

EQUITORIAL EXPLORATION CORP.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014
(Unaudited – Prepared by Management)

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NOTICE – NO Auditor Review of the Consolidated Interim Financial Statements

The accompanying unaudited consolidated interim financial statements of Equitorial Exploration Corp. (“the Company”), for the nine months ended September 30, 2015 have been prepared by management and have not been the subject of a review by the Company’s external independent auditor.

Equitorial Exploration Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30 2015	December 31 2014
ASSETS		
Current		
Cash and cash equivalents	\$ 9,683	\$ 82,317
Accounts receivable (Note 5)	3,273	3,917
Loan receivables (Note 10 and 13 (b)))	956,660	453,774
Prepaid	48,208	90,875
Due from a related party (Note 9)	684	7,005
	<u>1,018,508</u>	<u>637,888</u>
Investment in associates (Note 10)	1,609,247	1,882,814
Property acquisition costs (Note 6)	1,172,963	1,072,963
	<u>\$ 3,800,718</u>	<u>\$ 3,593,665</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	\$ 70,100	\$ 21,458
Accrued liabilities	12,000	39,200
Loan Payable (Note 11)	108,614	102,630
Due to related parties (Note 9)	708,871	615,005
	<u>899,585</u>	<u>778,293</u>
Shareholders' equity		
Share capital (Note 7)	5,469,226	4,707,524
Shares subscribed (Note 13)	100,000	134,975
Contributed surplus (Note 8)	477,010	462,187
Deficit	(3,221,255)	(2,579,191)
	<u>2,824,981</u>	<u>2,725,495</u>
Non-controlling interest	76,152	89,877
	<u>\$ 3,800,718</u>	<u>\$ 3,593,665</u>

Nature of Operations (Note 1)

Subsequent Events (Note 13)

Approved on behalf of the Board on November 23, 2015:

"Dean Pekeski"
Signed

"Troy Nikolai"
Signed

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

Equitorial Exploration Corp.
Consolidated Interim Statements of Loss and 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
Expenses				
Accounting and audit	\$ 9,000	\$ 9,000	\$ 33,750	\$ 30,000
Bank charges	277	791	1,453	3,105
Consulting fees (Note 9)	41,527	84,553	127,312	272,993
Exploration expenses (Note 6)	-	17,727	-	186,085
Filing fees	1,807	500	14,450	19,945
Foreign exchange	(63)	(9,602)	(390)	(7,246)
Interest expenses	5,555	614	10,647	614
Legal	2,670	32,341	18,971	104,589
Office expenses	875	3,318	1,921	13,275
Rent (Note 9)	13,119	18,039	41,041	43,300
Shareholder's information	37,296	802	125,417	802
Stock based compensation	-	-	-	223,600
Transfer agent fees	1,466	2,075	7,735	6,897
Travel	72	4,131	178	19,702
	113,601	164,289	382,485	917,661
Net loss before other income	(113,601)	(164,289)	(382,485)	(917,661)
Other income				
Loss from investment in associate (Note 10)	(107,366)	(138,564)	(273,567)	(278,484)
Interest income	113	-	263	30
Loss and comprehensive loss for the period	\$ (220,854)	\$ (302,853)	\$ (655,789)	\$ (1,196,115)
Loss and comprehensive loss attributable to non-controlling interest	(194)	4,704	13,725	92,180
Loss and comprehensive loss attributable to shareholders of the Company	\$ (221,048)	\$ (298,149)	\$ (642,064)	\$ (1,103,935)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of shares outstanding	39,783,385	30,469,872	38,552,353	26,527,763

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

Equitorial Exploration Corp.
Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Share Capital & Shares subscribed	Contributed Surplus	Deficit	Shareholders' Equity	Non- controlling interest
Balance, December 31, 2014	34,276,908	\$ 4,842,499	\$ 462,187	\$ (2,579,191)	\$ 2,725,495	\$ 89,877
Private placements – net	6,841,506	634,755	-	-	634,755	-
Shares subscribed	-	100,000	-	-	100,000	-
Fair value of brokers warrants issued	-	(14,823)	14,823	-	-	-
Exercise of warrants	56,625	6,795	-	-	6,795	-
Investment from non-controlling interest	-	-	-	-	-	(13,725)
Loss for the period	-	-	-	(642,064)	(642,064)	-
Balance September 30, 2015	41,175,039	\$ 5,569,226	\$ 477,010	\$ (3,221,255)	\$ 2,824,981	\$ 76,152
Balance, December 31, 2013	15,684,000	\$ 1,485,570	\$ 162,465	\$ (977,115)	\$ 670,920	\$ 86,019
Private placements – net	11,809,931	1,644,492	-	-	1,644,492	-
Fair value of brokers warrants issued	-	(112,930)	112,930	-	-	-
Shares issued as per acquisition agreement (Note 10)	5,000,000	750,000	-	-	750,000	-
Shares issued for finder's fee as per acquisition agreement (Note 10)	500,000	75,000	-	-	75,000	-
Exercise of warrants	314,000	37,680	-	-	37,680	-
Fair value of warrants exercised	-	22,891	(22,891)	-	-	-
Finder's fee (Note 10)	-	(75,000)	-	-	(75,000)	-
Fair value of stock options granted	-	-	223,600	-	223,600	-
Investment from non-controlling interest	-	-	-	-	-	(92,180)
Loss for the period	-	-	-	(1,103,935)	(1,103,935)	-
Balance September 30, 2014	33,307,931	\$ 3,827,703	\$ 476,104	\$ (2,081,050)	\$ 2,222,757	\$ (6,161)

