ARIZONA MINING INC.

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2016

Notice to Reader

These unaudited condensed consolidated interim financial statements have been prepared by management and have not been reviewed by the Company's auditor.

Arizona Mining Inc.

Condensed Consolidated Interim Statements of Financial Position
(U.S. dollars)

		June 30, 2016		December 31, 2015
Assets				
Current assets:				
Cash and cash equivalents	$	16,183,442	$	418,950
Amounts receivable (note 4)		35,613		172,951
Prepaids and other		474,086		65,130
		16,693,141		657,031
Property, plant and equipment		485,566		25,453
Other assets (note 9)		231,803		217,885
Restricted cash (note 7)		3,310,833		-
Exploration and evaluation assets (note 6)		78,607,453		73,558,572
	$	99,328,796	$	74,458,941
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	1,854,673	$	211,630
Due to related party (note 9)		1,581,982		1,485,486
		3,436,655		1,697,116
Reclamation and remediation provision (note 7)		4,983,677		-
Deferred rental contribution		251,767		293,446
		8,672,099		1,990,562
Equity				
Equity attributable to shareholders of the Company:				
Common shares (note 8)		140,085,230		87,233,567
Reserves		12,164,598		8,007,836
Deficit		(61,593,131)		(28,827,658)
		90,656,697		66,413,745
Non-controlling interest (note 5)		-		6,054,634
Total equity		90,656,697		72,468,379
	$	99,328,796	$	74,458,941

Nature of operations and liquidity (note 1)

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
(U.S. dollars)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Expenses:				
Salaries and benefits	$ 233,376	$ 130,140	$ 492,329	$ 293,963
Stock based compensation (note 8b)	222,840	161,669	441,738	164,317
Office and administrative	50,546	41,410	99,729	71,853
Professional services	49,542	17,991	100,929	33,249
Travel	28,544	2,324	38,350	3,624
Investor relations	25,324	24,724	121,388	31,672
Filing and regulatory	19,027	19,516	41,001	42,595
Directors' fees	12,401	13,064	23,415	26,418
Depreciation	1,343	2,130	2,275	4,258
Loss from operations	(642,943)	(412,968)	(1,361,154)	(671,949)
Foreign exchange loss	(250,939)	(4,606)	(195,497)	(7,855)
Interest and finance charges	(187,824)	(33,001)	(363,330)	(79,748)
Gain on disposition of property, plant and equipment	4,805	-	2,227	-
Interest and other income	9,257	21,962	9,257	29,249
Net loss	(1,067,644)	(428,613)	(1,908,497)	(730,303)
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss:				
Foreign currency translation gain (loss)	(554,778)	(39,196)	(618,132)	61,094
Comprehensive loss	$ (1,622,422)	$ (467,809)	$ (2,526,629)	$ (669,209)
Net loss attributable to:				
Shareholders of the Company	$ (1,067,783)	$ (427,250)	$ (1,907,283)	$ (727,327)
Non-controlling interest	139	(1,363)	(1,214)	(2,976)
	$ (1,067,644)	$ (428,613)	$ (1,908,497)	$ (730,303)
Comprehensive loss attributable to:				
Shareholders of the Company	$ (1,622,561)	$ (466,446)	$ (2,525,415)	$ (666,233)
Non-controlling interest	139	(1,363)	(1,214)	(2,976)
	$ (1,622,422)	$ (467,809)	$ (2,526,629)	$ (669,209)
Basic and diluted net loss per share attributable to shareholders of the Company	$ (0.005)	$ (0.003)	$ (0.010)	$ (0.005)
Weighted average number of shares outstanding	204,345,308	149,229,387	184,115,687	148,638,423

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.

Condensed Consolidated Interim Statements of Changes in Equity
(U.S. dollars)

