Condensed Consolidated Interim Financial Statements

HONEY BADGER EXPLORATION INC

September 30, 2015

(expressed in Canadian dollars)

(Unaudited)

Responsibility for Financial Statements

The accompanying condensed consolidated interim financial statements for Honey Badger Explorations Inc. have been prepared by management in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

The auditors of Honey Badger Exploration Inc. has not performed a review of the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2015.

HONEY BADGER EXPLORATION INC
Condensed consolidated interim statements of financial position
(expressed in Canadian dollars)

	September 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 138,622	$ 180,099
HST/QST receivable	4,004	26,486
Marketable securities (note 3)	140,600	86,100
Prepaid expenses	-	16,042
Total Assets	$ 283,226	$ 308,727
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	$ 130,815	$ 529,372
Deferred premium on flow-through shares (note 6)	56,865	64,230
	187,680	593,602
Equity		
Share Capital (note 7)	5,349,565	5,349,565
Reserves (note 8 & 9)	1,628,631	1,512,986
Deficit	(6,882,650)	(7,147,426)
	95,546	(284,875)
Total Equity and Liabilities	$ 283,226	$ 308,727

Mineral property and deferred exploration (note 5)

See accompanying notes to the financial statements

HONEY BADGER EXPLORATION INC
Condensed consolidated interim statements of Comprehensive loss
(expressed in Canadian dollars)

	Three months ended September 30, **2015**	Three months ended September 30, 2014	Nine months ended September 30, **2015**	Nine months ended September 30, 2014
Revenue	$ -	$ -	$ -	$ -
Expenses				
General and administrative (note 5)	$ **8,615**	$ 76,498	$ **75,703**	$ 243,869
Stock-based compensation	**-**	86,458	**-**	86,458
Deferred flow through premium benefits	**-**	-	**(7,365)**	-
Write down of deferred compensation	**(297,777)**	-	**(397,777)**	-
Loss on marketable securities (note 3)	**(355)**	(133)	**33,350**	(133)
Other expense (income)	**(519)**	(47)	**(665)**	(678)
Exploration expenditures (note 4)	**(21,321)**	64,316	**31,978**	105,969
	(311,357)	227,092	**(264,776)**	435,485
Net Income (Loss)	**311,357**	(227,092)	**264,776**	(435,485)
Comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale marketable securities arising during the period	**49,095**	(11,800)	**82,295**	(6,300)
Reclassification of unrealized gain on sale of marketable securities	**(28,150)**	-	**33,350**	-
Total comprehensive income (loss)	$ **332,302**	$ (238,892)	$ **380,421**	$ (441,785)
Basic and diluted net income (loss) per share (note 10)	$ **0.00**	$ 0.00	$ **0.00**	$ 0.00

See accompanying notes to the financial statements

HONEY BADGER EXPLORATION INC
Condensed consolidated interim statement of cash flows
(expressed in Canadian dollars)

For the nine months ended September 30,	2015	2014
Operating Activities		
Net Loss	$ 264,776	$ (435,485)
Items not requiring an outlay of cash:		
Recovery of deferred compensation	(397,777)	-
Deferred flow-through premium benefits	(7,365)	-
Reclassification of unrealized gain of marketable securities on sale	61,145	-
Net change in working capital items:		
Increase in accounts payable	(780)	181,264
Decrease in HST/QST receivable	22,482	(10,355)
Decrease in prepaid expense	16,042	-
	(41,477)	(178,118)
Net change in cash and cash equivalents	(41,477)	(137,818)
Cash and cash equivalents, beginning of period	180,099	245,649
Cash and cash equivalents, end of period	$ 138,622	$ 107,831

See accompanying notes to the financial statements

HONEY BADGER EXPLORATION INC
Condensed consolidated interim statements of changes in equity
(expressed in Canadian dollars)

	Share Capital		Reserves				
	Number of shares	Amount $	Contributed surplus $	Warrants $	Available for sale financial assets $	Deficit $	Total $
Balance, December 31, 2013,	70,880,717	5,227,197	1,223,684	152,900	-	(7,051,402)	(447,621)
Expiry of warrants	-	-	53,600	(53,600)	-	-	-
Stock-based payments	-	-	86,450	-	-	-	86,450
Unrealized gain on marketable securities	-	-	-	-	(6,300)	-	(6,300)
Net loss for the period	-	-	-	-	-	(435,485)	(435,485)
Balance, September 30, 2014	70,880,717	5,227,197	1,363,734	99,300	(6,300)	(7,486,887)	(802,956)
Private placement	6,449,800	322,490	-	-	-	-	322,490
Warrants issued on private placement	-	(76,600)	-	76,600	-	-	-
Share issue costs	-	(59,292)	-	16,952	-	-	(42,340)
Deferred premium on flow-through shares	-	(64,230)	-	-	-	-	(64,230)
Unrealized loss on marketable securities	-	-	-	-	(37,300)	-	(43,600)
Net loss for the period	-	-	-	-	-	339,461	(96,024)
Balance, December 31, 2014	77,330,517	5,349,565	1,363,734	192,852	(43,600)	(7,147,426)	(284,875)
Reclassification of unrealized marketable securities	-	-	-	-	33,350	-	33,350
Unrealized loss on marketable securities	-	-	-	-	82,295	-	82,295
Net loss for the period	-	-	-	-	-	264,776	264,776
Balance, September 30, 2015	77,330,517	5,349,565	1,363,734	192,852	72,045	(6,882,650)	95,546

