

ALMO CAPITAL CORP.

Financial Statements

For the Years Ended October 31, 2014 and 2013

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Almo Capital Corp.,

We have audited the accompanying financial statements of Almo Capital Corp. which comprise the statements of financial position as at October 31, 2014 and 2013, and the statements of comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also 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 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 financial statements present fairly, in all material respects, the financial position of Almo Capital Corp. as at October 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital, limited sources of revenue, and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



CHARTERED ACCOUNTANTS

Vancouver, Canada
February 26, 2015

ALMO CAPITAL CORP.
Statements of Financial Position
As at October 31,
(Expressed in Canadian Dollars)

	2014	2013
	\$	\$
ASSETS		
Current Assets		
Cash	9,785	15,812
Amounts receivable	2,484	13,791
	12,269	29,603
Exploration and evaluation assets (Note 3)	1,286,634	1,276,040
Equipment (Note 4)	1,301	1,598
	1,300,204	1,307,241
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	18,362	28,935
Due to related party (Note 5)	1,930	211
	20,292	29,146
Non-current Liability		
Loan payable (Note 6)	821,672	733,672
	841,964	762,818
Shareholders' Equity		
Share capital (Note 7)	1,389,307	1,389,307
Reserves	171,133	171,133
Deficit	(1,102,200)	(1,016,017)
	458,240	544,423
	1,300,204	1,307,241

These financial statements were authorized for issue by the Board of Directors on February 26, 2015.
They are signed on the Company's behalf by:

"Ram Vallabh"	Director	"William McKibbin"	Director
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The accompanying notes are an integral part of these financial statements.

ALMO CAPITAL CORP.
Statements of Comprehensive Loss
For The Years Ended October 31,
(Expressed in Canadian Dollars)

	2014	2013
	\$	\$
OPERATING EXPENSES		
Accounting and audit	13,436	17,000
Automobile	4,081	2,486
Bank charges and interest	290	387
Depreciation	297	467
Legal fees	4,223	26,075
Meals, entertainment and travel	1,475	110
Office and miscellaneous	7,535	1,317
Report writing fees	3,658	15,508
Telephone and utilities	2,868	2,358
Trust and filing fees	10,268	21,625
Wages	38,057	36,724
Loss from operations	(86,188)	(124,057)
Other items		
Gain on forgiveness of debt	-	56,630
Interest income	5	-
Write-down of exploration and evaluation assets	-	(121,000)
Net loss and comprehensive loss for the year	(86,183)	(188,427)
Loss per common share – basic	(0.02)	(0.04)
Weighted-average number of common shares outstanding	5,356,410	5,356,410

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

ALMO CAPITAL CORP.
Statements of Changes in Equity
For The Years Ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Reserves - Equity-settled employee benefits	Deficit	Total Equity
	#	\$	\$	\$	\$
Balance as at October 31, 2011	5,356,410	1,389,307	171,133	(827,590)	732,850
Net loss for the year	-	-	-	(188,427)	(188,427)
Balance as at October 31, 2013	5,356,410	1,389,307	171,133	(1,016,017)	544,423
Net loss for the year	-	-	-	(86,183)	(86,183)
Balance as at October 31, 2014	5,356,410	1,389,307	171,133	(1,102,200)	458,240

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

ALMO CAPITAL CORP.
Statements of Cash Flows
For The Years Ended October 31,
(Expressed in Canadian Dollars)

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(86,183)	(188,427)
Items not affecting cash:		
Depreciation	297	467
Gain on forgiveness of debt	-	(56,630)
Write-down of exploration and evaluation assets	-	121,000
	(85,886)	(123,590)
Changes in non-cash working capital items:		
Amounts receivable	11,307	(6,567)
Accounts payable and accrued liabilities	(10,573)	9,612
Due to related party	1,719	(29,064)
Net cash used in operating activities	(83,433)	(149,609)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(10,594)	(12,944)
Mining tax credit for exploration and evaluation assets	-	250,242
Net cash provided by (used in) investing activities	(10,594)	237,298
FINANCING ACTIVITY		
Increase (decrease) in loan payable	88,000	(79,528)
Change in cash during the year	(6,027)	8,161
Cash, beginning of year	15,812	7,651
Cash, end of year	9,785	15,812

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

ALMO CAPITAL CORP.
Notes to the Financial Statements
For The Years Ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Almo Capital Corp. (“our” or the “Company”) was incorporated on April 16, 1999 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition, exploration and development of mineral properties located in Canada. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “APT.V”.

The head office, registered address, principal address and records office of the Company are located at 603 East 30th Avenue, Vancouver, British Columbia, Canada, V5V 2V7.