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

Equitorial Exploration Corp.
Consolidated Interim Statements of Cash Flows
(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
Cash flows from (used in)				
Operating activities				
Loss for the period	\$ (220,854)	\$ (302,853)	\$ (655,789)	\$ (1,196,115)
Items not affecting cash:				
Accrued interest on loans	2,017	614	5,984	614
Loss on investment in associates	107,366	138,564	273,567	278,484
Stock-based compensation	-	-	-	223,600
	(111,471)	(163,675)	(376,238)	(693,417)
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	2,914	(5,311)	644	9,731
(Increase) decrease in prepaid expenses	37,296	(74,490)	42,667	(80,372)
(Increase) decrease in assets held for sale	-	-	-	255,067
Increase (decrease) in due to related parties	21,235	80,957	93,866	146,212
Increase (decrease) in accounts payable and accrued liabilities	(12,667)	10,201	21,442	(15,675)
Cash flows (used in) operating activities	(62,693)	(152,318)	(217,619)	(378,454)
Investing activities				
Loan receivable	(276,739)	-	(502,886)	-
Investment in associates	-	(243,750)	-	(2,060,797)
Due from a related party	-	-	6,321	-
Resource property acquisition costs	(100,000)	-	(100,000)	-
	(376,739)	(243,750)	(596,565)	(2,060,797)
Financing activities				
Common shares	369,711	522,500	713,191	2,559,170
Share issue costs	(30,687)	(58,304)	(71,641)	(126,998)
Shares subscribed	100,000	-	100,000	-
Increase (decrease) in loan payable	-	100,000	-	100,000
	439,024	564,196	741,550	2,532,172
Change in cash during the period	(408)	168,128	(72,634)	92,921
Cash, beginning of the period	10,091	4,900	82,317	80,107
Cash, end of the period	\$ 9,683	\$ 173,028	\$ 9,683	\$ 173,028

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

Equitorial Exploration Corp.
Notes to the Consolidated Interim Financial Statements
September, 2015 and 2014
(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Equitorial Exploration Corp. (the "Company" or "Equitorial") was incorporated on September 21, 2010 under the laws of the British Columbia Business Corporations Act. The Company was listed on TSX Venture Exchange (the "TSX-V") on July 14, 2011. The address of its registered head office is Suite 1400 – 1111 West Georgia St., Vancouver, British Columbia, Canada.

The Company is in the process of exploring its resource properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

At September 30, 2015, the Company had working capital of \$118,923 (December 31, 2014 - deficiency of \$140,405), had not yet achieved profitable operations, has accumulated losses of \$3,221,255 (December 31, 2014 - \$2,579,191) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead, keep its property in good standing and discharge its liabilities as they come due. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned work programs and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any 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 in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements.

Qualifying Transaction and Acquisition

Pursuant to an assignment agreement dated February 28, 2013 as amended by amendment agreement dated April 9, 2013 with Arctic Star Exploration Corp. ("Arctic"), a TSX-V listed company, Arctic assigned to the Company a 60% of Arctic's interest in and to the mineral concession located in Dabeiba, Antioquia, Colombia, known as the El Hávila copper-gold property (the "Property" or the "EL Hávila Property") by way of Arctic transferring a 60% ownership in Arctic's Panamanian subsidiary to the Company. In consideration of the assignment, the Company reimbursed Arctic for the US \$200,000 payment made by Arctic to an original owner of the Property on February 15, 2013. The corporate structure of the interests held by the Company and Arctic, after a completion of the Qualifying Transaction, is that Arctic owns forty percent (40%) and the Company owns sixty percent (60%) of the outstanding shares of a Panamanian company now named Equitorial Exploration International Corp., which owns one hundred percent (100%) of the outstanding shares of a second Panamanian company now named Equitorial Exploration Colombia Corp., which owns one hundred percent (100%) of the outstanding shares of a Colombian company now named Equitorial Exploration Colombia S.A.S., which owns eighty-five percent (85%) interest in the EL Hávila Property. The Company has closed the Qualifying Transaction on May 23, 2013 and consequently, the Company has graduated from being a capital pool company to a "Tier 2" mining issuer on the Exchange.