	Share Capital		Reserves					
	Number of Shares	Amount	Accumulated other comprehensive income (loss)	Options and warrants	Total	Deficit	Non-controlling interest (note 5)	Total equity
Balance, January 1, 2016	161,951,958	$ 87,233,567	$ (380,584)	$ 8,388,420	$ 8,007,836	$ (28,827,658)	$ 6,054,634	$ 72,468,379
Stock based compensation expense (note 8b)	-	-	-	441,738	441,738	-	-	441,738
Stock based compensation applied to exploration and evaluation assets (note 8b)	-	-	-	156,238	156,238	-	-	156,238
Acquisition of non-controlling interest (note 5)	40,000,000	33,840,422	-	2,900,346	2,900,346	(30,858,190)	(6,289,558)	(406,980)
Units issued on private placements (note 8a)	17,204,672	5,601,334	-	1,142,517	1,142,517	-	-	6,743,851
Shares issued in underwritten private placement (note 8a)	14,000,000	14,185,846	-	-	-	-	-	14,185,846
Fair value of warrants issued (note 9)	-	-	-	134,055	134,055	-	-	134,055
Share issue costs	-	(775,939)	-	-	-	-	-	(775,939)
Required contributions for project costs (note 5)	-	-	-	-	-	-	236,138	236,138
Comprehensive loss for the period	-	-	(618,132)	-	(618,132)	(1,907,283)	(1,214)	(2,526,629)
Balance, June 30, 2016	233,156,630	$ 140,085,230	$ (998,716)	$ 13,163,314	$ 12,164,598	$ (61,593,131)	$ -	$ 90,656,697

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.

Condensed Consolidated Interim Statements of Changes in Equity
(U.S. dollars)

	Share Capital		Reserves					
	Number of Shares	Amount	Accumulated other comprehensive income (loss)	Options and warrants	Total	Deficit	Non-controlling interest (note 5)	Total equity
Balance, January 1, 2015	148,040,893	$ 84,534,381	$ (612,991)	$ 6,353,922	$ 5,740,931	$ (27,292,971)	$ 5,695,615	$ 68,677,956
Stock based compensation expense (note 8b)	-	-	-	164,317	164,317	-	-	164,317
Stock based compensation applied to exploration and evaluation assets (note 8b)	-	-	-	50,546	50,546	-	-	50,546
Units issued for debt settlement	6,008,499	1,495,849	-	457,499	457,499	-	-	1,953,348
Required contributions for project costs (note 5)	-	-	-	-	-	-	131,557	131,557
Comprehensive income (loss) for the period	-	-	61,094	-	61,094	(727,327)	(2,976)	(669,209)
Balance, June 30, 2015	154,049,392	$ 86,030,230	$ (551,897)	$ 7,026,284	$ 6,474,387	$ (28,020,298)	$ 5,824,196	$ 70,308,515

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.

Condensed Consolidated Interim Statements of Cash Flows
(U.S. dollars)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash provided by (used in):				
Operating activities:				
Net loss for the period	$ (1,067,644)	$ (428,613)	$ (1,908,497)	$ (730,303)
Items not affecting cash:				
Unrealized foreign exchange loss	234,419	2,206	253,706	26,456
Stock based compensation	222,840	161,669	441,738	164,317
Interest and finance charges	186,186	31,681	360,434	77,341
Amortization of deferred rental contribution	(30,501)	(53,923)	(59,122)	(107,347)
Gain on disposition of property, plant and equipment	(4,805)	-	(2,227)	-
Depreciation	1,343	2,130	2,275	4,258
Net changes in non-cash working capital:				
Amounts receivable	12,143	104	(1,751)	(10,579)
Prepaids and other	(56,939)	32,886	(66,114)	116,784
Accounts payable and accrued liabilities	1,028	24,692	23,738	1,237
Due to related parties	-	20,169	-	20,169
	(501,930)	(206,999)	(955,820)	(437,667)
Financing activities:				
Proceeds from private placements (note 8a)	19,037,046	-	20,929,697	-
Repayment of advances from related party (note 9)	(3,147,186)	-	(3,147,186)	-
Proceeds from sale of NSR (note 6)	7,886,435	-	7,886,435	-
Share issue costs	(763,184)	-	(775,939)	-
Interest and finance fees paid	(229,458)	-	(257,903)	(25,413)
Advances from related party (note 9)	-	809,344	2,798,377	1,535,845
Contributions from non-controlling interest (note 5)	-	87,528	-	202,028
	22,783,653	896,872	27,433,481	1,712,460
Investing activities:				
Purchase of property, plant and equipment	(378,261)	-	(483,253)	(256)
Acquisition of non-controlling interest (note 5)	(31,753)	-	(31,753)	-
Additions to exploration and evaluation assets	(6,249,535)	(733,103)	(7,220,156)	(1,282,948)
Payments toward reclamation and remediation provision	(139,906)	-	(239,532)	-
Restricted cash contributions	-	-	(2,310,833)	-
	(6,799,455)	(733,103)	(10,285,527)	(1,283,204)
Effect of exchange rate changes on cash and cash equivalents	(366,454)	(178)	(427,642)	(9,211)
Increase (decrease) in cash and cash equivalents	15,115,814	(43,408)	15,764,492	(17,622)
Cash and cash equivalents, beginning of period	1,067,628	72,696	418,950	46,910
Cash and cash equivalents, end of period	$ 16,183,442	$ 29,288	16,183,442	29,288

