UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-34055

TIMBERLINE RESOURCES CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**82-0291227**
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 East Lakeside Avenue **Coeur d'Alene, Idaho**	**83814**
(Address of Principal Executive Offices)	(Zip Code)

(208) 664-4859

(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $0.001 par value	**NYSE MKT**

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. ☐

Indicate by check mark whether the Registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the Registrant is a shell company, as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

As of March 31, 2015, the aggregate market value of the voting and non-voting shares of common stock of the registrant issued and outstanding on such date, excluding shares held by affiliates of the registrant as a group, was $6,182,388. This figure is based on the closing sale price of $0.65 per share of the Registrant's common stock on March 31, 2015 on the NYSE MKT**.**

Number of shares of Common Stock outstanding as of December 21, 2015: 13,331,945

Documents incorporated by reference: To the extent herein specifically referenced in Part III, portions of the Registrant's definitive Proxy Statement for the 2016 Annual General Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A. See Part III.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the exhibits attached hereto contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. These statements include, but are not limited to, comments regarding:

- the establishment and estimates of mineralization and reserves;
- the grade of mineralization and reserves;
- anticipated expenditures and costs in our operations;
- planned exploration activities and the anticipated outcome of such exploration activities;
- planned production of technical reports and economic assessments on our properties;
- plans and anticipated timing for obtaining permits and licenses for our properties;
- expected future financing and its anticipated outcome;
- plans and anticipated timing regarding production dates;
- anticipated gold prices;
- anticipated liquidity to meet expected operating costs and capital requirements;
- our ability to obtain financing to fund our estimated expenditure and capital requirements; and
- factors expected to impact our results of operations.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to our limited operating history;
- risks related to our ability to continue as a going concern;
- risks related to our history of losses and our expectation of continued losses;
- risks related to our properties being in the exploration or, if warranted, development stage;
- risks related to our bringing our projects into production;
- risks related our mineral operations being subject to government regulation;
- risks related to future legislation and administrative changes to mining laws;
- risks related to future legislation regarding climate change;
- risks related to our ability to obtain additional capital to develop our reserves, if any;
- risks related to land reclamation requirements and costs;
- risks related to mineral exploration and development activities being inherently dangerous;
- risks related to our insurance coverage for operating risks;
- risks related to cost increases for our exploration and development projects;
- risks related to a shortage of equipment and supplies adversely affecting our ability to operate;
- risks related to mineral estimates;
- risks related to the fluctuation of prices for precious and base metals, such as gold, silver and copper;
- risks related to the competitive industry of mineral exploration;
- risks related to our title and rights in our mineral properties;
- risks related to integration issues with acquisitions;
- risks related to joint ventures and partnerships;
- risks related to potential conflicts of interest with our management;
- risks related to our dependence on key management;
- risks related to our Talapoosa Project, Eureka and other acquired growth projects;
- risks related to our business model;
- risks related to our acquisition of Wolfpack Gold Corp.;
- risks related our acquisition of the Talapoosa option;
- risks related to evolving corporate governance standards for public companies;
- risks related to our Canadian regulatory requirements; and
- risks related to our shares of common stock.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the sections titled "Risk Factors", "Description of Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated, or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.

PART I

Cautionary Note to U.S. Investors Regarding Mineral Reserve and Resource Estimates

Certain of the technical reports referenced in this Annual Report use the terms "mineral resource," "measured mineral resource," "indicated mineral resource" and "inferred mineral resource". We advise investors that these terms are defined in and required to be disclosed in accordance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") – *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as amended; however, these terms are not defined terms under the United States Securities and Exchange Commission's (the "SEC") Industry Guide 7 ("Guide 7") and are normally not permitted to be used in reports and registration statements filed with the SEC. Under Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by Guide 7 standards as in place tonnage and grade without reference to unit measures. As a reporting issuer in Canada, we are required to prepare reports on our mineral properties in accordance with NI 43-101. We reference those technical reports in this Annual Report for informational purposes only and such reports are not incorporated herein by reference. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Investors are cautioned not to assume that any part or all of mineral deposits in the above categories will ever be converted into Guide 7 compliant reserves.

ITEM 1. DESCRIPTION OF BUSINESS

General

We were incorporated in the State of Idaho in August 1968 under the name Silver Crystal Mines, Inc., to engage in the business of exploring for precious metal deposits and advancing them toward production. We ceased exploration activities during the 1990s and became virtually inactive. In December 2003, a group of investors purchased 80-percent of the issued and outstanding common stock from the then-controlling management team. In January 2004, we affected a one-for-four reverse split of our issued and outstanding shares of common stock and increased the number of our authorized shares of common stock to 100,000,000 with a par value of $0.001.

In February 2004, our name was changed to Timberline Resources Corporation. Since the reorganization, we have been in an exploration stage evaluating, acquiring, and exploring mineral prospects with potential for economic deposits of precious and base metals. A prospect is defined as a mining property, the value of which has not been determined by exploration. In August 2008, we reincorporated into the State of Delaware pursuant to a merger agreement approved by our shareholders.

In March 2006, we acquired Timberline Drilling, Inc. ("TDI"), formerly known as Kettle Drilling, as a wholly-owned subsidiary. TDI was formed in 1996 and provides mineral core drilling services to the mining and mineral exploration industries primarily in the western United States.

In July 2007, we closed our purchase of the Butte Highlands Gold Project. In October 2008, we announced that we had agreed to form a 50/50 joint venture at the Butte Highlands project. In July 2009, we finalized the joint venture agreement with Highland Mining, LLC ("Highland") to create Butte Highlands JV, LLC ("BHJV"). Under terms of the joint venture agreement, development began in the summer of 2009, with Highland funding all mine development costs through development. Both Timberline's and Highland's 50-percent share of costs will be paid out of net proceeds from future mine production.

In June 2010, we closed our acquisition of Staccato Gold Resources Ltd., a Canadian-based resource company ("Staccato Gold") that was in the business of acquiring, exploring, and developing mineral properties with a focus on gold exploration in the dominant gold producing trends in Nevada. As a result of this acquisition, we obtained Staccato's flagship gold exploration project ("Lookout Mountain"), and several other projects at various stages of exploration in the Battle Mountain/Eureka gold trend in north-central Nevada, along with Staccato Gold's wholly owned U.S. subsidiary, BH Minerals USA, Inc. ("BH Minerals").

In September 2011, we announced that we had entered into a non-binding letter of intent to sell TDI to a private company formed by a group of investors, including certain members of the senior management team of TDI. In November 2011, the sale of TDI was completed for a total value of approximately $15 million.

In August 2014, our stockholders approved an increase in the number of authorized shares of common stock from 100,000,000 shares, par value $0.001, to 200,000,000 shares of common stock, par value $0.001.

In August 2014, our stockholders approved a one-for-twelve reverse stock split of the company's common stock. The one-for-twelve reverse stock split was effective October 31, 2014. As a result of the reverse stock split, the number of issued and outstanding shares was adjusted and the number of shares underlying outstanding stock options and warrants and the related exercise prices were adjusted. Following the effective date of the reverse stock split, the par value of the common stock remained at $0.001 per share. Unless otherwise indicated, all references herein to shares outstanding and share issuances have been adjusted to give effect to the aforementioned stock split.

In August 2014, we closed our acquisition of Wolfpack Gold (Nevada) Corp. (“Wolfpack US”), a U.S. company and a wholly-owned subsidiary of Wolfpack Gold Corp. a Canadian-based resource company (“Wolfpack Gold”), that was in the business of acquiring, exploring, and developing mineral properties with a focus on gold exploration in the dominant gold producing trends in Nevada. As a result of this acquisition, we obtained cash and several projects at various stages of exploration in the gold trends in Nevada.

On March 12, 2015 (the “Effective Date”), we entered into a property option agreement (“Agreement”) with Gunpoint Exploration Ltd. (“Gunpoint”), which closed on March 31, 2015. Gunpoint granted us an exclusive and irrevocable option (“Option”) to purchase a 100% interest in Gunpoint’s Talapoosa project (the “Project”) in western Nevada. Pursuant to the Agreement, we have the right to exercise the Option at any time beginning on March 31, 2015 and ending within thirty (30) months of March 12, 2015, unless sooner terminated (“Option Period”).

On September 13, 2015, we signed a non-binding Letter Agreement ("Letter Agreement") with Waterton Precious Metals Fund II Cayman, LP (together with its subsidiaries and affiliated and associated entities, "Waterton"). Waterton offered to acquire all of the issued and outstanding shares of our common stock for cash consideration of US$0.58 per share (the "Transaction"). In connection with the Transaction, Waterton subscribed for 1,331,861 common shares of Timberline on a private placement basis at a price of $0.375 per share for total proceeds of $499,447.87. The private placement was not contingent on completion of the Transaction, and Waterton will have the right to maintain its pro rata ownership position in us in the event the Transaction is not completed.

On December 3, 2015, we announced that the exclusivity period granted to Waterton under the Letter Agreement had expired, and while Waterton is continuing certain due diligence activities, the Transaction as previously proposed had been withdrawn by Waterton. We are reviewing strategic alternatives, and discussions between us and various parties, including Waterton, continue.

Unless otherwise indicated, any reference to “Timberline”, or “we”, “us”, “our”, etc. refers to Timberline Resources Corporation and/or all its subsidiaries, including TDI (where applicable prior to its sale), Staccato Gold, BH Minerals, and Wolfpack US.

Overview of Our Mineral Exploration Business

We are a mineral exploration business and, if and when we establish mineral reserves, a development company. Mineral exploration is essentially a research activity that does not produce a product. Successful exploration often results in increased project value that can be realized through the optioning or selling of the claimed site to larger companies. We acquire properties which we believe have potential to host economic concentrations of minerals, particularly gold, silver, and copper. These acquisitions have and may take the form of unpatented mining claims on federal land, or leasing claims, or private property owned by others. An unpatented mining claim is an interest that can be acquired to the mineral rights on open lands of the federally owned public domain. Claims are staked in accordance with the Mining Law of 1872, recorded with the federal government pursuant to laws and regulations established by the Bureau of Land Management (the Federal agency that administers America’s public lands), and grant the holder of the claim a possessory interest in the mineral rights, subject to the paramount title of the United States.

We will perform basic geological work to identify specific drill targets on the properties, and then collect subsurface samples by drilling to confirm the presence of mineralization (the presence of economic minerals in a specific area or geological formation). We may enter into joint venture agreements with other companies to fund further exploration and/or development work. It is our plan to focus on assembling a high quality group of mid-stage mineral (gold, silver, and copper) exploration prospects, using the experience and contacts of the management group. By such prospects, we mean properties that may have been previously identified by third parties, including prior owners such as exploration companies, as mineral prospects with potential for economic mineralization. Often these properties have been sampled, mapped and sometimes drilled, usually with indefinite results. Accordingly, such acquired projects will either have some prior exploration history or will have strong similarity to a recognized geologic ore deposit model. We will place geographic emphasis on the western United States.

The focus of our activity has been to acquire properties that we believe to be undervalued; including those that we believe to hold previously unrecognized mineral potential. Properties have been acquired through the location of unpatented mining claims (which allow the claimholder the right to mine the minerals without holding title to the property), or by negotiating lease/option agreements. Our Vice President of Business Development and Technical Services, Paul Dircksen, as well as our Vice President of Exploration, Steven Osterberg, have experience in evaluating, staking and filing unpatented mining claims, and in negotiating and preparing mineral lease agreements in connection with those mining claims.

The geologic potential and ore deposit models have been defined and specific drill targets identified on the majority of our properties. Our property evaluation process involves using basic geologic fieldwork to perform an initial evaluation of a property. If the evaluation is positive, we seek to acquire it, either by staking unpatented mining claims on open public domain, or by leasing the property from the owner of private property or the owner of unpatented claims. Once acquired, we then typically make a more detailed evaluation of the property. This detailed evaluation involves expenditures for exploration work which may include rock and soil sampling, geologic mapping, geophysics, trenching, drilling, or other means to determine if economic mineralization is present on the property.

Portions of our mineral properties at September 30, 2015 are owned by third parties and leased to us, as outlined in the following table.

Property Name	Third Party	Number of Claims	Area	Agreements/ Royalties
Butte Highlands	Richardson Family Trust	4	60 acres	3% to 4% Net Smelter Royalty ("NSR"); Annual lease payment of $20,000 + Consumer Price Index adjustment each year thereafter on October 1. Option to purchase property during lease term for $2,000,000.
New York Canyon (Eureka)	Smith Family	2	17 acres	3% to 5% NSR; Advance royalty payments, ranging from $3,000 to $15,000 annually.
Hoosac (Eureka)	Silver International	10	207 acres	1% NSR; Advance royalty payments, $10,000 annually; Option to purchase property during lease term for $2,000,000.
Lookout Mountain (Eureka)	Rocky Canyon Mining Company	373	6,368 acres	3.5% NSR + 1.5% NSR capped at $1.5 million (excludes Trevor and Dave claims); 20-year lease term commencing June 1, 2008; annual advanced royalty payment of $72,000.

All of the leases are contracts with varied terms, all of which provide for us to earn an interest in the property or receive a royalty. For additional information see "Description of Property" below.

Our strategy with properties deemed to be of higher risk or those that would require very large exploration expenditures is to present them to larger companies for joint venture. Our joint venture strategy is intended to maximize the abilities and skills of the management group, conserve capital, and provide superior leverage for investors. If we present a property to a major company and they are not interested, we will continue to seek an interested partner.

For our prospects where drilling costs are reasonable and the likelihood of success seems favorable, we will undertake our own drilling. The target depths, the tenor of mineralization on the surface, and the general geology of the area are all factors that determine the risk as calculated by us in conducting a drilling operation. Mineral exploration is a research and development activity and is, by definition, a high risk business that relies on numerous untested assumptions and variables. Accordingly, we make our decisions on a project by project basis. We do not have any steadfast formula that we apply in determining the reasonableness of drilling costs in comparison to the likelihood of success, i.e. in determining whether the probability of success seems "favorable."

Our Competition

The mineral exploration industry is intensely competitive in all phases. In our mineral exploration activities, we will compete with many companies possessing greater financial resources and technical facilities than we do for the acquisition of mineral concessions, claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees, including mining engineers, geologists, and other skilled mining professionals. We use consultants and compete with other mining companies for the man hours of consulting time required to complete our studies. We also compete with other mining companies for exploration and development equipment and services. We must overcome significant barriers to enter into the business of mineral exploration as a result of our limited operating history.

We cannot assure you that we will be able to compete in any of our business areas effectively with current or future competitors or that the competitive pressures faced by us will not have a material adverse effect on our business, financial condition, and operating results.

Our Offices and Other Facilities

We currently maintain our administrative office at 101 East Lakeside Ave., Coeur d'Alene, ID 83814. The telephone number is (866) 513-4859 (toll free) or (208) 664-4859. We also maintain field offices and warehouse space at 55 Freeport Blvd, Sparks, NV 89431 and 901 S. Main Street, Eureka, NV 89316.

Our Employees

We are an exploration company and currently have 4 employees, including certain officers and directors. Management expects to hire staff and additional management as necessary as implementation of our business plan requires.

Regulation

The exploration and mining industries operate in a legal environment that requires permits to conduct virtually all operations. These permits are required by local, state, and federal government agencies. Federal agencies that may be involved include: The U.S. Forest Service (USFS), Bureau of Land Management (BLM), Environmental Protection Agency (EPA), National Institute for Occupational Safety and Health (NIOSH), the Mine Safety and Health Administration (MSHA), and the Fish and Wildlife Service (FWS). Individual states also have various environmental regulatory bodies, such as Departments of Ecology. Local authorities, usually counties, also have control over mining activity. The various permits address such issues as prospecting, development, production, labor standards, taxes, occupational health and safety, toxic substances, air quality, water use, water discharge, water quality, noise, dust, wildlife impacts, as well as other environmental and socioeconomic issues.

Prior to receiving the necessary permits to explore or mine, a mine operator must comply with all regulatory requirements imposed by all governmental authorities having jurisdiction over the project area. Very often, in order to obtain the requisite permits, the operator must have its land reclamation, restoration, or replacement plans pre-approved. Specifically, the operator must present its plan as to how it intends to restore or replace the affected area. Often all or any of these requirements can cause delays or involve costly studies or alterations of the proposed activity or time frame of operations, in order to mitigate impacts. All of these factors make it more difficult and costly to operate and have a negative and sometimes fatal impact on the viability of the exploration or mining operation. Finally, it is possible that future changes in these laws or regulations could have a significant impact on our business, causing those activities to be economically reevaluated at that time. For a more detailed discussion of governmental and environmental regulatory requirements applicable to our mineral exploration business see the section titled "Description of Properties - Overview of Regulatory, Economic and Environmental Issues" below.

Reclamation

We generally are required to mitigate long-term environmental impacts by stabilizing, contouring, re-sloping and re-vegetating various portions of a site after mining and mineral processing operations are completed. These reclamation efforts are conducted in accordance with detailed plans, which must be reviewed and approved by the appropriate regulatory agencies.

The Commodities Market

The prices of gold and silver have fluctuated during the last several years, with the prices of gold and silver falling to their lowest levels in the past several years in 2015. In 2013, gold traded between approximately $1,694 and $1,192 per ounce, based on the London PM Fix Price. In 2014, gold traded between approximately $1,385 and $1,142, and in 2015 to date, gold has traded between approximately $1,296 and $1,080 (based on the London PM Fix Price). The price of gold based on the London PM Fix Price was $1,079 on December 21, 2015.

In 2013, the price of silver per ounce ranged from approximately $18.61 to $32.23, based on the London Fix Price. In 2014, the price of silver ranged from approximately $15.28 to $22.05 per ounce, and in 2015 to date, silver has traded between approximately $14.27 and $18.23 (based on the London Fix Price). The price of silver based on the London Fix Price was $14.20 on December 21, 2015.

Seasonality

Seasonality in Nevada and Montana is not a material factor to our operations. Certain surface exploration work may need to be conducted when there is no snow on the ground but it is not a material issue.

ITEM 1A. RISK FACTORS

An investment in an exploration stage mining company such as ours involves an unusually high amount of risk, both known and unknown, present and potential, including, but not limited to the risks enumerated below.

Failure to successfully address the risks and uncertainties described below would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

Estimates of mineralized material are forward-looking statements inherently subject to error. Although mineralization and reserve estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include: geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations. We cannot accurately predict the timing and effects of variances from estimated values.

Risks Related To Our Company

Our ability to operate as a going concern is in doubt.

The audit opinion and notes that accompany our consolidated financial statements for the year ended September 30, 2015, disclose a 'going concern' qualification to our ability to continue in business. The accompanying consolidated financial statements have been prepared under the assumption that we will continue as a going concern. We are an exploration stage company and we have incurred losses since our inception. We do not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without deferring payment on certain current liabilities and raising additional funds.

We currently have no historical recurring source of revenue and our ability to continue as a going concern is dependent on our ability to raise capital to fund our future exploration and working capital requirements or our ability to profitably execute our business plan. Our plans for the long-term return to and continuation as a going concern include engaging in a strategic transaction which may include selling the Company or any or all of its assets, entering into joint venture arrangements regarding our assets, financing our future operations through sales of our common stock and/or debt and/or the eventual profitable exploitation of our mining properties. Additionally, the current capital markets and general economic conditions in the United States are significant obstacles to raising the required funds. These factors raise substantial doubt about our ability to continue as a going concern.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis were not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition.

We have a limited operating history on which to base an evaluation of our business and prospects.

Although we have been in the business of exploring mineral properties since our incorporation in 1968, we were inactive for many years prior to our new management in 2004. Since 2004 we have not yet located any mineral reserves. As a result, we have not had any revenues from our exploration division. However, we have had a drilling services wholly-owned subsidiary which has generated revenues in past fiscal years. In addition, our operating history has been restricted to the acquisition and exploration of our mineral properties, and this does not provide a meaningful basis for an evaluation of our prospects if we ever determine that we have a mineral reserve and commence the construction and operation of a mine. Other than through conventional and typical exploration methods and procedures, we have no additional way to evaluate the likelihood of whether our mineral properties contain any mineral reserves or, if they do that they will be operated successfully. As a result, we are subject to all of the risks associated with developing and establishing new mining operations and business enterprises including:

- completion of feasibility studies to verify reserves and commercial viability, including the ability to find sufficient gold reserves to support a commercial mining operation;
- the timing and cost, which can be considerable, of further exploration, preparing feasibility studies, permitting and construction of infrastructure, mining, and processing facilities;
- the availability and costs of drill equipment, exploration personnel, skilled labor, and mining and processing equipment, if required;
- compliance with environmental and other governmental approval and permit requirements;
- the availability of funds to finance exploration, development, and construction activities, as warranted;
- potential opposition from non-governmental organizations, environmental groups, local groups, or local inhabitants which may delay or prevent development activities;
- potential increases in exploration, construction, and operating costs due to changes in the cost of fuel, power, materials, and supplies; and
- potential shortages of mineral processing, construction, and other facilities-related supplies.

The costs, timing, and complexities of exploration, development, and construction activities may be increased by the location of our properties and demand by other mineral exploration and mining companies. It is common in exploration programs to experience unexpected problems and delays during drill programs and, if warranted, development, construction, and mine start-up. Accordingly, our activities may not result in profitable mining operations and we may not succeed in establishing mining operations or profitably producing metals at any of our properties. There is no history upon which to base any assumption as to the likelihood that we will prove successful, and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

We have a history of losses and expect to continue to incur losses in the future.

We have incurred losses since inception and expect to continue to incur losses in the future. We incurred the following losses during each of the following periods:

- $4,372,448 for the year ended September 30, 2015;
- $2,777,886 for the year ended September 30, 2014;
- $3,724,582 for the year ended September 30, 2013; and
- $7,171,572 for the year ended September 30, 2012;

We had an accumulated deficit of approximately $49 million as of September 30, 2015. We expect to continue to incur losses unless and until such time as one of our properties enters into commercial production and generates sufficient revenues to fund continuing operations. We recognize that if we are unable to generate significant revenues from mining operations and dispositions of our properties, we will not be able to earn profits or continue operations. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses, and difficulties frequently encountered by companies at the start-up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition.

Risks Associated With Mining and the Exploration Portion of Our Business

All of our properties are in the exploration stage. There is no assurance that we can establish the existence of any mineral reserve on any of our properties in commercially exploitable quantities. Until we can do so, we cannot earn any revenues from these properties, and if we do not do so, we will lose all of the funds that we expend on exploration. If we do not discover any mineral reserve in a commercially exploitable quantity, the exploration component of our business could fail.

We have not established that any of our mineral properties contain any mineral reserves according to recognized reserve guidelines, nor can there be any assurance that we will be able to do so. A mineral reserve is defined by the Securities and Exchange Commission in its Industry Guide 7 as that part of a mineral deposit, which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a "reserve" that meets the requirements of the Securities and Exchange Commission's Industry Guide 7 is extremely remote; in all probability our mineral properties do not contain any “reserve” and any funds that we spend on exploration will probably be lost. Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that they can be developed into producing mines to extract those minerals. Both mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade, and other attributes of the mineral deposit, the proximity of the mineral deposit to infrastructure such as a smelter, roads, and a point for shipping, government regulation, and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral deposit unprofitable.

Mineral operations are subject to applicable law and government regulation. Even if we discover a mineral reserve in a commercially exploitable quantity, these laws and regulations could restrict or prohibit the exploitation of that mineral reserve. If we cannot exploit any mineral reserve that we might discover on our properties, our business may fail.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial, and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Regarding our future ground disturbing activity on federal land, we will be required to obtain a permit from the US Forest Service or the Bureau of Land Management prior to commencing exploration. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration of our mineral properties or for the construction and operation of a mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could face difficulty and/or fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities, but there can be no assurance that we can continue to do so. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

Environmental hazards unknown to us, which have been caused by previous or existing owners or operators of the properties, may exist on the properties in which we hold an interest. In past years we have been engaged in exploration in northern Idaho, which is currently the site of a Federal Superfund cleanup project. Although we are no longer involved in this or other areas at present, it is possible that environmental cleanup or other environmental restoration procedures could remain to be completed or mandated by law, causing unpredictable and unexpected liabilities to arise. At the date of this Annual Report, we are not aware of any environmental issues or litigation relating to any of our current or former properties.

Future legislation and administrative changes to the mining laws could prevent us from exploring our properties.

New state and U.S. federal laws and regulations, amendments to existing laws and regulations, administrative interpretation of existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on our ability to conduct exploration and mining activities. Any change in the regulatory structure making it more expensive to engage in mining activities could cause us to cease operations.

Regulations and pending legislation governing issues involving climate change could result in increased operating costs, which could have a material adverse effect on our business.

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. Legislation and increased regulation regarding climate change could impose significant costs on us, our venture partners, and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, and other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the political significance and uncertainty around the impact of climate change and how it should be dealt with, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances in areas in which we operate. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels, and changing temperatures. These impacts may adversely impact the cost, production, and financial performance of our operations.

If we establish the existence of a mineral reserve on any of our properties in a commercially exploitable quantity, we will require additional capital in order to develop the property into a producing mine. If we cannot raise this additional capital, we will not be able to exploit the reserve, and our business could fail.

If we do discover mineral reserves in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the reserve, develop processes to extract it, and develop extraction and processing facilities and infrastructure. There can be no assurance that a mineral reserve will be large enough to justify commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

Land reclamation requirements for our properties may be burdensome and expensive.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance.

Reclamation may include requirements to:

- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation obligations imposed on us in connection with our potential development activities, we must allocate financial resources that might otherwise be spent on further exploration and development programs. We plan to set up a provision for our reclamation obligations on our properties, as appropriate, but this provision may not be adequate. If we are required to carry out unanticipated reclamation work, our financial position could be adversely affected.

Mining exploration and development is inherently dangerous and subject to conditions or events beyond our control, which could have a material adverse effect on our business and plans.

Mining and mineral exploration involves various types of risks and hazards, including:

- environmental hazards;
- power outages;
- metallurgical and other processing problems;
- unusual or unexpected geological formations;
- personal injury, flooding, fire, explosions, cave-ins, landslides, and rock-bursts;
- inability to obtain suitable or adequate machinery, equipment, or labor;
- metals losses;
- fluctuations in exploration, development, and production costs;
- labor disputes;
- unanticipated variations in grade;
- mechanical equipment failure; and
- periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities, or other properties, personal injury, environmental damage, delays in mining, increased production costs, monetary losses, and possible legal liability.

Mineral exploration and development is subject to extraordinary operating risks. We do not currently insure against these risks. In the event of a cave-in or similar occurrence, our liability may exceed our resources, which would have an adverse impact on our Company.

Mineral exploration, development, and production involve many risks, which even a combination of experience, knowledge, and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks inherent in the exploration, development and production of minerals, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence would have a material, adverse impact on our Company.

Increased costs could affect our financial condition.

We anticipate that costs at our projects that we may explore or develop, will frequently be subject to variation from one year to the next due to a number of factors, such as changing ore grade, metallurgy, and revisions to mine plans, if any, in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities such as fuel, rubber, and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. A material increase in costs at any significant location could have a significant effect on our profitability.

A shortage of equipment and supplies could adversely affect our ability to operate our business.

We are dependent on various supplies and equipment to carry out our mining exploration and, if warranted, development operations. The shortage of such supplies, equipment, and parts could have a material adverse effect on our ability to carry out our operations and therefore limit or increase the cost of production.

Estimates of mineralized material are subject to evaluation uncertainties that could result in project failure.

Our exploration and future mining operations, if any, are and would be faced with risks associated with being able to accurately predict the quantity and quality of mineralized material within the earth using statistical sampling techniques. Estimates of any mineralized material on any of our properties would be made using samples obtained from appropriately placed trenches, test pits, and underground workings and intelligently designed drilling. There is an inherent variability of assays between check and duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. Additionally, there also may be unknown geologic details that have not been identified or correctly appreciated at the current level of accumulated knowledge about our properties. This could result in uncertainties that cannot be reasonably eliminated from the process of estimating mineralized material. If these estimates were to prove to be unreliable, we could implement an exploitation plan that may not lead to commercially viable operations in the future.

Mineral prices are subject to dramatic and unpredictable fluctuations.

We expect to derive revenues, if any, from the eventual extraction and sale of precious metals such as gold and silver. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments, and improved extraction and production methods. The effect of these factors on the price of precious metals, and, therefore, the economic viability of any of our exploration projects, cannot accurately be predicted.