Equitorial Exploration Corp.
Notes to the Consolidated Interim Financial Statements
September 30, 2015 and 2014
(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS (Continued)

Qualifying Transaction and Acquisition (Continued)

The Company accounted for the acquisition of sixty percent (60%) of the outstanding shares of a Panamanian company now named Equitorial Exploration International Corp. using the acquisition method and the results of operation have been consolidated from May 23, 2013. The allocation of value is as follows:

Cash and cash equivalents	\$ 5,956
Accounts receivable	106
Mineral property acquisition costs	935,696
Trade & other payables	(8,001)
Due to a related party	(600,424)
Non-controlling interest	(133,333)
	<u>\$ 200,000</u>

This transaction has been treated as an asset acquisition as Equitorial Exploration International Corp. and its subsidiaries did not have an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefit directly. The mineral properties acquired currently do not have any proven or probable resources or reserves.

2. BASIS OF PRESENTATION

(a) Statement of compliance and principles of consolidation

These interim consolidated financial statements, as at and for the nine months ended September 30, 2015, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements include the financial statements of the Company and of the entity it controls, its 60%-owned subsidiaries, Equitorial Exploration International Corp., Equitorial Exploration Colombia Corp. and Equitorial Exploration Colombia S.A.S. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant inter-company balances and transactions have been eliminated. In addition, effective March 18, 2014, the Company equity accounts for Mineworx Technologies Inc. (formerly, First Nevada Mining Corp.) ("Mineworx" or "First Nevada") as the Company has significant influence, but not control. (Note 10)

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments, which are measured at fair value. All financial information in these financial statements is presented in Canadian dollars.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits 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. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for its program. The Company does not invest in any asset-backed deposits/investments.

(b) Foreign currency translation

The functional currency of the Company and its subsidiaries, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange 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 recognized in the consolidated statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Impairment of tangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order 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 between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(d) **Deferred income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(e) **Provision for decommissioning and restoration**

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted 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 increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at September 30, 2015 and December 31, 2014, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

(f) **Share-based payments**

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non employees are measured at the fair value of 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 options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

(g) **Earnings (loss) per share**

Basic earnings (loss) per share are calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. For the period presented, dilutive loss per share is equal to basic loss per share.

(h) **Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts, determination of functional currency and provision for restoration, rehabilitation and environmental costs.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

(i) **Mineral properties**

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(j) **Financial instruments**

Financial assets

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

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Cash has been classified under this category.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Accounts and loans receivables and due from a related party have been classified under this category.

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

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

Equitorial Exploration Corp.
Notes to the Consolidated Interim Financial Statements
September 30, 2015 and 2014
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (Continued)

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

Financial liabilities

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

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

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities, loan payable and due to related parties have been classified under this category.

IFRS 7 requires additional disclosures relating to the measurement of fair value for financial instruments and liquidity risk. The disclosure requirement establishes a three level hierarchy that reflects the significance of the inputs used in fair value measurements on financial instruments. The three levels of the fair value hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability; and

Level 3 - Inputs for the asset or liability that are not based on observable market data.

All of the financial instruments measured at fair value on the statement of financial position are included in Level 1. The company does not hold any financial instruments that are measured from Level 2 or Level 3 inputs.

(k) Related party transactions

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 financial and operating decisions. Parties are also considered to be related if they are subject to common control, 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.

Equitorial Exploration Corp.
Notes to the Consolidated Interim Financial Statements
September 30, 2015 and 2014
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investment in Associates

Associates are entities over which the Company has significant influence, but not control. The financial results of the Company's investments in its associates are included in the Company's results according to the equity method. Subsequent to the acquisition date, the Company's share of profits or losses of associates is recognized in the consolidated statements of income (loss).

The Company assesses at each period-end whether there is any objective evidence that its interests in associates are impaired. If the interests are impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the consolidated statements of income (loss).

