROPERTIES

October 31, 2012	Acquisition Cost	Exploration and Evaluation	Option Payments Received	Net Book Value
	$	$	$	$
Frankfield, Ontario [a]	1,229,375	11,250,502	-	12,479,877
Whitney Township, Ontario [b]	16,800	60,768	(77,568)	-
Dowe Property, Ontario[c]	34,200	-	-	34,200
Pipestone Property[d]	134,000	756,846	-	890,846
Tully Property [e][f]	69,458	385,747	-	455,205
	1,483,833	12,453,863	(77,568)	13,860,128

October 31, 2011	Acquisition Cost	Exploration and Evaluation	Option Payments Received	Net Book Value
	$	$	$	$
Frankfield, Ontario [a]	1,225,000	9,082,651	-	10,307,651
Whitney Township, Ontario [b]	16,800	60,768	(77,568)	-
Dowe Property, Ontario[c]	34,200	-	-	34,200
Pipestone Property[d]	84,000	166,405	-	250,405
Tully Property [e]	19,458	-	-	19,458
	1,379,458	9,309,824	(77,568)	10,611,714

9. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

November 1, 2010	Acquisition Cost	Exploration and Evaluation	Option Payments Received	Net Book Value
	$	$	$	$
Frankfield Ontario [a]	1,225,000	4,184,792	-	5,409,792
Whitney Township, Ontario [b]	16,800	60,768	(77,568)	-
	1,241,800	4,245,560	(77,568)	5,409,792

(a) On March 6, 2009, Gowest acquired a 100% interest in the Frankfield project. In consideration for New Texmont Exploration Ltd's ("New Texmont") 50% interest in the Frankfield project, the Company issued 15,000,000 common shares to New Texmont and also granted New Texmont a sliding scale Net Smelter Royalty (the "NSR") equal to 1% at gold prices less than US$950 per ounce and 1.5% at gold prices equal to or greater than US$950 per ounce. The Company may purchase the NSR at anytime upon payment of $1,000,000 for each half percent (0.5%) of the NSR and will have a right of first refusal on any offer to purchase the NSR made by a third party. The Company will also make a one-time payment to New Texmont equal to the greater of $500,000 or 2,500,000 common shares of the Company upon a positive decision by the Company to place a mine into production and subject to satisfactory financing being committed to fully fund such mine development.

On December 23, 2009, the Company announced it had entered into a definitive agreement with Goldcorp Canada Ltd. and Goldcorp Inc. (collectively "Goldcorp"), for the purchase of Goldcorp's properties in Tully Township adjacent to the Company's 100% owned Frankfield Project.

Consideration for this acquisition included a 2% NSR derived from future production specifically from the Goldcorp leased claims, a 1% NSR derived from future production specifically from the Goldcorp unpatented claims and $100,000 in cash (paid). The Company will maintain an NSR buyout option for both the Goldcorp leased claims and Goldcorp unpatented claims valued at $500,000 for each 0.5% of the desired NSR. Goldcorp may elect not to sell the final 0.5% portion of its NSR. The transaction with Goldcorp was completed on February 12, 2010.

(b) On November 25, 2009, Crown entered into an option agreement with the Company to acquire 100% interest in 5 patented claims in Whitney Township.

In consideration for the claims, Crown paid $20,000 in cash and issued 750,000 shares of Crown (valued at $115,500) and 750,000 warrants of Crown (valued at $90,750) to the Company. Each warrant will entitle the Company to purchase one common share of Crown for $0.15 within the first six months after date of issue, for $0.20 within the second six months after date of issue, and $0.25 in the second year after date of issue. The Company will retain a 2% net smelter returns royalty when the gold price is US$950 per ounce or less, and 3% when the gold price is greater than US$950 per ounce. Crown has the right to purchase 1% of the 3% of this royalty by paying Gowest $1,000,000 and then a further right to reduce the royalty to a 1% net smelter returns royalty regardless of the price of gold by paying the Company another $1,000,000.

The carrying value of Whitney Township was reduced by option proceeds received, net of costs. On January 6, 2011, this option agreement was terminated and ownership has reverted back to the Company.

9. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

(c) On December 1, 2010, the Company announced that it had completed its acquisition of a 100% interest in the Dowe property in Tully Township adjacent to the Company's 100% owned Frankfield Gold Project. In consideration for this acquisition, the Company paid $16,000 in cash, issued 70,000 common shares (valued at $18,200) of the Company and agreed to a 0.5% NSR at gold prices of less than US$950 per ounce or 0.75% NSR at gold prices equal to or greater than US$950 per ounce. The Company maintains an NSR buyout option valued at $125,000 for each 0.25% of the NSR.