The mining industry is highly competitive and there is no assurance that we will continue to be successful in acquiring mineral claims. If we cannot continue to acquire properties to explore for mineralized material, we may be required to reduce or cease exploration activity and/or operations.

The mineral exploration, development, and production industry is largely un-integrated. We compete with other exploration companies looking for mineral properties and the minerals that can be produced from them. While we compete with other exploration companies in the effort to locate and license mineral properties, we do not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of gold and other mineral products. Therefore, we will likely be able to sell any gold or mineral products that we identify and produce.

There are hundreds of public and private companies that are actively engaged in mineral exploration. A representative sample of exploration companies that are similar to us in size, financial resources, and primary objective include such publicly traded mineral exploration companies as Corvus Gold Inc. (KOR.TO), Pilot Gold Inc. (PLG.TO), Gold Standard Ventures Corp. (GSV), Rye Patch Gold Corp. (RPM.V), Canamex Resources Corp. (CSQ.V), Solitario Exploration and Royalty Corp. (XPL), and Mines Management (MGN).

Many of our competitors have greater financial resources and technical facilities. Accordingly, we will attempt to compete primarily through the knowledge and experience of our management. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance that we will acquire any interest in additional mineral properties that might yield reserves or result in commercial mining operations.

Third parties may challenge our rights to our mineral properties or the agreements that permit us to explore our properties may expire if we fail to timely renew them and pay the required fees.

In connection with the acquisition of our mineral properties, we sometimes conduct only limited reviews of title and related matters, and obtain certain representations regarding ownership. These limited reviews do not necessarily preclude third parties from challenging our title and, furthermore, our title may be defective. Consequently, there can be no assurance that we hold good and marketable title to all of our mining concessions and mining claims. If any of our concessions or claims were challenged, we could incur significant costs and lose valuable time in defending such a challenge. These costs or an adverse ruling with regards to any challenge of our titles could have a material adverse effect on our financial position or results of operations. There can be no assurance that any such disputes or challenges will be resolved in our favor.

We are not aware of challenges to the location or area of any of our mining claims. There is, however, no guarantee that title to the claims will not be challenged or impugned in the future.

Acquisitions and integration issues may expose us to risks.

Our business strategy includes making targeted acquisitions. Any acquisition that we make may be of a significant size, may change the scale of our business and operations, and may expose us to new geographic, political, operating, financial, and geological risks. Our success in our acquisition activities depends on our ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with our own. Any acquisitions would be accompanied by risks. For example, there may be significant decreases in commodity prices after we have committed to complete the transaction and have established the purchase price or exchange ratio; a potential materialized property may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt our ongoing business and our relationships with employees, customers, suppliers, and contractors; and the acquired business or assets may have unknown liabilities which may be significant. If we choose to use equity securities as consideration for such an acquisition, existing shareholders may suffer dilution. Alternatively, we may choose to finance any such acquisition with our existing resources. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Joint ventures and other partnerships in relation to our properties may expose us to risks.

We are currently involved in, and may enter into in the future, joint ventures or other partnership arrangements with other parties in relation to the exploration, development, and production of certain of the properties in which we have an interest, particularly the Butte Highlands project. Joint ventures can often require unanimous approval of the parties to the joint venture or their representatives for certain fundamental decisions such as an increase or reduction of registered capital, merger, division, dissolution, amendments of constating documents, and the pledge of joint venture assets, which means that each joint venture party may have a veto right with respect to such decisions which could lead to a deadlock in the operations of the joint venture or partnership. Further, we may be unable to exert control over strategic decisions made in respect of such properties. Any failure of such other companies to meet their obligations to us or to third parties, or any disputes with respect to the parties' respective rights and obligations, could have a material adverse effect on the joint ventures or their properties and therefore could have a material adverse effect on our results of operations, financial performance, cash flows, and the price of our common stock.

Risks Related To Our Company

Conflicts of Interest

Certain of our officers and directors may be or become associated with other businesses, including natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. Our directors are required by Delaware Corporation law to act honestly and in good faith with a view to our best interests and to disclose any interest, which they may have in any of our projects or opportunities. In general, if a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter or, if he does vote, his vote will not be counted.

We have not adopted any separate formal corporate policy regarding conflicts of interest; however other corporate governance measures have been adopted, such as creating a directors' audit committee requiring independent directors. Additionally, our Code of Ethics does address areas of possible conflicts of interest. As of the date of filing of this report, we had three independent directors on our board of directors (William M. Sheriff, Robert Martinez and Leigh Freeman). We have formed three committees to ensure our compliance with the requirements of the NYSE MKT. We established an independent audit committee consisting of two independent directors, both of whom were determined to be "financially literate" and one of whom was designated as the "financial expert." We also formed a compensation committee and a corporate governance and nominating committee, both of which are comprised entirely of independent directors. At this time, we feel that these committees and our Code of Ethics provide sufficient corporate governance for our purposes and will meet the specific requirements of the NYSE MKT.

Dependence on Key Management Employees

The nature of both sides of our business, our ability to continue our exploration and development activities and to develop a competitive edge in the marketplace, depends, in large part, on our ability to attract and maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that we will be able to attract and retain such personnel. Our development now and in the future will depend on the efforts of key management figures such as Kiran Patankar, Randal Hardy, and Steven Osterberg. The loss of any of these key people could have a material adverse effect on our business. In this regard, we have attempted to reduce the risk associated with the loss of key personnel and have obtained directors and officers insurance coverage. In addition, our shareholders have approved our 2015 Stock and Incentive Plan so that we can provide incentives for our key personnel.

We may not realize the benefits of the Talapoosa, Eureka and other acquired growth projects.

As part of our strategy, we will continue existing efforts and initiate new efforts to develop gold and other mineral projects. We have a large number of such projects, including the Talapoosa project and the Eureka project. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labor, operating, technical and technological risks, and uncertainties relating to capital and other costs and financing risks. The failure to successfully develop any of these initiatives could have a material adverse effect on our financial position and results of operations.

As part of our business model, we pursue a strategy that may cause us to expend significant resources exploring properties that may not become revenue-producing sites, including the Lookout Mountain project.

Part of our business model is to pursue a strategy which includes significant exploration activities, such as proposed exploration and, if warranted, development at the Talapoosa project and proposed exploration at the Eureka project. Because of the nature of exploration for precious metals, a property's exploration potential is not known until a significant amount of geologic information has been generated. We may spend significant resources exploring and developing the Talapoosa project and the Eureka project and gathering certain geologic information only to determine that the project is not capable of being a revenue-producing property for us.

Our business is subject to evolving corporate governance and public disclosure regulations that have increased both our compliance costs and the risk of noncompliance, which could have an adverse effect on our stock price.

We are subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the SEC, the NYSE MKT, and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity, and many new requirements have been created in response to laws enacted by Congress, making compliance more difficult and uncertain. For example, on July 21, 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") with increased disclosure obligations for public companies and mining companies in the United States. Our efforts to comply with the Dodd-Frank Act and other new regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

We are required to comply with Canadian securities regulations and be subject to additional regulatory scrutiny in Canada.

We are a "reporting issuer" in the Canadian provinces of British Columbia and Alberta. As a result, our disclosure outside the United States differs from the disclosure contained in our SEC filings. Our reserve and resource estimates disseminated outside the United States are not directly comparable to those made in filings subject to SEC reporting and disclosure requirements, as we generally report reserves and resources in accordance with Canadian practices. These practices are different from the practices used to report reserve and resource estimates in reports and other materials filed with the SEC. It is Canadian practice to report measured, indicated, and inferred resources, which are generally not permitted in disclosure filed with the SEC. In the United States, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, "inferred resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report "resources" as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization, reserves, and resources contained in disclosure released outside the United States may not be comparable to information made public by other United States companies subject to the reporting and disclosure requirements of the SEC.

We are also subject to increased regulatory scrutiny and costs associated with complying with securities legislation in Canada. For example, we are subject to civil liability for misrepresentations in written disclosure and oral statements. Legislation has been enacted in these provinces which creates a right of action for damages against a reporting issuer, its directors and certain of its officers in the event that the reporting issuer or a person with actual, implied, or apparent authority to act or speak on behalf of the reporting issuer releases a document or makes a public oral statement that contains a misrepresentation or the reporting issuer fails to make timely disclosure of a material change. We do not anticipate any particular regulation that would be difficult to comply with. However, failure to comply with regulations may result in civil awards, fines, penalties, and orders that could have an adverse effect on us.

Risks Associated With Our Common Stock

Our stock price has been volatile and your investment in our common stock could suffer a decline in value.

Our common stock is traded on the NYSE MKT and the TSX Venture Exchange. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control. These factors include price fluctuations of precious metals, government regulations, disputes regarding mining claims, broad stock market fluctuations, and economic conditions in the United States and Canada.

We do not intend to pay any dividends on shares of our common stock in the near future.

We do not currently anticipate declaring and paying dividends to our shareholders in the near future, and any future decision as to the payment of dividends will be at the discretion of our board of directors and will depend upon our earnings, financial position, capital requirements, plans for expansion, and such other factors as our board of directors deems relevant. It is our current intention to apply net earnings, if any, in the foreseeable future to finance the growth and development of our business.

Investors' interests in our Company will be diluted and investors may suffer dilution in their net book value per share if we issue additional employee/director/consultant options or if we sell additional shares to finance our operations.

We have not generated revenue from exploration since the commencement of our exploration stage in January 2004. In order to further expand our company and meet our objectives, any additional growth and/or expanded exploration activity may need to be financed through sale and issuance of additional shares, including, but not limited to, raising finances to explore our properties. Furthermore, to finance any acquisition activity, should that activity be properly approved, and depending on the outcome of our exploration programs, we may also need to issue additional shares to finance future acquisitions, growth and/or additional exploration programs of any or all of our projects or to acquire additional properties. We may also in the future grant to some or all of our directors, officers, insiders, and key employees options to purchase our common shares and stock unit awards as non-cash incentives. The issuance of any equity securities could, and the issuance of any additional shares will, cause our existing shareholders to experience dilution of their ownership interests.

If we issue additional shares or decide to enter into joint ventures with other parties in order to raise financing through the sale of equity securities, investors' interests in our Company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. As of the date of the filing of this report there are also outstanding options, stock unit awards, and warrants granted that are exercisable into 1,877,615 common shares. If all of these were exercised or converted, these would represent approximately 12% of our issued and outstanding shares. If all of these options, stock unit awards, and warrants are exercised and the underlying shares are issued, such issuance will cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the market price of our shares.

We are subject to the continued listing criteria of the NYSE MKT and the TSX Venture Exchange ("TSX.V") and our failure to satisfy these criteria may result in delisting of our shares of common stock.

Our shares of common stock are currently listed on the NYSE MKT and the TSX.V. In order to maintain the listing, we must maintain certain share prices, financial, and share distribution targets, including maintaining a minimum amount of shareholders' equity and a minimum number of public shareholders. In addition to objective standards, the NYSE MKT and the TSX.V may delist the securities of any issuer if, in its opinion, the issuer's financial condition and/or operating results appear unsatisfactory; if it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make continued listing on the NYSE MKT or TSX.V inadvisable; if the issuer sells or disposes of principal operating assets or ceases to be an operating company; if an issuer fails to comply with the listing requirements of the NYSE MKT or TSX.V; if an issuer's shares of common stock sell at what the NYSE MKT or the TSX.V considers a "low selling price" and the issuer fails to correct this via a reverse split of shares after notification by the NYSE MKT or TSX.V; or if any other event occurs or any condition exists which makes continued listing on the NYSE MKT or TSX.V, in their opinion, inadvisable.

On April 5, 2013, we announced that we had received notice from the NYSE MKT that if we did not adequately address the low selling price of our shares of common stock within a reasonable amount of time to the satisfaction of the NYSE MKT, we would not satisfy the continued listing standards of the NYSE MKT set forth in Section 1003(f)(v) of the NYSE MKT LLC Company Guide. On May 23, 2014 we received notice from the NYSE MKT that we were not satisfying the continued listing requirements of the NYSE MKT as a result of the continued low selling price of our shares of common stock. On October 31, 2014, in order to increase the selling price of our shares of common stock, we completed a one-for-twelve reverse stock split, and our stock began trading on a reverse-split adjusted basis on November 3, 2014.

On February 8, 2014, we announced that we had received notice from the NYSE MKT that we were not in compliance with one of the NYSE MKT's continued listing requirements as set forth in Section 1003(a)(iv) of the Company Guide in that we had sustained losses which were substantial in relation to our overall operations or our existing financial resources, or that our financial condition had become impaired such that it appeared questionable, in the opinion of the NYSE MKT, as to whether we would be able to continue operations and/or meet our obligations as they matured. On March 25, 2014, we announced that the NYSE MKT had accepted our proposed plan of compliance for us to meet the continued listing requirements of the NYSE MKT. With the acquisition of Wolfpack Nevada on August 15, 2014, we completed our plan to regain compliance with the continued listing requirements of the NYSE MKT.

On November 21, 2014, we were advised by the NYSE MKT that we had regained compliance with their continued listing standards regarding both our financial condition and the low selling price of our shares of common stock.

If the NYSE MKT or the TSX.V delists our shares of common stock, investors may face material adverse consequences, including, but not limited to, a lack of trading market for our securities, reduced liquidity, decreased analyst coverage of our securities, and an inability for us to obtain additional financing to fund our operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. DESCRIPTION OF PROPERTIES

Summary of Timberline's Mineral Exploration Prospects

As of December 2015, we have acquired mineral prospects for exploration in Nevada and Montana mainly for target commodities of gold and silver. The prospects are held by both patented and unpatented mining claims owned directly by us or through legal agreements conveying exploration and development rights to us. Most of our prospects have had a prior exploration history, and this is typical in the mineral exploration industry. Most mineral prospects go through several rounds of exploration before an economic ore body is discovered, and prior work often eliminates targets or points to new ones. Also, prior operators may have explored under a completely different commodity price structure or technological regime. Mineralization which was uneconomic in the past may be ore grade at current market prices when extracted and processed with modern technology.

Nevada Gold Properties

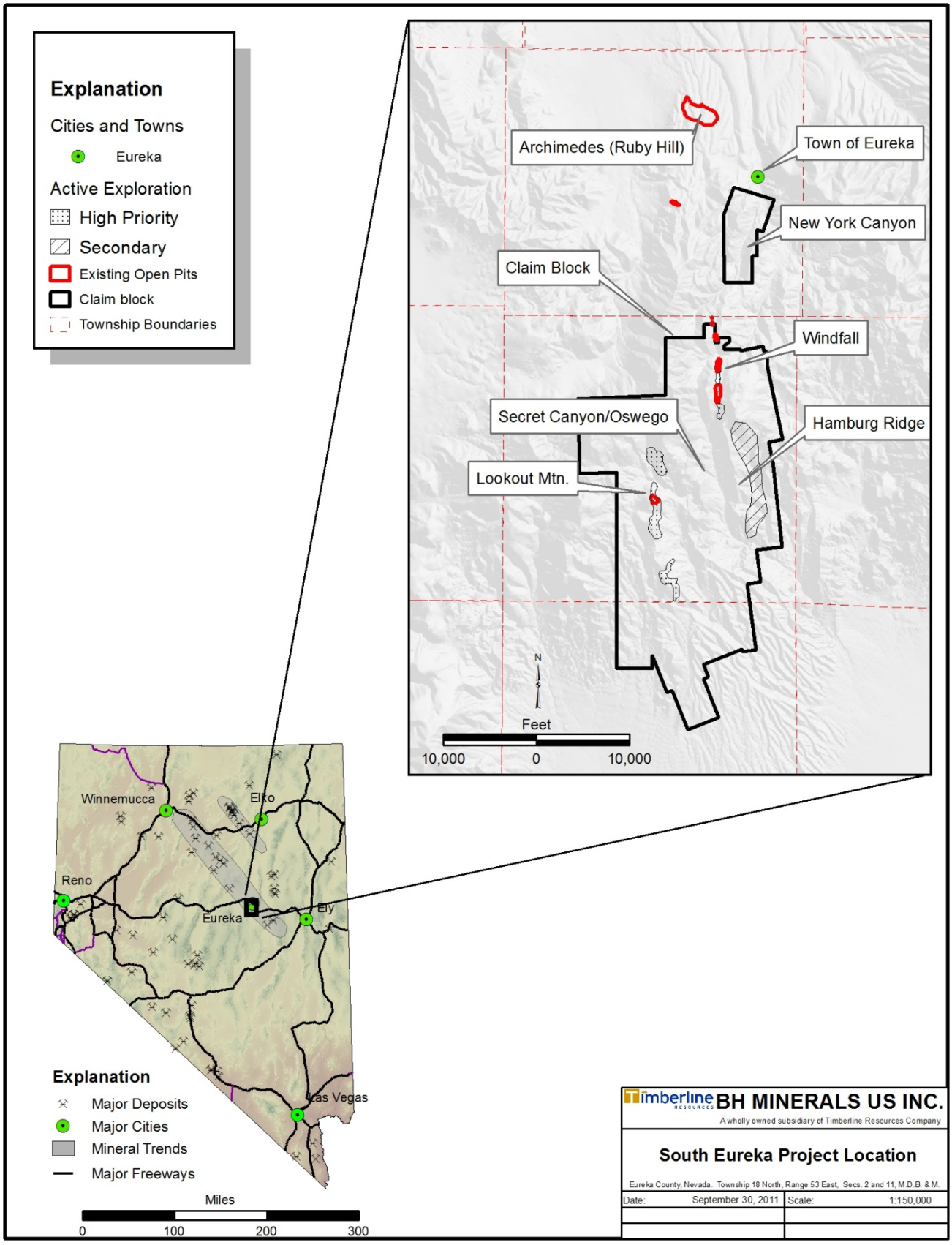
Eureka (Battle Mountain/Eureka Trend)

We acquired the Eureka property as part of our acquisition of Staccato Gold Resources Ltd. ("Staccato Gold") and its wholly owned subsidiary, BH Minerals USA, Inc. ("BH Minerals"), in June 2010. Eureka comprises an area of approximately 16,000 acres. The property's northern boundary is located approximately 1 mile south of the town of Eureka, Nevada, in the Eureka Mining district within the Battle Mountain – Eureka Mineral Trend, also referred to as the Cortez Trend.

The Eureka property has no known reserves, as defined under Guide 7, and the proposed program for the property is exploratory in nature.

Property Description

The Eureka property is located in the southern part of the Eureka mining district of Eureka County, Nevada, within T19N, R53E and unsurveyed T17N and T18N, and R53E at the southern end of the Cortez Trend (Battle Mountain/Eureka Trend). The Eureka property is also within the bounds of the United States Geological Survey ("USGS") 1:24,000 scale 7.5 minute topographic series maps of the Pinto Summit and Spring Valley Summit quadrangles.


Explanation
Cities and Towns
Eureka
Active Exploration
High Priority
Secondary
Existing Open Pits
Claim block
Township Boundaries
Archimedes (Ruby Hill)
Town of Eureka
New York Canyon
Claim Block
Windfall
Secret Canyon/Oswego
Hamburg Ridge
Lookout Mtn.
N
Feet
10,000
0
10,000
Winnemucca
Elko
Reno
Eureka
Ely
Las Vegas
Explanation
Major Deposits
Major Cities
Mineral Trends
Major Freeways
Miles
0
100
200
300
Timberline RESOURCES
BH MINERALS US INC.
A wholly owned subsidiary of Timberline Resources Company
South Eureka Project Location
Eureka County, Nevada. Township 18 North, Range 53 East, Secs. 2 and 11, M.D.B. & M.
Date: September 30, 2011
Scale: 1:150,000

All unpatented mining claims on the Eureka property have been located under the General Mining Laws of the United States on US Bureau of Land Management ("BLM") managed lands.

We pay federal and county claim maintenance fees on the Eureka property. The federal claim fees are due to the BLM by September 1st each year, and the remainder is due to Eureka County by November 1st each year. The following table summarizes the claims and royalties for the Eureka property:

Eureka Property Claim and Royalty Summary

Property Name & Agreements/Royalties	Type of Claim	Number of Claims	Area
Lookout Mountain Mining lease and agreement dated August 22, 2003, and amended on June 1, 2008, between Timberline and Rocky Canyon Mining Company; 3.5% Net Smelter Return (NSR) royalty + 1.5% NSR royalty capped at $1.5 million (excludes Trevor and Dave claims); 20 year lease term commencing June 1, 2008; annual advanced royalty payment of $72,000.	Unpatented	373	6,368 acres
Trail Timberline holds title	Unpatented	30	620 acres
South Ratto Timberline holds title; 4% NSR	Unpatented	108	1,850 acres
Hoosac 4% NSR	Unpatented	124	1,250 acres
Little Rosa (Hoosac royalty applies)	Patented	1	
North Amselco 4% NSR	Unpatented	94	1,850 acres
Rambler (North Amselco royalty applies)	Patented	1	
South Rustler/W-Claims Claims owned by DFH Co., a subsidiary of Royal Gold, Inc.	Unpatented	16	298 acres
Silverado/TL 12 1%-3% NSR	Unpatented	47	947 acres
Secret Canyon/Oswego Timberline holds title. (Includes 2 mill sites on Syracuse 1 & 2)	Unpatented	111	1,488 acres
1% NSR	Patented	6	
Windfall Timberline holds title; 4% NSR	Patented	21	165 acres
New York Canyon Timberline holds title; 4% NSR	Unpatented	45	862 acres
3-5% NSR	Patented	2	
Total Unpatented Lode Claims		**948**	15,698 acres
Total Patented Lode Claims		**31**	

We have the right to explore and develop the Lookout Mountain project subject to a mining lease and agreement dated August 22, 2003 with Rocky Canyon Mining Company, and amended on June 1, 2008. The lease term was extended to 20 years on June 1, 2008, and thereafter for as long as minerals are mined on the project. Advanced royalty payments are $6,000 per month, or $72,000 per annum. The work commitment on the project has been fulfilled. A 3.5% net smelter return royalty, plus a 1.5% net smelter return royalty capped at $1.5 million (excludes Trevor and Dave claims) exists on the project.

During the year ended September 30, 2012, we acquired the Windfall patented claims. The claims were acquired in exchange for $400,000 cash as well as 76,662 shares of our common stock with a value of $500,000, based upon the weighted-average closing price of our common stock on the NYSE MKT during the 15 days prior to the acquisition. A 4% net smelter return royalty exists on these claims.

The Secret Canyon/Oswego, South Ratto, and New York Canyon projects are owned by us subject to royalty agreements. Net smelter return royalties (NSR) of 4% exist on the projects. The Heiro-Syracuse claim group is subject to a 1% NSR.

The Hamburg Ridge project is composed of the Hoosac, North Amselco, and South Rustler/W claim groups. The Hoosac and North Amselco claims are owned by us and are currently under lease to DFH Co., a subsidiary of Royal Gold, Inc. No payments are due under the lease agreement. The South Rustler/W-Claims are owned by DFH Co. We currently pay all of the claim maintenance fees for all of these claims.

Accessibility, Physiography, Climate and Infrastructure

The Eureka property is located approximately one mile south and southwest of the town of Eureka, within the southern part of the Eureka Mining district of Eureka County, Nevada. The Eureka property is located at the southeastern end of the Battle Mountain/Eureka Trend (Cortez Trend) of gold and base-metal deposits in north-central Nevada.

The Eureka property is situated in north-central Nevada in an area with established mining infrastructure. Transmission power lines serve Eureka from the north. All essential services such as food and lodging are available in Eureka, including the dockage for shipments of heavy equipment. A small airport at Eureka is available for private air transport. Railroad access also is available in the area. The gold mines of north-central Nevada continue to produce a significant portion of the world's gold, and skilled miners and mining professionals are available in Eureka, and 100 miles to the north in Carlin, Elko, and Spring Creek. Permitting a mining operation in Nevada has been a process with which local, state, and federal regulators are very familiar and generally cooperative.

Terrain on the Eureka property is rugged, with high ridges, steep canyons, and narrow valleys. Elevations range from 7,000 to 9,000 feet. Ridges show abundant bedrock exposures, slopes and valleys are typically covered by soil and alluvium. Sagebrush abounds in lower-elevation areas while juniper and pinion cover the higher elevations. Grasses and shrubs grow on the highest ridge tops. The climate of the project area is semi-arid with the area receiving moderate winter snows and occasional summer thunderstorms, with heavy rain from time to time during otherwise hot and dry summers. In winter, access is not maintained off the paved roads and November snow commonly lingers until April.

U.S. Highway 50 passes to the east of the Eureka property and access is gained by heading south out of Eureka on the U.S. Highway 50 and connecting with unpaved local roads, some of which are periodically maintained by Eureka County. The turnoff for the New York Canyon claim group is about a half mile south of Eureka on U.S. Highway 50 and is an unpaved road running up New York Canyon to the east side of the claim group.

The Windfall group and the northern parts of the Hoosac and Lookout Mountain groups are accessed by the Windfall Canyon Road and its westward extension (the former haul road for the Lookout Mountain Mine), which turns southwest off U.S. Highway 50 approximately 2 miles south of Eureka.

The southern parts of the Eureka property are accessed by traveling approximately 8 miles south of Eureka on U.S. Highway 50 to South Gate, then 1 mile south-southwest on the Fish Creek Valley road to the unimproved Secret Canyon Road, then northwest to the southern part of the Hoosac claims. Approximately 2 miles from South Gate on the Fish Creek Valley Road, a turnoff to the west and northwest on the Ratto Canyon Road accesses the southern portion of the Lookout Mountain group. Many dirt tracks within the Eureka property allow additional access.

Summer temperatures usually consist of many consecutive days over 90º F (32.2º C), and temperatures can reach as high as 100º F (40.6° C) or more. Winter temperatures generally range from as cold as below 0º F (17.8ºC) to usually in the 20º to 35ºF (-6.67º to 1.7 º C) range. Precipitation amounts vary from year to year, averaging about 10.0 inches (25.4 cm) for the area. Several feet of snow usually accumulate on the property during the winter months.

Historic Exploration: 1970's to 1990's

The most significant exploration on the Eureka property has been the drilling programs mounted over recent years. Drilling on the Hoosac and Windfall claims date from Norse-Windfall (63 holes, 1970s-1980s), Amselco (8 holes, mid-1980s), Tenneco (18 holes, 1989-1991), Pathfinder (18 holes, 1993), and Pathfinder/Cambior (36 holes, 1995-1997). On the Lookout Mountain claim group, drilling programs began with Amselco (296 holes, 1978-1985) followed by the Windfall group (20 holes, 1986), EFL Gold Company (10 holes, 1990), Barrick (40 holes, 1992-93), and Echo Bay (70 holes, 1994-95). The drilling programs were conducted concurrent with and guided by extensive geologic mapping, geochemical rock and soil sampling programs, and air and ground geophysics. Geological mapping and geochemical programs were very successful in discovering target areas characterized by permissive structures and traces of gold with arsenic, antimony, and mercury anomalies in soil and rock.

The methods of collection and analyses of some historical soil and rock samples were not always available in the data, but it is likely that the samples were collected, documented, prepared, and analyzed to the standards of professional diligence and analytical techniques applicable at the time. The importance of a geochemical-geological exploration approach is evidenced by the fact that the drilling of many such anomalies has resulted in significant indications of disseminated gold mineralization. The Windfall, Rustler, and Paroni deposits on the Windfall claims and the Lookout Mountain deposit were discovered by drilling soil and rock anomalies in permissive structural and stratigraphic settings. Drill testing of several geochemical anomalies in permissive geological settings has also resulted in the discovery of several additional promising zones of gold mineralization on the Hamburg Ridge, Windfall, and Lookout Mountain claim groups. As yet, these zones have not been fully tested.

Amselco Exploration began exploring the Lookout Mountain project in 1978, conducting extensive geologic mapping, soil and rock sampling and an initial 15-hole reverse circulation drilling program which tested gold mineralization along the Ratto Ridge Fault and associated geochemical anomalies and jasperoids developed along the N-S trending Ratto Ridge. This drilling discovered significant sediment-hosted disseminated gold mineralization at depth. Amselco drilled 296 holes between 1978 and 1985, also discovering five areas of gold mineralization along Ratto Ridge which contain partially developed gold resources. These areas are located at South Lookout Mountain, Pinnacle Peak, Triple Junction, South Ratto Ridge, and South Adit. In 1986, while Amselco was in process of becoming BP Minerals, Amselco management decided that the Lookout Mountain deposit was not of further interest even though their geologists reportedly believed the deposit had significant potential. The property was optioned to a joint venture of three companies which then owned Norse-Windfall Mines.

