



**MAMMOTH** RESOURCES CORP.

Condensed Consolidated Interim Financial Statements of  
**Mammoth Resources Corp.**

For the three and nine months ended  
**October 31, 2015 and 2014**  
(Expressed in Canadian Dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements (the "Financial Statements") they must be accompanied by a notice indicating that the Financial Statements have not been reviewed by an auditor.

The accompanying Financial Statements of the Mammoth Resources Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# Mammoth Resources Corp.

## Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	October 31 2015 \$	January 31 2015 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	7,644	23,988
Government taxes recoverable (note 5)	33,511	33,073
Prepaid expenses	9,161	2,881
	<b>50,316</b>	<b>59,942</b>
<b>Non-current</b>		
Equipment (note 6)	13,723	17,906
Exploration and evaluation assets (note 7)	979,435	951,722
	<b>1,043,474</b>	<b>1,029,570</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade payables and accrued liabilities	287,477	300,215
Loan from officer (note 10)	1,000	-
Due to related parties (note 10)	86,419	86,419
	<b>374,896</b>	<b>386,634</b>
Deferred income tax liability	50,000	50,000
	<b>424,896</b>	<b>436,634</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital, warrants and share-based payment reserves (note 8)	3,199,835	3,120,835
Accumulated deficit	(2,581,257)	(2,527,899)
	<b>618,578</b>	<b>592,936</b>
	<b>1,043,474</b>	<b>1,029,570</b>

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

*Nature of operations and going concern (notes 1 and 2)*

Approved on behalf of the board on December 29, 2015

(signed) "Tom Atkins"  
Director

(signed) "Wanda Cutler"  
Director

# Mammoth Resources Corp.

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	For the three months ended		For the nine months ended	
	October 31	October 31	October 31	October 31
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Expenses</b>				
General and administrative (note 11)	9,454	20,033	27,464	58,560
Consulting fees	-	42,213	-	91,156
Professional fees	7,500	4,233	23,234	56,320
Share-based payments (note 8)	-	-	-	24,646
Foreign exchange	-	(23,963)	2,660	2,208
<b>Total operating expenses</b>	<b>16,954</b>	<b>90,442</b>	<b>53,358</b>	<b>232,890</b>
<b>Write-off of share subscriptions receivable</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>
<b>Net loss and comprehensive loss for the period</b>	<b>16,954</b>	<b>115,442</b>	<b>53,358</b>	<b>257,890</b>
<b>Loss per share - basic and diluted (note 9)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>
Weighted average number of shares outstanding – basic and diluted	46,715,018	33,485,954	41,777,150	30,520,636

*The accompanying notes are an integral part of these Condensed Consolidated Interim financial statements.*

# Mammoth Resources Corp.

## Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	October 31 2015 \$	For the nine months ended October 31 2014 \$
<b>Operating activities</b>		
Loss for the period	(53,358)	(257,890)
Adjustments for non-cash items:		
Share-based payments	-	24,646
Write-off of share subscription receivable	-	25,000
Net change in non-cash working capital balances:		
Government taxes recoverable	(438)	(14,732)
Prepaid expenses	(6,280)	25,087
Trade payables and accrued liabilities	(12,738)	(39,627)
Related party account payables	-	6,264
<b>Net cash used in operating activities</b>	<b>(72,814)</b>	<b>(230,892)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(23,530)	(103,837)
Disposal of equipment	-	2,292
<b>Net cash used in investing activities</b>	<b>(23,530)</b>	<b>(101,645)</b>
<b>Financing activities</b>		
(Repayment)/advance of loan from officer	1,000	(20,000)
Issuance of common shares	79,000	326,210
Share issuance costs	-	(4,860)
Exercise of stock options	-	28,940
<b>Net cash provided by financing activities</b>	<b>80,000</b>	<b>330,290</b>
<b>Net change in cash</b>	<b>(16,344)</b>	<b>(2,247)</b>
Cash, beginning of the year	23,988	2,760
<b>Cash, end of the year</b>	<b>7,644</b>	<b>513</b>
<b>Supplemental cash flow information:</b>		
Common shares issued for property acquisition	-	2,500
Depreciation capitalized to exploration and evaluation assets	4,183	7,990
Trade payables and accrued liabilities balances in exploration and evaluation costs	132,583	114,707

