ARIZONA MINING INC. (formerly AZ Mining Inc.)

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2015

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
(Unaudited – U.S. dollars)

		September 30, 2015		December 31, 2014
Assets				
Current assets:				
Cash and cash equivalents	$	89,910	$	46,910
Amounts receivable		61,586		19,588
Prepaids and other		58,727		132,167
		210,223		198,665
Property, plant and equipment		32,209		53,945
Other assets (note 7)		225,140		259,937
Exploration and evaluation assets (note 5)		72,704,425		70,371,838
	$	73,171,997	$	70,884,385
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	1,179,662	$	1,003,943
Due to related parties (note 7)		1,335,811		-
		2,515,473		1,003,943
Due to related party (note 7)		-		608,251
Deferred rental contribution (note 8)		366,167		594,235
		2,881,640		2,206,429
Equity				
Equity attributable to shareholders of the Company:				
Common shares		86,018,577		84,534,381
Reserves		6,815,966		5,740,931
Deficit		(28,462,990)		(27,292,971)
		64,371,553		62,982,341
Non-controlling interest (note 4)		5,918,804		5,695,615
Total equity		70,290,357		68,677,956
	$	73,171,997	$	70,884,385

Nature of operations and going concern (note 1)
Subsequent event (note 11)

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
(Unaudited – U.S. 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:				
Stock based compensation (note 6b)	$ 202,486	$ 40,258	$ 366,803	$ 169,239
Salaries and benefits	149,394	215,722	443,357	512,714
Office and administrative	35,016	56,833	89,017	212,256
Directors' fees	11,555	18,480	37,973	57,455
Professional services	10,243	18,108	41,086	157,498
Insurance	8,399	13,065	26,251	36,718
Investor relations	7,726	4,305	39,398	38,009
Fiscal and advisory services	7,445	18,111	21,513	21,317
Filing and regulatory	6,747	4,384	35,274	29,604
Legal	4,385	2,677	6,791	10,678
Travel	2,591	(115)	6,215	9,235
Depreciation	1,417	2,277	5,675	6,827
Loss from operations	(447,404)	(394,105)	(1,119,353)	(1,261,550)
Interest and finance charges	(12,811)	(7,509)	(92,559)	(14,491)
Foreign exchange loss	(4,554)	(641)	(12,409)	(9,330)
Interest and other income (note 8)	20,633	407	49,882	533
Net loss	(444,136)	(401,848)	(1,174,439)	(1,284,838)
Other comprehensive loss (income):				
Items that may be reclassified to profit or loss:				
Foreign currency translation (gain) loss	(61,411)	(11,709)	(122,505)	20,508
	61,411	11,709	122,505	(20,508)
Comprehensive loss	$ (382,725)	$ (390,139)	$ (1,051,934)	$ (1,305,346)
Net loss attributable to:				
Shareholders of the Company	$ (442,692)	$ (397,364)	$ (1,170,019)	$ (1,271,558)
Non-controlling interest	(1,444)	(4,484)	(4,420)	(13,280)
	$ (444,136)	$ (401,848)	$ (1,174,439)	$ (1,284,838)
Comprehensive loss attributable to:				
Shareholders of the Company	$ (381,281)	$ (385,655)	$ (1,047,514)	$ (1,292,066)
Non-controlling interest	(1,444)	(4,484)	(4,420)	(13,280)
	$ (382,725)	$ (390,139)	$ (1,051,934)	$ (1,305,346)
Basic and diluted net loss per share attributable to shareholders of the Company	$ (0.003)	$ (0.003)	$ (0.008)	$ (0.009)
Weighted average number of shares outstanding	154,049,392	145,539,406	150,461,900	144,177,317

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.