In 1990, EFL Gold Mines took bulk samples from the floor of the Lookout Mountain pit. These samples returned assays values ranging from 0.10 to 0.135 oz of gold/ton. EFL also drilled nine holes, two of which, drilled 500 feet (152 meters) into the floor of the pit, showed both oxide and sulfide gold mineralization.

During the period 1992-1993, Barrick completed geologic mapping, took more than 500 soil samples to expand and fill in Amselco's soil grid, and drilled 42 widely spaced holes, primarily along Ratto Ridge. Drilling targeted favorable stratigraphy at depth near fault intersections. Barrick discovered that geochemical anomalies are apparently controlled by E-NE and N-NW to NW trending cross structures which intersect the N-S trending Ratto Ridge Fault. Much of the Barrick work focused on the potential in Cambrian Dunderberg Shale and Hamburg Dolomite east of the Ratto Ridge Fault, and potential in the Devonian Nevada Group, especially the Bartine Limestone west of the fault. Outcrops of Bartine Limestone in the area show weak gold mineralization, strong alteration, and anomalous pathfinder element geochemistry. Barrick drilled 42 holes to a maximum depth of approximately 1,300 feet and encountered several gold intercepts.

Work by Barrick also included air and ground geophysics and a stratigraphic and geochemical study in conjunction with geologic mapping to develop and prioritize several target areas. Approximately 800 rock samples were collected and had high-quality multi-element ICP, graphite furnace analyses at MB Associates in California, and ICP and neutron activation analysis at Activation Laboratories in Canada. However, geological and geochemical targets, or additional drilling in areas of known mineralization previously discovered by Amselco found insufficient mineralization to meet Barrick's objectives. It should be noted that the potential for mineralization west of the Ratto Ridge crest has not been explored adequately.

Echo Bay (1993-95) not only worked Ratto Ridge but also acquired additional ground to the north, south, and southwest. They conducted mapping, sampling, and scattered drilling in the area, exploring deep high-grade potential in the Cambrian Dunderberg Shale and Hamburg Dolomite, and testing Devonian Nevada Group targets west of the Ratto Ridge Fault. Echo Bay drilled several promising holes, including drill hole EBR 27 which intersected 110 feet grading 0.043 oz of gold/ton in the Dunderberg, and drill hole EBR-9 which intersected 115 feet grading 0.043 oz of gold/ton in the Nevada Group. Offsets of EBR-9 found 90 feet grading 0.028 oz of gold/ton, and another hole which was lost before reaching planned depth found 45 feet of 0.024 oz of gold/ton. Further offsets of EBR-9 and several widely spaced holes averaging 1,000 feet deep (EBR 15, 16, 17, 18, and 20) found some anomalous gold along Ratto Ridge but no major intercepts. Eventually, the Echo Bay project totaled 104 RC holes. Faced with depletion of budgets with no significant exploration success, the decline in gold prices and large land payments, Echo Bay decided to drop the property.

On the Windfall, Hamburg Ridge, and New York Canyon claim groups, Bill Wilson of the Idaho Mining Corp, then Windfall Venture, later Norse-Windfall, initiated reconnaissance mapping, soil and rock chip sampling, trenching, and drilling in the early 1970s. He noted that the original underground Windfall Mine, which was discovered in 1908 and produced approximately 65,000 tons of "invisible gold" mineralized rock grading 0.368 oz/ton, was a Carlin-type sediment-hosted disseminated gold occurrence. Wilson's work emphasized the east side of Hamburg Ridge, the Windfall Trend, where he drilled, with conventional air rotary, holes F1 through F20, and Z-1 through Z-31, Z42, and ZA-1 on the current Windfall group. He drilled holes Z32-41 on the Hoosac group. The drill holes were generally from 50 to 250 feet deep. Six of Wilson's original forty-three Z-holes intersected gold mineralization exceeding 0.02 oz of gold/ton. This success led to infill drilling and the development of the Windfall open pit mine in 1975, and soon thereafter, the Rustler and Paroni open pit mines. Gold was extracted in a heap-leach operation from sanded and silicified dolomite and silicified shale.

No geologic maps exist from this period other than a few maps compiled from USGS work. Although many drill hole location maps are archived in Century Gold files, the coordinates for many drill hole collars are not available, very few collars are visible in the field, and assay data from infill drilling is poorly documented.

Exploration: 2005 to 2010 (Staccato Gold)

Staccato Gold advanced exploration of the Eureka property and completed drilling between 2005 and 2007, and in follow-up initiated a comprehensive work program in June 2008 which included geologic modeling of all drilling results. This modeling included structural and stratigraphic controls to mineralization, additional density determinations, and new drilling and metallurgical test data. Results of this work were incorporated into subsequent exploration work completed since 2008.

From 2005-2007 core drilling programs at Lookout Mountain completed by Staccato Gold provided data to better define stratigraphy in the higher-grade breccia-hosted gold zones at the Lookout Mountain pit, and discovered new areas of mineralization. The core drilling and a drill hole re-logging program demonstrated the stratabound nature of gold mineralization in thick zones of collapse breccia within carbonate rock flanking the Ratto Ridge structural zone. Metallurgical and other technical characteristics of known mineralization were subsequently investigated at Lookout Mountain.

In October 2009, Staccato Gold also initiated work at the Windfall Project including detailed mapping and sampling programs and completed a ten-hole drill program totaling 8,030 feet. The drilling program focused on testing the extent of gold mineralization below the Windfall and Rustler open pits, located approximately 3 miles northeast of the main Lookout Mountain project mineralized area. The Windfall project is one of several prospective gold projects on our extensive Eureka property in Nevada.

Results from the surface mapping program, review of historic production and geologic maps, and drilling indicate that high-grade gold is locally controlled within cross structures cutting the main Windfall fault zone, at the contact between the Hamburg Dolomite and Dunderburg Shale. The 2009 drill program tested approximately 3,600 feet of strike length of the Windfall fault zone with wide spaced drilling. The Windfall fault zone is part of an extensive mineralized structural trend which extends for over 17,000 feet based on historic data.

All holes in the 2009 exploration program encountered thick intercepts of low-grade gold (holes 5–12) or anomalous gold mineralization (holes 13 and 14) within the Windfall fault zone. The offset and exploration holes drilled define the Windfall fault zone as a 150 to 200-foot thick zone striking roughly north-south and dipping approximately 60 degrees to the east, containing two or more significant zones of mineralization.

Five of the ten holes were drilled as offsets to follow up on the high-grade gold intercept drilled in hole 4 (75 feet at 0.153 ounces of gold/ton), and five were drilled as exploratory holes to test the strike and dip extent of the Windfall fault zone. Several thick intercepts of gold mineralization were returned, including 135 feet at 0.011 ounces of gold/ton in hole 7, 135 feet at 0.016 ounces of gold/ton in hole 8, 115 feet at 0.010 ounces of gold/ton in hole 9, and 100 feet at 0.018 ounces of gold/ton in hole 11.

A secondary hanging wall structure identified by the mapping program was also encountered in drill holes 7, 8, 11, and 13 and is characterized by strong silicification and decalcification of Windfall Formation and Dunderberg shale in the hanging wall side of the fault, and Dunderberg shale and Hamburg Dolomite on the footwall side. Drilling indicates a down to the east offset of the Dunderberg – Hamburg contact. This secondary structure represents an attractive and untested target at depth.

Eureka Property Ownership

Staccato amended the Lookout Mountain project lease agreement in June 2008. The lease term was extended to 20 years, and thereafter for as long as minerals are mined on the project. Advanced royalty payments are $72,000 per annum. Pursuant to the amended lease, annual minimum exploration expenditures of $250,000 are required for five years commencing on June 1, 2008, and an additional expenditure of $250,000 is required before June 1, 2016, for a total minimum work commitment of $1,500,000. Exploration expenditures in excess of $250,000 in any year can be accumulated and carried forward and credited to expenditures required in succeeding years. We have fulfilled the work commitment on the Lookout Mountain project.

Other projects that comprise the extensive Eureka property, including the Secret Canyon/Oswego, South Ratto, and New York Canyon projects, and a large portion of the Hamburg Ridge project, are owned by us subject to underlying royalty agreements.

Eureka Exploration: 2010 to present (Timberline)

We are of the opinion that the Eureka property has excellent potential for continued exploration success both at the deposit scale and on the regional scale. The current Lookout Mountain mineralization is defined over a relatively small area at the north end of a mineralized structural corridor that extends up to 4 to 5 kilometers (2.5 to 3 miles) in strike length. This structure hosts several areas of drill indicated mineralization and the exploration potential in this corridor is strong, as evidenced by historic drilling, and soil and rock geochemical analyses. The Lookout Mountain mineralization itself is open for expansion at depth and along strike, especially to the south. Regionally, several other target areas also exist where historic production and exploration have occurred, but only limited systematic exploration has been conducted.

The Lookout Mountain project and Windfall project areas have now been mapped and sampled including a detailed program conducted over the main mineralized areas. The principal objectives of the mapping and sampling program were to characterize offsets along the main mineralized fault zones at Windfall and Lookout Mountain, identify orientations of mineralized cross structures intersecting the main structural zones, and follow up on soil anomalies. The mapping program, combined with surface sampling and acquisition of historic data, has provided a clearer understanding of the structures along the Ratto Ridge and Windfall areas, as well as identified several significant new exploration target areas.

Over 400 drill holes have been re-logged along Ratto Ridge at Lookout Mountain to ensure geologic consistency with surface mapping. Based on this work, new geologic cross sections and plans were constructed for the entire Lookout Mountain deposit. Geologic grade shells have also been built, and construction of a 3-D model of the geology based on the results of historic drill re-logging and mapping efforts was completed. This new work led to an updated mineral estimate that resolved past technical issues and provides a basis for potentially advancing the property into the scoping/pre-feasibility study phase following additional drilling.

An exploration Plan of Operations has been approved by the BLM and the State of Nevada Department of Environmental Protection ("NDEP") for the Lookout Mountain project. The Plan of Operations calls for approximately 266 acres of disturbance that can be accessed for use in a phased approach, and covers the entire Ratto Ridge structural zone. The Plan of Operations will allow us to complete additional infill, metallurgical, and exploration drilling necessary to advance the development of the Lookout Mountain project.

From 2010 through 2013, the exploration work programs totaled approximately $9,000,000 on the Eureka property. Program objectives were to obtain sufficient data to prepare an NI 43-101 compliant technical report at Lookout Mountain, conduct initial gold recovery studies, initiate environmental baseline investigations, better understand the controls of mineralization, and to outline additional exploration drill targets. In summary, these objectives were met in the 2010-2013 exploration by completion of the following:

- 16,675 feet of core drilling focused primarily for metallurgical and geotechnical scoping studies;
- 46,965 feet of reverse circulation (RC) drilling directed primarily at resource in-fill and definition drilling;
- Drill testing of high-grade sulfide lenses within the oxide mineralization to better understand the geologic controls and geometry;
- Initial metallurgical testing on core samples to define heap leach characteristics and process parameters;
- Channel sampling and bulk sampling within the historic Lookout Mountain pit for bench-scale metallurgical testing;
- Identification of additional exploration targets on the Eureka Property outside of the main Lookout Mountain Project area through detailed geologic mapping and sampling;
- Drilling and construction of additional groundwater monitoring wells for hydrological characterization;
- Initiation of geotechnical pit-wall stability and heap leach pad alternative studies; and
- Initiation of additional baseline hydrology and environmental geochemistry studies directed at state and BLM permitting.

An initial technical report entitled, *Technical Report on the Lookout Mountain Project, Eureka County, Nevada, USA*, compliant with NI 43-101 ("2011 Technical Report"), was completed on May 2, 2011. The Technical Report was prepared by Mine Development Associates ("MDA") of Reno, Nevada under the supervision of Michael M. Gustin, Senior Geologist, who is a qualified person under NI 43-101. The Technical Report details mineralization at the Lookout Mountain Project. In addition, significant exploration potential is noted.

The Technical Report was modeled and estimated by MDA by statistical evaluation of available drill data utilizing geologic interpretations provided by Timberline. The geologic interpretations were used to constrain gold mineral domains on vertical cross sections spaced at 50- to 100-foot intervals across the extents of the Lookout Mountain mineralization. The cross sections were rectified to the mineral-domain interpretations on level plans spaced at 10-foot intervals, analyzing the modeled mineralization geostatistically to aid in the establishment of estimation parameters, and interpolating grades into a three-dimensional block model.

The final drill results of the 2011 exploration program were successfully incorporated into the NI 43-101 compliant *"Updated Technical Report on the Lookout Mountain Project, Eureka County, Nevada, USA"* issued by MDA on May 31, 2012 ("2012 Technical Report"). As a result of the 2011 exploration program, we successfully extended the mineralized zone at Lookout Mountain 600 feet to the south of the existing mineral deposit, and expanded mineralization along the west margin of the deposit. Results from Lookout Mountain, and from the South Adit area, significantly increased the reported mineralization at the Lookout Mountain Project.

Regional exploration was also advanced in the district during 2012. Complementing previous work, geologic mapping and ground magnetic surveys undertaken during the year complete district-wide coverage. Key successes of the 2012 drill program include demonstration of strong continuity in mineralization at the Lookout Mountain Project, and initial identification of high-grade gold mineralization down-dip of the current mineralization.

During the year ended September 30, 2013, we completed our exploration program initiated in 2012 at Lookout Mountain. This program focused on providing data for on-going metallurgical studies directed at characterization of gold mineralization recovery, and for initial assessment of pit-slope stabilities. Permitting-related activities were advanced through completion of quarterly water monitoring, and installation of three monitoring wells. Scoping-level investigations for location of site facilities (heap leach pads, mine rock storage, access roads) have also been prepared in advance of a potential Preliminary Economic Assessment ("PEA") of the project. Assay results from drilling during the 2012 exploration program were incorporated into an NI 43-101 compliant *"Updated Technical Report on the Lookout Mountain Project, Eureka County, Nevada, USA"* issued by MDA on April 11, 2013 ("2013 Technical Report").

Exploration activities at Eureka were curtailed during 2014 as a result of the limited availability of capital. To reduce ongoing expenses, we consolidated our Elko field office into our Eureka facility and limited the exploration program. The limited program did include geochemical waste rock environmental characterization, independent metallurgical testing, and continued monitoring of water quality, and definition of hydrologic work plans. In addition, geologic mapping, and stratigraphic and structural analyses have been completed along with rock and soil sampling in selected detailed areas. This activity has resulted in identification of new targets characterized by anomalous mineralogy and trace element geochemistry as indicators of possible gold mineralization.

In fiscal 2015, the company completed a ten-hole drill program on priority targets. Four holes were drilled at Lookout Mountain to confirm a previously recognized partial drill intercept of higher grade gold mineralization at depth. This higher grade mineralization is associated with

the previously defined zone along Ratto Ridge of near-surface, low-grade gold mineralization. The four drill holes were offset approximately 140 feet from a single previous partial intercept. The geology in the holes is stratigraphically well correlated with gold intercepts occurring in mineralized collapse breccias similar to previous gold intercepts in the pyritic Dunderberg Shale-Hamburg Dolomite contact zone. The four intercepts are thought by Timberline geologists to be related to a higher grade feeder system as recognized in many Carlin-type systems. Highlights of 2015 Lookout Mountain drilling include 65 feet @ 0.09 ounces of gold per ton (opt) (19.8 meters (m) @ 3.22 grams of gold per tonne (g/t)), including 25 feet @ 0.14 opt (7.6 m @ 4.93 g/t), in BHSE-171. Three of four recently drilled Lookout holes intercepted >3 g/t gold over lengths of approximately 15 to 25 feet.

At Windfall, six holes were drilled in 2015 to test on-strike, offset, and down-dip extensions of gold mineralization along approximately 3,000 feet of strike length within which historic mining occurred. All six drill holes encountered gold mineralization. Highlights include 80 feet @ 0.09 opt of gold (24.4 m @ 3.04 g/t gold), including 20 feet @ 0.26 opt (6.1 m @ 8.79 g/t) in hole number BHWF-40 at Windfall. Four of six near surface Windfall drill holes intercepted >1 g/t gold over lengths of 40 to 90 feet.

There are no proven and probable reserves as defined under Guide 7 at the Eureka property and our activities there remain exploratory in nature.

In the current difficult commodities environment, it is anticipated that work plans for fiscal 2016 will be limited to low cost surface exploration which may include geophysical surveys to refine new priority targets. No drilling is planned at present. We also expect to complete geologic modeling at Windfall to assess the grade and continuity of known gold mineralization. The expenditures for this work program are discretionary and may be scaled back depending upon the availability of capital. For further details on the exploration budget for the Eureka Property, see "Management's Discussion and Analysis of Financial Condition and Results of Operation – Mineral Exploration – Eureka Property Plans and Budget."

Cautionary Note to U.S. Investors: The 2011 – 2013 Technical Reports use the terms "mineral resource", "measured mineral resource", "indicated mineral resource", and "inferred mineral resource." We advise investors that these terms are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. See "Cautionary Note to U.S. Investors Regarding Mineral Reserve and Resource Estimates," above.

ICBM Project

The ICBM Joint Venture Project (Timberline/Barrick) is located in the Battle Mountain Mining District, Lander County, Nevada. The land position consists of 526 hectares (1,300 acres) on BLM-administered lands. The drilling to date has demonstrated that mineralization is present and is localized along the contacts of Cambrian sediments and altered granodiorite. This style of mineralization is being mined at Newmont's Fortitude/Phoenix complex to the south. We acted as operator of the joint venture through November 2013 maintaining a 72% interest in the project, with Barrick Gold holding the remaining interest.

In December of 2013, an agreement was entered between the ICBM Joint Venture and Americas Gold Exploration, Inc. ("AGE"), to continue exploration at the project. Under the terms of the agreement, AGE may earn up to 76.6% ownership in the property by making certain exploration expenditures over a four-year period. AGE also assumed the role as operator of the joint venture.

As of September 30, 2015, we do not consider the ICBM prospect to be a material property. No material future expenditures are planned on the prospect at this time.

White Rock Project

In January 2011 we entered into a mining lease, with an option to purchase a 100% interest, for the White Rock property, which encompasses 2,060 acres in the northeastern portion of Elko County, Nevada. The terms of the agreement to earn a 100% interest include a series of advance royalty payments, ranging from $20,000 to $50,000 annually, granting of a 3% NSR to the property owner, and an option to purchase all claims comprising the property for $100,000.

The White Rock property is an exploration project encompassing a large, low grade, structurally controlled epithermal gold system with similarities to other well-known Nevada gold deposits such as Sleeper, Paradise Peak, and Aurora/Borealis. Historical exploration during the period from 1988 to 1994 validated widespread gold mineralization within the property. Since acquiring the property, we have completed detailed geologic mapping, soil and rock chip geochemical sampling, a ground magnetics survey, and spectrophotometry surveys. Based on results of those surveys and prioritization of our projects, we determined that an impairment in the value of our White Rock project existed at September 30, 2014, with the entire carrying value amount of $100,000 written off as impairment of mineral properties. Due to the difficult commodities market, we did not have sufficient capital to continue with any further exploration and returned the property to the underlying owners in October 2014.

Toole Springs Project

In August 2011 we entered into a mining lease, with an option to purchase a 100% interest, for the Red Rock Project and Cedar Project, collectively referred to as the Toole Springs Project, which encompasses 4,020 acres along the Carlin Trend in Elko County, Nevada. The terms of the agreement to earn a 100% interest include a series of advance royalty payments, ranging from $20,000 to $100,000 annually and the granting of a 3% NSR to the property owner.

The Toole Springs Project represents an early-stage gold-exploration target. It is located in favorable stratigraphy within the Carlin Trend and is a pediment play (gravel covered). Limited exploration has been undertaken since we acquired the property, including compilation of historic data, a ground magnetic survey, and biogeochemical sampling.

Due to the on-going difficult commodities market in 2015, we did not have sufficient capital to maintain the property and continue with any further exploration. As such, we subsequently returned the property to the underlying owner in July, 2015.

Seven Troughs District

During the year ended September 30, 2012, we announced the acquisition from CIT Microprobe Holdings, LLC (California Institute of Technology) ("CIT") of 3,900 acres of patented and unpatented mining claims comprising essentially the entire Seven Troughs gold mining district near Lovelock, Nevada. Terms of the purchase agreement included a cash payment of $50,000 and a 2-percent NSR production royalty reserved to CIT, with a standard royalty buy down clause.

Seven Troughs is an epithermal gold district recognized as yielding some of the highest gold production grades in Nevada history through small-scale operations in the early 20th century. We believe the district has the potential to host a large precious metals system similar to the high-grade gold and silver veins of Japan's world-renowned Hishikari epithermal gold mine.

We are under no obligation to make exploration expenditures at Seven Troughs. Since acquiring the property, we have however initiated the compilation of historic mine workings data and completed limited geologic mapping, geochemical sampling, and spectrophotometry survey within the district. During 2014, the historic mine workings have been compiled into an electronic 3-D model. Exploration activity during 2015 was restricted to target development based on geologic data collected and compiled in 2014. Drilling will await until adequate available capital exists to fund a program.

As of September 30, 2015, we do not consider Seven Troughs to be a material property and no material expenditures are planned at this time.

Iron Butte/Dave Knight Mineral Properties

During the year ended September 30, 2013, we announced that we had entered into a Lease and Option-to-Purchase Agreement (the "Knight Agreement") to evaluate, explore, and develop a package of mineral claims in Nevada comprised of six separate properties, including the Iron Butte Project. The properties, primarily focused in the productive gold trends of central Nevada, were acquired from David Knight, a well-known and respected Nevada professional geologist. All of the leased properties exhibit anomalous gold values in outcrop or in historic drill holes.

The Iron Butte Project is located along the southern boundary of the prolific Battle Mountain - Eureka Gold Trend. Over 100,000 feet of drilling have previously been undertaken on the property, outlining gold mineralization along a strike distance of 9,000 feet proximal to the range front with an overall width of 4,000 feet within structural intersections in volcanic rocks and Paleozoic sediments.

The Knight Agreement provided for the issuance of 75,000 restricted shares of our common stock on the effective date of the Knight Agreement, as well as an additional 83,334 restricted shares of common stock in September 2014; and 125,000 shares of restricted common stock in March 2016. The shares of restricted common stock issued on the effective date of the Knight Agreement had a value of $306,000, based upon the closing price of our common stock on the NYSE MKT on the date of issuance. The shares of restricted stock to be issued in September 2014 were issued in October 2014, subsequent to approval by the NYSE MKT, and had a value of $80,000, based upon the closing price of our common stock on the NYSE MKT on the date prior to the due date for the share issuance.

During the year ended September 30, 2014, the Knight Agreement was amended to include additional mineral claims in Nevada in exchange for 16,667 restricted shares of our common stock. As of the date of filing this report, we hold 590 mineral claims on seven separate properties, comprising a total of nearly 11,000 acres under this Knight Agreement, as amended.

No cash payments were required under the Knight Agreement until March 2015 when annual advance royalty payments of $25,000 would commence. The option to purchase the claims, subject to the reservation of a royalty, would be exercisable at any time prior to March 2017. The purchase price for the claims would include a cash payment of $2,000,000, not due until March 2017. The Knight Agreement would not require any annual work commitments, and provides a first right of refusal on certain other Nevada properties controlled by Mr. Knight and currently under lease to third parties.

With limited availability of capital since entering the Knight Agreement, exploration activities during 2013 and 2014 were limited to geologic mapping and re-evaluation of the project geologic models. Due to the on-going difficult commodities market in 2015, we did not have sufficient capital to maintain the properties and continue with any further exploration. As such, we subsequently terminated the Knight Agreement and returned all six properties to the underlying owner in February 2015.

Castle Black Rock/Other Wolfpack Gold Properties

With the acquisition of Wolfpack Gold, we acquired several mineral properties including Castle Black Rock. Castle Black Rock comprises 117 mining claims under lease from Seabridge Gold. The property is situated within the Walker Lane gold belt which is a 50-mile wide northwest-southeast trending zone of right lateral and associated normal faults which tapped deep-seated magmatic and hydrothermal fluids. Faulted and folded Paleozoic sedimentary rocks are intruded by Mesozoic plutonic rocks, with local thick sequences of overlying Miocene volcanics. At Castle Black Rock, epithermal-style gold mineralization is generally hosted within the volcanic rocks and is concentrated in four zones.

A small-scale open pit and heap leach mine operated at the site in 1988 by privately held Falcon Exploration Ltd. In 2000, previous owners engaged Bikerman and Associates who calculated an estimate of the mineralized material to be approximately 193,000 ounces of gold at an estimated grade of 0.014 ounces of gold per ton using a 0.007 ounces per ton cut-off grade.

Subsequent to acquisition of the Castle Black Rock property, we completed a due diligence review which included organization of the historic data and review of exploration work completed to-date.

In addition to Castle Black Rock, a total of nine other properties were retained after the acquisition of Wolfpack Gold. These other properties comprise five epithermal gold targets – four in western and northern Nevada and one in northeast California; three Carlin-type gold prospects within the Battle Mountain-Eureka and Carlin gold trends in Nevada; and one gold-bearing skarn in central Nevada. Three of the properties are currently under option to other parties.

Although Timberline management believes the Castle Black Rock property has exploration potential, the lease agreement with Seabridge Gold was dropped in order to direct capital to higher priority projects during the ongoing period of a continuing difficult commodities market. Unpatented claims on six of the properties acquired from Wolfpack were also dropped for similar reasons. Nine patented claims owned by Timberline on two of the other properties were held.

Two of the properties acquired from Wolfpack, Maggie Creek and Gilbert South were, optioned to Rennaissance Exploration, and we retained a royalty. The option agreements specify that Timberline will receive a 1.0% NSR upon production from Renaissance Exploration who has the right to buy down the entire 1% NSR royalty on each property for US$1.5 million or fractions thereof at equivalent cost (1.5/1).

Talapoosa Project

In March, 2015, Timberline completed a Definitive Agreement ("Agreement") with Gunpoint Exploration Ltd., Gunpoint Exploration US Ltd., and American Gold Capital US Inc. (collectively "Gunpoint") to acquire an option to purchase Gunpoint's 100% owned Talapoosa property (the "Property") for a period of thirty months from the effective date of the Agreement. During the option period, the Agreement grants Timberline the exclusive and irrevocable option to purchase all of Gunpoint's interest in the Property. In consideration thereof, Timberline agreed to pay Gunpoint $300,000 in cash and to issue 2,000,000 shares of Timberline's common stock, to be vested in 500,000 share increments at 6 months, 12 months, 18 months, and 24 months from the effective date of the closing of the option acquisition transaction. In addition, during the thirty-month option period, Timberline assumes responsibility for the payment of all property holding costs.

Within 90 days of exercise of the option granted in the Option Agreement, Timberline agrees to pay Gunpoint $10,000,000 in cash as consideration for purchase of the Property. In addition, Gunpoint's parent company, will retain a 1% NSR on the mineral production from the Property, subject to a purchase option by Timberline for $3,000,000.