These financial statements have been prepared assuming the Company will continue on a going-concern basis, or that it will continue to realize its assets and meet its obligations in the normal course of business. The Company has incurred losses since inception and has an accumulated operating deficit of \$1,102,200 at October 31, 2014 (2013 - \$1,106,017). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate equity and/or debt financing to fund its exploration and administrative expenses. These financial statements contain no adjustments which would likely become necessary should the Company become unable to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the statement of financial position.

Management plans to continue to pursue equity and debt financing to support operations. Management believes this plan will be sufficient to meet the Company’s liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management’s plan will be successful. As noted in Note 6, the Company’s President will fund, additionally, a maximum of \$37,000. Subsequent to the year end, shareholders holding approximately 89% of the issued and outstanding common shares of the Company executed an option agreement whereby the optionee has the exclusive option to purchase 4.5 million of these common shares (representing 84% of the issued and outstanding shares) for \$0.03 per share and the outstanding balance of the loan payable for \$0.06 for each dollar of debt. If the optionee fails to exercise the option, the Company will look to move to the NEX, a separate board of the TSX Venture Exchange, to reduce operating costs and continue looking for financing. These conditions indicate the existence of material uncertainties that cast significant doubt that the Company will be able to continue on a going concern basis. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company’s ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time.

2. Significant Accounting Policies

Statement of Compliance with International Financial Reporting Standards

These financial statements of the Company for the year ended October 31, 2014 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

ALMO CAPITAL CORP.
Notes to the Financial Statements
For The Years Ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

2. Significant Accounting Policies *(cont'd)*

Statement of Compliance with International Financial Reporting Standards *(cont'd)*

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

These financial statements including comparatives have been prepared on the basis of IFRS standards that are effective or available for early adoption on October 31, 2014.

Basis of Presentation

These financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies:

The following are critical judgements that management has made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- there have been no events or changes in circumstances that indicate that the carrying amount of exploration and evaluation assets may not be recoverable

Financial Instruments

The Company's financial assets and financial liabilities are classified as follows:

- Cash is designated as "fair value through profit or loss" and is measured at fair value.
- Amounts receivable, excluding HST/GST, are classified as "loans and receivables" and are measured at amortized cost.
- Accounts payable and accrued liabilities, due to related party and loan payable are classified as "other financial liabilities" and are measured at amortized cost. At October 31, 2014 the recorded amounts approximate fair value.

ALMO CAPITAL CORP.
Notes to the Financial Statements
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2. Significant Accounting Policies (*cont'd*)

Financial Assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise trade and other receivables excluding HST/GST.

iii. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

Financial Liabilities

The Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date.

The Company does not have any derivative financial assets and liabilities.

Exploration and Evaluation Assets and Expenditures

Once a license to explore an area has been secured, expenditures on exploration and evaluation assets are capitalized and classified as a non-current asset.

ALMO CAPITAL CORP.
Notes to the Financial Statements
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(Expressed in Canadian Dollars)

2. Significant Accounting Policies *(cont'd)*

Exploration and Evaluation Assets and Expenditures *(cont'd)*

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest, as described in Impairment of Assets. To the extent that exploration and evaluation expenditures are not expected to be recovered, they are charged to the statement of comprehensive loss.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Impairment of Assets

At each reporting period, management reviews all assets for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

Equipment

Assets are measured at historical cost less accumulated depreciation and impairment losses. Depreciation is charged on the declining balance basis over the useful lives of these assets. Residual values, depreciation methods and useful economic lives are reviewed and adjusted if appropriate, at each reporting date.

Depreciation is recognized using the declining balance method at the following annual rates:

Automobile	30%
Equipment	20%

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2. Significant Accounting Policies *(cont'd)*

Equipment *(cont'd)*

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off. Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash at banks and on hand, short-term deposits with an original maturity of three months or less, and bank overdrafts. The Company had no cash equivalents at October 31, 2014 or October 31, 2013.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

Share-Based Compensation and Reserves

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense with a corresponding increase in the equity-settled employee benefits reserve. Consideration received on the exercise of stock options is recorded as share capital and the related reserve amount is transferred to share capital.

Loss per Share

Basic loss per common share is calculated using the weighted-average number of common shares outstanding during the period. Diluted loss per share is not presented as it is anti-dilutive.

Deferred Income Taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions.

ALMO CAPITAL CORP.
Notes to the Financial Statements
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2. Significant Accounting Policies (*cont'd*)

Deferred Income Taxes (*cont'd*)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Recent Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Those that may be applicable to the Company are as follows:

Accounting Standards Issued and Effective January 1, 2014 or Later

IFRS 9, *Financial Instruments*, replaces the current standard IAS 39, *Financial Instruments: Recognition and Measurement*, replacing current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

IAS 32, *Financial Instruments: Presentation*, establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities, and enhances financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance, and cash flows.

3. Exploration and Evaluation Assets

Title Disclaimer

As at October 31, 2014, all of the Company's mineral properties are located in British Columbia, Canada. Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, all of its properties are in good standing.