*The accompanying notes are an integral part of these Condensed Consolidated Interim financial statements*

# Mammoth Resources Corp.

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share capital		Warrants	Share-based payments reserves	Sub-total	Share subscriptions receivable	Accumulated deficit	Total
	#	\$						
<b>Balance, January 31, 2014</b>	<b>28,826,400</b>	<b>2,163,340</b>	<b>5,436</b>	<b>582,863</b>	<b>2,751,639</b>	<b>(35,740)</b>	<b>(2,219,880)</b>	<b>496,019</b>
Issuance of common shares	9,320,285	326,210	-	-	326,210	-	-	326,210
Share issuance costs	-	(7,743)	2,883	-	(4,860)	-	-	(4,860)
Common share issued for property acquisition	125,000	5,000	-	-	5,000	-	-	5,000
Exercise of stock options	303,333	30,879	-	(12,679)	18,200	10,740	-	28,940
Share-based payments	-	-	-	24,646	24,646	-	-	24,646
Net loss for the period	-	-	-	-	-	-	(257,890)	(257,890)
<b>Balance, October 31, 2014</b>	<b>38,575,018</b>	<b>2,517,686</b>	<b>8,319</b>	<b>594,830</b>	<b>3,120,835</b>	<b>(25,000)</b>	<b>(2,477,770)</b>	<b>618,065</b>
Write-off of share subscriptions receivable	-	-	-	-	-	25,000	-	25,000
Net loss for the period	-	-	-	-	-	-	(50,129)	(50,129)
<b>Balance, January 31, 2015</b>	<b>38,575,018</b>	<b>2,517,686</b>	<b>8,319</b>	<b>594,830</b>	<b>3,120,835</b>	<b>-</b>	<b>(2,527,899)</b>	<b>592,936</b>
Issuance of common shares	7,900,000	79,000	-	-	79,000	-	-	79,000
Share issuance costs	240,000	(1,176)	1,176	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(53,358)	(53,358)
<b>Balance, October 31, 2015</b>	<b>46,715,018</b>	<b>2,595,510</b>	<b>9,495</b>	<b>594,830</b>	<b>3,199,835</b>	<b>-</b>	<b>(2,581,257)</b>	<b>618,578</b>

The accompanying notes are an integral part of these Condensed Consolidated Interim financial statements.

# **Mammoth Resources Corp.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

October 31, 2015

(Expressed in Canadian dollars)

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### **1. Nature of operations**

Mammoth Resources Corp. (“Mammoth” or the “Company”) was incorporated on January 7, 2011 under the *Canada Business Corporations Act*, and is involved in the acquisition, exploration and evaluation of mining properties in Mexico. Its stock is listed on the TSX Venture Exchange under the symbol MTH. The head office of the Company is located at 410-150 York Street, Toronto, Ontario, Canada M5H 3S5. The registered and records office of the Company is located at Suite 2600, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1.

Mammoth is an exploration stage company and currently has interests in mineral exploration properties in Mexico. Substantially all of the Company’s efforts are devoted to financing and developing these properties and/or acquiring new ones. There has been no determination whether the Company’s interests in mineral exploration properties contain mineral reserves, which are economically recoverable.

These condensed consolidated interim financial statements (the “Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the nine months ended October 31, 2015, the Company incurred a net loss of \$53,358 (2014 – \$257,890), and used cash from operations of \$72,814 (2014 - used cash from operations of \$230,892). As at October 31, 2015, the Company had an accumulated deficit of \$2,581,257 (January 31, 2015 - \$2,527,899) and a working capital deficit of \$324,580 (January 31, 2015 – \$326,692). The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations. The Company also is dependent upon its ability to continue to raise adequate financing and there can be no assurances that the Company will be successful. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern. Changes in future conditions could require material write-downs of the carrying values. The Company is actively targeting sources of additional financing which may assure continuation of the Company’s operations and exploration programs.