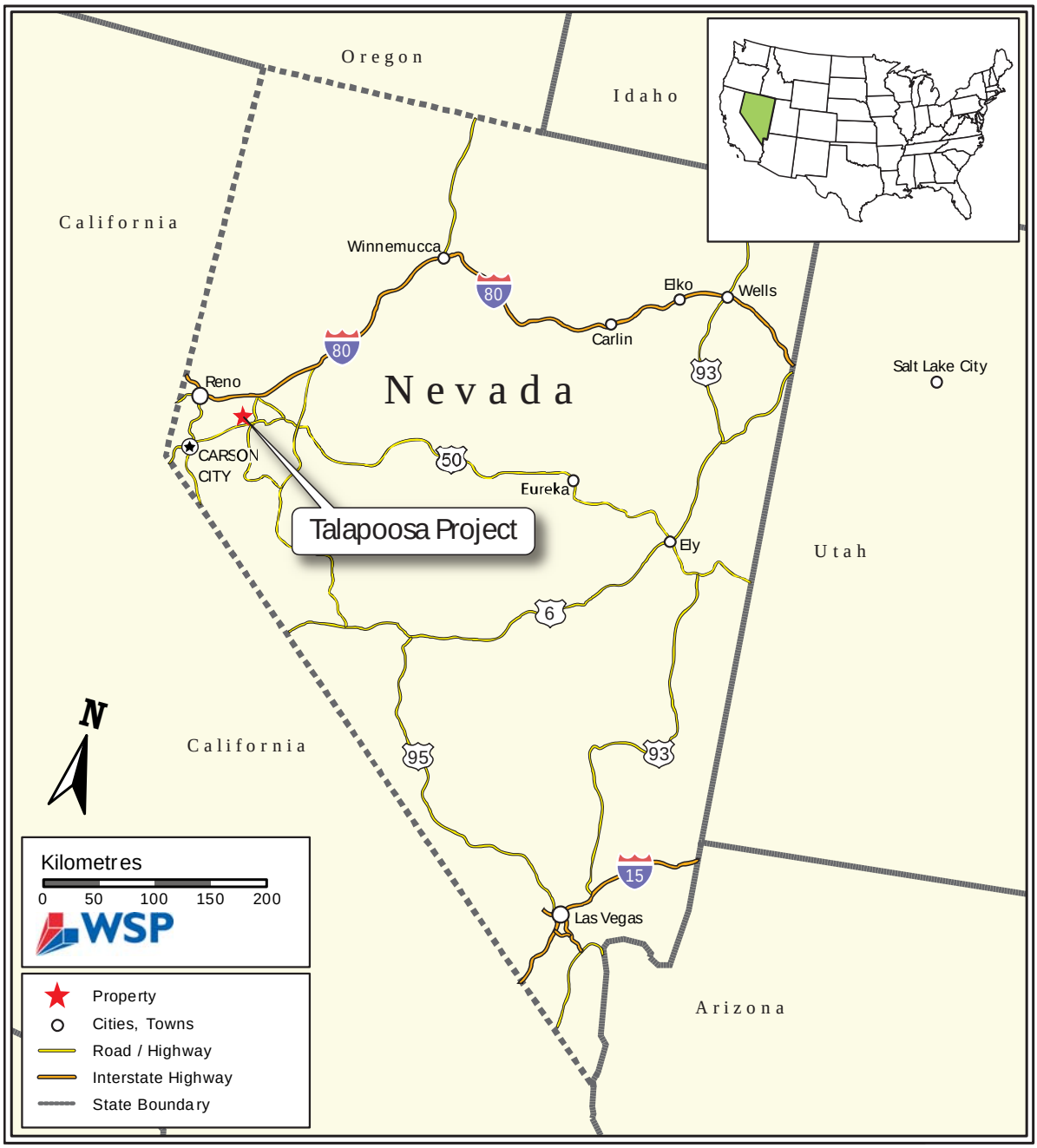
In addition to terms of the Agreement, Timberline has agreed to provide contingent consideration to Gunpoint's parent company based on the future price of gold. For a period of five (5) years following the exercise of the option, should the daily price of gold (as determined by the London PM Fix) be fixed at U.S. $1,600 per ounce or greater for a period of ninety (90) consecutive trading days ("Trigger Event"), Timberline will pay Gunpoint's parent company an additional payment of $10,000,000, comprised of cash and potentially, at Timberline's discretion, shares of Timberline's common stock within 90 days of the date that the Trigger Event is deemed to have occurred.

The Talapoosa property has no known reserves, as defined under Guide 7, and the proposed program for the property is exploratory in nature.

Property Description

The Property is located in the Talapoosa mining district in northwestern Nevada. The district lies in Lyon County about 28 miles in a straight line east of Reno, Nevada, straddling the boundary between T18N and T19N, R24E, Mount Diablo Base and Meridian. Talapoosa lies on the eastern and southeastern flanks of the Virginia Range, one of the ranges of the Basin and Range Province.

The area containing mineralized material at Talapoosa is centered immediately south of a cluster of old mine workings in the SE/4 Section 3, T18N, R24E



Claims and Leases

American Gold Capital US Inc. ("American Gold") is a corporation incorporated under the laws of Nevada, is a wholly-owned subsidiary of Gunpoint Exploration Ltd, and is the registered claim holder. All mining claims and mineral leases are in good standing and all taxes haves been paid in full. The option agreement covers approximately 14,870 acres of land comprising a combination of US Bureau of Land Management ("BLM") claims, fee lands, and water rights.

American Gold is the underlying owner of 509 unpatented mining claims at Talapoosa. In addition, through a lease with Sierra Denali Minerals Inc. (Sierra Denali Minerals), American Gold leases 26 unpatented lode claims. American Gold also owns fee land located in the project area. American Gold also leases property from the Sario Livestock Company and from Nevada Bighorn Unlimited. The claims, leased fee land, and fee land owned by American Gold are contiguous.

American Gold is the registered, legal and beneficial owner or leassee of the Talapoosa Claims free and clear of any encumbrances, agreements, adverse claims, royalties, profit interests or other payments in the nature of a royalty, recorded or unrecorded, except:

- The unpatented mining claims are located on land controlled by the US Department of the Interior Bureau of Land Management (BLM), which required annual mining claim maintenance fees to be timely paid by August 31, 2015 and a notice to hold mining claims to be timely recorded in the Official Records of the Lyons County Recorder's Office by October 31, 2015.
- Gunpoint acquired all of the issued and outstanding shares of American Gold US on November 26, 2010 from American Gold, a wholly-owned subsidiary of Chesapeake Gold Corp. (Chesapeake) pursuant to an acquisition agreement (the Acquisition Agreement) made between Gunpoint, American Gold, and Chesapeake, and dated June 15, 2010 as amended July 15, 2010 and November 10, 2010.
- Pursuant to the terms of the Acquisition Agreement, Chesapeake's subsidiary American Gold was issued 31,977,899 common shares in the capital stock of Gunpoint, representing approximately 81.8% of the then issued and outstanding shares of Gunpoint in satisfaction of the purchase price of the shares of American Gold.

American Gold owns 509 unpatented mining claims at Talapoosa located in Sections 2, 3, 4, 5, 8, 9, 10, 11, and 14 of T18N, R24E and Section 6 of T18N, R25E and Sections 20,22,26, 28, 32, 34, and 36, T19N, R24E, Mount Diablo Base and Meridian of which two are located on the resource area. In addition, through a lease with Sierra Denali Minerals Inc. (Sierra Denali Minerals) described below, American Gold leases 26 unpatented lode claims in Sections 2, 3, and 11, T18N, R24E and Section 34, T19N, R24E, of which nine are located on the resource area.

American Gold also owns fee land consisting of the N/2 Section 3 and the N/2 S/2 Section 3, T18N, R24E, excluding certain public lands within this section, which is located on the resource area. The annual property taxes haves been timely paid to Lyon County Treasurers Office and are considered current.

American Gold leases Sections 27 (excepting a 50 ft-wide road easement), 29, 33, and 35, T19N, R24E from the Sario Livestock Company. American Gold also leases Section 21 and 23, T19NR24E from Nevada Bighorn Unlimited. Their leases are not located on the resource area.

The claims, leased fee land, and fee land owned by American Gold are contiguous.

Talapoosa Mining, Inc. leased 26 unpatented mining claims from the estates of Alexander von Hafften and Sebelle Harden von Hafften in a lease originally dated July 14, 1990, and amended on August 25, 1998. These claims are now owned by Sierra Denali Minerals and leased by American Gold. Based on the 1998 amendment, the annual minimum payment was $75,000; however, until payment of a production royalty begins, the minimum annual payment due was $25,000 with the difference to be considered a deferred payment until commencement of production royalty payments. As described by Devenyns (2007), "beginning in the first lease year following the commencement of production royalty payments from the Project, the deferred payments would be paid at the rate of $75,000.00 per year from proceeds of products mined from the entirety of the Project until the total of the deferred amounts was paid. Payments of the deferred amounts were in addition to the minimum payments." As of July 14, 2014, including the deferral of $40,000 of that year's minimum annual payment, the current total deferral amount is $760,000. Annual mining lease payments have been timely made and the mining lease is considered to be in good standing.

The owners will receive a 5% net smelter return (NSR) production royalty with credit for one-half of the annual payment. The original term of the lease was for 10 years with the opportunity to extend it for two additional five-year periods.
A second amendment of mining lease was entered into effect July 13, 2010 which contained the following terms:

- The parties to the lease are now Sierra Denali Minerals and American Gold.
- The lease term is extended by 10 years from July 14, 2010 and may be extended for two additional five year periods, provided the Project has commenced production and continues to pay production royalty and deferred payments.
- The owner was paid $10,000.00 for signing the extension of the lease and $25,000.00 for the payment due July 14, 2010 with $50,000.00 being credited to the deferred payment balance. Note: these payments have been made.
- Beginning with the payment due July 14, 2011 and thereafter, the minimum payment of $35,000 per year with $40,000 per year being considered a deferred payment.
- Acknowledgement that through July 14, 2010, the deferred payment balance is $635,000.00, Which has since been re-calculated to be $760,000 through July 14, 2014.

Accessibility, Physiography, Climate, Infrastructure

Year-round access to the Talapoosa district from Reno is via Interstate 80, east approximately 30 miles to Fernley, then south on US Alternate 95 for 13 miles to Silver Springs. The property sits immediately northwest of Silver Springs and may be accessed by traveling county, and local gravel roads along two route options for approximately 4 miles to the approximate center of the district and the area of the Talapoosa mineralized material. Access to the Property is available year round if required.

Talapoosa lies on the eastern and southeastern flanks of the Virginia Range with elevations ranging from 4,400 ft. at the valley floor to 6,500 ft. on the higher surrounding hills, with an elevation of approximately 5,300 to 5,500 ft. at the Project site.

The region of the Project is characterized as a high-desert environment with sparse vegetation, situated in the rain shadow of the Sierra Nevada to the west. The climate at Talapoosa is moderate and conducive to 12-month exploration or mining operations. Summers are hot and dry with temperatures commonly reaching or exceeding 90°F with the average around 78°F. Winter weather is moderate with highs of 45ºF and lows around 20°F with an average of 32°F. Annual precipitation is estimated to be approximately 13.4 in., of which snowfall accounts for about one-third and rarely remains on the ground longer than a few days. Annual evaporation rates are estimated to be about 50 in. per year.

The Project is located approximately 45 miles in road distance from Reno, whose metropolitan area has a population of approximately 225,000, and 30 miles in road distance from Nevada's capital, Carson City, with a population of approximately 55,000. The Reno / Sparks area is the closest major metropolitan area. Other population centers that are in the vicinity of the project are as follows:

- Silver Springs – Located approximately 4 miles southeast of the Project with a population of approximately 5,000.
- Fernley – Located approximately 18 miles northeast of the Project with a population of approximately 19,000.
- Yerington – Located approximately 30 miles south of the Project with a population of approximately 3,000.
- All centers provide excellent sources of skilled and unskilled labor, professionals, and most services needed for a mining operation.

Reno has an international airport with numerous regional flight schedules daily. Silver Springs has a regional airport with a single 7,200 ft. military grade landing strip. A light-duty commercial power line passes through the Project running from the southern end of the Property. Upgrades to the electric infrastructure will be required to advance the Project. It is anticipated that a new power line will be constructed along the same alignment as the existing power line and will be extended approximately 2.5 miles to the plant area. A natural gas pipeline passes approximately 2 miles nearby the property and crosses one of the two access routes and offers an alternative power supply opportunity for the project.

Water supply for the project is expected to be leased from groundwater owners in the Silver Springs valley. Previous engineering studies have identified suitable areas for plant and ancillary facilities and also heap leach pad and waste disposal.

Geology

The Project lies in the western Basin and Range Province, a structural province of generally north-trending mountain ranges and intervening valleys formed by regional extension during Tertiary time. The Sierra Nevada on the California-Nevada border forms the western margin of the province. The eastern slope of the Sierra Nevada is cut by major north-trending normal faults that form north-trending mountain ranges (Moore 1969). The Virginia Range, on whose east flank the Project is located, along with the Pine Nut Mountains, Wellington Hills, and Sweetwater Range to the south, forms one of four master fault-block ranges of this type that can be considered north-trending spurs of the Sierra Nevada.

The rocks of the Sierra Nevada in this region are predominantly granitic intrusions of the Mesozoic Sierra Nevada batholith. Older Mesozoic metavolcanic and metasedimentary rocks, thought to be predominantly Late Triassic and Early Jurassic based on fossil evidence (Moore 1969), are preserved as roof pendants and septa within the batholithic intrusions.

Miocene and younger volcanic rocks overlie the Mesozoic intrusions in this part of western Nevada. Late Miocene rhyolitic tuffs with some interbedded rhyolitic lava and vesicular basalt form the base of the volcanic sequence, overlain by Miocene-Pliocene, predominantly dacitic and andesitic volcanic and related intrusive rocks with interbedded sedimentary rocks. Interbedded with and overlying the intermediate volcanic rocks throughout this region are Pliocene sedimentary rocks that were deposited by lakes and streams in isolated basins adjacent to topographic highs. Late Pliocene to Pleistocene basaltic rocks, primarily lava flows, are widespread throughout the region, and represent the youngest episode of volcanism and are post-mineralization.

Cenozoic faulting, tilting and warping associated with regional extension that resulted in the Basin and Range Province are the most recent and conspicuous structural features of the region. While the extension is manifested by a predominantly north-trending structural grain with normal faulting, in this part of western Nevada there is also the northwest-trending Walker Lane trend with oblique and strike-slip faulting and Cenozoic mineralization.

The Project, situated within the Virginia Range, is composed of a thick sequence of Miocene-Pliocene volcanic and sedimentary rocks that overlie Mesozoic metamorphic and granite found throughout the Sierra Nevada.

The Pyramid Sequence is the base of the geological package on the Project. It is a sequence of vesicular basalt, felsic ash-flow tuffs and hydrothermal eruption breccias associated with epithermal mineralization along the Appaloosa structure.

The Kate Peak Formation hosts all of the known mineralization in the district and overlays the Pyramid Sequence. The Kate Peak Formation consists of dacitic tuff, tuff breccia, flows, lava dome carapace debris, and post-volcanic dacite porphyry sills or dykes. The base of the formation is marked by a group of clastic sedimentary rocks that include basal volcanic conglomerate, overlain by thinly bedded shale and sandstone. The unit is estimated to be approximately 1,000 ft. thick at the Project. The formation is divided into an andesite lower member and a dacite upper member. The presence of a porous tuffaceous unit, which was silicified and then repeatedly cracked and mineralized, is referred to as the Crystal-Poor Welded Tuff. The Kate Peak Formation is described as being separated from the underlying Pyramid Sequence by the Talapoosa Fault.

The Pliocene aged Coal Creek (Canyon) Formation unconformably overlays the Kate Peak formation. It is described as a mixture of sand, silt, and clay derived from pyroclastic volcanic rocks. It is no more than a few tens of feet thick at the Project.

The Lousetown Formation, a basaltic unit ranging from a few feet thick to as much as 300 ft. in thickness, unconformably overlies the Coal Creek Formation. The unit is a vesicular olivine basalt or pyroxene andesite with flows capping the hills surrounding the Project.

Mineralization

The mineralization was divided into the following domains, separated by north-northwest fault, for the purpose of resource modelling.

- Bear Creek Hanging-Wall Vein System/Domain, bounded by Ripper Fault to south and Cabin Fault to north. The Hanging-Wall vein is comprised predominantly of massive white sulphide poor silica with typical low-sulfidation epithermal textures, including recrystallization, coliform and crustiform banding, adularia bands, amethyst, etc.
- Bear Creek Footwall Vein System/Domain, bounded by Cabin Fault to south and Talapoosa (South) Fault to the north. The Footwall vein is more sulphide rich, associated with a number of gangue phases including, red hematitic silica, chlorite and minor white to clear silica.
- Main Zone Vein System/Domain bounded by Talapoosa (South) Fault to the south and Opal/Dyke Fault to the north.

The mineralization at both Dyke Adit and East Hill shows similarities in appearance and texture to that of the Hanging-Wall Zone at Bear Creek.

The modelling of veins and their bounding faults indicates that the general trend of all mineralization is around 115°, with two prominent dip angles:

- Steeply-dipping veins at approximately 70° south, for the Hanging-Wall and Footwall Zones at Bear Creek and for the eastern-most portion of the Main Zone.
- Shallowly-dipping veins, at approximately 20 to 40° south for the Dyke Adit, northwest part of the Main Zone (north) and the East Hill Vein. At least in the Main Zone, the flattening of vein dip could be the result of dilatational zones developed between the Talapoosa and Dyke Faults. In the case of the Dyke Adit and East Hill veins the attitude of the veining appears to parallel that of the contact between the hornblende andesite porphyry and the adjacent unit.

Historic Exploration

Exploration of the Project dates back to 1863 with the discovery of silver mineralization on the Project by prospectors working outwards from the Comstock Lode area. Modern era exploration began in the 1950's with Great Basin Exploration and extended periodically through the 1990's by several companies including: Duval Corporation, Homestake Mining Company, Superior Oil Company, Bear Creek Mining, Athena Gold, Placer Dome, Pegasus Gold, and Miramar Mining.

A total of 586 drill holes were completed between 1977 and 1999 along with multiple estimations of mineralized material and geologic and engineering studies. Historic estimates of mineralized material at Talapoosa consist of 42.5 million tons of in place bulk tonnage with an average grade of 0.03 ounces of gold per ton and 0.37 ounces of silver per ton. The project was fully permitted by Miramar Mining Corporation with the BLM and the State of Nevada in 1996, but remained undeveloped due to low prevailing metals prices.

In the 2000's, Cascade Metal US, Inc. purchased the property and, under the new name of American Gold, was acquired by Chesapeake Gold Corp. in 2007. In 2010, Christopher James Gold Corporation acquired the project from American Gold and operated exploration under the name of Gunpoint, from whom Timberline optioned the property in March, 2015.

Recent Exploration

Since acquisition in 2010 until the option agreement with Timberline in March, 2015, Gunpoint completed geologic studies, mapping, drilling of 15,226 feet of diamond drill core in 2011, and follow-up metallurgical studies. In addition, in 2012, Gunpoint commissioned Tetra Tech, Inc. to complete a NI 43-101 resource study which identified *Technical Report and Resource Estimate on the Talapoosa Project, Nevada*. The Technical Report was prepared by Tetra Tech, Inc. (Tetra Tech) of Toronto, Ontario under the supervision of Todd McCracken, who is a qualified person under NI 43-101.

The deposit is open on strike, and we believe potential exists to expand the quantity of mineralized material with additional exploration. The acquisition includes the 4 mile-long Appaloosa zone located one mile to the north of and parallel to the Talapoosa mineralized area. The Appaloosa zone crops out as epithermal-type sinter and breccia with vein fragments and is untested but for six historic, shallow drill holes.

Upon completion of the Option to Purchase Agreement for the property from Gunpoint, in March, 2015, we completed a National Instrument 43-101 ("NI 43-101") compliant Technical Report entitled *"Technical Report and Resource Estimate on the Talapoosa Project, Nevada,"* dated March 24, 2015 (the "Talapoosa Technical Report") substantiating the mineralization for the Talapoosa project. Upon completion of the Talapoosa Technical Report, we initiated an NI 43-101 Preliminary Economic Assessment ("PEA") on the property. Results of the PEA were released on April 27, 2015 and reported positive results on a potential open pit mine with heap leach processing and Merrill Crowe recovery of gold and silver. To support the PEA, we completed due diligence reviews on the gold and silver mineralization; historic studies including metallurgy, geotechnical pit wall stability, hydrology, geochemistry, mining methods, and facility siting for the previously proposed operation.

Cautionary Note to U.S. Investors: The Talapoosa Technical Report and PEA use the terms "mineral resource", "measured mineral resource", "indicated mineral resource", and "inferred mineral resource." We advise investors that these terms are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. See "Cautionary Note to U.S. Investors Regarding Mineral Reserve and Resource Estimates," above.

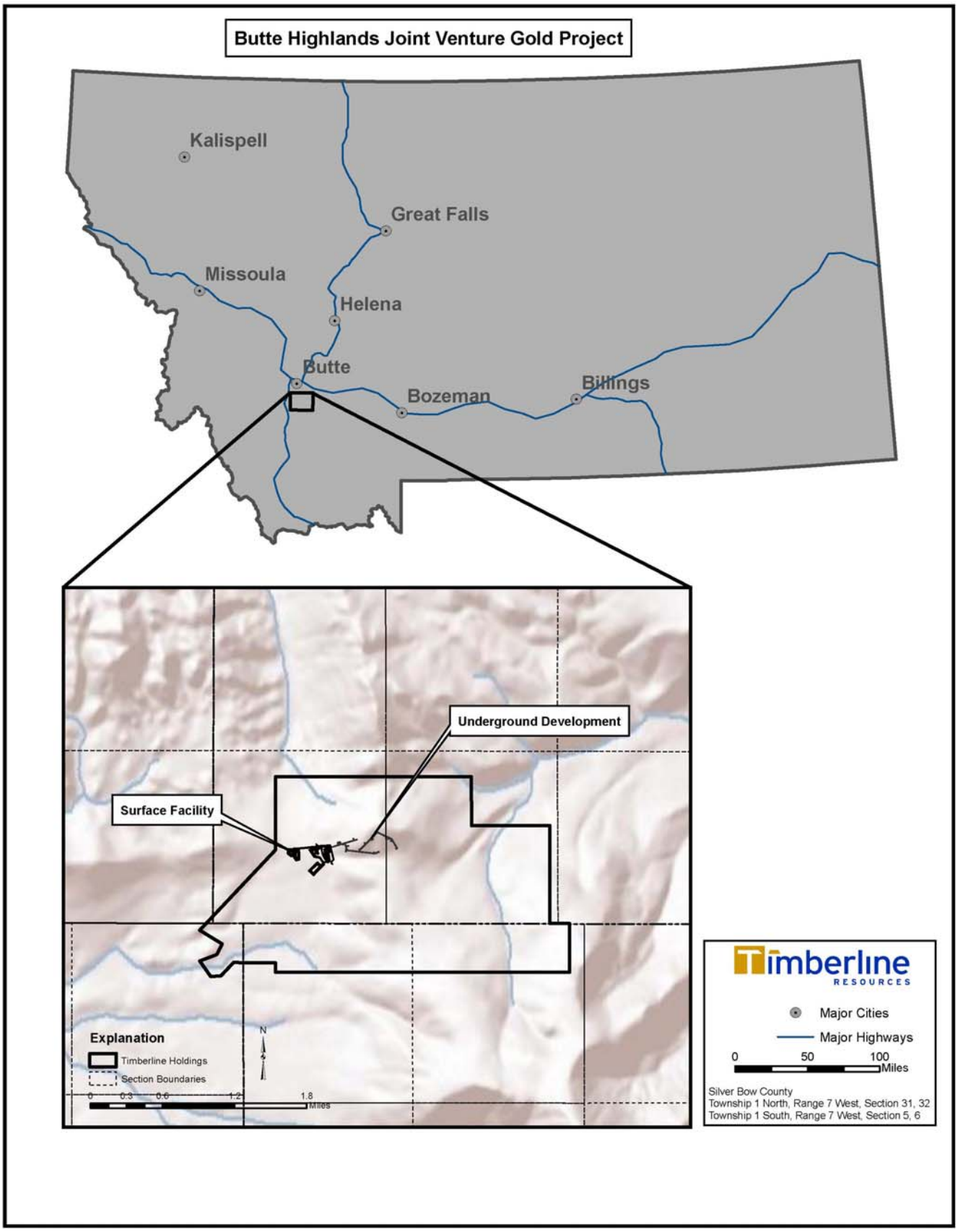
Subject to available capital, follow-up work would include additional metallurgical studies, drilling for additional samples to increase our level of confidence for certain parts of the mineralized zone, and initiation of studies to update historic permits to current standards. Management anticipates that this follow-up work will support the completion of a Pre-Feasibility Study ("PFS") on the Talapoosa project.

There are no proven and probable reserves as defined under United States Securities and Exchange Commission's Industry Guide 7 ("Guide 7") at Talapoosa and our activities there remain exploratory in nature.

Montana Gold Properties

Butte Highlands Gold Project

In July 2007, we closed our purchase of the Butte Highlands Gold Project, including 100-percent ownership of mineral rights, from Butte Highlands Mining Company for $405,000 cash and 9,000 shares of our common stock. The project is located approximately 15 miles south of Butte, Montana in Silver Bow County. The property covers 1,142 acres consisting of a combination of patented and unpatented mining claims situated within Sections 31 and 32, Township 1 North, Range 7 West; Sections 5 and 6, Township 1 South, Range 7 West; and Section 1, Township 1 South, Range 8 West, Montana Principal Meridian. The property can be accessed utilizing motor vehicles via State Highway 2 and county and US Forest Service maintained, improved surface roads. The project is within a favorable geologic domain that has hosted several multi-million ounce gold deposits.


Butte Highlands Joint Venture Gold Project
Kalispell
Great Falls
Missoula
Helena
Butte
Bozeman
Billings
Underground Development
Surface Facility
Explanation
Timberline Holdings
Section Boundaries
0 0.3 0.6 1.2 1.8
Miles
N
Timberline
RESOURCES
Major Cities
Major Highways
0 50 100
Miles
Silver Bow County
Township 1 North, Range 7 West, Section 31, 32
Township 1 South, Range 7 West, Section 5, 6

In October 2008, we announced that we had agreed to form a 50/50 joint venture at the Butte Highlands project. In July 2009, we finalized the joint venture agreement with Highland Mining, LLC ("Highland") (an entity controlled by Ron Guill, a director of the Company), to create Butte Highlands JV, LLC ("BHJV"). Under terms of the joint venture agreement, development (as defined in the joint venture agreement) began in the summer of 2009, with Highland funding all costs through development. Both Timberline's and Highland's 50-percent share of costs will be paid out of proceeds from future mine production. Under the terms of the operating agreement, Highland will have preferential rights with respect to distributions until our investment is deemed equal to the investment by Highland. During the year ended September 30, 2012, Ron Guill, a director of the Company, sold his interest in Highland to a private corporation unrelated to the Company or to Mr. Guill.

Since the creation of BHJV, Butte Highlands has been advanced toward production (as defined in the joint venture agreement) through completion of an underground exploration ramp and a 52,000-foot underground core drilling program. The drilling program was designed to collect drill data to facilitate, with our assistance, a mine model for production planning purposes during the early years of the mine's production life. In addition, BHJV continued to collect environmental baseline data as part of its application for an operating permit that was initially submitted during the year ended September 30, 2010 with the Montana Department of Environmental Quality ("MTDEQ") to commence gold mining operations. During fiscal 2013 we received a notice of completeness and compliance from the MTDEQ, as well as a draft operating permit. Subsequent to our fiscal year end, but prior to filing this Annual Report, we also received notification that the MTDEQ had completed its Draft Environmental Impact Statement ("Draft EIS") relative to the operating permit application.

Activities at Butte Highlands during fiscal 2012 and 2013 focused on advancing mine permitting with the MTDEQ toward a final Hard Rock Operating Permit. Supplemental baseline data to support the operating permit application was collected and provided to regulators. This data included characterization of wetlands, faunal study, surface water hydrology investigations, geochemistry, and an initial project water balance analysis. In addition, a Montana Pollutant Discharge Elimination System ("MPDES") permit application was submitted and the final permit was granted in 2013. The MPDES is a critical requirement for further underground exploration and mine operation. In 2014, the MTDEQ advanced towards completion of a Final Environmental Impact Statement ("Final EIS") for the project through development of responses to public comments on the Draft EIS. Mitigations to potential impacts to surface water flows after mining were developed in agreement with Montana Fish, Wildlife, and Parks, and the City and County of Butte-Silver Bow. The MTDEQ released the Final EIS for the project on December 18, 2014 and a favorable Record of Decision ("ROD") on the Final EIS on January 26, 2015. Release of the final Hard Rock Operating Permit will follow after payment of a State bond for reclamation of the project site. It is expected that BHJV will not pay the bond until all remaining permits are issued and a final construction decision is made, pending favorable market conditions.