All titles to the Company's mineral properties are being held in trust by the Company's President.

ALMO CAPITAL CORP.
Notes to the Financial Statements
For The Years Ended October 31, 2014 and 2013
(Expressed in Canadian Dollars)

3. Exploration and Evaluation Assets (cont'd)

	October 31, 2014	Net Additions (Recoveries)	October 31, 2013	Net Additions (Recoveries)	October 31, 2012
	\$	\$	\$	\$	\$
BRITISH COLUMBIA					
DD Property					
Acquisition	8,870	-	8,870	(1,811)	10,681
Assays and IP survey	41,683	-	41,683	(8,507)	50,190
Consulting	64,135	-	64,135	(13,088)	77,223
Geologist	191,706	3,171	188,535	(23,273)	211,808
Field expenses	57,504	-	57,504	(11,735)	69,239
Property costs written off	(121,000)	-	(121,000)	(121,000)	-
	242,898	3,171	239,727	(179,414)	419,141
Moore Property					
Acquisition	5,985	-	5,985	(1,221)	7,206
Assays and IP survey	34,680	1,081	33,599	(6,417)	40,016
Consulting	21,505	-	21,505	(4,183)	25,688
Geologist	198,326	3,171	195,155	(24,624)	219,779
Field expenses	2,062	-	2,062	(421)	2,483
Drilling	612,840	-	612,840	(123,515)	736,355
	875,398	4,252	871,146	(160,381)	1,031,527
Nickel-Cobalt Property					
Acquisition	3,573	-	3,573	(729)	4,302
Consulting	4,429	-	4,429	(904)	5,333
Geologist	157,506	3,171	154,335	(16,292)	170,627
Field expenses	2,627	-	2,627	(578)	3,205
Drilling	203	-	203	-	203
	168,338	3,171	165,167	(18,503)	183,670
Total exploration and evaluation assets					
	1,286,634	10,594	1,276,040	(358,298)	1,634,338

DD Property

By an agreement dated April 30, 2003 (amended August 25, 2003 and September 5, 2003) the Company acquired a 50.01% interest (subject to a 3% Net Smelter Returns ("NSR") royalty) in 17 mineral claims located in the Cariboo Mining Division, for consideration of:

- \$1.01 cash on approval of the agreement by the TSX Venture Exchange (paid); and
- Incurring exploration expenditures totaling \$200,000 on or before April 30, 2006 (incurred)

For the year ended October 31, 2013, four claims were allowed to lapse, resulting in the write-off of \$121,000 in exploration and evaluation expenditure costs.

ALMO CAPITAL CORP.
Notes to the Financial Statements
For The Years Ended October 31, 2014 and 2013
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3. Exploration and Evaluation Assets (cont'd)

Moore Property

By an agreement dated September 10, 2004, the Company had an option to acquire a 100% interest in 34 mineral claims located in the Kamloops Mining Division. In order to earn its 100% interest in this property the Company was required to pay \$5,000 and incur \$50,000 in exploration expenditures over four years from the agreement date (incurred). In 2007, the Company satisfied all conditions of the option agreement and currently has a 100% interest in this property.

Nickel Cobalt Property

By an agreement dated March 25, 2007, the Company had acquired a 52% interest in 8 mineral claims comprising 1,429 hectares located in the New Westminster Mining Division, British Columbia. These claims are subject to a 3% NSR royalty. This property interest was acquired for \$5,000, of which \$100 has been paid and the balance remains payable.

The DD and Nickel Cobalt property agreements are with a company whose principal shareholder is related to the President of the Company. The net smelter return royalties are payable to relatives of the President of the Company.

On July 12, 2013, the Company executed a Right of First Refusal Agreement with the President of the Company and a company controlled by him. Pursuant to this agreement, if the Company wishes to abandon, sell, transfer, or otherwise dispose of all or any of its existing properties, it must offer, in writing, the President and/or the company controlled by him the prior right to purchase, receive, or otherwise acquire the properties as follows:

- (a) on the same terms and conditions as those received from the third party if a bona fide offer to purchase the properties is received; or
- (b) if a third party offer is not received and the Company intends to abandon the properties, for nominal consideration.

This agreement was amended on November 4, 2013, to specify that the Right of First Refusal is granted as consideration for the President and the company controlled by him having waived their rights to receive certain accrued and unpaid interest under loans payable to them (see Note 6).