(d) On April 26, 2011, the Company announced that it entered into an option and joint venture agreement (the "Option Agreement") with Transition Metals Corp. ("TMC") to explore and earn an interest in an additional 3,400 hectares in the Porcupine mining district (the "Pipestone Property"). The Company can earn an initial 60% interest in the Pipestone Property by expending $1,000,000 on the property over a period of three years. The Company paid $100,000 cash and agreed to issue 400,000 common shares (100,000 issued and 300,000 within three years) to TMC in order to acquire the initial interest. Upon earning an initial 60% interest in the Pipestone Property, Gowest may elect to earn an additional 15% interest in the Pipestone Property (bringing the total interest to 75%) by issuing to TMC an additional 150,000 common shares and expending an additional $2,000,000 on the Pipestone Property over a period of two years. Upon earning either a 60% or 75% interest, as applicable, a joint venture will automatically be formed between Gowest and TMC, pursuant to which the companies will continue to explore and develop the Pipestone Property as warranted. Should either party's joint venture interest be diluted below 10%, its interest will be converted to a 2% Net Smelter Royalty.

In accordance to the terms of the Option Agreement, the Company paid $100,000 in cash and issued 100,000 common shares (valued at $34,000) of the Company.

(e) On April 15, 2011, the Company purchased a property in the Township of Tully (the "Tully Property") for $10,333 and issued 25,000 common shares (valued at $9,125) of the Company.

(f) On July 27, 2012, the Company acquired the Tully East Guidoccio Property in the Township of Tully by issuing 200,000 common shares (valued at $25,000) of the Company.

10. SHARE CAPITAL

(a) Authorized capital

The number of authorized common shares is unlimited
1,500,000 special shares, redeemable, voting, non-participating

(b) Issued common shares

Balance, November 1, 2010	84,075,911	$ 7,527,585
Private placements (i)	20,002,767	5,480,990
Exercise of warrants	4,996,672	1,060,892
Fair value of warrants exercised	-	82,014
Exercise of stock options	325,000	58,500
Grant date fair value of stock options exercised	-	45,825
Share issue costs	-	(517,811)
Shares issued for exploration and evaluation property (ii) (iii) (iv)	195,000	61,325
Grant date fair value of warrants issued (i)	-	(130,814)
Step-up warrants issued	-	(41,337)
Grant date fair value of warrants exercised	-	219,251
Tax effect of share issue costs	-	129,000
Premium on flow-through shares	-	(500,996)
Balance, October 31, 2011	109,595,350	13,474,424
Private placements (v) (vii) (viii)	21,661,589	3,391,201
Fair value of warrants issued (v)	-	(512,293)
Fair value of compensation warrants issued (v)	-	(57,169)
Exercise of stock options	300,000	45,000
Fair value of stock options exercised	-	30,900
Share issue costs	-	(290,419)
Shares issued for compensation	95,240	10,476
Shares issued for exploration and evaluation property (vi)	250,000	32,625
Future Tax effect of share issue costs	-	82,865
Balance, October 31, 2012	131,902,179	$ 16, 207,611

10. SHARE CAPITAL (CONTINUED)

(b) Issued common shares (continued)

(i) On December 22, 2010, the Company completed a private placement for aggregate gross proceeds of $2,579,455.

Pursuant to the offering, the Company issued and sold a total of 9,379,837 flow-through common shares at a price of $0.275 per share. Share issue costs for the Offering totaled $242,146. The flow-through premium for this placement was estimated to be $nil.

On August 12, 2011, the Company completed a private placement for aggregate gross proceeds of $2,901,535.

Pursuant to the offering, the Company issued and sold: (i) 3,600,000 units of the Company at a price of $0.25 per unit, with each unit being comprised of one common share of the Company and one-half of one common share purchase warrant for aggregate gross proceeds or $900,000; and (ii) 7,022,930 flow through common shares of the Company at a price of $0.285 per share for aggregate gross proceeds of $2,001,535. Share issue costs for the offering totalled $275,665. The flow-through premium for this placement was estimated to be $500,996.

Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.35 for a period of 24 months following the closing date of the offering.