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

	Share Capital		Reserves					
	Number of Shares	Amount	Accumulated other comprehensive income	Options and warrants	Total	Deficit	Non-controlling interest (note 4)	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	-	-	-	366,803	366,803	-	-	366,803
Stock based compensation applied to exploration and evaluation assets	-	-	-	128,228	128,228	-	-	128,228
Shares issued for debt settlement (note 6a)	6,008,499	1,953,348	-	-	-	-	-	1,953,348
Fair value of warrants issued	-	(457,499)	-	457,499	457,499	-	-	-
Share issue costs	-	(11,653)	-	-	-	-	-	(11,653)
Required contributions for project costs (note 4)	-	-	-	-	-	-	227,609	227,609
Comprehensive loss	-	-	122,505	-	122,505	(1,170,019)	(4,420)	(1,051,934)
Balance, September 30, 2015	154,049,392	$ 86,018,577	$ (490,486)	$ 7,306,452	$ 6,815,966	$ (28,462,990)	$ 5,918,804	$ 70,290,357

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – U.S. dollars)

	Share Capital		Reserves					
	Number of Shares	Amount	Accumulated other comprehensive income	Options and warrants	Total	Deficit	Non-controlling interest (note 4)	Total equity
Balance, January 1, 2014	143,399,836	$ 83,075,289	$ (613,130)	$ 5,727,970	$ 5,114,840	$ (25,697,122)	$ 5,438,510	$ 67,931,517
Stock based compensation expense	-	-	-	169,239	169,239	-	-	169,239
Stock based compensation applied to exploration and evaluation assets	-	-	-	58,527	58,527	-	-	58,527
Issued on private placement	4,500,000	1,850,329	-	-	-	-	-	1,850,329
Fair value of warrants issued	-	(511,156)	-	511,156	511,156	-	-	-
Share issue costs	-	(13,830)	-	-	-	-	-	(13,830)
Issued on exercise of stock options (note 6)	141,057	-	-	-	-	-	-	-
Fair value of options exercised	-	133,749	-	(133,749)	(133,749)	-	-	-
Required contributions for project costs (note 4)	-	-	-	-	-	-	182,522	182,522
Comprehensive loss	-	-	(20,508)	-	(20,508)	(1,271,558)	(13,280)	(1,305,346)
Balance, September 30, 2014	148,040,893	$ 84,534,381	$ (633,638)	$ 6,333,143	$ 5,699,505	$ (26,968,680)	$ 5,607,752	$ 68,872,958

See accompanying notes to the condensed consolidated interim financial statements.

Arizona Mining Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – U.S. 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 provided by (used in):				
Operating activities:				
Net loss	$ (444,136)	$ (401,848)	$ (1,174,439)	$ (1,284,838)
Items not affecting cash:				
Stock based compensation	202,486	40,258	366,803	169,239
Unrealized foreign exchange loss	25,021	18,352	51,221	9,557
Interest and finance charges	11,757	5,762	89,098	10,485
Amortization of deferred rental contribution	(50,660)	(40,593)	(158,007)	(40,593)
Depreciation	1,417	2,277	5,675	6,827
	(254,115)	(375,792)	(819,649)	(1,129,323)
Net changes in non-cash working capital items:				
Amounts receivable	(5,838)	(34,572)	(16,417)	30,500
Prepaids and other	(19,710)	(36,238)	97,074	16,305
Accounts payable and accrued liabilities	15,613	(6,648)	16,850	232,577
Due to related parties	6,286	(30,962)	26,455	(11,261)
	(257,764)	(484,212)	(695,687)	(861,202)
Financing activities:				
Contributions from non-controlling interest	-	86,641	202,028	208,594
Advances from related parties	1,113,868	74,112	2,649,713	589,414
Finance fees paid	-	-	(25,413)	-
Proceeds from private placement	-	1,252,045	-	1,252,045
Share issue costs	(11,653)	(13,830)	(11,653)	(13,830)
Deferred rental contribution	-	743,873	-	743,873
	1,102,215	2,142,841	2,814,675	2,780,096
Investing activities:				
Purchase of property, plant and equipment	-	(6,243)	-	(6,243)
Additions to exploration and evaluation expenditures	(769,915)	(1,162,091)	(2,052,863)	(2,002,086)
	(769,915)	(1,168,334)	(2,052,863)	(2,008,329)
Effect of exchange rate changes on cash and cash equivalents	(14,092)	(21,711)	(23,125)	(43,766)
Increase (decrease) in cash and cash equivalents	60,444	468,584	43,000	(133,201)
Cash and cash equivalents, beginning of period	29,466	48,562	46,910	650,347
Cash and cash equivalents, end of period	$ 89,910	$ 517,146	$ 89,910	$ 517,146
Supplementary information:				
Cash equivalents, end of period comprise:				
Cash and balances with banks	$ 72,686	$ 49,115	$ 72,686	$ 49,115
Short-term investments	17,224	468,031	17,224	468,031
	$ 89,910	$ 517,146	$ 89,910	$ 517,146