(m) Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2015, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

i) New standard IFRS 9 Financial Instruments has been issued by IASB to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES

(a) Fair value of financial instruments

The Company's financial instruments at September 30, 2015 consist of cash and cash equivalents, accounts and loan receivables, accounts and loan payables and accrued liabilities, and due from/to related parties. Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying values of accounts and loan receivables, accounts and loan payables and accrued liabilities, and due from/to related parties approximate their fair values because of their nature and respective maturity dates or durations.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2015 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	\$ 9,683	\$ -	\$ -	\$ 9,683
	\$ 9,683	\$ -	\$ -	\$ 9,683

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)

(b) Risk Management

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The Company's receivables consist of mostly GST receivable due from the Federal Government of Canada. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, and cash and cash equivalent holdings. As the Company does not have operating cash flow and the Company has relied primarily on equity financings to meet its capital requirements.

Foreign currency risk

The Company's functional currency is the Canadian dollar and it transacts major purchases in Canadian dollars, Colombian Peso and US dollars. To fund exploration expenses, it maintains a Colombian Peso and US dollars-denominated bank accounts containing sufficient funds to support monthly forecasted cash outflows. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

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4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)

(c) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimises the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes cash, debt and the components of shareholders' equity. 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 Company manages the 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 its capital structure, the Company may issue new shares, issue new debt, and acquire or dispose of assets.

The Company is dependent on the capital markets as its sole source of operating capital. 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 those markets, and by its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. However, it is subject to any regulations and rules imposed by the TSX Venture Exchange in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

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

5. ACCOUNTS RECEIVABLE

	September 30	December 31
	2015	2014
GST receivable	\$ 3,273	\$ 3,917
	\$ 3,273	\$ 3,917

6. MINERAL PROPERTIES

- (a) The Company's 60%-owned subsidiary, Equitorial Exploration Colombia S.A.S., owns an eighty-five percent (85%) interest in and to the mineral concession located in Dabeiba, Antioquia, Colombia, known as the El Hávila copper-gold property (the "Property" or the "EL Hávila Property").

The Company and Artic agreed to make 60% and 40% contributions respectively on the exploration work of the El Hávila Property and the Company acts as the operator of all exploration programs.

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6. MINERAL PROPERTIES (continued)

- (b) During the period ended September 30, 2015, the Company signed a Participation and Joint Venture Agreement with Cardiff Energy Corp. ("Cardiff") to fund the completion of Clayton #1H well and to help expedite the development of its Runnels County oil and gas leases in Texas.

Under the terms of the Joint Venture Agreement, the Company will purchase a 15% working interest ("WI") in Clayton #1H from Cardiff for USD\$270,000 and will have the opportunity to fund and purchase a 40% WI on all future wells drilled on Cardiff's leases in Runnels County. The Company paid initial US\$75,047 and balance was paid subsequent to the period ended September 30, 2015.

During the period ended September 30, 2015, the Company incurred property acquisition costs as follows:

	USA Runnels Country Texas	Colombia EL Hávila	Total
Mineral properties			
Balance, December 31, 2013	\$ -	\$ 1,072,963	\$1,072,963
Acquisition costs incurred during the year	-	-	-
Balance, December 31, 2014	-	1,072,963	1,072,963
Acquisition costs incurred during the period	100,000	-	100,000
Balance, September 30, 2015	\$ 100,000	\$ 1,072,963	\$1,172,963

During the period ended September 30, 2015 and 2014, the Company incurred exploration expenditures as follows:

	Colombia, EL Havila September 30, 2015	Colombia, EL Havila September 30, 2014
Exploration and related expenditures		
Consulting	\$ -	\$ 105,600
Field and Camp cost	-	24,131
Samples	-	9,790
Telecommunication	-	7,312
Travel	-	39,252
Total exploration expenditures	\$ -	\$ 186,085

7. SHARE CAPITAL

	September 30, 2015	December 31, 2014
(a) Authorized: Unlimited common shares without par value		
Issued:		
41,175,039 common shares (2014: 34,276,908 shares)	\$ 5,469,226	\$ 4,707,524

7. SHARE CAPITAL (continued)

(b) The Company issued shares as follows:

- (i) During the year ended December 31, 2014, the Company closed non-brokered private placements by issuing 3,620,000 shares at a purchase price of \$0.15 per share. The Company paid \$7,905 finder's fees and \$3,680 filing fees. The Company also issued 52,700 warrants at a price of \$0.15 for a two year period expiring on January 31, 2016. The fair value of these warrants is determined to be \$11,700 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 0.95%, expected life of 2 years, expected volatility of 131.08% and a dividend rate of 0%.
- (ii) During the year ended December 31, 2014, the Company closed non-brokered private placements by issuing 4,706,600 shares at a purchase price of \$0.15 per share. The Company paid \$54,501 finder's fees and also issued 363,341 warrants at a price of \$0.15 for a two year period expiring on March 28, 2016. The fair value of these warrants is determined to be \$71,005 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.07%, expected life of 2 years, expected volatility of 130.98% and a dividend rate of 0%.
- (iii) During the year ended December 31, 2014, the Company issued 5,000,000 (Note 11) shares at a fair value of \$1,500,000 pursuant to a share purchase and option agreement dated February 5, 2014 with Mineworx. In connection with closing the Acquisition, the Company also issued 500,000 shares as a finder's fee at a fair value of \$150,000.
- (iv) During the year ended December 31, 2014, the Company closed non-brokered private placements by issuing 785,000 units at a purchase price of \$0.15 per unit. Each unit consists of one common share and one-half of one warrant. Each warrant shall entitle the holder to purchase one common share of the Company at an exercise price of \$0.25 for a two year period. The Company paid \$2,175 finder's fees and issued 14,500 warrants at a price of \$0.25 for a two year period expiring on August 7, 2016. The fair value of these warrants is determined to be \$1,331 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.07%, expected life of 2 years, expected volatility of 133.97% and a dividend rate of 0%.
- (v) During the year ended December 31, 2014, the Company closed non-brokered private placements by issuing 2,698,331 units at a purchase price of \$0.15 per unit. Each unit consists of one common share and one-half of one warrant. Each warrant shall entitle the holder to purchase one common share of the Company at an exercise price of \$0.25 for a two year period. The Company paid \$35,475 finder's fees and issued 236,499 warrants at a price of \$0.25 for a two year period expiring on September 24, 2016. The fair value of these warrants is determined to be \$28,894 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.14%, expected life of 2 years, expected volatility of 115.03% and a dividend rate of 0%.
- (vi) During the year ended December 31, 2014, the Company closed non-brokered private placement by issuing 968,977 units of the Company at a price of \$0.15 per unit. Each unit consists of one common share and one-half of one warrant. Each warrant shall entitle the holder to purchase one common share of the Company at an exercise price of \$0.25 for a two year period. The Company paid cash finder's fee of \$10,211 and issued 68,076 broker's warrants at a price of \$0.25 for a two year period expiring on October 31, 2016. The fair value of these warrants is determined to be \$7,544 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.02%, expected life of 2 years, expected volatility of 117.87% and a dividend rate of 0%.
- (vii) During the year ended December 31, 2014, 314,000 warrants were exercised for proceeds of \$37,680. A fair value of \$25,120 related to these warrants was reallocated from contributed surplus to share capital.

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7. SHARE CAPITAL (continued)

(b) The Company issued shares as follows: (continued)

- viii On February 3, 2015, The Company closed the fourth tranche of its non-brokered private placement by issuing 900,000 units of the Company at a price of \$0.15 per Unit for gross proceeds of \$135,000, which were received by the Company as at December 31, 2014. Each Unit consists of one common share of the Company and one half of one transferable share purchase warrant. Each Warrant is exercisable to acquire one additional common share of the Company for a period of two years at a price of \$0.25 per common share. The Company paid cash finder's fee of \$13,500 and issued 90,000 broker's warrants. Each Broker's Warrant is exercisable to acquire an additional common share of the Company for a period of two years at a price of \$0.25 per common share.
- ix On March 3, 2015, The Company closed the fifth and final tranche of its non-brokered private placement by issuing 1,419,666 units of the Company at a price of \$0.15 per Unit for gross proceeds of \$212,950. Each Unit consists of one common share of the Company and one half of one transferable share purchase warrant. Each Warrant is exercisable to acquire one additional common share of the Company for a period of two years at a price of \$0.25 per common share. The Company paid cash finder's fee of \$5,050 and issued 33,666 broker's warrants. Each Broker's Warrant is exercisable to acquire an additional common share of the Company for a period of two years at a price of \$0.25 per common share.
- x On April 14, 2015, The Company closed its non-brokered private placement by issuing 824,734 units of the Company at a price of \$0.15 per Unit for gross proceeds of \$123,710. Each Unit consists of one common share of the Company and one half of one transferable share purchase warrant. Each Warrant is exercisable to acquire one additional common share of the Company for a period of two years at a price of \$0.25 per common share. The Company paid cash finder's fee of \$6,060 and filing fees of \$1,369 and issued 40,400 broker's warrants. Each Broker's Warrant is exercisable to acquire an additional common share of the Company for a period of two years at a price of \$0.25 per common share. The Company also paid legal fees of \$13,857 on February – June 30, 2015 private placements.
- xi On July 27, 2015, The Company closed its non-brokered private placement by issuing 2,700,000 units of the Company at a price of \$0.10 per unit for gross proceeds of \$270,000. Each unit consists of one common share of the Company and one share purchase warrant. Each Warrant is exercisable to acquire one additional common share of the Company for a period of five years at a price of \$0.20 per common share. The Company paid cash finder's fee of \$25,000 and filing fees of \$1,418.
- xii On August 28, 2015, The Company closed its non-brokered private placement by issuing 997,106 units of the Company at a price of \$0.10 per unit for gross proceeds of \$99,711. Each unit consists of one common share of the Company and one share purchase warrant. Each Warrant is exercisable to acquire one additional common share of the Company for a period of five years at a price of \$0.20 per common share. The Company paid legal fees of \$4,270.