In addition to progress in completion of critical permitting steps by the MTDEQ, the Environmental Protection Agency ("EPA") processed an application by BHJV to modify a permit for discharge of mine waters. The proposed modification was approved with an issued Final Underground Injection Control Program Permit Modification on September 26, 2014. The modification allows flexibility of discharge of untreated water during exploration and mining-related activities into a subsurface water infiltration system.

In addition to the favorable ROD by the MTDEQ, on March 12, 2015, the USFS released a draft Environmental Assessment (EA) and a Draft Decision Notice (DN) on the BHJV Plan of Operations submitted in 2013 for material haulage from the mine to an offsite processing facility. The Draft DN determined that two alternatives including the option preferred by BHJV to be acceptable for implementation. After a period required by regulations to allow responses by objectors to the project and follow-up USFS review, a Final EA, Finding of No Significant Impacts (FONSI), and a Final DN was issued on the Plan of Operations on October 9, 2015. The Final DN confirmed the Draft DN selection of two acceptable alternatives for material haulage. Final authority from the USFS for road use will require completion of road improvement design plans and construction of required upgrades to include culvert replacements, local widening, and an aggregate capping. It is anticipated that final plans will be developed during the winter months to allow construction improvements during the beginning of the 2016 field season.

Once the final Hard Rock Operating Permit is granted by the MTDEQ and the Plan of Operations receives final approval by the USFS, we expect BHJV to transition from exploration to gold mining operations.

Highland, our 50/50 joint venture partner on the project, will carry all costs incurred on the project until mining operations commence. We expect that the total costs incurred by Highland on the project to reach this milestone will be approximately $35 to 40 million.

The Butte Highlands property comprises patented and unpatented claims owned by or under lease to BHJV.

Butte Highlands Claim Summary

Claim Name(s)	Claim Type	Land Type	Rights	Ownership
BHC 1 thru BHC 61	Unpatented lode	Federal	mineral	50 % Timberline Resources Corp. [1]
Humbug Hill 01-20	Mill site	Federal	none	50 % Timberline Resources Corp. [1]
J.B. Thompson	Patented lode	Private	mineral and surface	50 % Timberline Resources Corp. [1]
Main Ripple	Patented lode	Private	mineral and surface	50 % Timberline Resources Corp. [1]
Murphy	Patented lode	Private	mineral and surface	50 % Timberline Resources Corp. [1]
Only Chance	Patented lode	Private	mineral and surface	50 % Timberline Resources Corp. [1]
Purchance	Patented lode	Private	mineral and surface	50 % Timberline Resources Corp. [1]
Red Mountain	Patented lode	Private	mineral and surface	50 % Timberline Resources Corp. [1]
Main Chance	Patented lode	Private	mineral and surface	100 % Richardson Family Trust [2]
Island	Patented lode	Private	mineral and surface	100 % Richardson Family Trust [2]
Atlantic	Patented lode	Private	mineral and surface	100 % Richardson Family Trust [2]
Barnard	Patented lode	Private	mineral and surface	100 % Richardson Family Trust [2]
Pony Placer	Patented lode	Private	surface	50 % Timberline Resources Corp. [1]

[1] Claims are owned 100% by Butte Highlands JV, LLC, in which Timberline Resources owns a 50% interest.
[2] Timberline holds a lease option agreement on these claims subject to a mining lease/option to purchase agreement dated October 1, 2009.

All of the unpatented claims are exploration lode claims legally located under federal and state guidelines whereas each claim is 600 feet by 1500 feet encompassing 20 acres. Each claim is clearly marked with a 4 inch by 4 inch post or equivalent tree at each corner and a location monument is erected along the center line of the long direction of the claim. All BLM maintenance requirements have been met.

All of the private lands within the Butte Highlands property are historic lode and placer claims which were patented through the U.S. government patent process. We are responsible for paying yearly BLM maintenance fees on all unpatented mining claims and Montana state property taxes on all patented lands. All associated taxes and fees are paid up to date as of September 30, 2013. Electricity and water are readily available on the property. If necessary, additional electricity requirements may be met by augmenting the currently available electrical supply with generator power.

In 2009, we signed a Mining Lease/Option to Purchase Agreement with the Richardson Family Trust for certain patented claims as detailed in the table above. The agreement called for an initial payment of $20,000 with annual payments of $15,000, increasing to $20,000 plus an annual inflation adjustment by October 2013, and remaining at that level thereafter. We will pay a 3-4% NSR royalty on any production from the Richardson Family Trust property, based upon the sale price of minerals produced from the property.

Gold mineralization at Butte Highlands is hosted primarily in lower Paleozoic Wolsey shale with higher-grade mineralization occurring within the sediments proximal to diorite sills and dikes. Between 1988 and 1996, prior operators Placer Dome, Battle Mountain, ASARCO, and Orvana Minerals demonstrated the presence of a wide and continuous mineralized zone by drilling 46 core holes (36,835 feet) and 132 reverse-circulation holes (61,338 feet) within the district. The vast majority of this drilling was conducted in the Nevin Hill area which is included in the Timberline property. Best gold intercepts achieved at Butte Highlands include 49.8 feet of 0.651 ounces per ton (oz/t) and 11.5 feet of 1.996 oz/t from surface drilling. From underground drilling, best gold intercepts include 33.6 feet of 1.65 oz/t, 31.0 feet of 1.060 oz/t and 14.3 feet of 2.37 oz/t.

In 1997, Orvana Minerals used recent and historic drilling data to prepare a report on the Butte Highlands property. The report provided a preliminary technical review of feasibility issues, identifying no fatal flaws to mine development. The report also noted that suitable sites for a mill and tailings pond are present on the property, custom milling at existing nearby facilities was feasible, and access to the deposit could be achieved with a decline from either of two existing portals.

Drilling by Timberline Resources

Four core holes were drilled in 2008 totaling 6,757 feet of drill core. The results were positive, resulting in confirmation and extension of the stratigraphic controlled mineralization to the northwest and the discovery of an additional zone at depth near the northwest end of the known mineralized extent. The drilling also indicated a potential zone of broader lower-grade material within the intrusive which may be amenable to bulk underground mining methods.

In 2009 BHJV completed a five-hole core drill program totaling 7,244 feet of drilling. Several intercepts grading above 0.10 ounces of gold per ton (oz/t) and a significant amount of skarn mineralization were encountered. At least one of the holes also provided geotechnical data for the proposed vent raise and for exploration. BHJV also initiated a Hydrologic Reverse Circulation Drill program during 2009. The program consisted of five holes completed for a total of 6,695 feet. Data collected during this program was used to model the hydrologic character of the mineralized area.

A seven-hole core drilling program was completed in 2010. The program had two purposes; one was to infill and expand mineralization within the known area of mineralized material, and the second was to test potential for mineralization to the east, outside the area of known mineralization. Three holes were drilled within the known extents of the mineralized area while four holes were drilled outside to the east of the known extents. Two of the holes drilled interior to the known mineralized extents had significant intercepts in them. Hole BHDDH10-02 had a 9.7-foot intercept grading 0.383 oz/t. This intercept is generally carried by a 1.72 foot intercept grading 0.768 oz/t. This drill hole had two additional shorter intercepts that with further exploration drilling may lead into additional ore zones, including a 3.3-foot gold intercept grading 0.113 oz/t, and a 2-foot gold intercept grading 0.269 oz/t.

Hole BHDDH10-07 had sixteen intercepts greater than 0.029 oz/t. The overall intercept was 43.2 feet from 959.8 feet to 1003 feet at an average grade of 0.819 oz/t gold including one intercept from 971.9 feet to 974.1 feet of 2.2 feet grading 15.242 oz/t. There are other intercepts in the drill hole but all are less than 0.1 oz/t.

There were no mineable width significant intercepts in the outside exploration holes. Several short intercepts of anomalous material were encountered but nothing of economic interest. Hole number BHDDH10-03 contained an intercept from 938.5 to 939.9 consisting of 1.4 feet grading 0.185 oz/t. Hole number BHDDH10-04 also contained a short intercept from 708.9 to 709.6 consisting of 0.7 feet grading 0.179 oz/t. Both of these intercepts were short zones on the contact between intrusive material and the Meagher Formation. Although we did not encounter significant ore zone intercepts, strides in understanding the geology and genesis of the Butte Highlands gold mineralization were achieved.

In 2011, BHJV undertook a 52,000-foot underground definition drilling program. This program was designed to collect definition drill data to facilitate a mine model for production planning purposes during the early years of the mine's production life. This drilling encountered several significant intercepts within the known mineralized extents, including 33.6 feet grading 1.65 oz/t, 51.8 feet grading 0.43 oz/t, 26.9 feet grading 0.32 oz/t, and 14.3 feet grading 2.37 oz/t.

All of these intercept values were calculated using a sample length, weighted-average calculation or represent a single sample interval. The true widths of the intervals' lengths are estimated to be approximately 75-percent of the reported interval length.

Our President, Chief Executive Officer and Executive Chairman at the time, Paul Dircksen, was a qualified person as defined by NI 43-101, and reviewed and approved the technical contents of drilling results when they were received, including sampling, analytical, and test data. Field work was conducted under his supervision. Our sampling and analysis program included an industry standard QA/QC program. After photographing, core logging and cutting the sample intervals in half, the samples were shipped to ALS Chemex Laboratories in Elko, Nevada for preparation. The prepared pulps were then forwarded by ALS Chemex to their lab in Sparks, Nevada or their lab in Vancouver, BC Canada for analysis. The samples were analyzed for gold using a standard 30g fire assay with an AA finish. Samples returning a gold value in excess of 10 ppm were re-analyzed using a 30g fire assay with a gravimetric finish.

As of September 30, 2015, we have incurred exploration costs to date of approximately $1,600,000. During the 2015 fiscal year, no exploration work was completed on the property as the focus of activities was on completion of the permitting process.

Idaho Gold Property

The Spencer Prospect

The Spencer prospect covers 640 acres on the western end of the Kilgore-Spencer Trend, a northeast-trending belt of rhyolite volcanics known to host epithermal gold-silver mineralization, just south of a privately held opal mine about nine miles northeast of the town of Spencer, Idaho. We believe that the property has the potential to host both open-pit and underground gold deposits.

The geochemistry at Spencer is consistent with the upper levels of an epithermal system. Although there was considerable interest in the region during the 1980s and 1990s, the Spencer property has never been drill tested. We performed a phase-one exploration program consisting of reconnaissance-scale geological review along with rock chip and soil geochemical sampling.

The Spencer Prospect is held by State of Idaho Department of Lands Mineral Lease No. 9347. A Mineral Lease was issued to a prior Director of Timberline who assigned it to Timberline for consideration of common stock and approximately $3,000 in expenses. The prospect is located in Section 16, Township 12 North, Range 37 East, in Clark County, Idaho. The lease covered an area of approximately 640 acres and required annual payments to the State of Idaho of $640. Royalties on production of precious metals were defined at 5-percent of the gross receipts from the sale of minerals produced, less reasonable transportation, smelting and treatment costs.

No exploration activities were completed at the Spencer prospect during fiscal years 2014 and 2015. In the view of management the prospect is not a material property. As such, to conserve capital in the on-going tight financing market, the property lease with the State of Idaho was dropped in fiscal 2015 to refocus exploration efforts on higher priority targets.

Idaho Copper-Silver Property

The Snowstorm Prospect

The Snowstorm Prospect ("Snowstorm") is located in north Idaho's "Silver Valley" and features the Snowstorm Mine, a historic operation that produced 800,000 tons of ore averaging 4-percent copper and 6 ounces per ton (oz/t) silver. Snowstorm mineralization occurred as disseminated copper and silver found in the same Revett Formation quartzites that host the Troy, Rock Creek, and Montanore deposits on the Montana Copper Sulfide Belt, but was of a much higher grade. The Snowstorm property, which is 2 miles northeast of the Lucky Friday Mine near Mullan in Shoshone County, Idaho, lies in the southwest corner of the Montana Copper Sulfide Belt where it overlaps the northeast corner of the Coeur d'Alene Mining District.

In June 2012 we entered into an Exploration and Option to Purchase Agreement ("Snowstorm Agreement") with Daycon Minerals Corporation ("Daycon"), a private Canadian corporation, for Snowstorm. Under the terms of the agreement, Daycon held a five-year option to purchase the property for $1.5 million cash. We received a total of 1,000,000 shares of Daycon common stock under the Snowstorm Agreement, with potential stock to be issued of up to 1,500,000 shares of Daycon common stock. Daycon agreed to make annual minimum exploration expenditure commitments of $250,000 on Snowstorm, commencing in June 2014.

During the year ended September 30, 2014, we replaced the Snowstorm Agreement with a Transfer Agreement whereby we transferred our interests in Snowstorm to Daycon in exchange for 500,000 shares of Daycon common stock, thereby ending our involvement in Snowstorm. We do not consider our agreements with respect to Snowstorm to be material to our business at this time.

Montana Copper-Silver Properties

The Minton Pass, East Bull, Standard Creek, Lucky Luke, Clear Peak and Copper Rock Prospects

In 2004, we acquired four properties on the Montana Copper Sulfide Belt in Lincoln and Sanders counties. All four properties are interpreted as sediment-hosted copper-silver occurrences located in the Revett Formation of the Montana Copper-Silver Belt and are considered early-stage exploration prospects. The properties were held by U.S. Borax and its successor company, Kennecott Exploration, during the 1980s and early-1990s. We acquired the mapping and sampling data from the U.S. Borax program. There has been no documented activity in these areas since 1992.

In 2008, we acquired two additional prospects in the same favorable mineralized geology, Clear Peak and Copper Rock. These properties have the same geologic description as the properties described above. Both Clear Peak and Copper Rock were previously explored by Asarco Exploration Company, Inc. All claims were staked by us and are not subject to any underlying production royalty. All of these claims have been filed with the BLM.

In June 2012 we entered into an Exploration and Option to Purchase Agreement ("Montana Agreement") with Daycon Minerals Corporation ("Daycon"), a private Canadian corporation, for our Montana Copper-Silver Properties. Under the terms of the Montana Agreement, Daycon held a five-year option to purchase the properties for $1.5 million cash. We received a total of 600,000 shares of Daycon common stock under the Montana Agreement, with potential stock to be issued of up to 900,000 shares of Daycon common stock. Daycon had agreed to make annual minimum exploration expenditure commitments of $200,000 on the properties, commencing in June 2014. However, during the year ended September 30, 2013, Daycon exercised its right to terminate the Montana Agreement and return the properties to us.

During the year ended September 30, 2014, we entered into agreements with Daycon whereby we transferred the properties to Daycon for nominal consideration, thereby ending our involvement in the Montana Copper-Silver Properties. We do not consider our agreements with respect to these properties to be material to our business at this time.

Overview of Regulatory, Economic and Environmental Issues

Hard rock mining and drilling in the United States is a closely regulated industrial activity. Mining and drilling operations are subject to review and approval by a wide variety of agencies at the federal, state, and local level. Each level of government requires applications for permits to conduct operations. The approval process always involves consideration of many issues including but not limited to air pollution, water use and discharge, noise issues, and wildlife impacts. Mining operations involve preparation of environmental impact studies that examine the probable effect of the proposed site development. Federal agencies that may be involved include: The U.S. Forest Service ("USFS"), Bureau of Land Management ("BLM"), Environmental Protection Agency ("EPA"), National Institute for Occupational Safety and Health ("NIOSH"), the Mine Safety and Health Administration ("MSHA"), and the Fish and Wildlife Service ("FWS"). Individual states also have various environmental regulatory bodies, such as Departments of Ecology and Departments of Environmental Quality. Local authorities, usually counties, also have control over mining activity. An example of such regulation is the State of Montana's recent ban on the use of cyanide in certain open-pit mining activities within the state. Cyanide is often used in the extraction of gold. However, since some of our prospects in Montana are for silver and copper this ban does not affect those properties. Our Butte Highlands project in Montana is partially on patented ground and is an underground gold prospect. It is anticipated that any production from this property would be from an underground mine and would, at least initially, be shipped to nearby mills for processing as opposed to building our own mills and processing facilities, thus this ban would not affect our plans in Montana. We are not aware of any other states that plan to enact similar legislation.

Gold, silver, and copper are mined in a wide variety of ways, both in open pit and underground mines. Open pit mines require the gold deposit to be relatively close to the surface. These deposits tend to be low grade (such as 0.01-0.03 ounces per ton gold) and are mined using large, costly earth moving equipment, usually at very high tonnages per day.

Open pit operations for gold often involve heap leaching as a metallurgical method to remove the gold. Heap leaching involves stacking the ore on pads which are lined with an impenetrable surface, then sprinkling the gold with a weak cyanide solution to extract the gold. The gold impregnated solution is collected and the gold recovered through further processing.

Underground metal mines generally involve higher-grade ore bodies. Less tonnage is mined underground, and generally the higher-grade ore is processed in a mill or other refining facility. This process results in the accumulation of waste by-products from the processing of the ground ore. Mills require associated tailings ponds to capture waste by-products and treat water used in the milling process.

Capital costs for mine, mill, and tailings pond construction can, depending upon the size of the operation, run into the hundreds of millions of dollars. These costs are factored into the profitability of a mining operation. Metal mining is sensitive to both cost considerations and to the value of the metal produced. Metals prices are set on a world-wide market and are not controlled by the operators of the mine. Changes in currency values or exchange rates can also impact metals prices. Changes in metals prices or operating costs can have a huge impact on the economic viability of a mining operation.

Environmental protection and remediation is an increasingly important part of mineral economics. In some cases, particularly in Montana, with its concern for its grizzly bear population, mining companies have been required to acquire and donate additional land to serve as a substitute habitat for this threatened species.

Estimated future costs of reclamation or restoration of mined land are based principally on legal and regulatory requirements. Reclamation of affected areas after mining operations may cost millions of dollars. Often governmental permitting agencies are requiring multi-million dollar bonds from mining companies prior to granting permits, to insure that reclamation takes place. All environmental mitigation tends to decrease profitability of the mining operation, but these expenses are recognized as a cost of doing business by modern mining and exploration companies.

Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. We conduct our operations so as to protect the public health and environment and believe our operations are in compliance with applicable laws and regulations in all material respects. We have made, and expect to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures.

Every mining activity has an environmental impact. In order for a proposed mining project to be granted the required governmental permits, mining companies are required to present proposed plans for mitigating this impact. In the United States, where our properties are located, no mine can operate without obtaining a number of permits. These permits address the social, economic, and environmental impacts of the operation and include numerous opportunities for public involvement and comment.

We intend to focus on exploration and discovery of mineral resources. If we are successful, the ore bodies discovered will be attractive to production companies, or we will potentially bring the ore bodies to production ourselves. The mining industry, like agriculture, is a fundamental component of modern industrial society, and minerals of all sorts are needed to maintain our way of life. If we are successful in finding an economic ore body, be it gold, silver or copper, sufficient value is expected to be created to reward our shareholders and allow for all production and reclamation expenses to be paid ourselves or by the actual producer to whom we convey, assign, or joint venture the project.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any material pending legal proceedings, and no such proceedings are known to be contemplated.

No director, officer, or affiliate of Timberline and no owner of record or beneficial owner of more than 5.0% of our securities or any associate of any such director, officer, or security holder is a party adverse to Timberline or has a material interest adverse to Timberline in reference to pending litigation.

ITEM 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (The “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended September 30, 2015, our U.S. exploration properties were not subject to regulation by the Federal Mine Safety and Health Administration (“MSHA”) under the *Federal Mine Safety and Health Act of 1977* (the "Mine Act").

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is listed on the NYSE MKT and is quoted under the trading symbol "TLR". Our common stock also trades on the TSX Venture Exchange ("TSX-V") in Canada and is quoted under the trading symbol "TBR". The high and low sale prices for our common stock as quoted on the NYSE MKT and the TSX-V were as follows:

	NYSE MKT (US$)[3]		TSX-V (Cdn$)[3]	
Period[1]	High	Low	High	Low
2015				
First Quarter	$0.76	$0.49	$0.90	$0.61
Second Quarter	$0.74	$0.51	$0.90	$0.56
Third Quarter	$0.61	$0.27	$0.75	$0.36
Fourth Quarter[2]	$0.55	$0.20	$0.72	$0.32
2014				
First Quarter	$2.76	$1.56	$3.00	$1.68
Second Quarter	$1.92	$1.20	$2.16	$1.20
Third Quarter	$1.80	$0.84	$1.68	$0.84
Fourth Quarter	$0.96	$0.47	$1.08	$0.42
2013				
Fourth Quarter	$2.40	$1.68	$2.52	$1.68

(1) Quarters indicate calendar year quarters.
(2) Through December 21, 2015
(3) All prices are disclosed on a one-for-twelve reverse stock split adjusted basis that was effective November 3, 2014.

On October 31, 2014 we completed a one-for-twelve reverse stock split, and our stock began trading on a reverse-split adjusted basis on November 3, 2014. On December 21, 2015, the closing sale price for our common stock was $0.25 on the NYSE MKT and $0.37 Cdn. on the TSX-V.

As of December 21, 2015, we had 13,331,945 shares of common stock issued and outstanding, held by approximately 800 registered shareholders. In many cases, shares are registered through intermediaries, making the precise number of shareholders difficult to obtain.

Dividend Policy

We anticipate that we will retain any earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any further determination to pay cash dividends will be at the discretion of our board of directors and will be dependent on the financial condition, operating results, capital requirements, and other factors that our board deems relevant. We have never declared a dividend.

Purchases of Equity Securities by the Issuer and Affiliates

There were no purchases of our equity securities by us or any of our affiliates during the year ended September 30, 2015.

Stock Incentive Plans

In February 2005, our Board adopted the 2005 Stock Incentive Plan which was approved by a vote of shareholders at our Annual Meeting of Shareholders on September 23, 2005. This plan authorized the granting of up to 62,500 non-qualified stock options to our officers, directors, and consultants.

On August 31, 2006, our Board of Directors approved an amendment to the Timberline Resources Corporation 2005 Equity Incentive Plan (the "Amended 2005 Plan") for the purposes of increasing the total number of shares of common stock that may be issued pursuant to Awards granted under the original 2005 plan from 62,500 shares to 229,167 shares and allowing "Ten Percent Shareholders" (as defined in the Amended 2005 Plan) to participate in the plan on the same basis of any other participant. The Amended 2005 Plan was approved by a vote of shareholders at our Annual Meeting of Shareholders on September 22, 2006.

On August 22, 2008, our shareholders approved a proposal for the increase in the total number of shares of common stock that may be issued pursuant to awards granted under the original 2005 plan as previously amended. Following the increase, the plan provided for 583,334 shares of common stock for awards under the plan.

On May 28, 2010, our shareholders approved a proposal for the increase in the total number of shares of common stock that may be issued pursuant to awards granted under the original 2005 plan as previously amended. Following the increase, the plan provides for 833,334 shares of common stock for awards under the plan.

All share amounts included in this section have been revised to reflect a one-for-twelve reverse stock split that was approved by our stockholders and implemented on October 31, 2014.

On August 24, 2015, our Board of Directors approved the 2015 Stock and Incentive Plan, subject to our Stockholders' approval. The purpose of the 2015 Stock and Incentive Plan is to promote our interests and our Stockholders interests by aiding us in attracting and retaining employees, officers, consultants, advisors and non-employee directors capable of ensuring the future success of our Company. On September 24, 2015, our stockholders approved the adoption of the Company's 2015 Stock and Incentive Plan in which the Company's executive officers and directors are participants. This plan replaces our 2005 Equity Incentive Plan, as amended. The aggregate number of shares that may be issued under all stock-based awards made under the 2015 Stock and Incentive Plan will be 4 million shares of our common stock.

Equity Compensation Plans

The following summary information is presented as of September 30, 2015.

	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	**Weighted-average exercise price of outstanding options, warrants, and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders[(1)]	533,778[(1)]	$2.48	4,000,000
Equity compensation plans not approved by security holders	Not applicable	Not applicable	Not applicable
TOTAL	533,778[(1)]	$2.48	4,000,000

(1) See "Stock Incentive Plans," above.

On October 31, 2014 we completed a one-for-twelve reverse stock split, and proportional adjustments were made to the number of securities to be issued upon exercise of outstanding options, and prices of our outstanding options.

As to the options granted to date, there were no options exercised during the years ended September 30, 2015 and September 30, 2014.

Sale of Unregistered Securities

All unregistered sales of equity securities during the period covered by this Annual Report were previously disclosed in our current reports on Form 8-K and our Quarterly Reports on Form 10-Q.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under "Risk Factors and Uncertainties" and elsewhere in this document. ***See "Cautionary Note Regarding Forward-Looking Statements" above.***

Overview

We commenced our exploration stage in January 2004 with the change in the management of the Company. From January 2004 until March 2006, we were a mineral exploration company. We advanced our business plan with the acquisition of a drilling services company in 2006, the acquisition of Butte Highlands in 2007, and the acquisition of Staccato Gold Resources Ltd. in 2010. Prior to commencing our operations in 2004, the purchase of Timberline Drilling (formerly known as Kettle Drilling), and a more active and focused exploration division, the Company had no reported revenues and accumulated losses.

During 2014, we advanced our business plan with the acquisition of Wolfpack Gold (Nevada) Corp., and we have continued to focus our business model on mineral exploration and development, with future revenues and cash flows, if any, to be derived from any future mineral production.

On March 12, 2015 we entered into a property option agreement with Gunpoint Exploration Ltd. ("Gunpoint"), which closed on March 31, 2015. Gunpoint granted us an exclusive and irrevocable option ("Option") to purchase a 100% interest in Gunpoint's Talapoosa project in western Nevada. Pursuant to the agreement, we have the right to exercise the Option at any time beginning on March 31, 2015 and ending within thirty (30) months of March 12, 2015, unless sooner terminated. We completed a positive Preliminary Economic Assessment ("PEA") on the Talapoosa project and are focused on advancing our district-scale gold exploration projects in Nevada.

On September 13, 2015, we signed a non-binding Letter Agreement ("Letter Agreement") with Waterton Precious Metals Fund II Cayman, LP (together with its subsidiaries and affiliated and associated entities, "Waterton"). Waterton offered to acquire all of the issued and outstanding shares of our common stock for cash consideration of US$0.58 per share (the "Transaction"). In connection with the Transaction, Waterton subscribed for 1,331,861 common shares of Timberline on a private placement basis at a price of $0.375 per share for total proceeds of $499,447.87. The private placement was not contingent on completion of the Transaction, and Waterton will have the right to maintain its pro rata ownership position in us in the event the Transaction is not completed.

On December 3, 2015, we announced that the exclusivity period granted to Waterton under the Letter Agreement had expired, and while Waterton is continuing certain due diligence activities, the Transaction as previously proposed had been withdrawn by Waterton. We are reviewing strategic alternatives and discussions between us and various parties, including Waterton, continue.

Mineral Exploration

In 2010, we acquired Staccato Gold Resources Ltd. and its Eureka Property in Nevada's Battle Mountain – Eureka gold trend, which includes the Lookout Mountain Project, and is one of the largest undeveloped exploration properties in Nevada, encompassing some 23 square miles. Since our acquisition of the Eureka Property we have completed an aggressive work program, including more than 60,000 feet of surface drilling, metallurgical testing, geotechnical and geochemical studies, as well as baseline environmental studies. We have obtained sufficient data to complete several updated mineralization estimates. In addition, we completed detailed mapping of the geology of the property to better understand the controls of mineralization and to outline additional exploration drill targets that were tested during our most recent drilling program as well as those to be tested in future exploration drilling programs.

In March 2015 we entered into a property option agreement which granted us an exclusive and irrevocable option to purchase a 100% interest in the Talapoosa project in western Nevada. Pursuant to the agreement, we have the right to exercise the Option at any time beginning on March 31, 2015 and ending within thirty (30) months of March 12, 2015, unless sooner terminated. We completed a positive Preliminary Economic Assessment ("PEA") on the Talapoosa project and are focused on advancing our district-scale gold exploration projects in Nevada.

Given the difficult market conditions for mineral exploration companies, we have scaled back our exploration activities during the past year in order to preserve capital, while still undertaking important permitting and planning activities in order to move projects forward expeditiously as capital becomes available. At our Eureka Property, which includes the Lookout Mountain Project, we followed up on the exploration and drilling programs of the previous three years with continued geochemical waste rock environmental characterization, independent metallurgical leach testing, water quality monitoring and definition of hydrologic work plans. In addition, we consolidated our Elko field office into our Eureka facility in order to reduce ongoing expenses.