Supplemental cash flow information (note 10)

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of Operations and Going Concern

Arizona Mining Inc. (formerly AZ Mining Inc., the "Company" or "Arizona Mining") is incorporated in British Columbia, Canada. The Company holds a majority ownership interest in the Hermosa property in Arizona, United States, through its ownership of 80% of the common shares and approximately 90% of the preference shares of Arizona Minerals Inc. ("Arizona Minerals"), a Nevada corporation and the holder of the property. As a result of a private transaction subsequent to the period end, the remaining 20% of the common shares and approximately 10% of the preference shares of Arizona Minerals are held by 5348 Investments Ltd. ("5348 Investments"), an indirect wholly-owned subsidiary of a private British Columbia company controlled by Richard W. Warke, the Company's Chairman and CEO. The same private company also indirectly holds a 2% net smelter royalty interest in the patented claims and unpatented claims on the Hermosa property. The Company's registered office is located at Suite 555 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1 and its shares are listed on the Toronto Stock Exchange.

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 September 30, 2015 the Company had cash and cash equivalents of $89,910, negative working capital of $995,895 excluding the loan from the Company's Chairman and CEO, a net loss for the nine months ended September 30, 2015 of $1,174,439, and a deficit of $28,462,990. On November 5, 2015 the Company announced it had secured financing comprising a private placement and a further loan from the Company's Chairman and CEO for a total of C$2.7 million. The financing closed on November 10, 2015 (see note 11).

The Company will require additional funding to complete the acquisition of 300 acres of patented mining claims, which it estimates at up to $3.0 million prior to closing (see note 5). The Company will also require funding to continue drilling and other work on its Hermosa North West Project in addition to the work that will be funded from the financing discussed above. The Company has historically raised funds principally through the sale of securities and more recently, through advances from Company insiders. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. This material uncertainty casts significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim 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

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). 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, 2014. Under the authority delegated to them by the Board of Directors, the Audit Committee authorized these financial statements for issue on November 12, 2015.

3. Changes in Accounting Policies

a) 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.

4. Non-Controlling Interest

Non-controlling interest ("NCI") represents the 20% interest in the common shares and approximately 10% interest in the preference shares of Arizona Minerals held by 5348 Investments.

Pursuant to a shareholders' agreement (the "Shareholders' Agreement") governing the affairs of Arizona Minerals, the Company controls the affairs of Arizona Minerals and acts as the operator of the Hermosa property. Funding is provided to Arizona Minerals in accordance with the Shareholders' Agreement and is by way of advances, which are subsequently converted to preference shares. The preference shares have priority over the common shares with respect to distributions and repayment. The Shareholders' Agreement generally requires 5348 Investments to fund 10% of Arizona Minerals costs incurred on the originally acquired patented and unpatented claims on the Hermosa property and 20% of Arizona Minerals costs incurred on any other claims subsequently acquired or staked. The Shareholders' Agreement provides for dilution of 5348 Investments' interest in the common shares to a minimum of 10% in the event it fails to fund its share of any funding for approved programs.

Non-controlling interest increased by $223,189 in the nine months ended September 30, 2015 (September 30, 2014 – $169,242) as a result of $227,609 (September 30, 2014 – $182,522) of required contributions less the non-controlling interest share of Arizona Minerals loss for the period of $4,420 (September 30, 2014 – $13,280). Amounts receivable includes $36,717 (December 31, 2014 – $11,136) outstanding from 5348 Investments with respect to these arrangements, which was subsequently received by the Company.

5. 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 property, in Arizona, United States.

On July 24, 2015, the Company announced that it had reached agreement to acquire approximately 300 acres of patented mining claims adjacent to the Company's existing 152 acres of patented mining claims. Consideration for the acquisition will be the assumption of the environmental liabilities relating to the site that resulted from historic mining activity. The Company has submitted a remediation work plan that addresses the environmental liabilities with the Arizona Department of Environmental Quality ("ADEQ") and will construct a passive water treatment system estimated to cost $2.9 million, excluding contingency, of which the Company's share would be $1.9 million. In addition, the Company will be required to post bonds for a total estimated at $2.0 million that will provide a contingency to ensure the system operates as required and for the long-term operation and maintenance of the treatment system. The Company will be required to fund its share of the cost of the water treatment system and obtain the bonds prior to closing, which is to occur within 90 days of the ADEQ approving the work plan and associated budget and in any event no later than March 31, 2016. The Company is able to terminate the agreement at any time prior to the approval by the ADEQ of the budget for the remediation work plan at no cost to the Company.

