EQUITAS RESOURCES

Financial Statements

For The Three Months Ended May 31, 2016

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review

The accompanying condensed interim consolidated financial statements of Equitas Resources Corp., for the three months ended May 31, 2016, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Equitas Resources Corp.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

		May 31, 2016		February 29, 2016
Assets				
Current				
Cash	**$**	**920,469**	$	397,330
GST receivable		**30,664**		271,022
Amounts receivable		**2,123**		4,876
Prepaid expenses (note 14)		**141,251**		298,134
Total current assets		**1,094,507**		971,362
Non-current assets				
Exploration and evaluation assets (note 8)		**10,910,949**		2,562,796
Property and equipment (note 9)		**14,958**		-
Reclamation deposit		**15,000**		15,000
Total Assets	**$**	**12,035,414**	$	3,549,158
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**303,444**	$	243,173
Due to related parties (note 12)		**73,683**		80,826
Total current liabilities		**377,127**		323,999
Long term liabilities (note 17)		**78,637**		-
Equity				
Share capital (note 10)		**27,990,320**		19,117,908
Share subscriptions receivable		**(129,475)**		102,500
Share-based payments reserve (note 11)		**2,483,442**		2,131,240
Deficit		**(18,764,637)**		(18,126,489)
Total Equity		**11,579,650**		3,225,159
Total Liabilities and Equity	**$**	**12,035,414**	$	3,549,158

Approval on behalf of the Board of Directors:

"Christopher Harris"
Director

"Kyler Hardy"
Director

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

Equitas Resources Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three months ended May 31, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

		2016		2015
Expenses				
Advertising and promotion	**$**	**93,444**	$	37,541
Administration fees (note 13)		**37,500**		37,500
Amortization		**296**		-
Consulting fees (note 12)		**340,157**		104,065
Exploration costs		**4,497**		-
Insurance		**4,020**		-
Investor relations		**30,000**		22,500
Office and general		**914**		3,109
Professional fees		**93,175**		2,754
Share-based compensation (note 11)		**-**		5,232
Transfer agent & regulatory fees		**6,734**		9,959
Travel		**18,579**		10,497
		629,316		233,157
Other income (expenses)				
Interest expense	**$**	**(1,050)**	$	-
Interest income		**3,179**		-
Foreign exchange gain		**(10,961)**		-
		(8,832)		-
Net Loss and Comprehensive Loss for the Period	**$**	**638,148**	$	233,157
Basic and Diluted Loss Per Common Share	**$**	**0.00**	$	0.01
Weighted Average Number of Common Shares Outstanding		**136,668,261**		23,791,414

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

Equitas Resources Corp.

Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended May 31, 2016 and 2015
(Unaudited – Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscription Receivable	Reserves	Deficit	Total
Balance, March 1, 2015	**35,029,785**	**$ 15,038,165**	**$ (25,600)**	**$1,442,535**	**$(14,353,683)**	**$ 2,101,417**
Share subscriptions received	-	-	25,600	-	-	25,600
Share based payments (note 11)	-	-	-	5,232	-	5,232
Share issuance costs	-	(602)	-	-	-	(602)
Net loss for the period	-	-	-	-	(233,157)	(233,157)
Balance, May 31, 2015	**35,029,785**	**$ 15,037,563**	**$ -**	**$1,447,767**	**$ (14,586,840)**	**$ 1,898,490**

	Number of Shares	Share Capital	Share Subscription Receivable	Reserves	Deficit	Total
Balance, March 1, 2016	**77,499,294**	**$ 19,117,908**	**$ 102,500**	**$2,131,240**	**$ (18,126,489)**	**$ 3,225,159**
Shares issued for transaction (note 5 & 10)	103,653,283	7,255,730	-	-	-	7,255,730
Options granted for transaction (note 5 & 11)	-	-	-	322,029	-	322,029
Shares issued for property acquisition (note 8)	2,666,666	186,667	-	-	-	186,667
Shares issued for cash (note 10)	30,000,000	1,500,000	(129,475)	-	-	1,370,525
Share subscriptions received			(102,500)	-	-	(102,500)
Share issuance costs	-	(69,985)	-	30,173	-	(39,812)
Currency translation adjustment	-	-	-	-	-	(30,834)
Net loss for the period	-	-	-	-	(638,148)	(638,148)
Balance, May 31, 2016	**213,819,243**	**$ 27,990,320**	**$ (129,475)**	**$2,483,442**	**$ (18,764,637)**	**$ 11,579,650**