The grant date fair value of $130,814 was assigned to the 1,800,000 warrants issued as part of the private placement as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 96%, risk-free rate of return 0.93% and an expected life of 2 years.

(ii) On December 1, 2010, the Company issued 70,000 common shares (valued at $18,200) of the Company for its acquisition of a 100% interest in the Dowe property.

(iii) On April 18, 2011, the Company purchased a property in the Township of Tully (the “Tully Property”) for $10,333 and issued 25,000 common shares (valued at $9,125) of the Company.

(iv) On April 25, 2011, the Company issued 100,000 common shares (valued at $34,000) of the Company to earn an interest in the pipestone property.

(v) On December 22, 2011, the Company completed a private placement for aggregate proceeds of $2,586,201. Pursuant to the offering, the Company issued and sold 13,611,589 units at a price of $0.19 per unit. Each unit is comprised of one flow-through common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $0.30 for a 2 year period. Upon closing, the agent and certain selling group members were paid a cash commission of $161,931. In addition, the Company issued compensation warrants to purchase a total of 816,695 common shares of the Company at a price of $0.19 per share for a 24 month period following the closing of the private placement. The flow-through premium for this placement was estimated to be $nil.

The grant date fair value of $366,047 was assigned to the 6,805,795 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 96%, risk-free rate of return 0.92% and an expected life of 2 years.

The grant date fair value of $75,136 was assigned to the 816,695 compensation warrants issued using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 96%, risk-free rate of return 0.92% and an expected life of 2 years.

10. SHARE CAPITAL (CONTINUED)

(b) Issued common shares (continued)

(vi) On December 2, 2011 and March 27, 2012, the Company issued a total of 25,000 common shares to the Mattagami First Nation and 25,000 common shares to the Matachewan First Nation pursuant to the agreement entered into effective September 27, 2011. These common shares were valued at $7,625 based on the estimated fair value of the shares on the date of issuance.

(vii) On June 28, 2012, the Company completed a private placement for aggregate proceeds of $570,000. Pursuant to the offering, the Company issued and sold 5,700,000 units at a price of $0.10 per unit. 3,750,000 of the units are comprised of one common share of the Company and one-half of a flow-through warrant and 1,950,000 of the units are comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $0.13 on or prior to December 31, 2013. The grant date fair value of $110,925 was assigned to the 3,825,000 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 98%, risk-free rate of return 0.97% and an expected life of 1.5 years.

(viii) On July 6, 2012, the Company completed a private placement for aggregate proceeds of $235,000. Pursuant to the offering, the Company issued and sold 2,350,000 units at a price of $0.10 per unit. 2,00,000 of the units are comprised of one common share of the Company and one-half of a flow-through warrant and 350,000 of the units are comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of $0.13 on or prior to December 31, 2013. The grant date fair value of $52,650 was assigned to the 1,350,000 warrants issued as part of the offering as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 99%, risk-free rate of return 0.99% and an expected life of 1.5 years. A finder's fee of $12,000 was paid in connection with the offering.

Please see subsequent event note 16 for subsequent financings.

(c) Stock options

The Company has an incentive stock option plan that allows it to grant options to its employees, directors and consultants. The plan received shareholder re-approval on April 12, 2012. The plan allows the Company to grant options to acquire up to 10% of the issued and outstanding common shares. The plan provides that the exercise price of an option granted under the plan shall not be less than the market price at the time of granting the option. Options have a maximum term of 5 years, vest immediately upon issue, unless otherwise stated and terminate on the 30th day after the optionee ceases to be any of an employee, director or consultant of the Company.

10. SHARE CAPITAL (CONTINUED)

(c) Stock options (continued)

The following table reflects the continuity of options for the year ended October 31, 2012:

	Number of options	Weighted average exercise price ($)
Balance, November 1, 2010	5,685,000	0.22
Granted (1) (2) (3) (4) (5)	3,425,000	0.33
Exercised	(325,000)	0.18
Expired	(550,000)	0.36
Balance, October 31, 2011	8,235,000	0.24
Granted (6) (7)	1,050,000	0.23
Exercised	(300,000)	0.15
Expired	(300,000)	0.20
Balance, October 31, 2012	8,685,000	0.26

(1) On November 3, 2010, the Company issued incentive stock options totalling 250,000 options exercisable at $0.24 per common share with an expiry date of November 3, 2015. The fair value of the 250,000 was estimated to be $56,000 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 161%; risk-free interest rate of 2.34% and an expected life of 5 years.