Supplemental cash flow information (note 11)

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of Operations and Liquidity

Arizona Mining Inc. (the “Company” or “Arizona Mining”) is incorporated in British Columbia, Canada. The Company holds a 100% ownership interest in the Hermosa Project in Arizona, United States through its wholly owned subsidiary Arizona Minerals Inc. (“AMI”), a Nevada corporation. The Company’s corporate office is located at Suite 555 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1 and its shares are listed on the Toronto Stock Exchange and trade under the symbol “AZ”.

The Company is engaged in the acquisition, exploration and development of mineral property interests. The business of mining and the exploration for minerals involves a high degree of risk and there can be no assurance that such activities will result in profitable mining operations. The amounts shown as exploration and evaluation assets represent acquisition and exploration costs and do not necessarily represent present or future values. Recoverability of the amounts shown for exploration and evaluation assets is dependent upon maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title.

At June 30, 2016 the Company had cash and cash equivalents of $16,183,442 and working capital of $13,256,486. Based on anticipated cash flows, the Company is expected to have sufficient resources to meet its committed expenditures for the next twelve months. However, additional funds may be required to complete the level of expenditures planned on exploration activities on the Hermosa Project and the Company may need to seek additional funding to finance such activities. The Company has historically raised funds principally through the sale of securities, advances from Company insiders and most recently from the sale of a net smelter royalty. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms.

The Company’s financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. These financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

2. Basis of Presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”). Accordingly, they do not include all of the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company’s most recent audited consolidated financial statements.

These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application used in the Company’s audited consolidated financial statements as at and for the year ended December 31, 2015. Under the authority delegated to them by the Board of Directors, the Audit Committee authorized these financial statements for issue on August 8, 2016.

3. Changes in Accounting Policies

New accounting standards, amendments and interpretations

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC. Some updates that are not applicable or are not consequential to the Company may have been excluded.

IFRS 9, *Financial Instruments: Classification and Measurement* is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company expects to adopt this standard effective January 1, 2018 and has not yet assessed the impact on its financial reporting.

On January 13, 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"), according to which, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet assessed the impact of IFRS 16 on its financial statements.

4. Amounts Receivable

		June 30, 2016		December 31, 2015
Due from 5348 Investments	$	-	$	139,089
Due from related party (Note 9)		2,565		4,530
GST/HST receivable		9,714		7,228
Other		23,334		22,104
	$	35,613	$	172,951

5. Acquisition of Non-Controlling Interest

On May 4, 2016 the Company closed the acquisition of 5348 Investments Ltd. (“5348 Investments”), thereby acquiring the 20% of the common shares and approximately 10% of the preference shares of AMI that it did not own, from a private British Columbia company controlled by Richard W. Warke, a Director of the Company and the Company’s Executive Chairman. As a result of the acquisition of 5348 Investments by the Company, the Shareholders’ Agreement governing the affairs of AMI was terminated effective May 4, 2016.

The Company issued 40 million common shares and 5 million common share purchase warrants as consideration for the acquisition. Each common share purchase warrant is convertible into one common share of the Company at a price of C$0.50 until May 4, 2019.

The transaction has been measured at the fair value of the common shares and common share purchase warrants issued. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the 5 million common share purchase warrants were: an expected life of 3 years; annualized volatility of 77%; a risk free interest rate of 1%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company’s shares.

Set out below is a summary of the acquisition:

Consideration		**Fair value**
40,000,000 common shares	$	33,840,422
5,000,000 common share purchase warrants		2,900,346
Transaction and other costs		406,980
		37,147,748
Non-controlling interest on date of acquisition		6,289,558
Charged to deficit	$	30,858,190

The transaction has been accounted for as an equity transaction whereby the fair value of the consideration in excess of the book value of the non-controlling interest on the date of acquisition has been charged to deficit.

6. Exploration and Evaluation Assets

Exploration and evaluation assets relate to the acquisition costs and exploration and evaluation expenditures on the Company's interest in the Hermosa Project, in Arizona, United States.