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

Equitas Resources Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended May 31, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

		2016		2015
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net loss for the period	**$**	**(638,148)**	$	(233,157)
Items not involving cash:				
Share-based payments		**-**		5,232
Amortization		**296**		-
Changes in non-cash working capital:				
GST and other receivables		**247,901**		(1,105)
Employee advances		**(15,112)**		-
Prepaid expenses		**171,995**		86,251
Due to related parties		**(7,143)**		(27,154)
Accounts payable and accrued liabilities		**(215,780)**		44,758
Long term liabilities		**(1,954)**		-
		(457,945)		(125,175)
INVESTING ACTIVITIES:				
Exploration and evaluation asset expenditures		**(124,929)**		(179,050)
Acquisition of property & equipment		**(3,506)**		-
Acquisition of exploration & evaluation assets		**(416,511)**		-
Cash acquired on acquisition of AFG		**296,913**		-
		(247,129)		(179,050)
FINANCING ACTIVITIES:				
Share subscriptions receivable		**(231,975)**		25,600
Shares issued for cash		**1,500,000**		-
Share issuance costs		**(39,812)**		(602)
		1,228,213		24,998
(DECREASE) INCREASE IN CASH		**523,139**		(279,227)
Cash, beginning of period		**397,330**		289,317
Cash, end of period	**$**	**920,469**	$	10,090

Supplemental cash flow disclosure and non-cash investing and financing activities – Note 15

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Equitas Resources Corp. ("Equitas" or the "Company") is a publicly listed company incorporated in British Columbia on September 1, 1994, with limited liability under the legislation of the Province of British Columbia and its shares are listed on the TSX Venture Exchange ("TSX-V"). The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office, principal address, and registered and records office of the Company are located at 1450 – 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

Going concern

These financial statements were prepared on a going concern basis. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and/or generate positive cash flows from its operations. Management of the Company believes it has raised sufficient funds to cover all of its operating requirements, financial commitments, and business development priorities during the next twelve months. However, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof in the future. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects. All of these material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

Basis of presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiary Alta Floresta Gold Ltd. ("AFG"), and AFG's wholly owned subsidiary in Brazil, Alta Floresta Gold Mineração S.A. ("AFM"). The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Equitas and its subsidiaries are collectively referred to as the "Company". All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated upon consolidation.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE - continued

Approval of the financial statements

These financial statements for the three months ended May 31, 2016, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on July 28, 2016.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The effect on the financial statements of such changes in estimates in future periods could be material.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- assessment as to whether any impairment exists in the valuation of its assets;
- foreign currency valuations;
- the useful life and recoverability of property and equipment;
- fair value of share-based payments; and
- deferred income tax asset valuation allowances.

Information about significant areas of critical accounting judgments considered by management in preparing the financial statements includes:

- Management's assessment of the Company's ability to continue as a going concern in relation to its ability to raise funds.

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim consolidated financial statements are consistent with policies disclosed in Note 4 of the audited financial statements for the year ended February 29, 2016. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended February 29, 2016.

(Unaudited - Expressed in Canadian Dollars)

5. ACQUISITION OF ALTA FLORESTA GOLD LTD.

On April 27, 2016, the Company completed the acquisition of AFG by acquiring all of the issued and outstanding securities of AFG, a private BC company, which indirectly holds 100% of six gold properties, and four production licences in the Mato Grosso and Para states of the Federative Republic of Brazil through its wholly owned subsidiary, AFM.

In connection with the transaction, the Company issued 103,653,283 common shares to former shareholders of AFG and 5,282,319 stock options to former optionholders of AFG, exercisable for a period of three years at a price of $0.15 per share. All securities issued in connection with the transaction are subject to a four month hold period.

Subsequent to the transaction, the condensed interim consolidated financial statements for the period ended May 31, 2016 reflect the assets, liabilities and results of operations of the Company, AFG, the legal subsidiary, and AFM, the subsidiary of AFG.