Exploration Plans and Budget

Assuming the availability of funding to undertake our exploration programs, we expect to undertake drill programs at various targets on the Eureka Property as follow up to previous positive intercepts, and complete some minor work at our Seven Troughs property. Our total exploration budget for fiscal 2016 is approximately $2 million. These expenditures are discretionary and may be scaled back depending upon the availability of capital to us.

No exploration activities are anticipated at our Seven Troughs property except finalization of the compilation and evaluation of historic data. Our total exploration budget for the property for fiscal 2016 is approximately $100,000 which is discretionary and may be scaled back pending availability of capital.

At Talapoosa, follow-up work that is subject to available capital to advance the project would include a pre-feasibility study, which is expected to include trade-off studies, further metallurgical tests, and analysis of milling and other processing scenarios, additional metallurgical studies, drilling for additional samples to increase our level of confidence for certain parts of the mineralized zone, and initiation of studies to update historic permits to current standards. However, given our current financial resources, no exploration is planned during fiscal 2016 at the Talapoosa Property.

Butte Highlands Joint Venture

Our Butte Highlands Joint Venture in Montana continued to progress toward commencement of mineral extraction by advancing the permitting process during the 2015 fiscal year. During fiscal 2015 a Final EIS and ROD were granted for the project by the Montana Department of Environmental Quality ("MTDEQ"), and a Final Decision Notice, Final Environmental Assessment, and a Finding of No Significant Impact were received from the USFS. These milestones, together with previous receipt during 2013 of the MPDES discharge permit from the MTDEQ represent the final major hurdles to receipt of necessary permits allowing the project to proceed. Final construction designs and completion of work will be required, and bond payments before final authority is granted to proceed with the proposed operation.

Once the final designs and road construction is complete the USFS will grant authority to use the road for material haulage. Upon payment of the reclamation bond, the Hard Rock Operating Permit will be granted by the MTDEQ. Pending economic conditions at that time, we expect BHJV to transition from exploration to gold mining operations. Much of the surface facilities and infrastructure required for mining operations are already in place at the project and were constructed under our exploration permit which has been in place since August 2009.

Timberline's Butte Highlands Joint Venture is an example of our strategy to enter into creative structures that move extractive responsibility to other parties while allowing exposure to gold extraction, where financing has been provided by a third party. This has been achieved with no dilution to Timberline shareholders. As noted, all expenditures relating to the construction of the projected underground mine are being paid by Timberline's joint venture partner, with a total expected construction budget of approximately USD $35-40 million.

Our management and geologists remain committed to providing exploration and potential for discovery to our investors. Looking ahead, it is the opinion of management that our primary commodity focus should be on precious metals - primarily gold, and to a lesser extent on silver. Furthermore, we believe that projects similar to Talapoosa, Lookout Mountain and Butte Highlands are a good fit for the current environment and the unique qualifications of our people and strategic partners.

Results of Operations for Years Ended September 30, 2015 and 2014

Consolidated Results

Our overall consolidated net loss for the year increased in comparison to the prior year primarily as a result of an increase in mineral exploration expenses by the Company, particularly at our Talapoosa property; expenses related to the abandonment of the Iron Butte and Toole Springs properties; corporate transaction-related expenses; and stock issuance and option expenses. The Company does not expect that the increase will continue in the coming fiscal year, as the Company anticipates decreased exploration and other general and administrative expenses in the fiscal year ending September 30, 2016.

(US$)	Year Ended September 30, 2015	2014
Exploration expenses:		
Butte Highlands	$ -	$ -
Eureka/Lookout Mountain	731,925	514,840
Talapoosa	472,011	-
Other exploration properties	323,702	384,273
Abandonment of mineral properties	556,000	100,000
Total exploration expenditures	2,083,638	999,113
Non-cash expenses:		
Stock option and stock issuance expense	194,910	-
Depreciation, amortization, and accretion	14,523	17,410
Total non-cash expenses	209,433	17,410
Salaries and benefits	738,595	857,765
Professional fees expense	412,216	360,161
Other general and administrative expenses	946,126	453,797
Interest and other (income) expense, net	(17,560)	89,640
Net loss	$ (4,372,448)	$ (2,777,886)

During the year ended September 30, 2015, it was determined that impairments in the values of our Iron Butte and Toole Springs properties existed, and the entire carrying values of $426,000 and $130,000, respectively, were written off as abandonment of mineral properties during the year ended September 30, 2015. No other abandonments or impairments were recorded at September 30, 2015.

During the year ended September 30, 2014, it was determined that an impairment in the values of our White Rock property existed and the entire carrying value of $100,000 was written off as impairment of mineral properties during the year ended September 30, 2014. No other impairments were recorded at September 30, 2014.

The increase in the net loss for our fiscal year ended September 30, 2015 as compared to the previous year's net loss is primarily a result of increased expenditures on mineral exploration at our Eureka property and at the Talapoosa property and the abandonment of mineral properties expenses recorded on the Iron Butte and Toole Springs properties. Stock issuance and option expenses were higher in 2015 than 2014 due to the issuance of stock and stock options and the related listing fees. Salaries and benefits were lower in 2015 than 2014 due to reduced employee compensation. Professional fees expenses were higher in 2015 than 2014 as a result of costs related to ongoing and potential corporate transactions. Other general and administrative expenses were higher in 2015 than 2014 primarily due to costs related to financing and corporate transaction activities. Other income was higher in 2015 than 2014 primarily due to income received from a property lease.

Financial Condition and Liquidity

At September 30, 2015, we had assets of $17,224,434, consisting of cash in the amount of $500,965; property, mineral rights and equipment, net of depreciation of $15,277,257, and other assets in the amount of $1,446,212.

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of our assets and the settlement of our liabilities in the normal course of our operations. Disruptions in the credit and financial markets over the past several years have had a material adverse impact on a number of financial institutions and investors and have limited access to capital and credit for many companies. In addition, commodity prices and mining equities have seen significant volatility which increases the risk to precious metal investors. Credit and market disruptions, among other things, make it more difficult for us to obtain, or increase our cost of obtaining, capital and financing for our operations. Our access to additional capital may not be available on terms acceptable to us or at all. If we are unable to obtain financing through equity investments, we will seek multiple solutions including, but not limited to, asset sales, corporate transactions, credit facilities or debenture issuances in order to continue as a going concern.

At September 30, 2015, we had negative working capital of $133,172. As of the date of this report, we have approximately $450,000 outstanding in current liabilities and a cash balance of approximately $43,000. As of the date of this Annual Report on Form 10-K, we do not anticipate that we will be able to continue as a going concern for the next 12 months without receiving significant additional financing. Therefore, we expect to engage in financial transactions to increase our cash balance or decrease our cash obligations in the near term, which may include equity financings, corporate transactions, joint venture agreements, sales of assets, credit facilities or debenture issuances, or other strategic transactions.

The audit opinion and notes that accompany our consolidated financial statements for the year ended September 30, 2015, disclose a 'going concern' qualification to our ability to continue in business. The accompanying consolidated financial statements have been prepared under the assumption that we will continue as a going concern. We are an exploration stage company and we have incurred losses since our inception. We do not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without deferring payment on certain current liabilities and raising additional funds. The consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern. If the going concern basis were not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

We are working to increase our working capital by decreasing our expenditures and seeking additional capital. We have implemented staff lay-offs and significant salary reductions; curtailed discretionary exploration expenditures; and reduced professional fees and other discretionary expenditures. We are also working to increase our working capital with the refund of certain exploration bond funds and by exploring multiple financing and strategic alternatives.

We recognize that we will not be able to execute our operating plans with our current cash balances. With our current cash balance, refunds of certain bond funds, our anticipated ability to acquire additional capital by way of asset sales and/or financing transactions, and our ability to curtail discretionary exploration expenditures as needed, however, we believe that we will be able to generate sufficient working capital to meet our ongoing, non-discretionary operating expenses for the next 12 months and maintain our primary mineral properties. We recognize that additional capital will be required shortly and may be obtained through the refund of certain bond funds, financing transactions such as asset sales, corporate transactions, equity investments, joint ventures, debt facilities, or other types of strategic arrangements.

We plan, as funding allows, to follow up on our completed PEA of Talapoosa with a pre-feasibility study, which is expected to include trade-off studies, further metallurgical tests, and analysis of milling and other processing scenarios. Also subject to available capital, we may continue prudent exploration programs on our material exploration properties and/or fund some exploratory activities on early-stage properties. We are currently revising our corporate and exploration budgets with a focus on the advancement of the Talapoosa pre-feasibility study, subject to available capital. Our current working capital is not sufficient to meet our currently planned exploration costs and general corporate and administrative expenses for the next 12 months, and we will require additional funding and reductions in exploration and administrative expenditures.

As a potential future source of cash flow, our Butte Highlands project continues to be carried to production (as defined in the joint venture agreement). Regulatory delays in permitting and depressed gold prices have resulted in deferred receipts of anticipated cash flow. Our interest in the Butte Highlands project is a non-core asset that we may seek to monetize given the uncertainties of the project's future potential cash flows. If and when profitable extraction of mineralized material begins, we would expect to realize income from our 20% share of project cash flows, with potential increased income after substantial initial capital expenditures are repaid and our share of project cash flows increases to 50%. While this prospective income may fund some of our expected future exploration expenditures, we do not anticipate that it would be sufficient to fund all such activities and that additional financing would still be necessary to fund our exploration activities, or those activities would have to be curtailed.

Given current market conditions, we cannot provide assurance that necessary financing transactions will be available to us on acceptable terms or at all. Without additional financing, we would have to further significantly curtail our exploration and other expenditures while we seek alternative funding arrangements to provide sufficient capital to meet our ongoing, non-discretionary expenditures for the next 12 months and maintain our primary mineral properties. If we cannot obtain sufficient additional financing, we may be unable to make required property payments on a timely basis and be forced to return some or all of our leased or optioned properties to the underlying owners.

Financing activities

In September 2015, in connection with the Transaction with Waterton, we closed a private placement of our common stock. We closed a transaction wherein we sold 1,331,861 shares of common stock to Waterton at a price of $0.375 per share for gross proceeds of $499,448.

Off-Balance Sheet Arrangements

We do not have any off-balance-sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity, or capital expenditures.

Critical Accounting Policies and Estimates

See Note 2 to our consolidated financial statements contained in Item 8 of this Annual Report for a complete summary of the significant accounting policies used in the presentation of our financial statements. As described in Note 2, we are required to make estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue, and expenses. We believe that our most critical accounting estimates are related to asset impairments and asset retirement obligations.

Our critical accounting policies and estimates are as follows:

Asset Impairments

Significant property acquisition payments for active exploration properties are capitalized. The evaluation of our mineral properties for impairment is based on market conditions for minerals, underlying mineralized material associated with the properties, and future costs that may be required for ultimate realization through mining operations or by sale. If no mineable ore body is discovered, or market conditions for minerals deteriorate, there is the potential for a material adjustment to the value assigned to mineral properties.

We review the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment or abandonment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the asset is used, and the effects of obsolescence, demand, competition, and other economic factors.

Asset Retirement Obligations

We have an obligation to reclaim our properties after the surface has been disturbed by exploration methods at the site. As a result we have recorded a liability for the fair value of the reclamation costs we expect to incur in association with our Eureka Property. We estimate applicable inflation and credit-adjusted risk-free rates as well as expected reclamation time frames. To the extent that the estimated reclamation costs change, such changes will impact future reclamation expense recorded. A liability is recognized for the present value of estimated environmental remediation (asset retirement obligation) in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The offsetting balance is charged to the related long-lived asset. Adjustments are made to the liability for changes resulting from passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation.

Recently Issued Accounting Standards

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This standard provides guidance on the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The new requirements are effective for public entities in fiscal years (including interim periods) beginning after December 15, 2013. Adoption of this guidance is not expected to have a material effect on our consolidated financial statements.

In June 2014 the FASB issued Accounting Standards Update No. 2014-10 ("the ASU"). This update changes the requirements for disclosures as it relates to exploration stage entities. The ASU specifies that the inception–to-date information is no longer required to be presented in the financial statements of an exploration stage entity. The amendments in the ASU are effective for annual reporting periods beginning after December 15, 2014 and interim periods therein, with early application permitted for any financial statements that have not yet been issued. The Company has elected to apply the amendments to its September 30, 2014 financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

September 30, 2015 and 2014

Timberline Resources Corporation and Subsidiaries

Contents

A PROFESSIONAL SERVICES FIRM
Certified Public Accountants | Business Consultants
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Timberline Resources Corporation:

We have audited the accompanying consolidated balance sheets of Timberline Resources Corporation ("the Company") as of September 30, 2015 and 2014, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Timberline Resources Corporation as of September 30, 2015 and 2014, and the results of its consolidated operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred substantial losses, has no recurring source of revenue and has an accumulated deficit. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DeCoria, Maichel & Teague, P.S.

DeCoria, Maichel & Teague, P.S.
Spokane, Washington
December 22, 2015

TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2015	September 30, 2014
ASSETS		
CURRENT ASSETS:		
Cash	$ 500,965	$ 2,825,320
Prepaid expenses and other current assets	23,589	30,769
Joint venture receivable	5,761	11,576
TOTAL CURRENT ASSETS	530,315	2,867,665
PROPERTY, MINERAL RIGHTS, AND EQUIPMENT, net	15,277,257	14,431,038
OTHER ASSETS:		
Prepaid drilling services	-	440,000
Investment in joint venture	642,450	642,450
Restricted cash	764,662	971,854
Deposits and other assets	9,750	4,500
TOTAL OTHER ASSETS	1,416,862	2,058,804
TOTAL ASSETS	$ 17,224,434	$ 19,357,507
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 219,474	$ 140,697
Accrued expenses (Note 11)	313,048	57,419
Accrued directors' fees	-	91,000
Accrued payroll, benefits and taxes	130,965	35,958
TOTAL CURRENT LIABILITIES	663,487	325,074
LONG-TERM LIABILITIES:		
Common stock payable	-	80,000
Asset retirement obligation	138,720	132,115
TOTAL LONG-TERM LIABILITIES	138,720	212,115
COMMITMENTS (NOTE 17)	-	-
STOCKHOLDERS' EQUITY: (NOTE 15)		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.001 par value; 200,000,000 shares authorized, 13,331,946 and 9,816,751 shares issued and outstanding, respectively	13,332	9,817
Additional paid-in capital	65,544,517	63,573,675
Accumulated deficit	(49,135,622)	(44,763,174)
TOTAL STOCKHOLDERS' EQUITY	16,422,227	18,820,318
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 17,224,434	$ 19,357,507

See accompanying notes to consolidated financial statements.

TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended September 30,	
	2015	2014
OPERATING EXPENSES:		
Mineral exploration expenses	$ 1,527,638	$ 899,113
Salaries and benefits	933,505	857,765
Professional fees expense	388,167	360,161
Insurance expense	114,307	79,084
Abandonment of mineral rights	556,000	100,000
Gain on disposal of equipment	-	(16,565)
Gain on lease of mineral rights	(124,638)	-
General and administrative expenses	596,342	408,688
TOTAL OPERATING EXPENSES	3,991,321	2,688,246
LOSS FROM OPERATIONS	(3,991,321)	(2,688,246)
OTHER INCOME (EXPENSE):		
Foreign exchange loss	(17,938)	(2,557)
Interest income (expense), net	175	(17,083)
Financing transaction expense	(274,049)	
Loss on settlement of prepaid drilling services	(89,315)	(70,000)
TOTAL OTHER INCOME (EXPENSE)	(381,127)	(89,640)
LOSS BEFORE INCOME TAXES	(4,372,448)	(2,777,886)
INCOME TAX PROVISION	-	-
NET LOSS	$ (4,372,448)	$ (2,777,886)
NET LOSS PER SHARE AVAILABLE TO COMMON STOCKHOLDERS, BASIC AND DILUTED	$ (0.40)	$ (0.42)
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	10,999,230	6,674,196

See accompanying notes to consolidated financial statements.

TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, September 30, 2013	6,168,490	$ 6,168	$ 58,275,476	$ (41,985,288)	$ 16,296,356
Common stock issued for mineral exploration expenses	53,922	54	109,946	-	110,000
Common stock issued for property, mineral rights, and equipment purchase	16,667	17	39,983	-	40,000
Common stock issued in exchange for cancellation of note payable to Wolfpack pursuant to acquisition (Note 13)	706,407	707	1,016,520	-	1,017,227
Common stock issued for acquisition of Wolfpack Nevada (Note 4)	2,871,265	2,871	4,131,750	-	4,134,621
Net loss	-	-	-	(2,777,886)	(2,777,886)
Balance, September 30, 2014	9,816,751	$ 9,817	$ 63,573,675	$ (44,763,174)	$ 18,820,318
Common stock issued for property, mineral rights, and equipment purchase	83,334	83	79,917		80,000
Common stock issued for Talapoosa property option (Note 5)	2,000,000	2,000	1,198,000	-	1,200,000
Common stock compensation to employee	100,000	100	68,900	-	69,000
Common stock issued for cash at $0.375 per share	1,331,861	1,332	498,116	-	499,448
Stock based compensation	-	-	125,909	-	125,909
Net loss	-	-	-	(4,372,448)	(4,372,448)
Balance, September 30, 2015	13,331,946	$ 13,332	$ 65,544,517	$ (49,135,622)	$ 16,422,227

See accompanying notes to consolidated financial statements.

TIMBERLINE RESOURCES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (4,372,448)	$ (2,777,886)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	7,918	11,118
Accretion of asset retirement obligation	6,605	6,292
Common stock issued for mineral exploration expenses	-	110,000
Abandonment of mineral rights	556,000	100,000
Loss on settlement of prepaid drilling services	89,315	70,000
Gain on lease of mineral rights	(124,638)	-
Gain on disposal of equipment	-	(16,565)
Common stock issued for interest on note payable	-	17,226
Stock-based compensation	194,910	-
Changes in assets and liabilities:		
Prepaid drilling services	75,685	-
Prepaid expenses and other current assets	7,180	(618)
Deposits and other assets	(5,250)	-
Joint venture receivable	5,815	42,010
Accounts payable	78,777	(64,200)
Accrued expenses	164,629	(155,873)
Accrued director fees	-	91,000
Accrued payroll, benefits, and taxes	95,007	(16,486)
Net cash used by operating activities	(3,220,495)	(2,583,982)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, mineral rights, and equipment	(444,000)	(158,000)
Proceeds from sale of property, mineral rights, and equipment	358,500	22,056
Refunded restricted cash	207,192	16,184
Net cash acquired in acquisition of Wolfpack Nevada (Note 4)	-	3,554,143
Settlement of prepaid drilling services	275,000	150,000
Net cash provided by investing activities	396,692	3,584,383
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of note payable to Wolfpack	-	1,000,000
Proceeds from issuance of common stock	499,448	-
Net cash provided by financing activities	499,448	1,000,000
Net increase (decrease) in cash	(2,324,355)	2,000,401
CASH AT BEGINNING OF YEAR	2,825,320	824,919
CASH AT END OF YEAR	$ 500,965	$ 2,825,320
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock issued for mineral rights purchase	$ 1,280,000	$ 40,000
Common stock payable for mineral rights	-	80,000
Common stock issued to repay note payable and accrued interest	-	1,017,226
Common stock issued in connection with acquisition of Wolfpack Nevada (Note 4)	-	4,134,621

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS:

Timberline Resources Corporation ("Timberline" or "the Company", "we", "us", "our") was incorporated in August of 1968 under the laws of the State of Idaho as Silver Crystal Mines, Inc., for the purpose of exploring for precious metal deposits and advancing them to production.

In 2006, we acquired Kettle Drilling, Inc. and its Mexican subsidiary, World Wide Exploration S.A. de C.V. ("World Wide"). In 2008, Kettle Drilling, Inc. changed its name to Timberline Drilling Incorporated ("Timberline Drilling"). In 2011 we closed the sale of Timberline Drilling and World Wide and became solely a mineral exploration enterprise.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. *Basis of Presentation and going concern* – This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of our management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred losses since its inception. The Company does not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without raising additional funds. During the year ended September 30, 2015, the Company raised $499,448 cash from the issuance of common stock, and received cash of $275,000 from the liquidation of a prepaid drilling services asset. The Company currently has no historical recurring source of revenue and its ability to continue as a going concern is dependent on the Company's ability to raise capital to fund its future exploration and working capital requirements or its ability to profitably execute its business plan. The Company's plans for the long-term return to and continuation as a going concern include financing the Company's future operations through sales of its common stock and/or debt and the eventual profitable exploitation of its mining properties. Additionally, the current capital markets and general economic conditions in the United States are significant obstacles to raising the required funds. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis were not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

b. *Principles of Consolidation* – The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Staccato Gold Resources, Ltd., BH Minerals USA, Inc., Wolfpack Gold (Nevada) Corp., and Talapoosa Development Corp., after elimination of intercompany accounts and transactions.

c. *Exploration Expenditures* – All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no mineable ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned.

d. *Fair Value of Financial Instruments* – Our financial instruments include cash and restricted cash. The carrying value of restricted cash approximates fair value based on the contractual terms of those instruments.

e. *Cash Equivalents* – For the purposes of the statement of cash flows, we consider all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Balances are insured by the Federal Deposit Insurance Corporation up to $250,000 for accounts at each financial institution.

f. *Restricted Cash* – Restricted cash represents bonds held for exploration permits.

g. *Estimates and Assumptions* – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management assumptions and estimates relate to asset impairments, asset retirement obligations, and stock based compensation. Actual results could differ from these estimates and assumptions and could have a material effect on our reported financial position and results of operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued):

h. *Investments* – Available-for-sale securities are initially recorded at cost and then carried at fair value, with unrealized gains or losses recorded as a component of equity, unless a decline in value of the security is considered other than temporary. Realized gains and losses and other than temporary impairments are recorded in the statement of operations. Investments in private entities which do not have a readily determinable fair value, and in which we do not have significant influence, are carried at the lower of cost or fair value. We also have a 50% interest in a joint venture at our Butte Highlands Gold Project (see Note 8). Given that our 50% interest in the joint venture is carried to production; we do not have management control over operating decisions of the joint venture until our joint venture partner's investment in the project, less $2 million, is recovered by the joint venture partner out of future production; and we have no risk of loss from expenses incurred by the joint venture until production, our investment in the joint venture is accounted for on a cost basis.

i. *Property and Equipment* – Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which ranges from two to seven years. Maintenance and repairs are charged to operations as incurred. Significant improvements are capitalized and depreciated over the useful life of the assets. Gains or losses on disposition or retirement of property and equipment are recognized in operating expenses.

j. *Review of Carrying Value of Property, Mineral Rights and Equipment for Impairment* – We review the carrying value of property, mineral rights, and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, the effects of obsolescence, demand, competition, and other economic factors.

k. *Asset Retirement Obligations* – The Company accounts for asset retirement obligations by following the methodology for accounting for estimated reclamation and abandonment costs as prescribed by generally accepted accounting principles ("GAAP"). This guidance provides that the fair value of a liability for an asset retirement obligation ("ARO") will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made and a contractual obligation exists. The ARO is capitalized as part of the carrying value of the assets to which it is associated, and depreciated over the useful life of the asset. Adjustments are made to the liability for changes resulting from passage of time and changes to either the timing or amount of the original estimate underlying the obligation. We have an asset retirement obligation associated with our exploration program at the Lookout Mountain exploration project (see Note 11).

l. *Provision for Income Taxes* – Income taxes are provided based upon the liability method of accounting. Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against the deferred tax asset if management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized (see Note 13).

m. *Translation of Foreign Currencies* – All amounts in the financial statements are presented in US dollars, and the US dollar is our functional currency. We have a Canadian subsidiary, but this subsidiary has no operations, assets, or liabilities in Canada for the years ended September 30, 2015 and 2014, respectively. Foreign translation and transaction losses relating to expenses incurred in Canada by Timberline, of $17,938 and $2,557 for the years ended September 30, 2015 and 2014, respectively, have been included in the current period net loss as a component of other income (expense).

n. *Stock-based Compensation* – We estimate the fair value of our stock-based compensation using the Black-Scholes model, which requires the input of some subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them ("expected life"), the estimated volatility of our common stock price over the expected term ("volatility"), employee forfeiture rate, the risk-free interest rate and the dividend yield. Changes in the subjective assumptions can materially affect the estimate of fair value of stock-based compensation. The value of common stock awards is determined based upon the closing price of our stock on the grant date of the award. Compensation expense for grants that vest upon issue are recognized in the period of grant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued):

o. *Net Loss per Share* – Basic earnings per share ("EPS") is computed as net income (loss) available to common shareholders divided by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities.

The dilutive effect of convertible and outstanding securities as of September 30, 2015 and 2014 is as follows:

	2015	2014
Stock options	533,778	203,334
Warrants	25,000	25,000
Total potential dilution	558,778	228,334

At September 30, 2015 and 2014, the effect of the Company's outstanding stock options and common stock equivalents would have been anti-dilutive. Accordingly, only basic EPS is presented.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS:

The table below sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2015 and 2014, respectively, and the fair value calculation input hierarchy level that we have determined applies to each asset and liability category.

	2015	2014	Input Hierarchy Level
Assets:			
Cash	$ 500,965	$ 2,825,320	Level 1
Restricted cash	764,662	971,854	Level 1

NOTE 4 – ACQUISITION OF WOLFPACK GOLD (NEVADA) CORP.:

On August 15, 2014, we completed our acquisition of all of the issued and outstanding common shares of Wolfpack Gold (Nevada) Corp. ("Wolfpack Nevada") in accordance with the terms of an Arrangement Agreement, dated May 6, 2014, by and between the Company and the parent company of Wolfpack Nevada, Wolfpack Gold Corp ("Wolfpack"). The acquisition was approved by the stockholders of both Timberline and Wolfpack. Wolfpack Nevada was a subsidiary company of Wolfpack, a publicly held Canadian corporation engaged in the exploration of precious metals properties in Nevada. We acquired Wolfpack Nevada in order to further the exploration and development of mineral properties owned or leased by Wolfpack Nevada, as well as to increase our working capital.

This transaction was accounted for as a business combination. We acquired all of the shares of Wolfpack Nevada in consideration for the issuance of one share of common stock of Timberline for each 0.75 common shares of Wolfpack. Pre-acquisition Timberline shareholders own approximately 64% of our issued and outstanding common stock as of the acquisition date and former Wolfpack shareholders own approximately 36%.

The purchase price of the transaction was $5,151,847, consisting entirely of the issuance of 3,577,672 shares of our common stock. Of the 3,577,672 shares of common stock issued, 706,407 shares of common stock were issued to Wolfpack in exchange for the cancellation of a $1,000,000 promissory note of Timberline held by Wolfpack, as well as $17,226 of accrued and unpaid interest on the promissory note (see Note 13).

We incurred $256,223 in expenses specifically related to the acquisition, $236,866 of which is included in professional fees expense, $1,918 is included in mineral exploration expenses, and $17,439 is included in other general and administrative expenses in the consolidated statement of operations for the year ended September 30, 2014.

The acquisition of Wolfpack Nevada closed at 9:00 a.m. pacific time on August 15, 2014. The closing price of the Company's common stock on the NYSE MKT on the day prior to this date was $1.44 per share (adjusted for the reverse stock split – See Note 15).

NOTE 4 – ACQUISITION OF WOLFPACK GOLD (NEVADA) CORP., (continued):

The purchase price allocation of the acquisition is summarized as follows:

Purchase price:		
Shares issued on acquisition	$	5,151,847
Cancellation of promissory note and accrued interest		(1,017,226)
	$	4,134,621
Net assets acquired:		
Cash	$	3,554,143
Restricted cash		348,616
Property, mineral rights, and equipment, net		231,862
	$	4,134,621

The unaudited pro forma financial information below represents the combined results of our operations as if the Wolfpack Nevada acquisition had occurred at the beginning of the periods presented. The unaudited pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have occurred if the acquisition had taken place at the beginning of the periods presented, nor is it indicative of future operating results.