On January 26, 2016, the Company closed the acquisition of certain patented mining claims adjacent to the Company's Hermosa Taylor Deposit. As consideration for the acquisition, the Company assumed the environmental liabilities relating to past activities on the site, which are estimated at $5,277,480 (Note 7). After accounting for the contribution into escrow of $1,000,000 cash from a former owner of the site, the net balance of $4,277,480 has been recognized as the cost of the acquired mineral property interest.

On April 25, 2016, the Company closed the sale of a 1% net smelter return ("NSR") royalty to Osisko Gold Royalties Ltd. ("Osisko") on all sulfide ores of lead and zinc (and any copper, silver or gold recovered from the concentrate from such ores) mined from the Hermosa Project for cash consideration of C$10.0 million ($7,886,435), which amount has been applied to reduce the carrying amount of exploration and evaluation assets (note 8a).

The following is a summary of changes in exploration and evaluation assets:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Balance, start of period	$ 79,578,203	$ 71,178,210	$ 73,558,572	$ 70,371,838
Additions:				
Mineral property acquisition costs – above	-	-	4,277,480	-
Mineral property acquisition costs – other	167,424	22,695	360,294	45,838
Drilling	4,416,040	436,118	4,761,107	832,609
Property access, restoration and maintenance	673,360	108,930	842,209	189,488
Assay and analysis	355,123	101,076	362,295	139,970
Salaries, benefits and stock based compensation	574,526	205,485	884,322	362,013
Geologic consulting and support	273,028	51,721	285,636	105,793
Engineering and metallurgy	28,029	-	100,359	-
Environmental baseline studies & permitting	170,157	97,031	260,976	97,031
Other	618,742	54,791	800,355	111,477
	7,276,429	1,077,847	12,935,033	1,884,219
Sale of NSR	(7,886,435)	-	(7,886,435)	-
Foreign currency translation adjustment	(360,744)	-	283	-
	(970,750)	1,077,847	5,048,881	1,884,219
Balance, end of period	$ 78,607,453	$ 72,256,057	$ 78,607,453	$ 72,256,057

7. Reclamation and Remediation Provision

	Six Months Ended June 30, 2016	Year Ended December 31, 2015
Balance, start of period	$ -	$ -
Initial recognition arising on acquisition (note 6)	5,277,480	-
Accretion	-	-
Expenditures in period	(293,803)	-
Balance, end of period	$ 4,983,677	$ -

The reclamation and remediation provision represents the estimated costs required to provide restoration and rehabilitation for past activities on the patented mining claims acquired ("Acquired Claims") by the Company (note 6). The total uninflated and undiscounted estimated cash flows required to settle these obligations on initial recognition are $5,311,194, which have been inflated at an average rate of 2.03% per annum and discounted at an average rate of 1.96% per annum being an estimate of the risk free, pre-tax cost of borrowing over the respective periods. These obligations are expected to be funded from cash held in escrow of $2,455,452 and working capital.

With respect to the Acquired Claims, the Company submitted a remediation work plan that addresses the environmental liabilities, which has been approved by the Arizona Department of Environmental Quality. In accordance with the plan, the Company is required to construct a passive water treatment system estimated to cost $2,918,452 plus contingencies of $322,712, which will be primarily funded from the cash held in escrow. In addition, the Company posted two bonds totaling $1,968,940 as security for the future operating performance of the passive water treatment system. The Company has posted $855,381 with the bond surety company as collateral for the bonds, which together with cash held in escrow of $2,455,452 is included in restricted cash.

8. Share Capital

a) Private placements

March 2, 2016 private placement

On March 2, 2016, the Company closed 6,069,100 units of a private placement at a price of C$0.42 per unit for gross proceeds of C$2,549,022 ($1,892,651). Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of C$0.60 per common share until September 2, 2017.

The Company determined that the fair value of the warrants issued on March 2, 2016 was $204,071. The fair value was determined by separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 1.5 years; annualized volatility of 70%; a risk free interest rate of 1%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

On April 28, 2016, the Company closed the balance of the March 2, 2016 private placement issuing 647,000 units to certain of the Company's directors and officers at a price of C$0.42 per unit for gross proceeds of C$271,740 ($216,629). Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of C$0.60 per common share until October 28, 2017.

The Company determined that the fair value of the 323,500 warrants issued on April 28, 2016 was $47,204.