The Company has recorded the purchase of assets of AFG as follows:

Purchase Price consideration:

	$
Value of 103,653,283 shares issued at $0.07 per share	7,255,730
Fair value of AFG options assumed by Equitas	322,029
Total	7,577,759
Assets acquired and liabilities assumed	
Cash	296,913
Amounts receivable	4,790
Property and equipment	11,748
Exploration and evaluation assets	8,037,461
Total Assets	8,350,912
Liabilities	
Accounts payable and accrued liabilities	(692,562)
Long term liability	(80,591)
Net Carrying Value	7,577,759

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. The issuance of the options granted at the transaction date used the following assumptions:

	April 27, 2016
Risk free interest rate	0.73%
Expected life	3 years
Expected volatility	195%
Expected dividend yield	0%
Expected forfeiture	0%
Weighted average share price	$0.06

(Unaudited - Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at May 31, 2016, the Company's financial instruments are comprised of cash, due to related parties, reclamation bonds, and accounts payable and accrued liabilities. The carrying value of cash, due to related parties, reclamation bonds, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows:

At May 31, 2016

Assets	Level 1	Level 2	Level 3	Total
Cash	$920,469	$ -	$ -	$920,469
Reclamation deposit	15,000	-	-	15,000
Total	$ 935,469	$ -	$ -	$ 935,469

At February 29, 2016

Assets	Level 1	Level 2	Level 3	Total
Cash	$397,330	$ -	$ -	$397,330
Reclamation deposit	15,000	-	-	15,000
Total	$ 412,330	$ -	$ -	$ 412,330

Financial risk factors

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at May 31, 2016, the Company had a cash balance of $920,469 to settle current liabilities of $377,127. All of the Company's financial liabilities are subject to normal trade terms.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a) Interest rate risk
The Company has cash balances and minimal interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

b) Price risk
The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors movements of individual equities, and of the stock market as a whole, to determine the appropriate courses of action to be taken by the Company.

c) Foreign currency risk
Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. Foreign currency risk also arises from the fluctuation in currency exchange between the Canadian dollar and Brazil Reals ("BRL"). The Company does not have significant exposure to currency risk with regards to its BRL denominated financial assets and financial liabilities.

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

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

The Company's capital management objectives, policies and processes have not changed over the years presented. The Company is not subject to any externally imposed capital requirements

(Unaudited - Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total property expenditures for the three months ended May 31, 2016 and the year ended February 29, 2016:

	Brazil	Canada	Total
Balance, February 28, 2015	**$ -**	**$ 1,693,344**	**$ 1,693,344**
Additions during the year -			
Acquisition costs			
Cash and staking	-	58,580	58,580
Property exploration costs			
Assays	-	9,878	9,878
Camp expenses	-	391,464	391,464
Drilling	-	304,819	304,819
Fuel	-	175,679	175,679
Geological costs	-	560,303	560,303
Geophysics	-	269,918	269,918
Other	-	1,367	1,367
Supplies and rentals	-	47,058	47,058
Travel and accommodation	-	618,605	618,605
Total additions during the year	-	2,437,671	2,437,671
Mining tax credits	-	(2,459)	(2,459)
Impairment of mineral property	-	(1,565,760)	(1,565,760)
Balance, February 29, 2016	**$ -**	**$ 2,562,796**	**$ 2,562,796**
Additions during the period -			
Acquisition costs			
AFG Transaction costs	8,037,459	-	8,037,459
Shares issued for property	-	186,667	186,667
Claim maintenance	1,241	-	1,241
Property exploration costs			
Camp expenses	12,019	-	12,019
Drilling	70,930	-	70,930
Fuel	4,503	-	4,503
Geological costs	25,323	6,448	31,771
Geophysics	-	2,500	2,500
Supplies and rentals	953	-	953
Travel and accommodation	1,012	-	1,012
Total additions during the period	8,153,440	195,615	8,349,055
Foreign exchange adjustment	(902)	-	(902)
Balance, May 31, 2016	**$ 8,152,538**	**$ 2,758,411**	**$ 10,910,949**

(Unaudited - Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS - continued

The following schedule shows the Company's total expenditures in Brazil by property for the three months ended May 31, 2016 and the year ended February 29, 2016:

	Cajueiro	Apiacas	Colider	Nova Canaa	Rio do Pombo	Other	Total
Balance, February 28, 2015	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total additions during the year	-	-	-	-	-	-	-
Balance, February 29, 2016	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Additions during the period -							
Acquisition costs							
AFG acquisition costs	6,912,216	160,749	160,749	160,749	160,749	482,247	8,037,459
Claim maintenance	911	330	-	-	-	-	1,241
Property exploration costs							
Assays	-	-	-	-	-	-	-
Camp expenses	12,009	10	-	-	-	-	12,019
Drilling	70,930	-	-	-	-	-	70,930
Fuel	4,503	-	-	-	-	-	4,503
Geological costs	25,323	-	-	-	-	-	25,323
Supplies and rentals	953	-	-	-	-	-	953
Travel and accommodation	1,012	-	-	-	-	-	1,012
Total additions during the period	7,027,857	161,089	160,749	160,749	160,749	482,247	8,153,440
Foreign exchange adjustment	(776)	(18)	(18)	(18)	(18)	(54)	(902)
Balance, May 31, 2016	**$ 7,027,081**	**$ 160,071**	**$ 160,071**	**$ 160,071**	**$ 160,071**	**$ 481,596**	**8,152,538**