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Balance, start of period	$ 72,256,057	$ 68,512,952	$ 70,371,838	$ 67,085,359
Additions:				
Mineral properties	24,811	-	167,680	19,618
Drilling	(39,112)	489,019	793,497	489,019
Property access, restoration and maintenance	58,620	123,763	248,108	235,013
Assay and analysis	-	22,670	139,969	23,231
Salaries, benefits and stock based compensation	219,531	345,912	581,545	741,260
Geologic consulting and support	5,333	65,137	111,126	168,220
Engineering and metallurgy	27,320	-	27,320	409,238
Environmental baseline studies & permitting	-	55,302	-	307,144
Claims maintenance	113,731	112,250	113,731	119,040
Other	38,134	61,296	149,611	191,159
	448,368	1,275,349	2,332,587	2,702,942
Balance, end of period	$ 72,704,425	$ 69,788,301	$ 72,704,425	$ 69,788,301

6. Share Capital

a) Shares issued for debt settlement

On June 12, 2015, C$2,320,000 ($1,885,566) of loans from the Company's directors and officers together with C$83,400 ($67,782) accrued interest and financing fees payable were converted into 6,008,499 units of the Company at a price of C$0.40 per unit (see note 7). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of C$0.60 per common share until June 12, 2017.

The Company determined that the fair value of the warrants issued on June 12, 2015 was $457,499. This 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 2 years; annualized volatility of 72%; a risk free interest rate of 0.64%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

b) Stock options

For the nine months ended September 30, 2015, the Company recognized a stock-based compensation charge against income of $366,803 (September 30, 2014 – $169,239). A further $128,228 (September 30, 2014 – $58,527) was capitalized to exploration and evaluation assets.

The following table shows the change in the Company's stock options during the nine months ended September 30, 2015 and 2014:

	2015		2014	
	Number of Options	Weighted Average Exercise Price (in C$)	Number of Options	Weighted Average Exercise Price (in C$)
Balance, start of period	4,171,160	$0.97	6,218,160	$0.84
Granted	9,515,000	$0.40	152,000	$0.54
Exercised	-	-	(407,000)	$0.41
Forfeited	(51,500)	$0.81	-	-
Expired	(3,945,660)	$0.99	(1,538,000)	$0.63
Balance, end of period	9,689,000	$0.40	4,425,160	$0.94

At the Company's Annual General and Special Meeting of Shareholders on June 29, 2015 the shareholders approved the Company's Amended and Restated Stock Option Plan ("Plan") including approving all unallocated stock options under the Plan and giving the authority to grant stock options pursuant to and subject to the terms and conditions of the Plan until June 29, 2018. In addition, the shareholders approved the cancellation of certain stock options and the grant of stock options described below.

On May 25, 2015, 9,390,000 stock options with an exercise price of C$0.40 were granted to directors, officers and employees of the Company. Included in the grant are 1,964,798 stock options that replace an equivalent number of options with exercise prices of between C$0.46 to C$2.35 that were cancelled on the same date. The fair value of the 9,390,000 options of C$2,567,314, less the fair value of the cancelled options of C$465,813, was estimated using the Black-Scholes option-pricing model. The assumptions used in the pricing model were: an expected life of 5 years; annualized volatility of 91%; a risk free interest rate of 1.05%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

On May 27, 2015, 125,000 stock options with an exercise price of C$0.425 were granted to a director of the Company. The fair value of the options of C$37,095 was estimated using the Black-Scholes option-pricing model. The assumptions used in the pricing model were: an expected life of 5 years; annualized volatility of 91%; a risk free interest rate of 0.96%; and zero expected dividend yield. The expected volatility is based on the historical volatility of the Company's shares.