The fair value was determined by separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 1.5 years; annualized volatility of 82%; a risk free interest rate of 1%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

April 25 and April 28, 2016 Osisko private placements

On April 25, 2016, the Company closed a financing for a total of C$15.6 million, comprised of the sale of an NSR for C$10,000,000 ($7,886,435) (note 6) and certain private placements. Osisko subscribed for 8,928,572 units at a price of C$0.56 per unit for gross proceeds of C$5,000,000 ($3,943,218) and other parties subscribed for 1,060,000 units for a further C$593,600 ($468,139). On April 28, 2016, the Company closed the balance of the private placement for a further 500,000 units at a price of C$0.56 per unit for C$280,000 ($223,214) with a director of the Company. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of C$0.75 per common share until between October 25, 2017 and October 28, 2017.

The Company determined that the fair value of the warrants issued on April 25 and April 28, 2016 was $891,241. The fair value was determined by separately calculating the fair value of the common shares and the warrants, and prorating these amounts by the actual proceeds received. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 1.5 years; annualized volatility of 82%; a risk free interest rate of 1%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

June 9, 2016 underwritten private placement

On June 9, 2016, the Company closed a C$18,060,000 ($14,185,846) underwritten private placement (the "Offering") of 14,000,000 common shares at a price of C$1.29 per common share. The Underwriters received a cash fee equal to 5.0% of the aggregate gross proceeds raised in the Offering.

b) Stock options

For the three and six months ended June 30, 2016, the Company recognized a stock-based compensation charge against income of $222,840 and $441,738, respectively (June 30, 2015 – $161,669 and $164,317). A further $156,238 (June 30, 2015 – $50,546) was capitalized to exploration and evaluation assets.

The following table shows the change in the Company's stock options during the six months ended June 30, 2016 and 2015:

	2016		2015	
	Number of Options	Weighted Average Exercise Price (in CAD)	Number of Options	Weighted Average Exercise Price (in CAD)
Balance, start of period	11,074,000	$0.39	4,171,160	$0.97
Granted	165,000	$1.37	9,515,000	$0.40
Forfeited	(35,000)	$0.29	(51,500)	$0.81
Expired	-	-	(3,645,660)	$1.04
Balance, end of period	11,204,000	$0.40	9,989,000	$0.40

The following table provides information on outstanding and exercisable stock options at June 30, 2016:

		Options Outstanding		Options Exercisable	
Grant Date	Exercise Price (in C$)	Number of Options	Weighted average remaining contractual life (years)	Number of Options	Weighted average remaining contractual life (years)
March 24, 2014	$0.59	24,000	2.73	16,000	2.73
August 18, 2014	$0.51	100,000	3.13	100,000	3.13
May 25, 2015	$0.40	9,390,000	3.90	3,463,333	3.90
May 27, 2015	$0.43	125,000	3.91	125,000	3.91
October 29, 2015	$0.29	1,400,000	4.33	-	4.33
January 26, 2016	$0.30	35,000	4.58	-	4.58
June 24, 2016	$1.66	130,000	4.99	-	4.99
		11,204,000	3.96	3,704,333	3.88

c) Warrants

The following summarizes the warrants outstanding at June 30, 2016:

Date of Issue	Exercise Price (C$)	Expiry Date	December 31, 2015	Issued	June 30, 2016
August 20, 2014	$0.55	August 20, 2016	4,500,000	-	4,500,000
June 12, 2015	$0.60	June 12, 2017	6,008,499	-	6,008,499
November 10, 2015	$0.45	November 10, 2020	2,000,000	-	2,000,000
December 18, 2015	$0.45	December 18, 2020	5,902,566	-	5,902,566
January 13, 2016	$0.30	January 13, 2021	-	1,000,000	1,000,000
March 2, 2016	$0.60	September 2, 2017	-	3,034,550	3,034,550
April 25, 2016	$0.75	October 25, 2017	-	4,994,286	4,994,286
April 28, 2016	$0.60	October 28, 2017	-	323,500	323,500
April 28, 2016	$0.75	October 28, 2017	-	250,000	250,000
May 4, 2016	$0.50	May 4, 2019	-	5,000,000	5,000,000
			18,411,065	14,602,336	33,013,401

The weighted average exercise price of the warrants outstanding at June 30, 2016 is C$0.56 (December 31, 2015 – C$0.52).

9. Related Party Transactions

In addition to the related party transactions or balances disclosed elsewhere in these condensed consolidated interim financial statements, the Company had the following related party transactions.