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7. SHARE CAPITAL (continued)

(c) Share purchase warrants

(i) As at September 30, 2015, the Company had warrants outstanding enabling holders to acquire the following:

Number of shares	Exercise Price	Expiry Date
52,700	\$0.15	January 31, 2016
363,341	\$0.15	March 28, 2016
392,500	\$0.25	August 7, 2016
14,500	\$0.25	August 7, 2016
1,349,166	\$0.25	September 24, 2016
236,499	\$0.25	September 24, 2016
552,564	\$0.25	October 31, 2016
540,000	\$0.25	February 07, 2017
743,498	\$0.25	March 03, 2017
452,767	\$0.25	April 14, 2017
2,700,000	\$0.10	July 27, 2020
997,106	\$0.10	August 28, 2020
8,394,641		

(ii) A summary of the Company's issued and outstanding share purchase warrants as at September 30, 2015 and December 31, 2014 and changes during those periods are presented below:

Balance, December 31, 2013	498,500
Granted	3,237,132
Exercised	(314,000)
Expired	-
Balance, December 31, 2014	3,421,632
Granted	5,433,371
Exercised	(56,625)
Expired	(403,737)
Balance, September 30, 2015	8,394,641

(d) Share based payments

(i) As at September 30, 2015, the Company had stock options outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
1,100,000	\$0.12	May 24, 2023
950,000	\$0.275	April 9, 2019
2,050,000		

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7. SHARE CAPITAL (continued)

(d) Share based payments (continued)

- (ii) A summary of the status of the Company's stock options as at September 30, 2015 and December 31, 2014, and changes during those years is presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
Balance, December 31, 2012	1,250,000	\$0.12	9.50
Granted	1,000,000	0.275	5.00
Expired/Cancelled	-	-	-
Balance, December 31, 2014	2,250,000	\$0.19	6.38
Granted	-	-	-
Expired/Cancelled	(200,000)	0.16	-
Balance, September 30, 2015	2,050,000	\$0.19	5.62

8. CONTRIBUTED SURPLUS

The following table reconciles the Company's reserve for warrants and options:

Balance, December 31, 2013	\$	162,465
52,700 broker warrants issued @ \$0.15		11,700
363,341 broker warrants issued @ \$0.15		71,005
1,000,000 options granted @ \$0.275		186,835
275,862 warrants issued @ \$0.25 (Note 12)		17,533
314,000 broker warrants exercised @ \$0.12		(25,120)
14,500 broker warrants issued @ \$0.25		1,331
236,499 broker warrants issued @ \$0.25		28,894
68,076 broker warrants issued @ \$0.25		7,544
Balance, December 31, 2014		462,187
90,000 broker warrants issued @ \$0.25		9,531
33,666 broker warrants issued @ \$0.25		2,568
40,400 broker warrants issued @ \$0.25		2,724
Balance, September 30, 2015	\$	477,010

The Company has a stock option plan (the "Plan") for directors, senior officers, employees, consultants, and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. Options granted to directors, senior officers, employees, and consultants vest fully upon the expiry of the hold period of four months from the award date. Options granted to consultants performing investor relations activities vest over a period of time.

During the year ended December 31, 2014, the Company has recognized \$186,835 (December 31, 2013 - \$120,777) in compensation upon issuance of 1,000,000 stock options (December 31, 2013 - 1,250,000). 800,000 options vested 100% on the grant date. 200,000 options granted to an investor relation consultant may only be exercised at a rate of 6,250 shares vested initially three months from the grant date and 6,250 shares every three months thereafter. The fair values of these options were determined using the Black-Scholes option pricing model with the following assumptions.

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8. CONTRIBUTED SURPLUS (continued)

	September 30, 2015	December 31, 2014
Risk-free interest rate	-	1.06%-1.71%
Experienced life of options	-	1-5 years
Annualized volatility	-	116.70%-127.50%
Dividend rate	-	-

9. RELATED PARTY TRANSACTIONS

- (a) During the period ended September 30, 2015, the Company incurred consulting fees of \$87,163 (September 30, 2014: \$92,500) with directors, companies owned by directors and a company by common directors.

