



Financial Statements

For The Six Months Ended August 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 six months ended August 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)

	August 31, 2016	February 29, 2016
Assets		
Current		
Cash	\$ 421,862	\$ 397,330
GST receivable	50,482	271,022
Amounts receivable	6,537	4,876
Marketable securities (note 8)	58,964	-
Prepaid expenses (note 14)	138,036	298,134
Total current assets	675,881	971,362
Non-current assets		
Exploration and evaluation assets (note 8)	11,637,779	2,562,796
Property and equipment (note 9)	79,008	-
Reclamation deposit	15,000	15,000
Total Assets	\$ 12,407,668	\$ 3,549,158
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 279,524	\$ 243,173
Due to related parties (note 12)	49,729	80,826
Liability for flow through shares (note 18)	562	-
Total current liabilities	329,815	323,999
Long term liabilities (note 17)	81,136	-
Equity		
Share capital (note 10)	28,828,083	19,117,908
Share subscriptions receivable	(24,100)	102,500
Share-based payments reserve (note 11)	2,483,442	2,131,240
Deficit	(19,290,708)	(18,126,489)
Total Equity	11,996,717	3,225,159
Total Liabilities and Equity	\$ 12,407,668	\$ 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
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2016	2015	2016	2015
Expenses				
Advertising and promotion	\$ 149,881	\$ 98,861	243,325	\$ 136,402
Administration fees (note 10)	37,500	37,500	75,000	75,000
Amortization	3,448	-	3,744	-
Consulting fees	152,538	179,370	492,695	283,435
Investor relations	30,000	35,000	60,000	57,500
Exploration costs	10,300	-	14,797	-
Office and general	7,810	3,585	12,744	6,694
Professional fees	63,098	3,298	156,273	6,052
Share-based payments	-	26,717	-	31,949
Transfer agent & regulatory fees	14,193	8,313	20,927	18,272
Travel	30,345	11,266	48,924	21,763
	499,113	403,910	1,128,429	637,067
Other income (expense)				
Interest expense	(3,603)	-	(4,653)	-
Interest income	2,232	-	5,411	-
Foreign exchange gain	(43,207)	-	(54,168)	-
	(44,578)	-	(53,410)	-
Loss before income tax	543,691	403,910	1,181,839	637,067
Income tax recovery (note 18)	17,620	-	17,620	-
Net Loss and Comprehensive Loss for the Period	526,071	403,910	1,164,219	637,067
Basic and Diluted Loss Per Share	\$ 0.004	\$ 0.011	\$ 0.009	\$ 0.022
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	136,668,261	38,301,608	131,263,232	29,157,450

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 six months ended August 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
Shares issued for cash (note 10)	6,134,918	521,468	-	-	-	521,468
Warrants exercised (note 10)	749,000	74,900	-	-	-	74,900
Options exercised (note 10)	58,332	16,790	-	(10,957)	-	5,833
Share subscriptions received	-	-	79,700	-	-	79,700
Share based payments (note 11)	-	-	-	31,949	-	31,949
Share issuance costs (note 10)	-	(8,034)	-	1,435	-	(6,599)
Net loss for the period	-	-	-	-	(637,067)	(637,067)
Balance, August 31, 2015	41,972,035	\$ 15,643,289	\$ 54,100	\$1,464,962	\$ (14,990,750)	\$ 2,171,601
	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)	38,428,181	2,342,818	(24,100)	-	-	2,318,718
Share subscriptions received	-	-	(102,500)	-	-	(102,500)
Share issuance costs	-	(75,040)	-	30,173	-	(44,867)
Net loss for the period	-	-	-	-	(1,164,219)	(1,164,219)
Balance, August 31, 2016	222,247,424	\$ 28,828,083	\$ (24,100)	\$2,483,442	\$ (19,290,708)	\$ 11,996,717

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 six months ended August 31, 2016 and 2015

(Unaudited - Expressed in Canadian Dollars)