The Company shares office space, equipment, personnel and various administrative services with other companies (NewCastle Gold Ltd. and Armor Minerals Inc.) related by virtue of certain common directors and management. These services have been mainly provided through a management company equally owned by the related companies. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services and are charged at cost.

The Company was charged for the following with respect to these arrangements:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Salaries and benefits	$ 194,473	$ 110,331	$ 429,667	$ 253,192
Office and administrative	93,541	101,718	200,263	190,664
Other income	-	(21,962)	-	(29,215)
	$ 288,014	$ 190,087	$ 629,930	$ 414,641

In addition, for the three and six months ended June 30, 2016, the Company charged out $4,529 and $4,550, respectively, with respect to these arrangements (June 30, 2015 – $4,589 and $6,062). At June 30, 2016, amounts receivable includes $2,565 (December 31, 2015 – $4,530) and prepaids and other includes $21,887 (December 31, 2015 – $25,962) with respect to these arrangements.

Other assets of $231,803 (December 31, 2015 – $217,885) relate to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

At June 30, 2016, due to related party comprises a loan totalling C$1,904,191 ($1,463,749) plus accrued interest of C$153,810 ($118,233) due to a company controlled by the Company's Executive Chairman. The balance represents the C$2.0 million face value outstanding of the C$4.0 million ($2,798,377) loan that was received on January 13, 2016, in connection with the acquisition of certain patented mining claims (note 6). The lender waived its right to early repayment on $2.0 million of the loan following the $15.6 million financing that closed on April 25, 2016 (note 8a) with the Company repaying the other C$2.0 million ($1,561,646) and accrued interest of C$143,474 ($112,028) on June 20, 2016. The outstanding loan is to be secured by a GIC, and is repayable on the earlier of: one year from the date of advance; the date of any change of control of the Company; or the date the Company completes a financing of C$10,000,000 or more by way of sale of securities from treasury or through the issuance of debt or other form of financing. The loan bears interest at 16% per annum, compounded monthly and is subject to a cash fee of 1% with an additional 1% fee that was paid after three months as the loan remained outstanding. In addition, with respect to the full $4.0 million loan, 1,000,000 warrants have been issued to the lender. Each warrant entitles the lender to purchase one common share at a price of C$0.30 per common share until January 13, 2021.

The Company determined that the fair value of the 1,000,000 warrants issued on January 13, 2016 was $134,055. The assumptions in the Black-Scholes pricing model used to calculate the fair value of the warrants were: an expected life of 5 years; annualized volatility of 91%; a risk free interest rate of 1%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

On April 26, 2016 the Company repaid three loans totalling C$2.0 million received in 2015, also from a company controlled by the Company's Executive Chairman. The loans were unsecured, bore interest at 8% per annum and were repayable on the earlier of (i) one year from the date of advance, (ii) a change of control of the Company, or (iii) the completion of a financing of C$4.0 million or more by way of sale of securities from treasury of the Company or through the issuance of debt or other form of financing.

10. Segment Information

The Company operates in one industry segment, being mineral exploration and development. Geographic information is as follows:

	United States	Canada	Total
Long-term assets as at:			
June 30, 2016	$ 82,403,852	$ 231,803	$ 82,635,655
December 31, 2015	$ 73,583,922	$ 217,988	$ 73,801,910

11. Supplemental Cash Flow Information

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash and cash equivalents, end of year comprise:				
Cash and balances with banks	$ 2,319,900	$ 10,793	$ 2,319,900	$ 10,793
Short-term investments	13,863,542	18,495	13,863,542	18,495
	$ 16,183,442	$ 29,288	$ 16,183,442	$ 29,288
Non-cash investing and financing activities:				
Change in accounts payable and accrued liabilities reflected in investing activities	$ 984,746	$ 296,531	$ 1,619,305	$ 576,013
Mineral property acquisition costs in exchange for assumed reclamation and remediation provision	$ -	$ -	$ (5,277,480)	$ -
Restricted cash contributions in exchange for assumed reclamation and remediation provision	$ -	$ -	$ 1,000,000	$ -
Acquisition of NCI in exchange for common shares and warrants, including non-cash transaction costs and other	$ (37,115,995)	$ -	$ (37,115,995)	$ -
Conversion of advances from related parties to equity	$ -	$ (1,953,348)	$ -	$ (1,953,348)