(2) On November 22, 2010, the Company issued incentive stock options totalling 100,000 options exercisable at $0.50 per common share with an expiry date of November 22, 2013. The fair value of the 100,000 options was estimated to be $20,000 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 179%; risk-free interest rate of 1.57% and an expected life of 3 years.

(3) On February 22, 2011, the Company issued incentive stock options totalling 100,000 options exercisable at $0.50 per common share with an expiry date of February 11, 2014. The fair value of the 100,000 options was estimated to be $27,890 on the date of grant using the Black- Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 175%; risk-free interest rate of 1.68% and an expected life of 3 years.

(4) On February 25, 2011, the Company granted a total of 2,575,000 stock options at an exercise price of $0.325 per share, expiring on February 25, 2016. The fair value of the 2,575,000 options was estimated to be $779,403 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 157%; risk-free interest rate of 2.33% and an expected life of 5 years.

(5) On June 1, 2011, the Company granted a total of 400,000 stock options at an exercise price of $0.36 per share, expiring on June 1, 2016. The fair value of the 400,000 options was estimated to be $132,400 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 154%; risk-free interest rate of 2.05% and an expected life of 5 years.

10. SHARE CAPITAL (CONTINUED)

(c) Stock options (continued)

(6) On December 19, 2011, the Company granted options to purchase 650,000 common shares at a price of $0.25 per share for a period of five years. 400,000 of these options vested immediately. Vesting of the remaining options is 1/4 after 3 months (62,500), 1/4 after 6 months (62,500), 1/4 after 9 months (62,500), and 1/4 after 12 months (62,500) from the date of grant. The fair value of the 650,000 options was estimated to be $99,450 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 153%; risk-free interest rate of 1.07% and an expected life of 5 years.

(7) On May 9, 2012, the Company granted options to purchase 400,000 common shares at a price of $0.19 per share for a period of five years. The fair value of the 400,000 options was estimated to be $25,600 on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 97.78%; risk-free interest rate of 1.43% and an expected life of 5 years.

During the year ended October 31, 2012, $143,790 (October 31, 2011 - $1,015,696) was recorded as share-based payment in the consolidated statement of loss and comprehensive loss. The weighted average fair value on the grant date, of options granted during the year ended October 31, 2012, was $0.23.

The following table reflects the options issued and outstanding as of October 31, 2012:

Expiry Date	Exercise price ($)	Number of Options Outstanding	Number of Options Exercisable
November 22, 2012	0.20	100,000	100,000
May 1, 2013	0.15	320,000	320,000
July 1, 2013	0.15	100,000	100,000
August 5, 2013	0.15	295,000	295,000
June 24, 2014	0.15	1,695,000	1,695,000
February 22, 2015	0.32	2,000,000	2,000,000
November 3, 2015	0.24	250,000	250,000
February 25, 2016	0.325	2,475,000	2,475,000
June 6, 2016	0.36	400,000	400,000
December 19, 2016	0.25	650,000	525,000
May 9, 2017	0.19	400,000	400,000
		8,685,000	8,622,500

10. SHARE CAPITAL (CONTINUED)

(d) Warrants

The following table reflects the continuity of warrants for the year ended October 31, 2012:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, November 1, 2010	26,547,945	0.28
Exercised	(4,996,672)	0.21
Issued	2,458,317	0.34
Expired	(285,093)	0.17
Balance, October 31, 2011	23,724,497	0.30
Issued	12,847,490	0.22
Expired	(21,924,497)	0.30
Balance, October 31, 2012	14,647,490	0.24

The following table reflects the warrants issued and outstanding as of October 31, 2012:

Number of Warrants	Exercise Price ($)	Grant date fair Value ($)	Expiry Date
6,805,795	0.30	361,472	December 22, 2013
816,695	0.19	57,169	December 22, 2013
1,800,000	0.35	130,815	August 12, 2013
5,175,000	0.13	150,820	December 31, 2013
25,000	0.25	5,250	December 6, 2016
25,000	0.25	3,000	December 6, 2016
14,647,490		708,526	

11. GENERAL AND ADMINISTRATIVE

		Year ended October 31, 2012		Year ended October 31, 2011
Professional fees	$	355,521	$	174,338
Administrative		546,898		894,456
Investor relations		169,540		131,532
Shareholder communications		35,287		27,101
Share-based payments		142,419		1,015,693
Transfer agent and exchange fees		29,759		42,467
Amortization		39,924		40,861
Flow-through interest expense		-		8,270
	$	1,319,348	**$**	2,334,718

12. RELATED PARTY TRANSACTIONS

The remuneration of directors and key management of the Company for the year ended October 31, 2012 and 2011 was as follows.