### **3. Basis of preparation and significant accounting policies**

#### **Statement of compliance**

The Company prepares its condensed consolidated interim financial statements (the “Financial Statements”) in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements as at and for the year ended January 31, 2015 and have been prepared using accounting policies consistent with those used in the Company’s January 31, 2015 annual consolidated financial statements except for new standards and amendments mandatorily effective for the first time from February 1, 2015.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments classified at fair value through profit or loss which are stated at

## Mammoth Resources Corp.

### Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

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their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2015 or later periods. They have not been early adopted in these financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

IFRS 15, Revenue from Contracts with Customers, establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The change in accounting standard is unlikely to have a significant impact on the Company's Condensed Consolidated Interim financial statements.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

These Financial Statements were approved by the Board of Directors for issue on December 29, 2015.

#### **5. Government taxes recoverable**

The Company's receivables arise from two main sources: harmonized sales tax ("GST"/"HST") receivable due from Canadian government taxation authorities and value added tax ("VAT") due from Mexican government taxation authorities. The receivables balance is broken down as follows:

	<b>October 31</b>	January 31
	<b>2015</b>	2015
	\$	\$
GST/HST Recoverable	<b>4,759</b>	2,430
Mexican Sales Tax (VAT)	<b>28,752</b>	30,643
	<b>33,511</b>	33,073

The Company exercises judgment in presenting the Mexican Sales Tax (VAT) recoverable as current or non-current. It is management's judgment that the VAT recoverable is due and owing, and as such, the receivable is a current asset.

**Mammoth Resources Corp.****Notes to the Condensed Consolidated Interim Financial Statements**

October 31, 2015

(Expressed in Canadian dollars)

**6. Equipment**

<b>For the nine months ended October 31, 2015</b>	<b>Cost beginning of period</b>	<b>Additions/ Disposals</b>	<b>Impairment</b>	<b>Cost end of period</b>
	\$	\$	\$	\$
Equipment	10,300	-	-	10,300
Vehicles	33,743	-	-	33,743
	<b>44,043</b>	<b>-</b>	<b>-</b>	<b>44,043</b>

<b>For the nine months ending October 31, 2015</b>	<b>Accumulated depreciation beginning of period</b>	<b>Depreciation</b>	<b>Accumulated depreciation end of period</b>	<b>Net book value</b>
	\$	\$	\$	\$
Equipment	10,300	-	10,300	-
Vehicles	15,837	4,183	20,020	13,723
	<b>26,137</b>	<b>4,183</b>	<b>30,320</b>	<b>13,723</b>

<b>For the year ended January 31, 2015</b>	<b>Cost beginning of year</b>	<b>Additions/ Disposals</b>	<b>Impairment</b>	<b>Cost end of year</b>
	\$	\$	\$	\$
Equipment	10,300	-	-	10,300
Vehicles	36,035	(2,292)	-	33,743
	<b>46,335</b>	<b>(2,292)</b>	<b>-</b>	<b>44,043</b>

<b>For the year ending January 31, 2015</b>	<b>Accumulated depreciation beginning of year</b>	<b>Depreciation</b>	<b>Accumulated depreciation end of year</b>	<b>Net book value</b>
	\$	\$	\$	\$
Equipment	8,405	1,895	10,300	-
Vehicles	7,402	8,435	15,837	17,906
	<b>15,807</b>	<b>10,330</b>	<b>26,137</b>	<b>17,906</b>

## Mammoth Resources Corp.

### Notes to the Condensed Consolidated Interim Financial Statements

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#### 7. Exploration and evaluation assets

The Company has incurred the following acquisition costs and deferred exploration costs on its exploration and evaluation assets:

<b>For the nine months ended October 31, 2015</b>	<b>Tenoriba Project \$</b>
<b>Acquisition costs, January 31, 2015</b>	50,480
Additions	-
<b>Acquisition costs, October 31, 2015</b>	50,480
<b>Deferred exploration costs, January 31, 2015</b>	901,242
Additions for the nine months ended October 31, 2015	
Depreciation	4,183
Taxes and permitting	22,250
Travel and accommodation	1,280
	27,713
<b>Deferred exploration costs, October 31, 2015</b>	928,955
<b>Total exploration and evaluation assets, October 31, 2015</b>	979,435
<hr/>	
<b>For the year ended January 31, 2015</b>	<b>Tenoriba Project \$</b>
<b>Acquisition costs, January 31, 2014</b>	18,398
Additions	32,082
<b>Acquisition costs, January 31, 2015</b>	50,480
<b>Deferred exploration costs, January 31, 2014</b>	653,652
Additions for the year ended January 31, 2015	
Depreciation	10,330
Geophysics	1,777
Geology	174,398
Supplies	6,369
Taxes and permitting	32,522
Travel and accommodation	22,194
	247,590
<b>Deferred exploration costs, January 31, 2015</b>	901,242
<b>Total exploration and evaluation assets, January 31, 2015</b>	951,722