See accompanying notes to the financial statements

1. Nature of operations and going concern

Honey Badger Exploration Inc. (the "Company") was founded in 1992 for the purpose of the acquisition, exploration and development of mining properties. The Company's head office is located at 141 Adelaide Street West, Suite 520, Toronto, Ontario, M5H 3L5.

The accompanying condensed consolidated interim financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company is currently in the exploration stage and has not commenced commercial operations. As at September 30, 2015, the Company has a working capital of $95,546, an accumulated deficit of $6,882,650 and is not yet generating operating cash flows. As such, there is significant doubt regarding the Company's ability to continue as a going concern.

Management believes that it can raise sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its mining interest expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Accordingly, the condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore 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 condensed consolidated interim financial statements.

2. Basis of presentation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries 606596 Alberta Ltd., which is not active and has no assets or liabilities in the current or prior year.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these condensed consolidated interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Accordingly, they do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014. The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period, except as noted below. Furthermore, the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on November 27 2015.

3. Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Marketable securities are designated as available for sale and valued at fair value. Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than temporary losses, are recorded as other comprehensive income or loss.

4. Mineral Properties and Deferred Exploration Expenditures

(a) Limonite Creek Property, British Columbia

The claims were renewed and are in good standing until July 2016.

(b) Sagar Property, Quebec

On February 28, 2014, the Company entered into a purchase and sale agreement with Energizer Resources Inc. ("Energizer"), a company related by common management. On July 31, 2014 (the "Effective Date") the purchase and sale agreement was replaced by an option agreement (the "Option Agreement") entered into between the Company and Energizer pursuant to which the Company was granted an earn in option to acquire an interest in the Sagar Property in consideration of cash payments, share issuances and work commitment expenditures. This option agreement was further revised on May 8, 2015 with the below noted terms.

Terms of the Option Agreement, Effective May 8 2015

- To earn a 35% interest in the Sagar Property, HBE must pay Energizer $50,000 by December 31, 2015, incur work expenditures in the amount of $500,000 on the Sagar Property by December 31, 2016 and issue 20,000,000 of its common shares to Energizer by December 31, 2015.
- To earn a further 20% interest (55% in aggregate), HBE must pay Energizer a further $100,000 by December 31, 2016, incur work expenditures in the amount of $750,000 ($1,250,000 in aggregate) on the Sagar Property by December 31, 2017 and issue to Energizer the lesser of 15% of HBE's issued and outstanding shares or 35,000,000 shares on or before December 31, 2016, which includes the 20,000,000 initial shares.
- To earn a further 10% interest (65% in aggregate), HBE must pay Energizer a further $200,000 by December 31, 2017 and incur work expenditures in the amount of $1,250,000 ($2,500,000 in aggregate) on the Sagar Property by December 31, 2018.
- To earn a further 10% interest (75% in aggregate), HBE must pay Energizer a further $300,000 by December 31, 2018 and incur work expenditures in the amount of $2,000,000 ($4,500,000 in aggregate) on the Sagar Property by December 31, 2019.
- Once these conditions have been satisfied, HBE will be granted an option to acquire the remaining 25% interest in the Sagar Property by paying Energizer an additional lump sum of $2,000,000 and issue the lesser of 19.5% of HBE's issued and outstanding shares or 60,000,000 shares, which includes the amount of all shares previously issued.
- Pursuant to the Option Agreement, HBE has agreed to assume Energizer's royalty obligations in connection with the Sagar Property upon earning an interest in such property.

(expressed in Canadian dollars)

4. Mineral Properties and Deferred Exploration Expenditures - continued

Agreement with Virginia Mines Inc.
Pursuant to a letter of intent (the "Virginia Agreement") entered into on April 27, 2006 between Virginia Mines Inc. ("Virginia") and Energizer, Virginia holds a 1.5% net smelter return royalty (the "Virginia Royalty") affecting 182 mining claims included in the Sagar Property. In addition, Virginia had (i) a right of first refusal (the "Right of First Refusal") on any sale, assignment or transfer of Energizer's interests and a back in right ("Back In Right"). On July 17, 2014 Virginia entered into a waiver agreement ("Waiver") whereby it waived all of its rights under the Virginia Agreement in connection with the Right of First Refusal and the Back In Right. The Waiver is effective upon receipt by Virginia of 1,000,000 common shares of the Company. As at September 30, 2015 no shares have been granted to Virginia in connection with the Waiver. This agreement is subject to TSXV approval.