ALMO CAPITAL CORP.
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4. Equipment

	Automobile	Equipment	Total
	\$	\$	\$
Cost			
Balance, October 31, 2012	13,427	2,685	16,112
Additions	-	-	-
Balance, October 31, 2013	13,427	2,685	16,112
Additions	-	-	-
Balance, October 31, 2014	13,427	2,685	16,112
Accumulated depreciation			
Balance, October 31, 2012	12,391	1,656	14,047
Depreciation	277	190	467
Balance, October 31, 2013	12,668	1,846	14,514
Depreciation	170	127	297
Balance, October 31, 2014	12,838	1,973	14,811
Net book value			
Balance, October 31, 2012	1,036	1,029	2,065
Balance, October 31, 2013	759	839	1,598
Balance, October 31, 2014	589	712	1,301

5. Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended October 31, 2014, the Company paid or accrued \$11,342 (2013 - \$7,198) to its President for out of pocket expenses.

As at October 31, 2014, the Company owes its President \$1,930 (2013 - \$211) for cash advances, and miscellaneous administrative expenditures paid on behalf of the Company. This amount is unsecured, non-interest bearing, payable on demand and has no fixed terms of repayment.

Also see Note 6.

6. Loan Payable

The loan payable is due to the President of the Company and private companies controlled by him. In 2013, the loan was amended, extending the maturity date from August 31, 2013 to August 31, 2018. Pursuant to the amendment to the loan agreement, the principal is to be repaid on September 1, 2018. Under the amendment, the lenders and borrowers have agreed to waive the payment of interest effective November 1, 2011. At October 31, 2013, the President advised that he could advance up to an additional \$150,000 to the Company. During the year, he advanced \$88,000 and subsequent to the year end he advanced \$25,000 resulting in an available balance of \$37,000. The amount owing consists of the following:

	2014	2013
	\$	\$
Principal	724,878	636,878
Accrued interest	96,794	96,794
Total	821,672	733,672

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Notes to the Financial Statements
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7. Share Capital

(a) Authorized

Unlimited common shares without par value.

(b) Issued

Refer to “Statements of Changes in Equity”.

(c) Share Purchase Options

The Company adopted an incentive stock option plan (“the Plan”) which provides that the number of shares issuable under the Plan may not exceed 535,641. Options granted under the Plan may have a maximum term of 5 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on the grant date, or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange.

The continuity of share purchase options for the years ended October 31, 2014 and 2013 is as follows:

	2014		2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance at the beginning of the year	284,253	0.29	284,253	0.29
Granted	-	-	-	-
Expired	(284,253)	-	-	-
Outstanding, end of the year	-	-	284,253	0.29
Exercisable, end of the year	-	-	284,253	0.29

At October 31, 2014, the weighted-average remaining contractual life of stock options outstanding is nil year (October 31, 2013 – 0.48 years)

8. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery for the years ended October 31, 2014 and 2013 is as follows:

	2014	2013
	\$	\$
Net loss for the year	(86,183)	(188,427)
Effective statutory rate	26.00%	25.59%
Expected income tax recovery	(22,408)	(48,218)
Net effect of deductible and non-deductible amounts	147	31,097
Valuation allowance	22,261	17,121
	-	-

ALMO CAPITAL CORP.
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8. Income Taxes (cont'd)

Deferred income tax assets (liabilities) reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred income tax assets at October 31, 2014 and 2013 are as follows:

	2014	2013
	\$	\$
Deferred income tax assets (liabilities):		
Exploration and evaluation assets	34,478	34,478
Non-capital loss carry forwards	215,280	192,920
Capital loss carry forwards	106,499	106,499
Equipment	3,851	3,774
Potential deferred income tax assets	360,108	337,671
Valuation allowance	(360,108)	(337,671)
	-	-

The Company has non-capital losses of approximately \$828,000 expiring in stages to 2034 as follows:

Expiry Date	\$
2014	23,000
2015	14,000
2026	213,000
2027	91,000
2028	91,000
2030	73,000
2031	114,000
2032	56,000
2033	67,000
2034	86,000
	828,000

The Company has Canadian resource pools of approximately \$1,419,000 and capital losses of approximately \$410,000 at October 31, 2014.

9. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its projects. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents. There are no external restrictions on the use of the Company's capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and its ability to compete for investment or support of its projects.

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10. Financial Instruments and Financial Risk Factors

Financial Instruments

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

The carrying values, fair market values, and fair value hierarchal classification of the Company's financial instruments are as follows:

	Level 1	Level 2	Level 3	Total
October 31, 2014	\$	\$	\$	\$
Cash	9,785	-	-	9,785
October 31, 2013	\$	\$	\$	\$
Cash	15,812	-	-	15,812

Cash is measured using Level 1. The Company does not have any financial instruments that are measured using Level 2 or Level 3 inputs. During the year, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

Financial Risk Factors

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with two major banks in Canada. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit, quality financial institutions as determined by rating agencies.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at October 31, 2014, the Company had cash of \$9,785 to settle current liabilities of \$20,292.

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11. Events Subsequent to the Year End

Subsequent to the year end, the President of the Company and private companies controlled by him advanced an additional \$25,000 to the Company.