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing. However,

## **Mammoth Resources Corp.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

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(Expressed in Canadian dollars)

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there can be no guarantee of title and the exploration and evaluation assets may otherwise be subject to prior claims, agreements, or transfers and rights of ownership may be affected by undetected defects. The properties in which the Company has earned or committed to earn an interest are located in Mexico.

#### **Tenoriba Project**

On July 3, 2012 the Company signed a definitive agreement with two private Mexican citizens to option the Tenoriba gold and silver project located in southwestern Chihuahua State, Mexico (the "Agreement"). The Tenoriba project is comprised of three concessions, Mapy 1, Mapy 2 and Fernanda.

The terms of the Agreement permit the Company to acquire a 100% interest in the Tenoriba property by issuing a total of 900,000 common shares and making total cash payments of US\$160,000 to the vendors over the four year option period and spending US\$1,000,000 in exploration expenditures on or before June 30, 2016. The Agreement also allows for a 2% NSR royalty payable to the vendors upon commercial production. The royalty can be purchased by the Company at any time within a three year period from commencement of commercial production for US\$1,500,000.

On March 12, 2015, the agreement was amended (the "Amended Agreement") to provide for the following payments:

#### 'Fernanda' Concession Option Details

Pursuant to the Agreement, the Company has issued 200,000 common shares and made cash payments of US\$23,750 as follows:

1. 50,000 common shares and USD\$12,500 on or before December 30, 2012 (issued and paid);
2. 50,000 common shares and USD\$5,000 on or before June 30, 2013 (issued and paid);
3. 50,000 common shares and USD\$12,500 on or before December 30, 2013 (issued and paid);  
and
4. 50,000 common shares and USD\$12,500 on or before June 30, 2014 (issued and paid).

Pursuant to the Amended Agreement, the Company will issue 365,575 common shares and make cash payments of US\$62,500 as follows:

1. 140,575 common shares on or before December 31, 2015;
2. 50,000 common shares and USD\$12,500 on or before June 30, 2016;
3. 50,000 common shares and USD\$12,500 on or before December 30, 2016;
4. 62,500 common shares and USD\$18,750 on or before June 30, 2017; and
5. 62,500 common shares and USD\$18,750 on or before December 30, 2017.

#### 'Mapy' Concession Option Details

Pursuant to the Agreement, the Company issued 150,000 common shares as follows:

1. 75,000 common shares on or before December 30, 2013 (issued); and
2. 75,000 common shares on or before June 30, 2014 (issued).

Pursuant to the Amended Agreement, the Company will issue 465,575 common shares and make cash payments of US\$62,500 as follows:

1. 140,575 common shares December 31, 2015;
2. 75,000 common shares and USD\$12,500 on or before June 30, 2016;
3. 75,000 common shares and USD\$12,500 on or before December 30, 2016;
4. 87,500 common shares and USD\$18,750 on or before June 30, 2017; and
5. 87,500 common shares and USD\$18,750 on or before December 30, 2017.

## Mammoth Resources Corp.

### Notes to the Condensed Consolidated Interim Financial Statements

October 31, 2015

(Expressed in Canadian dollars)

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#### 8. Shareholders' equity

##### Share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

##### Nine months ended October 31, 2015

- On July 16, 2015, the Company completed a non-brokered private placement of 7,900,000 units at \$0.01 per unit for gross proceeds of \$79,000. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.05 per share until either July 16, 2017. The Company issued 240,000 compensation units with similar terms as the private placement, valued at \$3,576.

##### Fiscal year ended January 31, 2015

- 303,333 stock options were exercised for proceeds of \$28,940.
- On September 18 and 23, 2014, the Company completed a non-brokered private placement of 9,320,285 units at \$0.035 per unit for gross proceeds of \$326,210. Each unit is comprised of one common share and one common share purchase warrant exercisable at \$0.10 per share until either September 18, 2016 or September 23, 2016. The Company issued 176,857 compensation options valued at \$2,883. These options are exercisable at \$0.10 until either September 18, 2016 or September 23, 2016.
- Pursuant to the Tenoriba Option Agreement, the Company issued 125,000 common shares to the optionor valued at \$5,000.