(c) LG Diamond Project, James Bay Region of Quebec
On September 29, 2015, the Company entered into an agreement to acquire the LG Diamond Project located in the Jamesie County Municipality, James Bay Region of Quebec. The property consists of 2,275 hectares and as consideration, the Company will issue 10,000,000 common shares (subject to a four months plus one day hold period) and the grant of a 2% net smelter returns ("NSR") royalty to the Vendor. One half, or 1% of the NSR maybe bought back for $1,000,000 and the remaining 1% for $2,000,000.
The purchase transaction closed on October 23, 2015.

5. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior management. Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The following are the related party transactions for the nine months ended September 30, 2015:

During the nine months ended September 30, 2015, the Company paid $Nil (2014 - $12,625) to directors and key management and was included in general and administrative expenses, relating to services provided.

6. Deferred Premium on Flow Through Shares

The following summarizes the deferred premium on flow through transactions for the nine months ended September 30, 2015 and the year ended December 31, 2014.

	September 30, 2015	**December 31, 2014**
Balance, begining of period	$ 64,230	$ -
Recorgnized on issuance of flow through shares	-	64,230
Recorded to statement of operations	7,365	-
Balance, end of period	$ 56,865	$ 64,230

(expressed in Canadian dollars)

7. Share capital

a) Authorized share capital

At September 30, 2015, the authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At September 30, 2015 and December 31, 2014, the issued share capital amounted to $ 5,349,565.

8. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statement of loss and comprehensive loss using the Black Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following table reflects the continuity of share options for the nine months ended September 30, 2015:

	Options	**Weighted Avg. Exercise Price**
Balance, December 31, 2013	4,930,000	0.10
Expired	(625,000)	0.10
Granted	2,780,000	0.10
Balance, December 31, 2014	7,085,000	0.10
Cancelled and expired	(2,070,000)	0.10
Balance, September 30, 2015	5,015,000	0.10

(expressed in Canadian dollars)

8. Share Options - continued

The following table reflects the actual share options issued and outstanding as at September 30, 2015.

No. of options Outstanding and Exercisable	Exercise Price	Expiry Date
1,035,000	0.10	June 30, 2016
2,130,000	0.10	December 31, 2015
695,000	0.10	June 19, 2016
1,155,000	0.10	October 5, 2016
5,015,000	0.10	

9. Warrants

The exercise price, expiry rate and fair value assigned to the warrants issued and outstanding as at September 30, 2015 are as follows:

Expiry Date	Warrants	Exercise Price	Fair Value
September 27, 2016	7,010,000	$ 0.20	$ 99,300
December 12, 2016	427,000	0.05	16,952
December 12, 2016	6,449,800	0.05	76,600
	13,886,800	$ 0.13	192,852

10. Income (Loss) per Share

The following table sets out the computation for basic and diluted loss per share for the nine months ended September 30, 2015 and 2014:

	2015	2014
Net Income (Loss) attributed to common shareholders - basic and diluted	**$ 264,776**	$ (435,485)
Weighted average number of common shares outstanding - basic and diluted	**77,330,517**	70,880,717
Basic and diluted income (loss) per share	**$ 0.00**	$ (0.01)

The options and warrants for the nine months ended September 30, 2015 and 2014 were excluded from the computation of diluted loss per share as the potential effect was anti-dilutive.

11. Capital Management

The Company's capital is composed of shareholders' capital. 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 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 intends to 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 and 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 period ended September 30, 2015. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

12. Financial Risk Factors

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

a) Credit risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company has a working capital of $95,546. The Company had a cash balance of $138,622 to settle current financial liabilities of $187,680. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As a result, the Company has significant exposure to liquidity risk.

c) Market risk

i) Interest rate risk

As the Company has cash balances and no interest bearing debt. Interest rate risk is remote.

ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. Price risk is insignificant at this time since the Company is not a producing entity.

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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken.

12. Financial Risk Factors - continued

iii) Sensitivity analysis

The Company's marketable securities consist of equity investments in various publicly listed entities. 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:

A variance of 75% in the market value of the Company's marketable securities would affect comprehensive income by $105,450.

d) Fair value

The fair values of the Company's cash and cash equivalents, HST/QST receivable and accounts payable and accrued liabilities approximate their carrying values because of the short term nature of these instruments.

13. Commitments

For the calendar year ended December 31, 2013 there is uncertainty regarding the eligibility of certain payments made qualifying as eligible flow-through expenditures (as defined within the Income Tax Act of Canada) within prescribed time frames. Accordingly, the Company has set up a provision totalling $100,973. The provision has been included in accounts payable and accrued liabilities as at September 30, 2015 and December 31, 2014.

In connection with the December 2014 private placement, the Company is committed to incur a total of $281,660 in qualifying resource expenditures by December 31, 2015.