As at September 30, 2015, \$108,447 (December 31, 2014 - \$14,582) was owing to companies controlled by directors and officers of the Company.

- (b) During the period ended September 30, 2015, payment of rent of \$41,041 (September 30, 2014: \$26,382) pertains to rent paid to a company related by a common director and a common officer for shared office premises.
- (c) As at September 30, 2015, due from a related party includes \$684 (December 31, 2014: \$7,005) from Artic Star Exploration Corp., a company related by a former common director and a 40% shareholder of Equitorial Exploration International Corp.
- (d) As at September 30, 2015 the Company's 60%-owned subsidiary, Equitorial Exploration International Corp., owed \$600,424 (2014 - \$600,424) to Artic Star Exploration Corp. These amounts are included in due to related parties.

The amounts due from or to the related parties are unsecured and without interest or stated terms of repayment. All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties. Note 10 also provide information on related party transactions.

10. INVESTMENT IN ASSOCIATES

On March 18, 2014, the Company acquired (the "Acquisition") a 45% ownership of Mineworx Technologies Inc. (formerly, First Nevada Mining Corp.) ("Mineworx" or "First Nevada") pursuant to a share purchase and option agreement (the "Agreement") dated February 5, 2014 with Mineworx. As a result of the Acquisition, the Company received an aggregate of 11,843,453 common shares of Mineworx (received) in exchange for issuing certain of Mineworx's existing shareholders 5,000,000 shares (issued) in the capital of the Company at a fair value of \$1,500,000, paying Mineworx \$750,000 cash (paid), and transferring title to the Company's IGR 3000, 30 tonne per hour, modular, heavy mineral recovery plant (Note 6) to Mineworx (transferred). In connection with closing the Acquisition, the Company issued 500,000 shares at a fair value of \$150,000 as a finder's fee.

Within 24 months, the Company can acquire a further 4% ownership in Mineworx by providing Mineworx with the greater of an additional \$750,000 to be used for exploration and development or a price per Mineworx equal to the price per Mineworx share paid in the most recent Mineworx equity financing (if applicable) subsequent to the closing of an acquisition of a 45% ownership of Mineworx. Due to having a significant influence over Mineworx, effective March 18, 2014, the Company has adopted equity method to record its investment with Mineworx.

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10. INVESTMENT IN ASSOCIATES (continued)

The Company had 11,843,453 shares (43.35% interest) of 27,318,785 total issued shares of Mineworx as at September 30, 2015. Changes in carrying value of the Company's investment in Mineworx are as follows:

	Number of Mineworx shares owned by the Company	Amount (\$)
Balance, December 31, 2014	11,843,453	1,882,814
Acquisition	-	-
Loss from investment in associate on September 30, 2015		(273,567)
Balance, September 30, 2015	11,843,453	1,609,247

The following table summarizes Mineworx's revenue, expenses and net loss.

	For the period of January 1 to September 30, 2015 \$
Revenue	-
Expense	(631,064)
Net loss	(631,064)

The Company and Mineworx also entered into a loan agreement dated October 27, 2014 whereby the Company and Mineworx agreed the following terms:

- a. The Company would make loans to Mineworx in the an amount of \$354,690 on October 27, 2014 (made)
- b. The Company will provide and maintain a revolving credit facility in the amount of up to \$800,000 available to Mineworx.
- c. All of loans bear 0.05% interest per annum, expire on October 27, 2015 and are secured by a HMX 200 mineral processing equipment owned by Mineworx.

As at September 30, 2015, the Company advanced total loans in the amount of \$956,660 (December 31, 2014 - \$453,774) with accrued interest of \$184.

11. LOAN PAYABLE

On September 3, 2014, the Company obtained an unsecured loan from a third party (the "Lender") in the amount of \$100,000. The loan carries interest at 8% annually and dues on September 3, 2015. At any time and from time to time, the Company may, at its option, repay all or any part of the loan that remains unpaid. As at September 30, 2015, the Company accrued interest of \$6,598 related to this loan.

On November 6, 2014, in consideration of the Lender providing the loan to the Company, the Company issued the Lender 275,862 non-transferable common share purchase warrants, each exercisable to acquire one common share of the Company at a price of \$0.25 until September 3, 2015. The fair value of these warrants is determined to be \$17,533 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.04%, expected life of 0.82 years, expected volatility of 110.04% and a dividend rate of 0%.