	2012	2011
Aggregate cash compensation	$ 463,800	$ 442,300
Share-based compensation	$ 46,476	$ 736,020

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Independent non-executive directors are not remunerated other than the benefits received, if any, from the granting of stock options. Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the year ended October 31, 2012 related parties subscribed for 5,069,473 units in the private placements during the year for proceeds of $607,700 (October 31, 2011 – 1,112,230 units for proceeds of $311,126)

13. COMMITMENTS AND CONTINGENCIES

On December 22, 2011, the Company issued a total of $2,586,201 in flow through common shares. As at October 31, 2012, the Company had expended approximately $2,050,000 related to these flow-through funds and is required to expend the balance of $536,000 by December 31, 2012. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

The Company is party to a management contract. The contract contains clauses requiring additional payments of up to $300,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payment has not been reflected in these consolidated financial statements.

The Company is committed to minimum amounts under an operating lease agreement, which expires September 29, 2013. Minimum commitments remaining under this lease are approximately $18,000, which are due within one year.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

14. CONVERSION TO IFRS

(i) Overview

As stated in Significant accounting policies (Note 2), these are the Company's first consolidated financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant accounting policies section have been applied in preparing the consolidated financial statements as at and for the years ended October 31, 2012 and 2011 and in the preparation of an opening IFRS consolidated balance sheet at November 1, 2010 (the "Transition Date").

(ii) First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at November 1, 2010.

- To apply IFRS 3 Business Combinations only to business combinations that occurred after the Transition Date.

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

14. CONVERSION TO IFRS (CONTINUED)

(ii) First-time adoption of IFRS (continued)

The Company's Transition Date consolidated statement of financial position as of November 1, 2010 is included as comparative information in the consolidated statements of financial position in these financial statements.

(iii) Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of non-financial assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the consolidated financial statements as there were no impairment indicators on the Transition Date.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the consolidated financial statements as there was no legal or constructive obligation on the Transition Date.

(c) Flow-through shares

On transition to IFRS, the Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A premium on flow through share liability is recognized for this difference. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the premium on flow through shares liability is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery. Previously, the Company's Canadian GAAP policy was to follow the recommendations of Emerging Issues Committee ("EIC") 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration expenditures in favour of the flow-through share subscribers.

14. CONVERSION TO IFRS (CONTINUED)

(iii) Changes to accounting policies (continued)

(c) Flow-through shares (continued)

Impact on Consolidated Statements of Financial Position

	As at October 31, 2011	As at November 1, 2010
Premium on flow-through shares	$ 500,996	$ -
Adjustment to share capital	(9,485)	(153,353)
Adjustment to deferred income tax liability	-	-
Adjustment to accumulated deficit	$ (491,511)	$ 153,353

Impact on Consolidated Statements of Loss and Comprehensive Loss

	Year ended October 31, 2011
Adjustment to income tax recovery	$ (644,864)
Adjustment to loss and comprehensive loss	$ 644,864

Impact on Consolidated Statements of Cash Flows

	Year ended October 31, 2011
Adjustment to loss and comprehensive loss	$ (644,864)
Adjustment to income tax recovery	$ 644,864

14. CONVERSION TO IFRS (CONTINUED)

(iii) Changes to accounting policies (continued)

(d) Expired stock options and warrants

Under Canadian GAAP, the Company's policy was to leave the value recorded for expired unexercised stock options and warrants in contributed surplus.

On transition to IFRS, the Company elected to change its accounting policy for the treatment of expired stock options and warrants whereby amounts recorded for expired unexercised stock options and warrants are transferred to deficit.

Impact on Consolidated Statements of Financial Position

	As at October 31, 2011	As at November 1, 2010
Adjustment to contributed surplus	$ (1,446,789)	$ (1,279,256)
Adjustment to accumulated deficit	$ 1,446,789	$ 1,279,256

There is no impact on the consolidated statement of loss and comprehensive loss and the consolidated statement of cash flows for the year ended October 31, 2011 relating to this policy change.