	2016	2015
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss for the period	\$ (1,164,219)	\$ (637,067)
Items not involving cash:		
Share-based payments	-	31,949
Amortization	3,744	-
Income tax	(17,619)	-
Changes in non-cash working capital:		
GST and other receivables	223,669	(59,932)
Prepaid expenses	160,098	(57,528)
Due to related parties	(31,097)	26,756
Accounts payable and accrued liabilities	(239,700)	86,843
Long term liabilities	545	-
	(1,064,579)	(608,979)
INVESTING ACTIVITIES:		
Exploration and evaluation asset expenditures	(909,819)	(248,002)
Acquisition of property & equipment	(71,004)	-
Acquisition of exploration & evaluation assets	(416,511)	-
Cash acquired on acquisition of AFG	296,913	-
	(1,100,421)	(248,002)
FINANCING ACTIVITIES:		
Share subscriptions receivable	(126,600)	79,700
Shares issued for cash	2,361,000	602,201
Share issuance costs	(44,868)	(6,599)
	2,189,532	675,302
(DECREASE) INCREASE IN CASH	24,532	(181,679)
Cash, beginning of period	397,330	289,317
Cash, end of period	\$ 421,862	\$ 107,638

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.

Equitas Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2016

(Unaudited - Expressed in Canadian Dollars)

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.

Equitas Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2016

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE - continued

Approval of the financial statements

These financial statements for the six months ended August 31, 2016, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on October 27, 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.

Equitas Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 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 ten gold properties 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 August 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:

	<u>April 27, 2016</u>
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

Equitas Resources Corp.

Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2016
(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 August 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 August 31, 2016

Assets	Level 1	Level 2	Level 3	Total
Cash	\$421,862	\$ -	\$ -	\$421,862
Reclamation deposit	15,000	-	-	15,000
Total	\$ 436,862	\$ -	\$ -	\$ 436,862

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.

Equitas Resources Corp.

Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2016
(Unaudited - Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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 August 31, 2016, the Company had a cash balance of \$421,862 to settle current liabilities of \$329,815. All of the Company's financial liabilities are subject to normal trade terms.

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

Equitas Resources Corp.

Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2016
(Unaudited - Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The following schedule shows the Company's total property expenditures for the six months ended August 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	43,785	-	43,785
Property exploration costs			
Assays	51,629	-	51,629
Camp expenses	12,589	24,054	36,643
Drilling	305,506	72,060	377,566
Fuel	4,717	3,204	7,921
Geological costs	158,169	21,069	179,238
External studies	26,421	-	26,421
Supplies and rentals	73,938	964	74,902
Travel and accommodation	16,753	90,734	107,487
Total additions during the period	8,730,966	398,752	9,129,718
Proceeds received	(54,735)	-	(54,735)
Balance, August 31, 2016	\$ 8,676,231	\$ 2,961,548	\$ 11,637,779

Equitas Resources Corp.

Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2016
(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 six months ended August 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	32,427	2,213	-	-	8,340	806	43,786
Property exploration costs							
Assays	51,629	-	-	-	-	-	51,629
Camp expenses	12,579	11	-	-	-	-	12,590
Drilling	305,505	-	-	-	-	-	305,505
Fuel	4,717	-	-	-	-	-	4,717
Geological costs	158,169	-	-	-	-	-	158,169
External studies	26,421	-	-	-	-	-	26,421
Supplies and rentals	73,910	28	-	-	-	-	73,938
Travel and accommodation	16,753	-	-	-	-	-	16,753
Total additions during the period	7,594,326	163,001	160,749	160,749	169,089	483,053	8,730,967
Proceeds received	(54,736)	-	-	-	-	-	(54,736)
Balance, August 31, 2016	\$ 7,539,590	\$ 163,001	\$ 160,749	\$ 160,749	\$ 160,089	\$ 483,053	8,676,231

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. In addition, the Company is committed to issue 600,000 common shares of ECI to the previous property owners upon realising a resource (defined in accordance with National Instrument 43-101) on any part of these properties, and a further 600,000 common shares of ECI upon receipt of the first bankable feasibility study on any part of these properties. As at August 31, 2016, the Company owned 600,000 common shares of ECI with a value of \$58,964 (\$45,000 USD).

Equitas Resources Corp.

Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2016
(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 six months ended August 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							
Camp costs	24,054	-	-	-	-	-	24,054
Drilling	72,060	-	-	-	-	-	72,060
Field supplies and rentals	964	-	-	-	-	-	764
Fuel	3,204	-	-	-	-	-	3,204
Geological costs	21,069	-	-	-	-	-	21,069
Travel and accommodation	90,734	-	-	-	-	-	90,734
Total additions during the period	398,752	-	-	-	-	-	398,752
Balance, August 31, 2016	\$ 2,961,545	\$ 1	\$ 1	\$ -	\$ -	\$ 1	\$ 2,961,548

Equitas Resources Corp.

Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2016
(Unaudited - Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS - continued

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 the Company's president), 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.

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 Toadoggonne 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 Toadoggonne 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.

Equitas Resources Corp.

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9. PROPERTY AND EQUIPMENT

	Machinery & equipment	Furniture	Vehicles	Software	Total
<u>Cost</u>					
February 29, 2016	\$ -	-	-	-	-
Additions	29,879	1,475	33,858	17,540	82,752
August 31, 2016	\$ 29,879	\$ 1,475	\$ 33,858	\$ 17,540	\$ 82,752
<u>Accumulated Amortization</u>					
February 29, 2016	\$ -	-	-	-	-
Additions	2,031	90	1,019	604	3,744
August 31, 2016	\$ 2,031	\$ 90	\$ 1,019	\$ 604	\$ 3,744
<u>Net Book Value</u>					
February 29, 2016	\$ -	\$ -	\$ -	\$ -	-
August 31, 2016	\$ 27,848	\$ 1,385	\$ 32,839	\$ 16,936	\$ 79,008

10. SHARE CAPITAL

- Authorized: Unlimited common shares without nominal or par value.
- Issued:

During the six months ended August 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 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.

On July 22, 2016, the Company closed a non-brokered private placement of 6,610,000 units ("Units") at a price of \$0.10 per Unit for gross proceeds of \$661,000. Additionally, the Company also issued 1,818,181 flow-through units ("FT Units") at a price of \$0.11 per FT Unit for gross proceeds of \$200,000. Each Unit consists of one common share and one share purchase warrant (a "Warrant"). Each FT Unit consists of one common share 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.

Equitas Resources Corp.

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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.

Equitas Resources Corp.

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10. SHARE CAPITAL - continued

c) Warrants:

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

	August 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	38,151,091	0.11	29,120,592	0.21
Exercised	-	-	(5,729,000)	0.10
Balance, end of period	73,172,016	\$ 0.15	35,020,925	\$ 0.19

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

Expiry Date	Exercise Price	Number of warrants	Remaining Contractual Life (Years)
December 29, 2016	\$ 0.10	1,255,000	0.33
December 30, 2016	\$ 0.10	512,000	0.33
December 31, 2016	\$ 0.10	320,000	0.33
February 26, 2017	\$ 0.10	3,813,333	0.49
July 15, 2017	\$ 0.15	6,155,623	0.87
September 14, 2016*	\$ 0.20	6,838,300	0.04
September 14, 2016*	\$ 0.20	350,848	0.04
September 18, 2016*	\$ 0.20	4,838,300	0.05
September 18, 2016*	\$ 0.20	806,128	0.05
October 5, 2016*	\$ 0.25	8,455,393	0.10
October 28, 2016	\$ 0.25	1,676,000	0.16
March 8, 2018	\$ 0.10	8,000,000	1.52
April 6, 2018	\$ 0.10	22,632,000	1.60
July 29, 2018	\$ 0.16	7,519,091	1.91
Balance, end of period		73,172,016	0.99

*Expired subsequent to August 31, 2016 unexercised

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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 option holders 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 six months ended August 31, 2016 and the year ended February 29, 2016:

	August 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	12,253,978	\$ 0.13	6,971,659	\$ 0.13

Equitas Resources Corp.

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11. SHARE-BASED COMPENSATION - continued

The following stock options were outstanding as at August 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	0.60
February 26, 2019	\$ 0.30	\$ 0.10	616,659	2.49
February 15, 2020	\$ 0.10	\$ 0.10	1,755,000	3.47
June 4, 2020	\$ 0.10	n/a	125,000	3.76
November 19, 2020	\$ 0.15	n/a	4,100,000	4.22
January 5, 2021	\$ 0.15	n/a	250,000	4.35
April 27, 2019	\$ 0.15	n/a	5,282,319	2.65
Total, end of period			12,253,978	3.31

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the six months ended August 31, 2016, the Company recorded \$nil (August 31, 2015 - \$31,949) in share-based payments expense using the following assumptions:

	August 31, 2016	August 31, 2015
Risk free interest rate	n/a	0.47 – 0.95%
Expected life	n/a	2 - 5 years
Expected volatility	n/a	173 - 222%
Expected dividend yield	n/a	0%
Expected forfeiture	n/a	0%
Weighted average share price	n/a	\$0.07 – 0.09

12. RELATED PARTY TRANSACTIONS

		Six months ended August 31, 2016	Six months ended August 31, 2015
Key Management Compensation:			
Ridge Resources (a)	Consulting fees	\$ 127,500	\$ 45,000
Ridge Resources (a)	Exploration costs	13,300	-
EFMX Consulting (b)	Consulting fees	72,000	19,000
EFMX Consulting	Exploration costs	-	13,000
Zimtu Capital Corp. (c)	Office administration and rent	75,000	75,000
Chris Harris (d)	Consulting fees	75,000	-
Directors and officers	Share-based payments	-	22,499
Zimtu Capital Corp.	Advertising and promotion	112,047	10,313
Total		\$ 474,847	\$ 184,812

- A company controlled by a director of the Company, Kyler Hardy
- A company controlled by the Vice President of Exploration, Everett Makela
- A company with a common director, David Hodge. Mr. Hodge is also the President and CEO of Zimtu.

Equitas Resources Corp.

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12. RELATED PARTY TRANSACTIONS – continued

- d. 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.

	August 31, 2016	February 29, 2016
	\$	\$
Amounts due to (from) related parties		
Chris Harris	31,551	-
EFMX Consulting	11,300	53,169
Ridge Resources	-	21,770
Zimtu Capital Corp.	6,878	5,887
Due to related parties – Total	49,729	80,826

Related party amounts are unsecured, non-interest bearing and due on demand.

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 July 15, 2015, the Company signed a consulting agreement for a 12 month term, expiring September 20, 2016, with Zimtu. Under the terms of the agreement, Zimtu will provide the Company with consulting services, including but not limited to business development, strategic planning, marketing, financial services, research and communication products for \$5,000 a month.

On September 21, 2015, the Company signed a consulting agreement for a 12 month term, expiring September 20, 2016, with Zimtu. Under the terms of the agreement, Zimtu will provide the Company with consulting services, including but not limited to business development, strategic planning, marketing, financial services, research and communication products for \$7,250 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

	August 31, 2016	February 29, 2016
Current		
Advertising and promotion	\$ 83,279	\$ 176,885
Insurance	19,386	5,700
Employee advances	-	329
Consulting fees paid in advance of service	25,000	115,167
Other	10,371	53
Total prepaid expenses	\$ 138,036	\$ 298,134

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15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	August 31, 2016	August 31, 2015
Agent warrants granted	\$ 30,173	\$ 1,435
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:

	August 31, 2016	February 29, 2016
Non-current assets by geographic segment		
Canada	\$ 2,976,548	\$ 2,577,796
Brazil	8,755,239	-
	\$ 11,731,787	\$ 2,577,796

17. LONG TERM LIABILITIES

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 August 31, 2016, Accounts payable and accrued liabilities and Long term liabilities include \$75,129 and \$81,136, respectively, of restructured liabilities.

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

	BRL	CAD
August 31, 2018	\$ 86,966	\$ 35,189
August 31, 2019	68,190	27,592
August 31, 2020	40,284	16,300
August 31, 2021	5,078	2,055
	\$ 210,518	\$ 81,136

18. LIABILITY FOR FLOW THROUGH SHARES

On July 22, 2016, the Company issued 1,818,181 units on a flow-through basis at \$0.11 per share for gross proceeds of \$200,000 and recognized a liability for flow-through shares of \$18,182. As at August 31, 2016, the Company has spent \$193,816 of the flow-through funds on qualified expenditures, resulting in the reversal of \$17,620 of their flow-through liability. At August 31, 2016, the amount of flow-through proceeds remaining to be expended is \$6,184 (February 29, 2016 - \$nil) and the balance of the liability for flow-through shares is \$562 (February 29, 2016 - \$nil).

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Notes to the Consolidated Financial Statements

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19. SUBSEQUENT EVENTS

- i. On June 7, 2016, the Company announced that it had entered into a signed term sheet with Cartesian Royalty Holdings Pte. Ltd ("CRH"), 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. On October 10, 2016, the parties mutually decided to terminate the transaction.
- ii. See Note 10 (c) for share purchase warrants that expired subsequent to August 31, 2016.