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12. SEGMENTED INFORMATION

The Company conducts all of its operations in acquisition, exploration and development of mineral, and oil & gas properties. The geographical division of the Company's total assets are as follows:

Assets	September 30, 2015	December 31, 2014
Canada	\$ 2,627,616	\$ 2,515,588
Colombia and Panama	1,073,102	1,078,077
USA	100,000	-
	\$ 3,800,718	\$ 3,593,665

13. SUBSEQUENT EVENTS

- a. The Company closed its non-brokered private placement by issuing 9,827,532 units of the Company at a price of \$0.06 per Unit for gross proceeds of \$589,652. Each Unit consists of one common share of the Company and one transferable share purchase warrant. Each Warrant is exercisable to acquire one additional common share of the Company for a period of two years at a price of \$0.10 per common share. The Company paid finders fees of \$10,272 and issued brokers warrants 171,200 at a price of \$0.06 for the period of two years.

- b. On November 13, 2015, the Company announced that it has entered into a debt settlement and share distribution with MineWorx.

The Company will receive 5,181,547 shares (the "Settlement Shares") in the capital of MineWorx, at a deemed price of \$0.156043641 per share to settle outstanding debt of \$956,547.46 owed to the Company by Mineworx pursuant to a loan agreement between the Company and MineWorx dated October 27, 2014. As part of the debt settlement, MineWorx also agreed to assume \$148,000 of debt owing by the Company to certain third-party creditors. The Company previously held 11,843,453 shares of MineWorx and following issuance of the Settlement Shares holds 17,025,000 MineWorx shares (the "MineWorx Shares").

The Company wishes to clarify its October 2, 2015 announcement about the proposed distribution of certain MineWorx Shares as a dividend. The Company has evaluated applicable legal, corporate, securities and tax considerations as may apply to both the Company and its shareholders. The Company's evaluations indicate that distribution of MineWorx shares as a dividend-in-kind to Company shareholders as of the historical date of October 2, 2015 will not be possible. For the present time, the Company will retain its interest in MineWorx, and the Company will consider options for how to maximize value from its investment in MineWorx.

- c. 1,250,000 options were exercised @ \$0.09.
- d. On November 16, 2015, the Company announced that Mineworx has entered into an amalgamation agreement with Iberian Minerals Limited ("Iberian"), and a newly incorporated subsidiary of Iberian ("Subco"), dated November 16, 2015 pursuant to which Iberian has agreed to acquire all of the outstanding shares of Mineworx by way of a three-cornered amalgamation. Under the terms of the amalgamation agreement, Mineworx and Subco will amalgamate under the Business Corporations Act (British Columbia) and continue as one corporation, which is a wholly owned subsidiary of Iberian and will carry on the business of Mineworx following the completion of the transaction.

13. SUBSEQUENT EVENTS (continued)

Under the terms of the amalgamation agreement, Mineworx shareholders will receive approximately 2.53646 common shares of Iberian for every one Mineworx common share. In connection with the transaction, Iberian will issue approximately 83,999,941 Iberian shares to the Mineworx shareholders. Upon completion of the transaction, Iberian expects to have approximately 243,380,078 Iberian shares issued and outstanding, of which the former holders of Mineworx will hold approximately 34.5 per cent. As previously announced on October 13, 2015, the Company holds 17,025,000 Mineworx shares.

The amalgamation agreement provides that completion of the transaction is subject to certain conditions, including completion of due diligence, the cancellation of all outstanding options to purchase Mineworx common shares, receipt of all regulatory approvals, including approval of the TSX Venture Exchange, and the approval of the shareholders of Mineworx. A meeting of the shareholders of Mineworx is currently anticipated to be held by Nov. 30, 2015, for the purpose of approving the transaction. Provided that shareholder approval is obtained and all other conditions to close are satisfied, the transaction is expected to close before the end of December, 2015. The amalgamation agreement contemplates that following the closing one nominee of Mineworx, Duane Nelson, will be added to the board of directors of Iberian.

The Company has waived its right of first offer, the right of first refusal, the pre-emptive right, and the option to increase share ownership pursuant to the Share Purchase and Option Agreement dated February 5, 2014 with Mineworx (formerly First Nevada Mining Corp.) by executing a Waiver and Termination agreement with Mineworx in support of this amalgamation agreement.

Concurrently with the execution of the amalgamation agreement, Mineworx entered into a loan agreement with Iberian for a \$500,000 credit facility. The credit facility may be drawn at the option of Mineworx in \$100,000 instalments. The loan shall be repaid on demand following the earlier of the termination of the amalgamation agreement or the completion of the transaction. Funds advanced under the credit facility bear interest at a rate of 5 per cent per annum, payable on the repayment date. In the event that the amalgamation agreement is terminated, all or a portion of the outstanding balance owing under the credit facility plus all accrued interest, may be converted into Mineworx common shares at a deemed price of 10 cents per share, at the option of Iberian or Mineworx. The credit facility is secured against all of the personal property of Mineworx.