(e) Share Issue Costs

Under IFRS, current and deferred taxes that arise from an item recorded directly in equity should also be recorded through equity, and not through net income (loss). Any re-measurement of an item recorded directly in equity that originally triggered the recognition of the current or deferred taxes is also recorded through the equity account and not through net income (loss); this concept is referred to as "backward tracing". Canadian GAAP does not allow backward tracing on items recorded directly in equity. As a result of the difference between Canadian GAAP and IFRS related to backward tracing, a transitional adjustment is required to move future tax recoveries recorded on share issuance costs prior to the Transition Date from deficit to the share capital account.

Impact on Consolidated Statements of Financial Position

	As at October 31, 2011	As at November 1, 2010
Capital stock	$ 71,000	$ 71,000
Deficit	$ (71,000)	$ (71,000)

(iv) Presentation

Certain amounts in the unaudited condensed interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

14. CONVERSION TO IFRS (CONTINUED)

(v) Reconciliation between IFRS and Canadian GAAP

Transition date condensed consolidated statement of financial position

The Company's Transition Date IFRS consolidated statement of financial position is included as comparative information in the consolidated statements of financial position in these financial statements. The changes in accounting policies resulting from the Company's adoption of IFRS had the following effect on the statement of financial position as at the transition date of November 1, 2010.

The November 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	November 1, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,670,902	$ -	**$ 2,670,902**
Amounts receivable and other assets	190,967	-	**190,967**
Total current assets	2,861,869	-	**2,861,869**
Long-term investments	130,500	-	**130,500**
Property, plant and equipment	129,746	-	**129,746**
Exploration and evaluation properties	5,409,792	-	**5,409,792**
Total assets	$ 8,531,907	$ -	**$ 8,531,907**
EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable and other liabilities	$ 896,562	$ -	**$ 896,562**
Deferred income tax liability	651,000	-	**651,000**
Total liabilities	1,547,562	-	**1,547,562**
Equity			
Share capital (note 14 (iii)(c)(e))	7,609,938	(82,353)	**7,527,585**
Shares to be issued	22,500	-	**22,500**
Reserves (note 14 (iii)(d))	4,339,357	(1,279,256)	**3,060,101**
	11,971,795	(1,361,609)	**10,610,186**
Accumulated deficit (note 14 (iii)(c)(d)(e))	(4,911,700)	1,361,609	**(3,550,091)**
Accumulated other comprehensive loss	(75,750)	-	**(75,750)**
	(4,987,450)	1,361,609	**(3,625,841)**
Total equity	6,984,345	-	**6,984,345**
Total equity and liabilities	$ 8,531,907	$ -	**$ 8,531,907**

14. CONVERSION TO IFRS (CONTINUED)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The October 31, 2011 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	October 31, 2011		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,838,799	$ -	**$ 1,838,799**
Amounts receivable and other assets	218,309	-	**218,309**
Total current assets	2,057,108	-	**2,057,108**
Long-term investments	30,750	-	**30,750**
Property, plant and equipment	126,278	-	**126,278**
Exploration and evaluation properties	10,611,714	-	**10,611,714**
Total assets	$ 12,825,850	$ -	**$ 12,825,850**
EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable and other liabilities	$ 479,118	$ -	**$ 479,118**
Premium on flow-through shares (note 14 (iii)(c))	-	500,996	**500,996**
Future income tax liability	480,000	-	**480,000**
Total liabilities	959,118	500,996	**1,460,114**
Equity			
Share capital (note 14 (iii)(c)(e))	13,412,909	61,515	**13,474,424**
Reserves (note 14 (iii)(d))	5,180,111	(1,446,789)	**3,733,322**
	18,593,020	(1,385,274)	**17,207,746**
Accumulated deficit (note 14 (iii) (c)(d)(e))	(6,550,788)	884,278	**(5,666,510)**
Accumulated other comprehensive loss	(175,500)	-	**(175,500)**
	(6,726,288)	884,278	**(5,842,010)**
Total equity	11,866,732	(500,996)	**11,365,736**
Total equity and liabilities	$ 12,825,850	$ -	**$ 12,825,850**

14. CONVERSION TO IFRS (CONTINUED)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP statement of loss and comprehensive loss for the year ended October 31, 2011 has been reconciled to IFRS as follows:

	Year ended October 31, 2011		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating expenses			
General and administrative	$ 2,334,718	$ -	**$ 2,334,718**
	(2,334,718)	-	**(2,334,718)**
Interest income	8,766	-	**8,766**
Net loss for before tax	(2,325,952)	-	**(2,325,952)**
Deferred income tax (recovery)	686,864	(644,864)	**42,000**
Net loss for the year	(1,639,088)	(644,864)	**(2,283,952)**
Unrealized loss on securities available for sale	(99,750)	-	**(99,750)**
Net comprehensive loss for the year	$ (1,738,838)	$ (644,864)	**$ (2,383,702)**
Basic and diluted loss per share	$ (0.02)		**$ (0.02)**
Weighted average number of shares outstanding- basic and diluted	98,429,303		**98,429,303**

14. CONVERSION TO IFRS (CONTINUED)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP statement of cash flows for the year ended October 31, 2011 has been reconciled to IFRS as follows:

	Year ended October 31, 2011		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Operating activities			
Net loss for the year	$ (1,639,088)	$ (644,864)	**$ (2,283,952)**
Adjustment for:			
Amortization	40,861	-	**40,861**
Shares-based payments	1,015,693	-	**1,015,693**
Deferred income tax (recovery)	(686,864)	644,864	**(42,000)**
Non-cash working capital items:			
Amounts receivable and other assets	(27,342)	-	**(27,342)**
Amounts payable and other liabilities	(94,763)	-	**(94,763)**
Net cash used in operating activities	(1,391,503)	-	**(1,391,503)**
Investing activities			
Exploration and evaluation expenditures	(5,463,278)	-	**(5,463,278)**
Additions to equipment	(37,393)	-	**(37,393)**
Net cash used in investing activities	(5,500,671)	-	**(5,500,671)**
Financing activities			
Issue of securities	6,577,882	-	**6,577,882**
Share issue costs	(517,811)	-	**(517,811)**
Net cash provided by financing activities	6,060,071	-	**6,060,071**
Net change in cash and cash equivalents	(832,103)	-	**(832,103)**
Cash and cash equivalents, beginning of year	2,670,902	-	**2,670,902**
Cash and cash equivalents, end of year	$ 1,838,799	$ -	**$ 1,838,799**

15. INCOME TAXES

The following table reflects the major items causing the Company's income tax recovery to differ from the Canadian combined federal and provincial statutory rate of 27% (2011 - 29%).

	2012 $	2011 $
Loss before income taxes	(1,374,759)	(2,325,952)
Expected income tax (recovery) at statutory rates	(368,000)	(698,000)
Adjustment to expected income tax benefit:		
Impact of future change in enacted tax rates		(117,000)
Stock-based compensation	42,000	305,000
Non-deductible amounts for tax purposes	12,000	14,000
Other	(233,110)	(190,864)
Share issue costs	(60,000)	-
Deferred income tax (expense) recovery	(607,110)	(686,864)

The following table reflects deferred income tax assets (liabilities):

	2011 $	2010 $
Non-capital losses	193,000	273,000
Exploration and evaluation properties	(1,946,000)	(990,000)
Unclaimed share issue costs	214,000	210,000
Other temporary differences	34,000	9,000
Net deferred income tax (liabilities)	(1,505,000)	(480,000)

The Company has approximately $4,835,000 of Canadian development and exploration expenditures as at October 31, 2012, which under certain circumstances can be used to reduce the taxable income of future years. The Company has also incurred non-capital losses for income tax purposes of approximately $770,000 at October 31, 2012 which under certain circumstances can be used to reduce the taxable income of future years. These non-capital losses expire as follows:

Year of Expiry	Amount
2029	$ 308,000
2030	152,000
2031	310,000
	$ 770,000

16. SUBSEQUENT EVENTS

On November 22, 2012, 100,000 stock options to purchase common shares expired unexercised.

On November 30, 2012, the Company issued 12,500 common shares and 12,500 warrants to purchase common shares of the Company at a price $0.25 to the Mattagami First Nation and the Matachewan First Nation pursuant to the agreement entered into in October 2011.

On December 19, 2012, the Company completed a private placement for aggregate proceeds of $3,000,640. Pursuant to the offering, the Company issued and sold: (i) 6,615,045 units, at a price of $0.11 per unit, for gross proceeds of $727,650; and (ii) 18,942,000 flow-through units, at a price of $0.12, for gross proceeds of $2,273,000. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant and each flow-through unit was comprised of one flow through common share of the Company and one-half of one warrant. Each Warrant is exercisable to acquire one common share of the Corporation at a price of $0.14 to December 19, 2014.