Properties in Brazil:

AFM holds a 100% interest in all of its properties.

In addition to the net smelter royalties ("NSR") referred to below, all properties are subject to a 1.75% NSR that is held by ECI Exploration and Mining Inc. ("ECI"), AFG's former joint venture partner.

For the Cajueiro and Rio do Pombo properties, the previous property owners have retained a 1.0% net smelter royalty ("NSR") on these properties.

For the Vila Rica property (included in 'Other'), the previous property owners have retained a 1.5% NSR on this property.

For the Apiacas, Carlinda, Colider, Paranaita, and Tapajos properties (the latter two included in 'Other'), the previous property owners have retained a 2.5% NSR on this property which may be reduced to 1.5% at the Company's option for a payment of US$ 4,000,000.

(Unaudited - Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS - continued

The following schedule shows the Company's total expenditures in Canada by property for the three months ended May 31, 2016 and the year ended February 29, 2016:

	Garland Property	Tom Gold Mine Claims	Day Claims	Roy Property	Nahmint Property	Other Properties	Total
Balance, February 28, 2015	**$ 125,454**	**$ 283,142**	**$ 1,234,043**	**$ -**	**$ -**	**$ 50,705**	**$ 1,693,344**
Additions during the year -							
Acquisition costs							
Cash and staking	58,580	-	-	-	-	-	58,580
Property exploration costs							
Assays	9,878	-	-	-	-	-	9,878
Camp expenses	391,464	-	-	-	-	-	391,464
Drilling	304,819	-	-	-	-	-	304,819
Fuel	175,679	-	-	-	-	-	175,679
Geological costs	559,971	140	-	-	-	192	560,303
Geophysics	269,918	-	-	-	-	-	269,918
Other	1,367	-	-	-	-	-	1,367
Supplies and rentals	47,058	-	-	-	-	-	47,058
Travel and accommodation	618,605	-	-	-	-	-	618,605
Total additions during the year	2,437,339	140	-	-	-	192	2,437,671
Mining tax credits	-	-	(412)	-	(2,047)	-	(2,459)
Impairment of mineral property	-	(283,281)	(1,233,630)	-	2,047	(50,896)	(1,565,760)
Balance, February 29, 2016	**$ 2,562,793**	**$ 1**	**$ 1**	**$ -**	**$ -**	**$ 1**	**$ 2,562,796**
Additions during the period -							
Acquisition costs							
Shares issued	186,667	-	-	-	-	-	186,667
Property exploration costs							
Geological costs	6,448	-	-	-	-	-	6,448
Geophysics	2,500	-	-	-	-	-	2,500
Total additions during the year	195,615	-	-	-	-	-	195,615
Balance, May 31, 2016	**$ 2,758,408**	**$ 1**	**$ 1**	**$ -**	**$ -**	**$ 1**	**$ 2,758,411**

Properties in Canada:

Garland Property, Labrador, Newfoundland

On July 10, 2014, the Company entered into an agreement with Zimtu Capital Corp. (a company with common directors and significant shareholdings), DG Resource Management Ltd., and Ridge Resources Ltd. (owned by a director of the Company), collectively the "Vendors", to acquire a 100% interest in the Garland Property, located in Labrador, Canada. The property encompasses 25,050 hectares and is 30 kilometres southeast of Vale's Voisey's Bay Nickel/Copper/Cobalt mine. In consideration, the Company will issue 7,999,998 shares over a 36 month period (2,666,666 shares issued upon exchange approval with a fair value of $93,333 and 2,666,666 shares issued during the three months ended May 31, 2016 with a fair value of $186,667), pay $80,000 (paid), and grant DG Resource Management Ltd. a 2% Gross Overriding Royalty ("GORR") in the Property. The transaction was accepted by the TSX-V on November 17, 2014.