The following table provides information on outstanding and exercisable stock options at September 30, 2015:

		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)
October 1, 2010	$0.41	50,000	-	50,000	-
March 24, 2014	$0.59	24,000	3.48	8,000	3.48
August 18, 2014	$0.51	100,000	3.88	100,000	3.88
May 25, 2015	$0.40	9,390,000	4.65	250,000	4.65
May 27, 2015	$0.43	125,000	4.66	62,500	4.66
		9,689,000	4.62	470,500	3.97

c) Warrants

The following summarizes the Company's warrants at September 30, 2015:

Date of Issue	Exercise Price (C$)	Expiry Date	December 31, 2014	Issued	September 30, 2015
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
			4,500,000	6,008,499	10,508,499

7. 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 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. In addition, certain other professional administrative services have been provided by other related companies and charged at cost. The Company was charged for the following with respect to these arrangements:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Salaries and benefits	$ 129,710	$ 148,120	$ 382,903	$ 391,907
Office and administrative	67,688	95,060	229,137	217,745
	$ 197,398	$ 243,180	$ 612,040	$ 609,652

In addition, for the three and nine months ended September 30, 2015, the Company charged out $nil and $6,062, respectively, (September 30, 2015 – $nil and $nil) and at September 30, 2015, amounts receivable includes $4,681 (December 31, 2015 – $92), prepaids and other includes $nil (December

31, 2014 – $70,577) and there is an amount due to related companies of $26,456 (December 31, 2014 – $nil) with respect to these arrangements.

Other assets of $225,140 (December 31, 2014 – $259,937) relate to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

In late 2014 and early 2015, the Company entered into loan agreements with its directors and officers for an aggregate amount outstanding of C$2,320,000. The loans were unsecured, bore interest at a rate of 12% per annum and were repayable on the earlier of (i) one year from the date of advance, (ii) the completion of a financing of C$3.5 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, or (iii) a change of control of the Company. A fee of 2% of the principal amount of the loans was paid or payable to the lenders. On June 12, 2015, the loans, together with C$83,400 of accrued interest and financing fees were converted into units of the Company (see note 6a).

At September 30, 2015, due to related parties includes C$1,737,500 plus accrued interest of C$16,250 due to the Company's Chairman and CEO for loans advanced subsequent to June 12, 2015. The loans are unsecured, bear interest at 8% per annum and are 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.

8. Commitments

During the year ended December 31, 2014, the Company received $743,873 from a company previously related through certain common directors and management with respect to the provisions of the agreements governing certain shared operating leases. The amount has been recorded as deferred rental contribution and is being amortized over the remaining term of the leases. The following is a summary of changes in deferred rental contribution:

	September 30, 2015	December 31, 2014
Balance, start of period	$ 594,235	$ -
Deferred rental contribution received	-	743,873
Amortization of deferred rental contribution	(158,007)	(98,985)
Effect of foreign currency exchange differences	(70,061)	(50,653)
Balance, end of period	$ 366,167	$ 594,235

In addition to the commitments disclosed elsewhere in these condensed consolidated interim financial statements, at September 30, 2015, the Company is committed to payments for office premises through 2018 in the total amount of approximately $465,600. Payments by fiscal year are:

2015	42,100
2016	168,000
2017	161,400
2018	94,100

9. 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:			
September 30, 2015	$ 72,736,474	$ 225,300	$ 72,961,774
December 31, 2014	$ 70,425,139	$ 260,581	$ 70,685,720

10. Supplemental Cash Flow Information

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Non-cash financing and investing activities:				
Conversion of advances from related parties to equity (note 6a)	$ -	$ -	$ (1,953,348)	$ -
Change in accounts payable and accrued liabilities reflected in investing activities	$ (120,613)	$ 107,045	$ 158,869	$ 584,662

11. Subsequent Event

On November 5, 2015 the company announced a financing comprising a private placement and a loan for a total of C$2.7 million. The private placement is for 2,000,000 units at a price of C$0.35 per unit with each unit consisting of one common share and one common share purchase warrant for total proceeds of C$700,000. Each common share purchase warrant is convertible into one common share of the Company at a price of C$0.45 for a period of five years from closing. Insiders of the Company subscribed for 1,300,000 units of the private placement. In addition, the Company has secured a further loan from its Chairman and CEO for C$2,044,000 in addition to the C$2.0 million advanced since June, 2015. The new loan will be unsecured, bear interest at 10% compounded monthly and will be repayable on the earlier of the Company completing a private placement of C$2,044,000 or more and one year. Proceeds from the financing are expected to be used for general working capital purposes and to further the Hermosa North West Project. The private placement and the loan closed on November 10, 2015.