		Year ended September 30, 2014
Loss from operations	$	(6,910,000)
Net loss		(7,000,000)
Net loss per share available to common stockholders, basic and diluted		$ (1.05)

NOTE 5 – PROPERTY OPTION AGREEMENT:

On March 12, 2015 (the "Effective Date"), we entered into a property option agreement ("Agreement") with Gunpoint Exploration Ltd. ("Gunpoint"), which closed on March 31, 2015. Gunpoint granted us an exclusive and irrevocable option ("Option") to purchase a 100% interest in Gunpoint's Talapoosa project (the "Project") in western Nevada. Pursuant to the Agreement, we have the right to exercise the Option at any time beginning on March 31, 2015 and ending within thirty (30) months of March 12, 2015, unless sooner terminated ("Option Period").

As consideration for the Option, we agreed to issue two million (2,000,000) shares of common stock and pay $300,000 in cash. A $100,000 cash payment was made on March 31, 2015, and the balance of $200,000 was paid on September 23, 2015. The common stock was valued at fair value on the Effective Date and capitalized with the cash payments of $300,000 for a total of $1,500,000. The common stock was issued on March 31, 2015 and is being held in escrow. The shares are irrevocable and will be released to Gunpoint as follows: 25% on September 12, 2015 (which has been released); 25% on March 12, 2016; 25% on September 12, 2016; and 25% on March 12, 2017. Gunpoint will receive the total of 2,000,000 shares even if the Company does not exercise the Option.

At any time during the Option Period, we may purchase 100% of Talapoosa by providing written notification thereof and paying to Gunpoint $10 million in cash (the "Option Payment") within ninety (90) days of the notification date. Upon the date that Gunpoint receives the Option Payment (the "Closing Date"), we will have earned a 100% interest in the Project.

For a period of five years following the Closing Date ("Contingent Payment Period"), should the daily price of gold (as determined by the London PM Fix) be fixed at or above $1,600, on any single day during the Contingent Payment Period (the "Initial Threshold Event") and at any time after the Initial Threshold Event during the Contingent Payment Period the daily price of gold (as determined by the London PM Fix) averages U.S.$1,600 per ounce or greater for a period of ninety (90) consecutive trading days (the "Trigger Event"), we shall be required to pay or cause to be paid to Gunpoint an additional payment of $10 million (the "Contingent Payment") within ninety (90) days of the date that the Trigger Event is deemed to have occurred. The Contingent Payment shall consist of $5 million in cash, and the remainder shall be paid either in cash or in shares of our common stock or a combination thereof at our sole discretion.

NOTE 5 – PROPERTY OPTION AGREEMENT, (continued):

Following our exercise of the Option, effective as of the Closing Date, Gunpoint reserves a net smelter returns royalty in all minerals mined and removed from the Project, in the amount of one percent (1%). We may purchase the royalty from Gunpoint at any time for a cash payment of $3 million.

NOTE 6 – NON-BINDING ACQUISITION AGREEMENT:

On September 13, 2015, we signed a non-binding Letter Agreement ("Letter Agreement") with Waterton Precious Metals Fund II Cayman, LP (together with its subsidiaries and affiliated and associated entities, "Waterton"). Waterton offered to acquire all of the issued and outstanding shares of our common stock for cash consideration of US$0.58 per share (the "Transaction"). The structure of the proposed Transaction was to be determined, and the consummation of the Transaction was subject to completion of due diligence, execution of definitive agreements, Board and regulatory approvals, and other customary closing conditions.

Pursuant to the Letter Agreement, we granted Waterton an exclusivity period until 30 days following receipt of certain due diligence materials to complete its due diligence review and for the execution of definitive agreements, which may include Lock-up Agreements with each of our Directors and Officers and a Support Agreement. We also granted Waterton customary deal protections including a 5% break fee payable in the event we enter into an alternative transaction within a 90-day period following expiry of the exclusivity period.

On September 23, 2015, in connection with the Transaction, Waterton received 1,331,861 common shares of Timberline on a private placement basis at a price of $0.375 per share for total proceeds of $499,448. Waterton owns 9.98% of our common shares. The private placement was not contingent on completion of the Transaction, and Waterton will have the right to maintain its pro rata ownership position in us in the event the Transaction is not completed.

Subsequent to September 30, 2015, the exclusivity period granted to Waterton in the Letter Agreement expired, and the Transaction as previously proposed was withdrawn by Waterton.

NOTE 7 – PROPERTY, MINERAL RIGHTS AND EQUIPMENT:

The following is a summary of property, mineral rights, and equipment and accumulated depreciation at September 30, 2015 and 2014:

	Expected Useful Lives (years)	2015	2014
Mineral rights – Talapoosa	-	$ 1,551,000	$ -
Mineral rights – Eureka	-	13,618,842	13,527,842
Mineral rights – Other	-	50,000	829,362
Total mineral rights		15,219,842	14,357,204
Equipment and vehicles	2-5	144,853	153,353
Office equipment and furniture	3-7	70,150	70,150
Land	-	51,477	51,477
Total property and equipment		266,480	274,980
Less accumulated depreciation		(209,065)	(201,146)
Property and equipment, net		$ 15,277,257	$ 14,431,038

NOTE 7 – PROPERTY, MINERAL RIGHTS AND EQUIPMENT, (continued):

Fair value measurements on a nonrecurring basis using significant unobservable inputs

Description	Input Hierarchy Level	Net Book Value	Fair Market Value	Measurement Method	Impairment	Fair Market Value
Mineral rights – Iron Butte	Level 3	$ 426,000	-	Market analysis	$ 426,000	-
Mineral rights – Toole Springs	Level 3	130,000	-	Market analysis	130,000	-
Mineral rights – Talapoosa	Level 3	1,551,000	$ 1551,000	Market analysis	-	$ 1551,000
Mineral rights – Eureka	Level 3	13,618,842	13,618,842	Market analysis	-	13,618,842
Mineral rights – Other	Level 3	50,000	50,000	Market analysis	-	50,000
Total		$15,775,842	$15,219,842		$556,000	$15,219,842

During the year ended September 30, 2015, it was determined that impairments in the values of our Iron Butte and Toole Springs properties existed. The net book value of our Iron Butte property was $426,000, and the entire carrying value of $426,000 was written off as abandonment of mineral properties during the year ended September 30, 2015. The net book value of our Toole Springs property was $130,000, and the entire carrying value of $130,000 was written off as abandonment of mineral properties during the year ended September 30, 2015. No other impairments were recorded at September 30, 2015.

During the year ended September 30, 2014, it was determined that an impairment in the value of our White Rock property existed. The net book value was $100,000, and the entire carrying value of $100,000 was written off as impairment of mineral properties during the year ended September 30, 2014. No other abandonments or impairments were recorded at September 30, 2014.

During the year ended September 30, 2015, we received $350,000 in lease income from a property leased to a third party. In accordance with GAAP, the carrying value of the property was reduced to zero resulting in a reduction of $225,362 in property, mineral rights, and equipment, net. The excess of $124,638 was recorded on the Consolidated Statements of Operations as a gain on lease of mineral rights.

Depreciation expense for the years ended September 30, 2015 and 2014 was $7,918 and $11,118, respectively.

NOTE 8 – INVESTMENT IN JOINT VENTURE:

In July 2009, we entered into a joint venture operating agreement (the "Agreement") with Highland Mining, LLC ("Highland"). The joint venture entity, Butte Highlands JV, LLC ("BHJV") was created for the purpose of developing and mining the Butte Highlands Gold Project. As a result of our contribution of our 100% interest in the Butte Highlands Gold Project, carried on our balance sheet at cost, we hold a 50% interest in BHJV. Under terms of the agreement, our interest in BHJV will be carried to production by Highland, which will fund all future project exploration and mine development costs.

Under the Agreement, Highland contributed property and will fund all future mine development costs at Butte Highlands. Both the Company's and Highland's share of development costs will be paid from proceeds of future mine production. The Agreement stipulates that Highland shall appoint a manager of BHJV and that Highland will manage BHJV until such time as all mine development costs, less $2 million (the deemed value of our contribution of property to BHJV), are distributed to Highland out of the proceeds from future mine production.

At September 30, 2015 and 2014, we have a receivable from BHJV for expenses incurred on behalf of BHJV in the amount of $5,761 and $11,576, respectively.

NOTE 9 – PREPAID DRILLING SERVICES:

During the year ended September 30, 2012, we obtained $1,100,000 in prepaid drilling services as a portion of the consideration received from the sale of Timberline Drilling. The prepayment amount represents discounts on future drilling services or cash, if we do not use the prepaid drilling services, to be provided by Timberline Drilling to us between November 2011 and November 2016. During the year ended September 30, 2014, we accepted $150,000 as settlement of the portion of the prepaid drilling services that was due to be paid to the Company in November 2014 ($220,000), resulting in a $70,000 loss on settlement of prepaid drilling services. During the year ended September 30, 2015, we used $75,685 in drilling services, and we accepted $275,000 as a settlement of the remaining portion of prepaid drilling services that was due to be paid to the Company in November 2015 ($144,315) and November 2016 ($220,000), resulting in an $89,315 loss on settlement of prepaid drilling services. As of September 30, 2015, the balance of the prepaid drilling services is nil.

NOTE 9 – PREPAID DRILLING SERVICES, (continued):

The following table summarizes activity in our prepaid drilling services at September 30, 2015 and 2014:

	2015	2014
Beginning balance	$ 440,000	$ 660,000
Prepaid drilling services used	(75,685)	-
Cash received in lieu of drilling services	(275,000)	(150,000)
Loss on settlement of prepaid drilling services	(89,315)	(70,000)
Ending balance	$ -	$ 440,000

NOTE 10 – RELATED-PARTY TRANSACTIONS:

Director fees

The Company has accrued nil and $91,000 in director fees as of the years ended September 30, 2015 and September 30, 2014, respectively.

NOTE 11 – ACCRUED EXPENSES:

The Company has accrued $313,048 in expenses, including $274,049 in financing transaction costs as a result of two potential financing transactions that were not completed. The components of these accrued expenses are:

Description	Amount
Break fee for terminated transaction	$ 250,000
Broker expenses	24,049
Other expenses	38,999
	$ 313,048

NOTE 12 – ASSET RETIREMENT OBLIGATION:

We have established an asset retirement obligation ("ARO") for our exploration program at the Lookout Mountain Project. The ARO resulted from the reclamation and remediation requirements of the United States Bureau of Land Management as outlined in our permit to carry out the exploration program. Estimated reclamation costs at the Lookout Mountain Project were discounted using a credit-adjusted, risk-free interest rate of 5% from the time we expect to pay the retirement obligation to the time we incurred the obligation, which is estimated at 10 years.

The following table summarizes activity in our ARO liability for the years ended September 30, 2015 and 2014:

	2015	2014
Beginning balance	$ 132,115	$ 125,823
Accretion expense	6,605	6,292
Ending balance	$ 138,720	$ 132,115

NOTE 13 – NOTE PAYABLE:

On March 14, 2014, we entered into a promissory note (the "Note") and deed of trust, security agreement, assignment of leases and rents and fixture filing to secure promissory note (the "Deed of Trust") with Wolfpack Gold Corp. ("Wolfpack"). Timberline and Wolfpack entered into the Note and the Deed of Trust in connection with a proposed business combination (the "Proposed Transaction") that was the subject of a letter of intent between the parties dated effective March 11, 2014 and was completed on August 15, 2014 (see Note 4).

Pursuant to the Note, we agreed to repay Wolfpack the unpaid principal amount of advances made under the Note up to a maximum principal amount of $1,000,000, together with accrued interest thereon. The amount drawn on the Note bore interest at 5% during the first six months of the loan and 10% thereafter until repaid. Interest was payable in arrears on the date that the Note was prepaid, in proportion to the principal amount being prepaid, or on the date that the Note was due and payable. The Note became payable five business days after the Proposed Transaction closed. The outstanding principal amount of $1,000,000, together with accrued interest of $17,226, was paid to Wolfpack with the issuance of 706,407 shares of our common stock on August 15, 2014.

NOTE 14 – INCOME TAXES:

We have not recognized a provision for income taxes for the years ended September 30, 2015 and 2014.

At September 30, 2015 and 2014, we had deferred tax assets arising principally from net operating loss carry forwards for income tax purposes. As our management cannot determine that it is more likely than not that we will realize the benefit of the net deferred tax asset, a valuation allowance equal to 100% of the net deferred tax asset has been recorded at September 30, 2015 and 2014.

The components of our deferred taxes at September 30, 2015 and 2014 are as follows:

	2015	2014
Net deferred tax asset:		
Exploration costs	$ 971,000	$ 930,000
Property, mineral rights, and equipment	109,000	30,000
Long-term investments	180,000	180,000
Foreign investment expenses	-	-
Share-based compensation	2,127,000	2,106,000
Alternative minimum tax credit carryforward	2,000	2,000
Foreign income tax credit carryforwards	697,000	697,000
Federal and state net operating losses	13,568,000	12,376,000
Foreign net operating losses	1,736,000	1,736,000
Total deferred tax asset	19,390,000	18,057,000
Valuation allowance	(19,390,000)	(18,057,000)
Deferred tax asset	$ -	$ -
BH Minerals USA, Inc.		
Net deferred tax asset:		
Property, mineral rights, and equipment	$ (3,810,000)	$ (3,812,000)
Exploration costs	2,468,000	2,693,000
Federal and state net operating losses	4,192,000	3,694,000
Total deferred tax asset	2,850,000	2,575,000
Valuation allowance	(2,850,000)	(2,575,000)
Deferred tax asset	$ -	$ -

The federal income taxes of our wholly owned subsidiary, BH Minerals USA, Inc., are not consolidated with those of the rest of the Company since BH Minerals USA, Inc. is wholly owned by our Canadian subsidiary, Staccato Gold Resources Ltd.

At September 30, 2015, net deferred tax assets prior to the valuation allowance were $19,390,000 compared to $18,057,000 at September 30, 2014. The change is primarily due to the increase in net operating loss.

NOTE 14 – INCOME TAXES, (continued):

The annual tax benefit is different from the amount that would be provided by applying the statutory federal income tax rate to our pretax loss for the following reasons:

	2015	2014
	(4,372,448)	(2,731,541)
Statutory Federal income tax rate	35%	35%
Expected income tax benefit based on statutory rate	$ (1,530,000)	$ (956,000)
Permanent differences	27,000	2,000
Effect of state taxes	(105,000)	(128,000)
Effect of tax rate changes	-	-
Non-recognition due to increase in valuation allowance	1,608,000	1,082,000
Total income tax benefit	$ -	$ -

We have no unrecognized tax benefits at September 30, 2015 or 2014. It is not anticipated that there will be any significant changes to unrecognized tax benefits within the next twelve months. If interest and penalties were to be assessed, we would charge interest to interest expense, and penalties to other operating expense. Fiscal years 2012 through 2015 remain subject to examination by state and federal tax authorities.

At September 30, 2015, we had federal net operating loss carryforwards of approximately $36.8 million which will expire in fiscal years ending September 30, 2018 through September 30, 2035. Approximately $13.8 million of state net operating loss carryforwards will expire in fiscal years ending September 30, 2016 through September 30, 2035.

At September 30, 2015 we also have approximately $6.7 million in net operating loss carryforwards in Canada which will expire in fiscal years ending September 30, 2025 through September 30, 2032.

At September 30, 2015 we have $697,000 of foreign tax credit carryover that will expire September 30, 2018.

The Tax Reform Act of 1986 substantially changed the rules relative to the use of net operating loss and general business credit carryforwards in the event of an "ownership change" of a corporation. Due to the change in ownership in 2004, we are restricted in the future use of net operating losses generated before the ownership change. As of September 30, 2015, this limitation is applicable to accumulated federal net operating losses of approximately $240,000.

As a result of the tax-free Wolfpack Nevada acquisition (See Note 4), the Company's deferred tax asset increased by $3,308,000. The asset is fully reserved. This amount includes $9,500,000 of federal net operating loss carryover that is limited by Code Section 382. As of September 30, 2015, the Company has not determined if any other losses are limited by IRS Code Section 382 after the acquisition.

NOTE 15 – COMMON STOCK, WARRANTS AND PREFERRED STOCK:

One-for-twelve Reverse Stock Split

Effective October 31, 2014, our board of directors and stockholders approved a one-for-twelve reverse stock split of the Company's common stock. After the reverse stock split, each holder of record held one share of common stock for every 12 shares held immediately prior to the effective date. As a result of the reverse stock split, the number of shares underlying outstanding stock options and warrants and the related exercise prices were adjusted to reflect the change in the share price and outstanding shares on the date of the reverse stock split. The effect of fractional shares was not material.

Following the effective date of the reverse stock split, the par value of the common stock remained at $0.001 per share. As a result, we have reduced the common stock in the consolidated balance sheets and statement of changes in stockholders' equity included herein on a retroactive basis for all periods presented, with a corresponding increase to additional paid-in capital. All share and per-share amounts and related disclosures have been retroactively adjusted for all periods presented to reflect the one-for-twelve reverse stock split.

NOTE 15 – COMMON STOCK, WARRANTS AND PREFERRED STOCK, (continued):

Increase in Authorized Shares

During the year ended September 30, 2014, our board of directors and stockholders approved an increase in the number of authorized shares of common stock from 100,000,000 shares, par value $0.001, to 200,000,000 shares of common stock, par value $0.001.

Private Placement

In September 2015, in connection with the Transaction with Waterton (Note 6), we closed a private placement of our common stock. We sold 1,331,861 shares of common stock to Waterton at a price of $0.375 per share for gross proceeds of $499,448.

Stock issued for services

During the year ended September 30, 2014, pursuant to a vendor agreement related to the provision of metallurgical testing services, we issued 53,922 restricted common shares with a value of $110,000 based upon the closing price of our shares of common stock on the date of issuance as quoted on the NYSE MKT.

Stock Issued for Mineral Rights, Property and Equipment

During the year ended September 30, 2014, pursuant to an amended mineral property lease and option agreement for mineral claims, we issued 16,667 restricted common shares with a value of $40,000 based upon the closing price of our shares of common stock on the date of issuance as quoted on the NYSE MKT.

During the year ended September 30, 2014, 83,334 shares of common stock were due to be issued as a portion of the consideration for an option to acquire a package of mineral claims in Nevada. The common stock was issued subsequent to September 30, 2014 on October 3, 2014. The common stock issued was valued at the closing price of our common stock on the date prior to the due date for the issuance as quoted on the NYSE MKT, which was $0.96 per share, for a total value of $80,000, which is common stock payable on September 30, 2014.

On March 31, 2015, pursuant to a property option agreement (Note 5), we issued 2,000,000 restricted common shares with a value of $1,200,000 based upon the closing price of our shares of common stock as quoted on the NYSE MKT on March 12, 2015, the effective date of the property option agreement.

Stock Issued for Compensation

On January 27, 2015, we issued 100,000 restricted common shares for employee compensation. The shares were valued at $69,000 based upon the closing price of our shares of common stock on the date of issuance as quoted on the NYSE MKT.

Stock Issued for Repayment of Note Payable

On March 14, 2014, we entered into a promissory note (the "Note") and deed of trust, security agreement, assignment of leases and rents and fixture filing to secure promissory note (the "Deed of Trust") with Wolfpack Gold Corp. ("Wolfpack") (See Notes 4 and 13). The outstanding principal amount of $1,000,000, together with accrued interest of $17,226, was paid to Wolfpack with the issuance of 706,407 shares of our common stock on August 15, 2014.

Stock Issued for Acquisition

On August 15, 2014, we issued 2,871,265 shares of our common stock in connection with the acquisition of Wolfpack (Note 4).

NOTE 15 – COMMON STOCK, WARRANTS AND PREFERRED STOCK, (continued):

Warrants

We issued 25,000 warrants during the year ended September 30, 2013 in connection with our Public Offerings. 12,500 of the warrants are exercisable on a cashless basis, at the holders' option, for a two-year term commencing December 26, 2013. The remaining 12,500 warrants are exercisable on a cashless basis, at the holders' option, for a two-year term commencing September 10, 2014. No warrants were issued during the year ended September 30, 2015, and no warrants were exercised or expired during the years ended September 30 2015 or 2014.

Preferred Stock

We are authorized to issue up to 10,000,000 shares of preferred stock, $.01 par value. Our Board of Directors is authorized to issue the preferred stock from time to time in series, and is further authorized to establish such series, to fix and determine the variations in the relative rights and preferences as between series, to fix voting rights, if any, for each series, and to allow for the conversion of preferred stock into common stock.

NOTE 16 – STOCK OPTIONS:

During the year ended September 30, 2015 our Board of Directors adopted and our stockholders approved the adoption of the Company's 2015 Stock and Incentive Plan. This plan replaces our 2005 Equity Incentive Plan, as amended. The aggregate number of shares that may be issued to employees, directors, and consultants under all stock-based awards made under the 2015 Stock and Incentive Plan will be 4 million shares of our common stock. Upon exercise of options, shares are issued from the available authorized shares of the Company. Option awards are granted with an exercise price equal to the fair value of our stock at the date of grant.

For the year ended September 30, 2015, a total of 399,189 options were granted and vested, and $125,909 in stock based compensation expense is included in the consolidated statements of operations for the year ended September 30, 2015. No option awards were granted during the year ended September 30, 2014, and no option awards vested under the plan during the period. Therefore, no stock based compensation expense is included in the consolidated statements of operations for the year ended September 30, 2014. The fair value of the option awards was estimated on the date of grant with a Black-Scholes option-pricing model using the assumptions noted in the following table:

Options granted in December 2014 (365,000) and January 2015 (34,189)	**2015**
Expected volatility	100.9% - 110.1%
Weighted-average volatility	100.93% - 110.1%
Stock price on date of grant	$0.48 - $0.74
Expected dividends	-
Expected term (in years)	3
Risk-free rate	1.06% - 0.83%
Expected forfeiture rate	0%

Total compensation cost of options vested under the plan, charged against operations, is included in the consolidated statements of operations as follows:

	Year ended September 30,	
	2015	**2014**
Salaries and benefits	$ 71,909	$ -
General and administrative expenses	54,000	-
Total	$ 125,909	$ -

NOTE 16 – STOCK OPTIONS, (continued):

The following is a summary of our options issued under our stock incentive plan:

	Shares		Weighted Average Exercise Price
Outstanding at September 30, 2013	439,292	$	7.56
Granted	-		-
Exercised	-		-
Expired	(235,959)		(6.14)
Outstanding at September 30, 2014	203,334	$	9.09
Exercisable at September 30, 2014	203,334	$	9.09
Weighted average fair value of options granted during the year ended September 30, 2014		$	-
Outstanding at September 30, 2014	203,334	$	9.09
Granted	399,189		-
Exercised	-		-
Expired	(68,745)	$	(10.56)
Outstanding at September 30, 2015	533,778	$	2.48
Exercisable at September 30, 2015	533,778	$	2.48
Weighted average fair value of options granted during the year ended September 30, 2015		$	$0.32
Unrecognized compensation expense related to options at September 30, 2015		$	-
Average remaining contractual term of options outstanding and exercisable at September 30, 2015 (years)			3.44

The aggregate of options both outstanding and exercisable as of September 30, 2015 had intrinsic value of zero based on the closing price per share of our common stock of $0.47 on September 30, 2015.

NOTE 17 – COMMITMENTS:

Mineral Exploration

A portion of our Lookout Mountain mineral claims are subject to a mining lease and agreement dated August 22, 2003 with Rocky Canyon Mining Company, as amended on June 1, 2008. The lease term was extended to 20 years on June 1, 2008, and thereafter for as long as minerals are mined on the project. Under this agreement we are obligated to make monthly advance royalty payments of $72,000 per annum.

A portion of our Eureka mineral claims are subject to two mining lease with purchase option agreements dated July 12, 2012 with Silver International, Inc. The initial term of the agreement is five years and may be extended for an additional five years and annually as long as mining operations are being conducted. Under this agreement we are obligated to make annual advance royalty payments of $15,000 per annum.

A portion of our Eureka mineral claims are subject to a mining claim lease agreement dated November 1, 2012 with four individuals. The initial term of the agreements is ten years and may be extended for an additional 20 years. Under these agreements we are obligated to make annual advance royalty payments of $12,000 per annum in 2015, increasing to $15,000 per annum in 2016 and thereafter.

NOTE 17 – COMMITMENTS, (continued):

A portion of the Talapoosa mineral claims are subject to a mining lease and option to purchase agreement dated June 21, 2011 with Nevada Bighorns Unlimited Foundation. The initial term of the agreement is 20 years and may be extended for an additional 20 years and thereafter as long as minimum payments are being paid and exploration, development or mining activities are taking place. Under this agreement we are obligated to make annual minimum payments of $5.00 per acre ($6,400) through 2015, increasing by $5.00 per acre in 2016 and every five years thereafter.

A portion of the Talapoosa mineral claims are subject to a mining lease with option to purchase agreement dated June 2, 1997 with Sario Livestock Company. The initial term of the agreement is 20 years and may be extended for an additional period of 20 years. Under this agreement we are obligated to make minimum royalty of $9,600 per annum.

A portion of the Talapoosa mineral claims are subject to a mining lease dated July 14, 1990, as amended on August 25, 1998, and July 13, 2010 with Sierra Denali Minerals Inc.. The term of the agreement, as amended, is 10 years and may be extended for two additional periods of five years. Under this amended agreement we are obligated to make minimum payments of $35,000 per annum.

During the year ended September 30, 2013, we announced that we had entered into a Lease and Option-to-Purchase Agreement (the "Knight Agreement") to evaluate, explore, and develop a package of mineral claims in Nevada comprised of six separate properties, including the Iron Butte Project. Annual advance royalty payments of $25,000 commenced under the Knight Agreement in March 2015. In order to continue exploration of the properties subject to the Knight Agreement, we were required to issue 83,334 shares of our common stock in September 2014 (which were issued in October 2014 upon approval for listing by the NYSE MKT) and 125,000 shares of our common stock in March 2016. We also held an option to purchase the claims for $2,000,000, in addition to the share issuances described above, on or before March 2017. The Knight Agreement did not require any annual work commitments, and provided us with a first right of refusal on certain other Nevada properties controlled by Mr. Knight and currently under lease to third parties. During the year ended September 30, 2015, we terminated the Knight Agreement and returned the properties to the underlying owner.

We pay federal and county claim maintenance fees on several of our mineral exploration properties. The total of these fees was approximately $300,000 and $335,000 as of September 30, 2015 and 2014, respectively. Should we continue to explore all of our mineral properties we expect annual fees to total approximately $200,000 per year in the future.

Real Estate Lease Commitments

We have real estate lease commitments related to our main office in Coeur d'Alene, Idaho, and a facility in Reno, Nevada.

Total office lease expenses for the years ended September 30, 2015 and 2014 are included in the consolidated statements of operations as follows:

	2015	2014
Mineral exploration expenses	$ 39,900	$ 15,600
Other general and administrative expenses	42,000	47,500
Total	$ 81,900	$ 63,100

Annual lease obligations until the termination of the leases are as follows:

For the year ending September 30,	
2016	$ 62,800

NOTE 17 – SUBSEQUENT EVENTS:

On October 6, 2015, we granted 43,837 stock options and 675,000 stock units to certain employees pursuant to the Timberline 2015 Stock and Incentive Plan. The stock options and the stock units vested immediately. The term of the options is five years, and the exercise price of the options is $0.50, which is the closing price of our common stock as quoted on the NYSE MKT on the date of grant.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer, Kiran Patankar ("CEO") and Chief Financial Officer, Randal Hardy, ("CFO"), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a – 15(e) and Rule 15d – 15(e) under the Exchange Act). Based on that evaluation the CEO and the CFO have concluded that our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by the Company in reports that it files or submits to the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company (including its consolidated subsidiaries) and all related information appearing in our Annual Report on Form 10-K. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

2. provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of management and/or of our Board of Directors; and

3. provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the design and operation of our internal control over financial reporting as of September 30, 2015 based on the criteria in a framework developed by the Company's management pursuant to and in compliance with the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, walkthroughs of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of September 30, 2015.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f)), that occurred during our fourth fiscal quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Reference is made to the information set forth under the captions “Election of Directors”, “Information on the Board of Directors, Executive Officers and Key Employees” and “Corporate Governance” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, which information is incorporated by reference to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information set forth under the caption “Executive Compensation” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, which information is incorporated by reference to this Annual Report on Form 10-K.