8. EXPLORATION AND EVALUATION ASSETS - continued

Tom Gold Mine Claims, Yellowknife, NWT

During 2010, the Company acquired a 100% interest in the Tom Gold Mine claims located near Yellowknife, Northwest Territories. In consideration for $100,000 cash (paid) and 2,000,000 common shares of the Company (issued). No finder's fee was paid in connection with the property acquisition. During the year ended February 29, 2016, the Company wrote the property down to $1 due to minimal activity and increased focus on its other projects.

Day Property, BC

During 2010, the Company purchased 8 mineral property claims, known as the Day Copper-Gold Porphyry Property (the "Day Property"), comprising approximately 2,642 hectares, and located approximately 385 kilometres northwest of Prince George, BC. The vendors, Zimtu Capital Corp. and 877384 Alberta Ltd., are related parties by way of significant shareholdings in the Company and by common directorships. Consideration for the acquisition comprised cash payments of $50,000 (paid) and issuance of 5,000,000 common shares of the Company (issued). The vendors retained a 2% net smelter return royalty, half of which may be purchased by the Company for $1,000,000. The Company also acquired, by staking, 6 additional claims adjacent to the Day, Roy and Porcupine Properties, known as the Erin Claims. During the year ended February 29, 2016, the Company wrote the property down to $1 due to minimal activity and increased focus on its other projects.

Roy Property, BC

During 2010, the Company entered into an agreement to acquire the Roy Property located in the Toodoggone region of north-central British Columbia, adjacent to the Day Property. The consideration for the acquisition was a cash payment of $181,000 payable over 5 years (amended to $131,000 in 2013). The Company returned the property to the vendor and recorded an impairment of the property during the year ended February 28, 2015.

Other Claims, BC

During 2011, the Company acquired the Porcupine Property located in the Toodoggone region of north-central British Columbia. The Company acquired a 100% mineral interest in the Porcupine Property for $13,000 (paid). There is a NSR of 2% on the Porcupine Property, of which the Company can purchase half (50%) of the NSR for $1,000,000. The Porcupine Property is also subject to an advance royalty of $50,000 per year and a one-time payment of 300,000 common shares upon commencement of commercial production. If the Company exercises the option to acquire 50% of the NSR, then the advance royalty payment shall be reduced to $25,000 per year, and a one-time payment of 150,000 common shares. During the year ended February 29, 2016, the Company wrote the property down to $1 due to minimal activity and increased focus on its other projects.

(Unaudited - Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

Cost		Machinery & equipment		Furniture		Total
February 29, 2016	$	-	$	-	$	-
Additions		14,479		802		15,281
Foreign exchange adjustment		(24)		(1)		(25)
May 31, 2016	**$**	**14,455**	**$**	**801**	**$**	**15,256**
Accumulated depreciation						
February 29, 2016	$	-	$	-	$	-
Additions		289		9		298
Foreign exchange adjustment		-		-		-
May 31, 2016	**$**	**289**	**$**	**9**	**$**	**298**
February 29, 2016	$	-	$	-	$	-
May 31, 2016	**$**	**14,166**	**$**	**792**	**$**	**14,958**

10. SHARE CAPITAL

a) Authorized:

Unlimited common shares without nominal or par value.

b) Issued:

During the three months ended May 31, 2016:

On March 8, 2016, the Company closed the first tranche of a non-brokered private placement of 8,000,000 units (“Units”) at a price of $0.05 per Unit for gross proceeds of $400,000. Each Unit consists of one common share and one share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 24 months from closing.

On April 7, 2016, the Company announced it closed the second and final tranche of a non-brokered private placement of 22,000,000 units (“Units”) at a price of $0.05 per Unit for gross proceeds of $1,100,000. Each Unit consists of one common share and one share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 24 months from closing. Finder’s fees of $31,600 cash and 632,000 share purchase warrants priced at $0.10 and exercisable for 24 months were paid and issued. At May 31, 2016, there was $129,475 to be collected for the second tranche. The amount was collected in full subsequent to May 31, 2016.

On April 27, 2016, the Company completed the acquisition of AFG. In connection with the transaction, the Company issued 103,653,283 common shares to former shareholders of AFG. All securities issued in connection with the transaction are subject to a four month hold period.

On May 17, 2016, the Company issued 2,666,666 shares with a fair value of $186,667 in connection with the Garland Property agreement.