##### Stock options

On September 30, 2014 the shareholders of the Company approved the conversion of the Company's stock option plan (the "Plan") from a 20% fixed Plan to a 10% rolling Plan, where by the maximum number of common shares that may be reserved for issuance under it shall not exceed 10% of the then outstanding common shares at the time of grant. The terms upon which any options are issued under the plan are subject to vesting provisions determined by the board of directors. The term of any options granted may not exceed 10 years and their exercise price and vesting conditions will be determined by the board of directors pursuant to the policies of the TSX Venture Exchange.

A summary of the Company's stock options and compensation stock options at October 31, 2015 is presented below:

	Number of options	Weighted average exercise price \$
<b>Outstanding, January 31, 2014</b>	<b>3,170,000</b>	<b>0.09</b>
Granted	666,333	0.05
Exercised	(303,333)	0.06
<b>Options outstanding and exercisable at January 31, 2015</b>	<b>3,533,000</b>	<b>0.08</b>
Expired	(2,009,000)	0.08
<b>Options outstanding and exercisable at October 31, 2015</b>	<b>1,524,000</b>	<b>0.08</b>

## Mammoth Resources Corp.

### Notes to the Condensed Consolidated Interim Financial Statements

October 31, 2015

(Expressed in Canadian dollars)

The following table sets out the details of the stock options granted and outstanding:

Date of grant	Remaining life years	Number of options	Exercise price \$
January 13, 2012	1.21	300,000	0.10
April 12, 2012	1.45	450,000	0.10
June 30, 2012	1.67	50,000	0.10
September 19, 2013	2.90	356,000	0.06
April 9, 2014	3.45	200,000	0.05
April 16, 2014	3.47	168,000	0.05
		<b>1,524,000</b>	

#### Share-based payments

The fair value of the stock options granted for the nine months ended October 31, 2015 was \$nil or \$nil per option (2014 – \$24,646 or \$0.04 per option). The share-based payments expense for the nine months ended October 31, 2015 was \$nil (2014 - \$24,646).

The following table sets out the details of the valuation of stock option grants during the nine months ended October 31, 2015 year ended January 31, 2015:

Date of grant	Number	Risk free interest rate	Expected dividend yield	Expected volatility	Expected life
April 9, 2014	379,000	1.71%	Nil	111.69%	5 years
April 16, 2014	287,333	1.65%	Nil	112.76%	5 years

The following table set out the details for the re-pricing of stock options during the year ended January 31, 2014:

Date of original grant	Number re- priced	Risk free interest rate	Expected dividend yield	Expected volatility	Expected life
December 22, 2011	100,000	1.13%	Nil	100.00%	3.61 years
January 13, 2012	300,000	1.13%	Nil	100.00%	3.67 years
April 12, 2012	450,000	1.13%	Nil	100.00%	3.92 years
June 30, 2012	560,000	1.13%	Nil	100.00%	4.13 years

#### Warrants and brokers warrants

The following table summarizes information on outstanding warrants and brokers warrants as at October 31, 2015:

	Number of warrants	Weighted average exercise price \$
<b>Outstanding, January 31, 2014</b>	<b>12,087,400</b>	<b>0.10</b>
Granted	9,497,142	0.10
Cancelled	(500,000)	0.10
<b>Outstanding, January 31, 2015</b>	<b>21,084,542</b>	<b>0.10</b>
Granted	8,140,000	0.05
Expired	(10,682,400)	0.08
<b>Outstanding, October 31, 2015</b>	<b>18,542,142</b>	<b>0.07</b>

## Mammoth Resources Corp.

### Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

The composition of the outstanding warrants as at October 31, 2015 consists of the following:

	Expiry range	Number of warrants	Price range \$
Warrants	November 27, 2015	905,000	0.10
Warrants and broker warrants	September 18, 2016	2,741,714	0.10
Warrants and broker warrants	September 23, 2016	6,755,428	0.10
Warrants	July 15, 2017	7,900,000	0.05
Broker warrants	July 15, 2017	240,000	0.05
		<b>18,542,142</b>	