10. SHARE CAPITAL - continued

b) Issued: - continued

During the year ended February 29, 2016:

On July 15, 2015, the Company closed a non-brokered private placement of 6,134,918 units (“Units”) at a price of $0.085 per Unit for gross proceeds of $521,468. Each Unit consists of one common share and one share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.15 per share for a period of 24 months from closing. Finder’s fees of $6,599 and 20,705 share purchase warrants exercisable for 2 years at $0.15, were paid and issued respectively. The share purchase warrants were valued at $1,435 under the following assumptions and ranges: risk free interest rate – .39%; expected life – 2 years; expected volatility – 208%; expected dividend yield – 0%; and weighted average share price - $0.07.

On September 14, 2015, the Company closed the first tranche of a private placement. The Company issued 7,356,600 flow-through units (“FT Units”), with each FT Unit consisting of one common share priced at $0.10 and one half of one share purchase warrant, for gross proceeds of $735,660. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.20, expiring 1 year after closing. The Company also issued 3,160,000 units (“Units”), priced at $0.095 per Unit, for gross proceeds of $300,200. Each Unit consists of one common share and one share purchase warrant, priced at $0.20 and expiring 1 year after closing. Finder's fees of $34,961 and 350,848 share purchase warrants exercisable for 1 year at $0.20, were paid and issued respectively. The share purchase warrants were valued at $41,130 under the following assumptions and ranges: risk free interest rate – 0.47%; expected life – 1 year; expected volatility – 156%; expected dividend yield – 0%; and weighted average share price - $0.12.

On September 18, 2015, the Company closed the second and final tranche of a private placement. The Company issued 9,676,600 flow-through units (“FT Units”), with each FT Unit consisting of one common share priced at $0.10 and one half of one share purchase warrant, for gross proceeds of $967,660. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.20, expiring 1 year after closing. Finder's fees of $80,613 and 806,128 share purchase warrants exercisable for 1 year at $0.20, were paid and issued respectively. The share purchase warrants were valued at $85,582 under the following assumptions and ranges: risk free interest rate – 0.47%; expected life – 1 year; expected volatility – 157%; expected dividend yield – 0%; and weighted average share price - $0.11.

On October 5, 2015, the Company closed the first tranche of a private placement. The Company issued 8,411,393 units (“Units”), priced at $0.125 per Unit, for gross proceeds of $1,051,424. Each Unit consists of one common share and one share purchase warrant, priced at $0.25 and expiring in 1 year. Finder’s fees of $5,500 and 44,000 share purchase warrants exercisable for 1 year at $0.25, were paid and issued respectively. The share purchase warrants were valued at $4,055 under the following assumptions and ranges: risk free interest rate – 0.51%; expected life – 1 year; expected volatility – 150%; expected dividend yield – 0%; and weighted average share price - $0.09.

On October 28, 2015, the Company closed the second and final tranche of a private placement. The Company issued 1,676,000 units (“Units”), priced at $0.125 per Unit, for gross proceeds of $209,500. Each Unit consists of one common share and one share purchase warrant, priced at $0.25 and expiring in 1 year. The fair value of the shares at the date of issuance was $0.10, therefore the fair value of the Warrant is deemed to be $0.025 based on the residual method. As a result, the Company allocated $41,900 to reserves from the issuance of Units. Finder’s fees of $10,625 were paid.

During the year ended February 29, 2016, 5,665,000 share purchase warrants priced at $0.10 were exercised for gross proceeds of $566,500, 324,998 stock options priced at $0.10 were exercised for gross proceeds of $32,500, and 64,000 agent’s warrants were exercised for gross proceeds of $6,400.

(Unaudited - Expressed in Canadian Dollars)

10. SHARE CAPITAL - continued

c) Warrants:

Warrant transactions and the number of warrants outstanding for the three months ended May 31, 2016 and the year ended February 29, 2016 are summarized as follows:

	May 31, 2016		February 29, 2016	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	**35,020,925**	**$ 0.19**	11,629,333	$ 0.10
Granted	**30,632,000**	**0.10**	29,120,592	0.21
Exercised	**-**	**-**	(5,729,000)	0.10
Balance, end of period	**65,652,925**	**$ 0.15**	35,020,925	$ 0.19

The following warrants were outstanding as at May 31, 2016:

Expiry Date	**Exercise Price**	**Number of warrants**	**Remaining Contractual Life (Years)**
December 29, 2016	$ 0.10	1,255,000	0.58
December 30, 2016	$ 0.10	512,000	0.58
December 31, 2016	$ 0.10	320,000	0.59
February 26, 2017	$ 0.10	3,813,333	0.74
July 15, 2017	$ 0.15	6,155,623	1.12
September 14, 2016	$ 0.20	6,838,300	0.29
September 14, 2016	$ 0.20	350,848	0.29
September 18, 2016	$ 0.20	4,838,300	0.30
September 18, 2016	$ 0.20	806,128	0.30
October 5, 2016	$ 0.25	8,455,393	0.35
October 28, 2016	$ 0.25	1,676,000	0.41
March 8, 2018	$ 0.10	8,000,000	1.77
April 6, 2018	$ 0.10	22,632,000	1.85
Balance, end of period		**65,652,925**	**1.13**

(Unaudited - Expressed in Canadian Dollars)

11. SHARE-BASED COMPENSATION

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX-V. The maximum duration of each option is five years.

Options granted to directors, employees and consultants, other than consultants engaged in investors relations activities, will vest fully upon the expiry of the TSX-V hold period of four months from the award date, unless otherwise approved by the relevant regulatory authorities. Options granted to employees in investors relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three month period.

On March 26, 2015, the Company entered into an agreement with Performance Capital Advisors Inc. ("PCA") to provide the Company with Investor Relations services. The Company granted PCA 250,000 stock options, priced at $0.10, expiring on April 7, 2017. In accordance with the Company's stock option plan, these options vested at a rate of 25% per quarter, and, as of February 29, 2016, are 100% vested.

On June 24, 2015, the Company granted 250,000 stock options at a price of $0.10 expiring on June 24, 2019 to a director. In accordance with the Company's stock option plan, these options vested immediately.

On November 19, 2015, the Company granted 4,100,000 stock options at a price of $0.15 expiring on November 19, 2020. In accordance with the Company's stock option plan, these options vested immediately. Of the total stock options granted, 2,000,000 were issued to directors and officers of the Company.

On January 5, 2016, the Company granted 250,000 stock options at a price of $0.15 expiring on January 5, 2021 to a director. In accordance with the Company's stock option plan, these options vested immediately.

On April 27, 2016, the Company issued 5,282,319 stock options to former optionholders of AFG which exercisable for a period of three years at a price of $0.15 per share. These options will vest on August 27, 2016.

The following is a summary of option transactions under the Company's stock option plan for the three months ended May 31, 2016 and the year ended February 29, 2016:

	May 31, 2016		February 29, 2016	
	Number of Options	**Weighted Average Exercise Price**	Number Options	Weighted Average Exercise Price
Balance, beginning of period	**6,971,659**	**$ 0.13**	2,871,653	$ 0.10
Granted	**5,282,319**	**0.15**	4,850,000	0.14
Exercised	**-**	**-**	(324,998)	0.10
Expired	**-**	**-**	(424,996)	0.10
Balance, end of period	**12,253,978**	**$ 0.14**	6,971,659	$ 0.13
Exercisable, end of period	**6,971,659**	**$ 0.13**	6,971,659	$ 0.13

(Unaudited - Expressed in Canadian Dollars)

11. SHARE-BASED COMPENSATION - continued

The following stock options were outstanding as at May 31, 2016:

Expiry Date	Original Exercise Price	Revised Exercise Price	Number of options	Remaining Contractual Life (Years)
April 7, 2017	$ 0.10	n/a	125,000	0.85
February 26, 2019	$ 0.30	$ 0.10	616,659	2.74
February 15, 2020	$ 0.10	$ 0.10	1,755,000	3.72
June 4, 2020	$ 0.10	n/a	125,000	4.01
November 19, 2020	$ 0.15	n/a	4,100,000	4.47
January 5, 2021	$ 0.15	n/a	250,000	4.60
April 27, 2019	$ 0.15	n/a	5,282,319	2.91
Total, end of period			**6,971,659**	**3.56**

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the three months ended May 31, 2016, the Company recorded $nil (May 31, 2015 - $5,232) in share-based payments expense using the following assumptions:

	May 31, 2016	May 31, 2015
Risk free interest rate	**n/a**	0.50%
Expected life	**n/a**	2 years
Expected volatility	**n/a**	222%
Expected dividend yield	**n/a**	0%
Expected forfeiture	**n/a**	0%
Weighted average share price	**n/a**	$0.08

12. RELATED PARTY TRANSACTIONS

	Three months ended May 31, **2016**	2015
Key Management Compensation:		
Consulting fees	**$ 155,500**	$ 22,500
Office administration and rent	**37,500**	37,500
Advertising and promotion	**37,750**	5,313
Total	**$ 230,750**	$ 65,313