The following table sets out the details of the valuation of compensation warrants granted during nine month ended October 31, 2015 and the year ended January 31, 2015:

Date of grant	Number	Risk free interest rate	Expected dividend yield	Expected volatility	Expected life
September 30, 2014	176,857	1.63%	Nil	117.44%	2 years
July 6, 2015	240,000	0.86%	Nil	158.06%	2 years

## 9. Loss Per Share

The calculation of basic loss per share for the nine months ended October 31, 2015 was based on the loss attributable to common shareholders of \$53,358 (2014 - \$257,890) and a weighted average number of common shares outstanding of 41,777,150 (2014 - 30,520,636).

## 10. Related party transactions and key management compensation

The Company defines its key management as the directors, Chief Executive Officer and Chief Financial Officer. For the nine months ended October 31, 2015, key management compensation was \$5,000 (2014 - \$146,161) including share-based payments of \$nil.

The following table summarizes information on related party transactions:

	Nine months ended October 31	
	2015	2014
	\$	\$
Professional fees	<b>5,000</b>	22,500
Consulting fees	-	59,656
Rent	-	8,000
Geologic consulting costs included in exploration and evaluation assets	-	122,961
Share-based payments	-	24,646

At October 31, 2015 related party accounts payable was \$86,419 (January 31, 2015 - \$86,419) in connection with various services provided to the Company, including professional fees, corporate and geological consulting fees and office rent.

### Commitment

The Company has entered into a consulting agreement with a director and officer of the Company for the provision of consulting services at a current cost of \$130,000 per annum plus a bonus ranging from 0% to

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100% per annum as recommended by the Compensation Committee and approval by the Board of Directors.

The agreement will continue indefinitely, subject to the termination notice given by either party. The Company must provide twelve month's written notice for termination but reserves the right to waive such notice upon paying the fees which would have accrued during the twelve month period. Should the Company be subject to a change in control and terminate the agreement, the engagement will terminate immediately and the Company will be required to pay an amount equal to 18 months of fees plus any bonus amount payable.

#### 11. General and administrative expenses

The following table illustrates spending activity related to general and administrative expenses for the three and nine months ended October 31, 2015 and 2014:

	Three months ended		Nine months ended	
	October 31		October 31	
	2015	2014	2015	2014
	\$	\$	\$	\$
Shareholder and investor relations	3,949	3,023	4,493	16,881
Office costs	127	622	965	1,654
Communications	74	178	226	2,155
Office rent	-	1,475	-	11,255
Regulatory and filing fees	2,803	3,443	7,339	8,584
Insurance	2,500	11,292	13,342	17,054
Travel and accommodations	-	-	-	977
	9,454	20,033	27,464	58,560

#### 12. Financial instrument risk management

##### a) Fair value of financial instruments

The carrying values of cash, government taxes receivable and trade and accrued liabilities, loan from officer and due to related parties approximates fair values due to the short-term nature of these financial instruments.

##### b) Risk management

###### Credit risk

The Company's credit risk is primarily attributable to its cash and government taxes recoverable. The risk exposure is limited to their carrying values at the statement of financial position date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. Government taxes recoverable consist of input tax credits reimbursable to the Company.

###### Interest rate risk

The Company is not exposed to interest rate risk since it has no interest-bearing debt and its cash balances are not invested in interest-bearing instruments.

###### Liquidity risk

The Company's objective is to ensure that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets,

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against cash. As of October 31, 2015, the Company has \$7,644 in cash to settle current liabilities of \$374,896. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

#### **Price risk**

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

#### **Currency risk**

The Company operates in Canada and Mexico, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently have an impact upon the reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by interest rate risk, currency risk or credit risk.

### **13. Capital risk management**

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. At October 31, 2015, the Company's capital consists of items in shareholders' equity, in the amount of \$618,578 (January 31, 2015 - \$592,936).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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 does not have any externally imposed capital requirements or covenants.

### **14. Segmented Information**

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets in Mexico. All of the Company's equipment and exploration and evaluation assets are located in Mexico.

### **16. Subsequent events**

Subsequent to October 31, 2015, 905,000 warrants expired unexercised.