	May 31, 2016	February 29, 2016
Related Party Balances:		
Directors of the Company	**$ 64,021**	$ 74,939
Companies related by common directors	**9,662**	5,887
Total	**$ 73,683**	$ 80,826

Related party amounts are unsecured, non-interest bearing and due on demand. As at May 31, 2016, 2016, $73,683 (2015 - $80,826) is due to related parties of the Company. Additionally, the Company has advanced funds to a director of the Company for consulting fees for June and July 2016 of $15,000 (2015 - $37,500) and is holding a promissory note for payment for $nil (2015 - $50,000) which was included as a prepaid expense and used to satisfy amounts due to the director.

(Unaudited - Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS - continued

On April 27, 2016, the Company entered into an agreement with Chris Harris ("Mr. Harris"), whereby Mr. Harris was appointed president, CEO and director of the Company and agreed to provide management services for a term of twelve months for $15,000 per month. Mr. Harris will take a cash payment of $10,000 per month until the Company is cash positive, and accrue the rest, interest-free, which can be taken in cash or in shares.

13. COMMITMENTS

On December 1, 2015, the Company renewed its management and administration agreement for a 12 month term, expiring November 30, 2016, with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu provides the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space for $12,500 a month.

On February 3, 2016, the Company entered into an agreement with Transcend Capital Inc. ("Transcend"). Transcend will provide the Company with consulting and marketing services. The Company was to pay a total of $112,950 through May 31, 2017. The Company cancelled the agreement as of June 30, 2016.

14. PREPAID EXPENSES

	May 31, 2016	February 29, 2016
Current		
Advertising and promotion	**$ 123,306**	$ 176,885
Insurance	**2,780**	5,700
Employee advances	**112**	329
Consulting fees paid in advance of service (note 12)	**15,000**	115,167
Other	**53**	53
Total prepaid expenses	**$ 141,251**	$ 298,134

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	May 31, 2016	May 31, 2015
Agent warrants granted	$ 30,173	$ -
Shares issued for property	$ 186,667	$ -

16. SEGMENTED DISCLOSURE

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

	May 31, 2016	February 29, 2016
Non-current assets by geographic segment		
Canada	$ 2,773,411	$ 2,577,796
Brazil	8,167,496	-
	$ 10,940,907	$ 2,577,796

(Unaudited - Expressed in Canadian Dollars)

17. LONG TERM LIABILITES

Prior to the Company's investment in AFG, AFM restructured liabilities relating to claim maintenance costs for certain of its mineral properties. Pursuant to the terms of restructuring, AFM agreed to repay liabilities relating to claims maintenance costs and penalties totalling R$395,010 over 10 to 60 months together with interest.

As at May 31, 2016, Accounts payable and accrued liabilities and Long term liabilities include $86,748 and $78,637, respectively, of restructured liabilities.

The long-term liabilities payable in each of the next four fiscal years are as follows:

	BRL	CAD
May 31, 2018	$ 84,503	$ 30,778
May 31, 2019	75,375	27,454
May 31, 2020	44,436	16,185
May 31, 2021	11,585	4,220
	$ 215,899	$ 78,637

18. SUBSEQUENT EVENTS

i. On June 7, 2016, the Company announced that it has entered into a binding term sheet with Cartesian Royalty Holdings Pte. Ltd., an affiliate of Cartesian Capital Group, consisting of a US$5 million revolving gold prepayment loan facility and a US$1 million equity private placement investment. These agreements are now in documentation. The equity is in the form of units priced at C$0.07. Each unit provides one share and one warrant in Equitas Resources. The warrant exercise price is C$0.117 and expires 2 years from granting date. The equity is locked up for a total of 18 months.

ii. On July 22, 2016, the Company announced it has arranged a non-brokered private placement for up to 4,500,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of up to $450,000. Concurrently, the Company will also offer 1,800,000 flow-through units ("FT Units") at a price of $0.11 per FT Unit for gross proceeds of up to $200,000. Each Unit will consist of one common share and one share purchase warrant (a "Warrant"). Each FT Until will consist of one common shres and one-half of a share purchase warrant. Each whole Warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.16 per share for a period of 24 months from closing. There will be no finder's fee payable. Proceeds of the private placement will be used for Canadian mineral exploration expenditures, and for general working capital.