Our Code of Business and Ethical Conduct can be found on our internet website located at *www.timberline-resources.com* under the heading "Corporate." Any stockholder may request a printed copy of such materials by submitting a written request to our Corporate Secretary. If we amend the Code of Business and Ethical Conduct or grant a waiver, including an implicit waiver, from the Code of Business and Ethical Conduct, we will disclose the information on our internet website. The waiver information will remain on the website for at least twelve months after the initial disclosure of such waiver.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

Reference is made to the information set forth under the captions “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, which information is incorporated by reference to this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Reference is made to the information set forth under the caption “Certain Relationships and Related Transactions” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, which information is incorporated by reference to this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Reference is made to the information set forth under the captions “Information of Independent Registered Public Accounting Firm” in our definitive proxy statement to be filed with the Securities and Exchange commission pursuant to Regulation 14A, which information is incorporated by reference to this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Documents Filed as Part of Report

Financial Statements
The following Consolidated Financial Statements of the Corporation are filed as part of this report:

1. Report of Independent Registered Public Accounting Firm dated December 22, 2015.
2. Consolidated Balance Sheets—At September 30, 2015 and 2014.
3. Consolidated Statements of Operations —Years ended September 30, 2015 and 2014.
4. Consolidated Statements of Changes in Stockholders’ Equity—Years ended September 30, 2015 and 2014.
5. Consolidated Statements of Cash Flows—Years ended September 30, 2015 and 2014.
6. Notes to Consolidated Financial Statements.

See “Item 8. Financial Statements and Supplementary Data.”

Exhibit No.	Description of Document
3.1	Certificate of Incorporation of the Registrant as amended through October 31, 2014, incorporated by reference to the Company's Form 10-K as filed with the Securities and Exchange Commission on December 23, 2014
3.2	Amended By-Laws of the Registrant, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on August 13, 2015.
4.1	Specimen of the Common Stock Certificate, incorporated by reference to the Company's Form 10SB as filed with the Securities Exchange Commission on September 29, 2005
4.2	Form of Warrant Agreement between the Company and Aegis Capital Corp., incorporated by reference to the Company's Form 10-K filed with the Securities and Exchange Commission on December 18, 2013.
10.1*	P. Dircksen Agreement/Current Consulting Agreement, incorporated by reference to the Company's Form 10SB as filed with the Securities Exchange Commission on September 29, 2005
10.2	Memorandum of Royalty Deed and Agreement between Hecla Mining Co. and the Registrant, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K as filed with the Securities Exchange Commission on February 6, 2006.
10.3	Quitclaim Deed and Assignment between Hecla Mining Co. and the Registrant, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K as filed with the Securities Exchange Commission on February 6, 2006.
10.4*	Amended 2005 Equity Incentive Plan approved at the September 22, 2006 Annual Meeting of Shareholders, incorporated by reference Exhibit A to the Company's Schedule DEF14A (Proxy Statement) as filed with the Securities and Exchange Commission on September 8, 2006
10.5*	Employment Agreement with VP Paul Dircksen, incorporated by reference to the Company's Form 10KSB as filed with the Securities Exchange Commission on January 16, 2007.
10.6	Assignment and Assumption Agreement dated July 19, 2007 between the Registrant and Butte Highlands Mining Company, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on July 23, 2007.
10.7*	Amendment No. 1 to Timberline Resources Corporation's Amended 2005 Equity Incentive Plan , incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on August 26, 2008.
10.8	Operating Agreement with Highland Mining, LLC, dated July 22, 2009 (Note that parts of this agreement have been redacted pursuant to a Confidential Treatment Request granted by the Commission on February 2, 2011, incorporated by reference to the Company's Form 10-K as filed with the Securities Exchange Commission on December 20, 2010.
10.9*	Amended Employment Agreement of Mr. Paul Dircksen, dated December 29, 2008, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on January 12, 2009.
10.10*	Amended Employment Agreement of Mr. Randal Hardy dated December 29, 2008, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on January 12, 2009.
10.11	Underwriting Agreement between the Company and Aegis Capital Corp., dated December 19, 2012, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on December 21, 2012.
10.12	Lease and Option Agreement for Purchase & Sale of Dave Knight Mining Properties, dated August 22, 2013, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on August 28, 2013.
10.13	Underwriting Agreement between the Company and Aegis Capital Corp., dated September 4, 2013, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on September 5, 2013.
10.14	Amendment to Lease and Option Agreement for Purchase & Sale of Dave Knight Mining Properties, dated October 25, 2013, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on October 29, 2013.
10.15	Addendum to a Confidentiality Agreement, effective November 22, 2013, dated December 2, 2013, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on December 6, 2013
10.16	Agreement between the Company and Timberline Drilling Inc. regarding early cash payment under the Drilling Services and Related Payments Obligations Agreement, incorporated by reference to the Company Form 10-Q as filed with the Securities and Exchange Commission on August 6, 2014
10.17	Letter of Intent between the Company and Wolfpack dated March 11, 2014, incorporated by reference to the Company Form 10-Q as filed with the Securities and Exchange Commission on August 6, 2014
10.18	Promissory Note dated March 14, 2014 between the Company and Wolfpack, incorporated by reference to exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on March 20, 2014
10.19	Deed of Trust dated March 14, 2014 between the Company and Wolfpack, incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on March 20, 2014
10.20	Amended Letter of Intent dated April 14, 2014 between the Company and Wolfpack, incorporated by reference to the Company Form 10-Q as filed with the Securities and Exchange Commission on August 6, 2014
10.21	Arrangement Agreement dated May 6, 2014 between the Company and Wolfpack, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on May 15, 2014
10.22	Acknowledgement and Agreement To Be Bound to Wolfpack Gold Corp and to Seabridge Gold Inc., incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on August 21, 2014
10.23*	Employment Term Sheet dated December 17, 2014, between Timberline Resources Corp. and Kiran Patankar, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on December 19, 2014
10.24	Option Agreement between Timberline Resources Corp. and American Gold Capital US Inc., Gunpoint Exploration US Ltd., and Gunpoint Exploration Ltd. dated March 12, 2015, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on March 17, 2015
10.25*#	Kiran Patankar Employment Agreement dated August 28, 2015
10.26*#	Randal Hardy Employment Agreement dated September 2, 2015
10.27*#	Randal Hardy Letter Agreement dated September 2, 2015
10.28*#	Steven Osterberg Employment Agreement dated September 2, 2015
10.29*#	Paul Dircksen Letter Agreement dated September 22, 2015
10.30*	2015 Stock and Incentive Plan, incorporated by reference to the Company's definitive proxy statement on Schedule 14A as filed with the Securities and Exchange Commission on August 26, 2015
21#	List of Subsidiaries

23.1#	Consent of Decoria, Maichel & Teague
31.1#	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 and 15d-14 of the Exchange Act)
31.2#	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 and 15d-14 of the Exchange Act)
32.1#	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)
32.2#	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* - Denotes management contract or compensatory plan
# - Filed herewith.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

TIMBERLINE RESOURCES CORPORATION

/s/ Kiran Patankar	President, Chief Executive Officer, and Director (Principal Executive Officer)	December 28, 2015
Kiran Patankar		
/s/ Randal Hardy	Chief Financial Officer	December 28, 2015
Randal Hardy	(Principal Financial Officer)	

In accordance with the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K was signed by the following persons in the capacities on the dates stated:

/s/ Kiran Patankar	President, Chief Executive Officer, and Director	December 28, 2015
Kiran Patankar	(Principal Executive Officer)	
/s/ Randal Hardy	Chief Financial Officer	December 28, 2015
Randal Hardy	(Principal Financial Officer)	
/s/ William M. Sheriff	Chairman of the Board of Directors	December 28, 2015
William M. Sheriff		
/s/ Paul Dircksen	Director	December 28, 2015
Paul Dircksen		
/s/ Robert Martinez	Director	December 28, 2015
Robert Martinez		
/s/ Leigh Freeman	Director	December 28, 2015
Leigh Freeman		

Exhibit 10.25

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Agreement**"), is made and entered into effective as of the Effective Date of August 28, 2015, by and between Timberline Resources, Corp., a Delaware corporation with a principal business address of 101 E. Lakeside Avenue, Coeur d'Alene, Idaho 83814 (the "**Company**") and Kiran Patankar (the "**Executive**" or "**Employee**").

PRELIMINARY STATEMENT. The Company desires to employ the Executive as President and Chief Executive Officer of the Company.

NOW THEREFORE, in consideration of the premises and of the respective covenants and agreements of the parties herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending legally to be bound, hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the following meanings:

1.1 "Board" means the Board of Directors of the Company.

1.2 "Cause" means any or all of the following:

a) any material breach by the Executive of his obligations under this Agreement, if the Company provided the Executive with written notice of such Cause and the Executive failed to remedy the situation to the reasonable satisfaction of the Company within thirty (30) days of the date of such notice;

b) Executive's conviction of, or plea of guilty to, any felony charge, or of any crime involving moral turpitude, fraud or misrepresentation;

c) intentional fraud, misrepresentation, or embezzlement by the Executive in the course of his employment; and/or

d) any material neglect, inability, refusal or failure of the Executive to perform his duties as an employee of the Company, if the Company provided the Executive with written notice of such Cause and the Executive failed to remedy the situation to the reasonable satisfaction of the Company within thirty (30) days of the date of such notice

1.3 "Change in Control" shall mean the occurrence after the Effective Date hereof of any of:

a) an acquisition after the Effective Date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by

contract or otherwise) in excess of 40% of the voting securities of the Company;

b) the Company merges into or consolidates with any other legal entity or Person, or any legal entity or Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the Company or the successor entity of such transaction;

c) the Company sells or transfers all or substantially all of its assets to another legal entity or Person and the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the acquiring entity immediately after the transaction;

d) In any 12-month period, the individuals who, as of the beginning of the 12-month period, constitute the Board cease for any reason to constitute at least a majority of the Board; or

e) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

1.4 "Good Reason" means any or all of the following:

a) the assignment to the Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements, authority, duties or responsibilities), or any other action that results in a material diminution in such position, authority, duties, or responsiblilities, excluding for this purpose an isolated or inadvertent action not taken in bad faith;

b) a reduction, without the Executive's written consent, by the Company in the Executive's base salary as increased from time to time after the Effective Date hereof;

c) a requirement, without the Executive's written consent, that the Executive be based at any office or location more than 30 miles from the Executive's principal office as of the Effective Date;

d) any failure by the Company to obtain the assumption of the obligations contained in this Agreement by any successor as contemplated in Section 20 of this Agreement;

e) a material breach by the Company of its obligations under this Agreement, if the Executive provided the Company with written notice of such Good Reason and the Company failed to remedy the situation within thirty (30) days of the date of such notice; and/or

f) It is the intent of the Company that a termination of employment for Good Reason will meet the definition of "involuntary separation" set forth in Treasury Regulation Section 1.409A-1(n), and this Agreement will be interpreted accordingly.

1.5 "Permanent Disability" means, with respect to the Executive, that the Executive has become physically or mentally incapacitated or disabled so that, in the reasonable judgment of the Board, he is unable to perform the essential functions of his position under this Agreement, with or without reasonable accommodation, and such condition has continued for at least six consecutive calendar months or for 180 working days in any 12 month period.

1.6 "Change of Control Multiplier" means a number that is equal to two (2) plus one twelfth (1/12) of the number of full years (up to a maximum of twelve (12) years) that Employee was employed by the Company.

2. Employment of Executive. Effective as of the Effective Date, the Company hereby engages the Executive as a full-time executive employee for the period specified in **Section 3** hereof, and the Executive accepts such employment, on the terms and subject to the conditions set forth in this Agreement. The Executive's primary place of employment will be in Coeur d'Alene, Idaho (the "**Area**"). The Executive may be required to travel in the performance of his duties hereunder, but he shall not be required to relocate.

3. Term. Except as otherwise provided in **Section 7** hereof, the term of employment hereunder shall be for an indefinite period beginning on the Effective Date (the "**Employment Period**"). Specifically, if other than following a Change in Control of the Company, the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the Executive will be entitled to severance in the amount of the total of one (1) years' salary based upon Executive's base annual salary immediately preceding his termination, the Executive's previous year's non-equity performance bonus, plus fringe benefits as defined in Section 6.2 for termination for reasons other than Cause, as defined in this Agreement.

4. Duties of Executive. The Executive's principal duties on behalf of the Company are and shall be to fulfill the obligations and duties of President and Chief Executive Officer, which are all of the duties customarily involved in such positions. The Executive shall be responsible for reporting to the Board.

5. Extent of Services. The Executive acknowledges that he is serving as an executive officer of the Company, and as such covenants and agrees that his principal employment during the Employment Period shall be with the Company, and that he will not engage in any other business activity, for his own account or for or on behalf of any other person, firm or corporation, which would hinder his ability to perform his obligations as President and Chief Executive Officer of the Company.

6. Compensation and General Benefits. The Executive shall be compensated for his services under this Agreement as follows:

6.1 Salary. During the Employment Period, the Company shall pay the Executive a salary of not less than $225,000 annually, less required and authorized deductions and withholdings. Such salary shall be paid in equal semi-monthly payments in the same manner and on the same schedule as other Company employees.

6.2 Fringe Benefits. During the Employment Period, the Company shall pay for (or reimburse Employee for the cost of) health, dental, and vision insurance for Employee and Employee's eligible family members (the "**Fringe Benefits**"). In addition, the Company shall pay for health, dental, and vision insurance for Employee and Employee's eligible family members following the termination of Employee's employment by the Company (irrespective of whether Employee is then living), unless such termination is for Cause, as defined in this Agreement, subject, however, to the following limitations and conditions: (a) the Company shall not be obligated to pay more than $20,000 per year for such insurance; and (b) the Company's obligation to pay for such insurance shall commence as of the expiration of Employee's employment and shall continue for a period of time equal to one (1) year plus one (1) additional month for each full year that Employee was employed by the Company, up to a maximum of twelve (12) additional months, or until such time as insurance benefits are provided to the Executive by another employer.

6.3 Employee Compensation Plans. The Executive will be eligible for participation in such profit-sharing, bonus, stock purchase, incentive and performance award programs which are available to other employees of the Company with comparable authority or duties.

6.4 Performance Bonuses and Incentive Compensation. Employee may receive performance bonuses and other incentive compensation based upon the recommendations and approval, and subject to the sole discretion, of the Board.

6.5 Business Expenses. During the Employment Period, the Company shall pay or reimburse the Executive for all reasonable business expenses, including but not limited to travel and entertainment expenses, in accordance with the policies of the Company applicable to executive officers. The Executive shall maintain and provide the Company with records of such expenses in accordance with the rules and regulations promulgated by the Company. Upon termination, amounts owing to Executive for expense reimbursement will be paid immediately by Company in accordance with the severance provisions in Section 10.

6.6 Vacation. During each twelve (12) month period during which the Executive is employed by the Company pursuant to this Agreement, the Executive shall be entitled to six (6) weeks of paid vacation. Should Employee have any earned but unused vacation time at the expiration of such twelve (12) month period in which it was earned, he shall be entitled to carry a maximum of six (6) weeks (or such lesser amount as was earned and is unused) into the next calendar year. Upon termination, the value of earned but unused vacation will be paid immediately by Company in accordance with the severance provisions in Section 10.

6.7 Taxes. The Company may reduce any payment made to the Executive under this Agreement by any required federal, state or local government withholdings, deductions for taxes or similar charges with respect to any actual or constructive payment or compensation to the Executive under this Agreement.

6.9 No Other Payments. The compensation payable to the Executive pursuant to this Agreement will be in consideration for all services rendered by the Executive under this Agreement, and the Executive will receive no other compensation for any

service provided to the Company, unless the Company in its sole discretion otherwise determines.

7. Termination of Employment. The employment of the Executive under this Agreement will terminate on the earliest of:

7.1 Termination by the Company Without Cause. The 90th calendar day after the Company gives the Executive written notice of termination without Cause.

7.2 Termination by the Company With Cause. If an event or circumstance within the definition of Cause occurs, immediately after the Company gives the Executive written notice of termination for Cause.

7.3 Termination by the Executive For Good Reason. If an event or circumstance within the definition of Good Reason occurs, immediately after the Executive gives the Company written notice of termination for Good Reason.

7.4 Termination by the Executive Without Good Reason. The 30th calendar day after the Executive gives the Company written notice of termination of his employment without Good Reason.

7.5 Retirement. Executive may retire at any time by giving the Company not less than sixty days written notice of his intent to retire, specifying the date of retirement. The Company shall not be obligated to pay Executive a monthly retirement benefit following his retirement, but shall endeavor in good faith from and after the Effective Date of this Employment Agreement to devise and implement a retirement plan for Employee and other employees of the Company. Executive acknowledges and understands that the Company is under no obligation to devise or implement such a plan. Executive further acknowledges and understands that, if the Company does devise and implement a retirement plan, it may make only partial contributions to the plan and may condition such contributions on the Company's earnings or other benchmarks of financial performance.

7.6 Permanent Disability. The Permanent Disability of the Executive.

7.7 Death. The death of the Executive.

8. Notice of Termination. Any notice of termination of the Executive's employment under this Agreement shall be communicated in writing and delivered to the other party as provided in **Section 13** and shall specify the termination provision relied upon by the party giving such notice. The Executive shall have a reasonable opportunity to be heard by the Board prior to any termination for a "Cause" described in (a), (c) or (d) of the definition of "Cause".

9. Termination of Corporate Office. In the event that the employment of Executive is terminated for any reason and Executive, at the time of such termination, holds office as an officer of the Company, such office shall terminate and Executive shall be deemed to have resigned the same automatically and without notice as of the effective date of the termination of employment.

10. Severance Conditions Upon Termination of Employment Relationship. The employment shall be subject to the following conditions:

10.1 Termination by the Company Without Cause or by the Executive for Good Reason following a Change in Control of the Company. If following a Change in Control of the Company, the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the company shall: (a) pay Executive (or Executive's spouse or estate, should Executive die), a severance benefit equal to the product of Executive's base annual salary immediately preceding his termination, inclusive of any non-equity performance bonus earned in the twelve (12) months preceding his termination, multiplied by the Change of Control Multiplier; (b) pay for (or reimburse Executive for the cost of) such Fringe Benefits as the Company is then obligated to pay Executive pursuant to Section 6.2 of this Agreement; and (c) pay Executive the value of Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment.

10.2 Termination by the Company Without Cause or by the Executive for Good Reason not following a Change in Control of the Company. If other than following a Change in Control of the Company (which is covered by Section 10.1 above), the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the company shall: (a) pay Executive (or Executive's spouse or estate, should Executive die), a severance benefit equal to one (1) years' salary, based upon Executive's base annual salary immediately preceding his termination, plus any non-equity performance bonus earned in the twelve (12) months preceding his termination; (b) pay for (or reimburse Executive for the cost of) such Fringe Benefits as the Company is then obligated to pay Executive pursuant to Section 6.2 of this Agreement; and (c) pay Executive the value of Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment.

10.3 Termination by the Company With Cause or by the Executive Without Good Reason. If the Company terminates the Executive's employment for Cause or the Executive terminates his employment without Good Reason, then (a) the Company shall pay to the Executive, on the date of termination of employment, the Executive's salary and earned bonus or other compensation, the value of the Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment, and (b) the Executive shall not receive any severance pay.

10.4 Termination for Permanent Disability or Death. If the Executive's employment is terminated due to his Death or Permanent Disability, the Company shall pay the Executive, or the Executive's estate, as the case may be, benefits equal to all of the benefits that are provided in Section 10.1 of this Agreement.

11. Conditions to Receipt of Severance.

11.1 Separation Agreement and Release of Claims. The receipt of any severance pursuant to Section 10 will be subject to Executive signing, not revoking and complying with a separation agreement and release of claims in a form reasonably satisfactory to the Executive and the Company. No severance pursuant to such section will be paid or provided until the separation agreement and release agreement becomes effective.

11.2 Section 409A. If the Company reasonably determines that the imposition of additional tax under Section 409A of the Internal Revenue Code of 1986, as amended, will apply to the payment of any cash severance payments otherwise due to Executive pursuant to Section 6, then notwithstanding anything to the contrary in this Agreement,

any cash severance payments otherwise due to Executive pursuant to Section 6 or otherwise on or within the six-month period following Executive's termination will accrue during such six-month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination. In addition, this Agreement will be deemed amended to the extent necessary to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Code Section 409A and any temporary, proposed or final Treasury Regulations and guidance promulgated thereunder and the parties agree to cooperate with each other and to take reasonably necessary steps in this regard.

12. Confidentiality and Non-Competition Provisions.

12.1 Confidentiality. The Executive acknowledges that he will be making use of, acquiring, and/or adding to Confidential Information of the Company of a special and unique nature and value. The Executive covenants and agrees that he shall keep and maintain such Confidential Information strictly confidential and shall not, anywhere in the world, at any time, directly or indirectly, for himself, or on behalf of any person, firm, partnership or corporation, or otherwise, except as otherwise directed by the Company, or necessary to perform his obligations under this Agreement, divulge or disclose for any purpose whatsoever, any Confidential Information that has been obtained by, or disclosed to, him as a result of his relationship with the Company. This Agreement specifically prohibits the Executive from disclosing to any person, firm, partnership or corporation or otherwise, trade secrets or other Confidential Information relating to the business of the Company. "**Confidential Information**" as used herein shall mean any and all information regarding or relating to the business affairs of the Company, including without limitation any and all financial, technical, trade secret, and any other proprietary or confidential information (written or oral); provided however, "Confidential Information" shall not include information which (i) was or becomes generally available to the public other than as a result of a disclosure by the Executive in violation of this Agreement; (ii) was or is developed by the Executive independently of and without reference to any Confidential Information; or (iii) was, is or becomes available to the Executive on a non-confidential basis from a third party who is not prohibited from transmitting such information by a contractual, legal or fiduciary duty.

12.2 Disclosure of Confidential Information. In the event that the Executive is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, civil investigative demand or similar process) to make any disclosure which is prohibited or otherwise constrained by **Section 12**, the Executive agrees that he will provide the Company with prompt notice of such request so that the Company may seek an appropriate protective order or other appropriate remedy and/or waive the Executive's compliance with the provisions of **Section 12**. In the event that such protective order or other remedy is not obtained, or the Company grants a waiver hereunder, the Executive may furnish that portion (and only that portion) of the information which the Executive is legally compelled to disclose or else stand liable for contempt or suffer other censure or penalty; provided, however, that the Executive shall use his reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so disclosed. The Company may obtain temporary, preliminary or permanent restraining orders, decrees or injunctions as may be necessary to protect the Company against, or on account of, any actual or threatened violation of this **Section 12**.

12.3 Solicitation of Employees. As a material inducement to the Company to enter into this Agreement, the Executive agrees that for a period of one year beyond the

date of Executive's termination from employment for whatever reason, the Executive shall not, directly or indirectly, for himself or on behalf of any person, firm, partnership or corporation, or otherwise, solicit for employment or as a consultant or independent contractor, enter into an independent contract or relationship, or employ any person employed by the Company at any time during the term of such restriction, or otherwise interfere with the employment relationship between the Company and any such employee

12.4 Interference With Business. As a material inducement to the Company to enter into this Agreement, the Executive agrees that for a period of one year beyond the date of Executive's termination from employment for whatever reason, the Executive shall not, directly or indirectly, for himself or on behalf of any person, firm, partnership or corporation, or otherwise, (a) induce or attempt to induce any customer, supplier, licensee or business relation to cease doing business with the Company, or in any way interfere with the relationship between any customer, supplier, licensee or business entity and the Company; or (b) disparage the Company.

12.5 Fair and Reasonable. The Executive has carefully read and considered the provisions of this **Section 12**, and having done so, agrees that the restrictions set forth in this **Section 12** are fair and reasonable and are reasonably required for the protection of the interests of the Company.

12.6 Remedies. The Executive agrees that his violation of any term, provision, covenant or condition of this **Section 12** may result in irreparable injury and damage to the Company which will not be adequately compensable in money damages, and that the Company will have no adequate remedy at law therefor. In addition to any other rights or remedies that the Company may have at law or in equity, under this Agreement, or otherwise, the Executive agrees that the Company may obtain temporary, preliminary or permanent restraining orders, decrees or injunctions as may be necessary to protect the Company against, or on account of, such violation, without the necessity that the Company post a bond for such relief. Nothing in this Section shall be construed to limit the Company's rights or remedies for or defenses to any action, suit or controversy arising out of this Agreement.

13. Severability. If any part of this Agreement is held by a court of competent jurisdiction to be invalid, unenforceable or in whole or in part, by reason of any rule of law or public policy, such part shall be deemed to be severed from the remainder of this Agreement for the purpose only of the particular legal proceedings in question and all other covenants and provisions of this Agreement shall in every other respect continue in full force and effect.

14. Warranty. The Executive represents and warrants that he is not subject to any agreement, instrument, order, judgment or decree of any kind, or any other restrictive agreement of any character, which would prevent him from legally entering into this Agreement, or which would be breached by the Executive upon execution of this Agreement.

15. Notices. All notices hereunder shall be in writing and shall be deemed given if hand-delivered or deposited with a nationally recognized overnight delivery service such as FedEx for next Business Day delivery, or in the mail, postage prepaid, registered or certified with a return receipt requested, and addressed as follows:

If to Executive: Kiran Patankar
c/o Timberline Resources
101 E. Lakeside Avenue
Coeur d'Alene, ID 83814

If to Company: Timberline Resources
101 E. Lakeside Avenue
Coeur d'Alene, ID 83814

or to such other addresses as the parties hereto may designate by written notice pursuant to this paragraph.

16. Effective Waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

17. Amendment. This Agreement may be amended or modified only by an agreement in writing signed by the Company and the Executive.

18. Entire Agreement. This Agreement is complete, and all promises, representations, understandings, warranties, and agreements with reference to the subject matter herein have been fully and finally expressed herein; and this Agreement supersedes any and all prior agreements with respect to the subject matter hereof.

19. Captions. The titles to the paragraphs herein are not considered part of this Agreement.

20. Successors and Assigns. Any successor of the Company or of its assets, business and goodwill, by purchase, merger or reorganization, shall succeed to all of the rights and be responsible for the performance of all the obligations of the Company under the terms of this Agreement, in the same manner and to the same extent as though such successor were the Company. The rights and responsibilities of the Executive hereunder are personal and shall not be transferable by assignment or otherwise.

21. Attorneys' Fees And Costs. In the event that it shall become necessary for either of the parties to obtain the services of an attorney in order to enforce the provisions hereof, then, in that event, the defaulting party shall pay the prevailing party all reasonable attorneys' fees and all costs incurred in connection therewith, including the costs of any appeal.

22. Governing Law. This Agreement shall be construed according to and governed by the laws of the State of Idaho.

23. Consent To Jurisdiction, Service of Process, And Venue. Executive agrees that any dispute or claim between Executive and the Company shall be adjudicated exclusively in the in a court in Kootenai County, Idaho, and agrees not to commence or pursue an action in any other state or federal court. Employee also expressly consents to the exclusive jurisdiction of such court and to service of process in any manner provided under Idaho law with respect to any such legal action or proceeding involving Executive and the Company. Claims or disputes covered by this agreement include, without limitation, any relating to, arising out of, or resulting from Executive's relationship with the Company, the termination of that relationship with the Company, and specifically includes any claim under any statute (including, without limitation, any claim arising under or based upon the Age Discrimination Employment Act, Title VII of the

Civil Rights Act, the Americans With Disabilities Act, the Rehabilitation Act of 1973, or any other federal or state anti-discrimination law, the Fair Labor Standards Act or any other federal or state wage law, the Equal Pay Act, the Employee Retirement Income Security Act, *et cetera*) and any claim under contract, quasi-contract, estoppel, or tort.

24. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto or their duly authorized representatives have caused this Agreement to be executed as of the date first above written.

Timberline Resources Corporation (Company)

/s/ Leigh Freeman
By: _____
Leigh Freeman
Name: _____
Director, Chairman Comp Committee
Title: _____

Kiran Patankar (Executive)

/s/ Kiran Patankar
_____

Exhibit 10.26

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Agreement**"), is made and entered into effective as of the Effective Date of September 2, 2015, by and between Timberline Resources, Corp., a Delaware corporation with a principal business address of 101 E. Lakeside Avenue, Coeur d'Alene, Idaho 83814 (the "**Company**") and Randal L. Hardy (the "**Executive**" or "**Employee**").

PRELIMINARY STATEMENT. The Company desires to employ the Executive as Chief Financial Officer of the Company.

NOW THEREFORE, in consideration of the premises and of the respective covenants and agreements of the parties herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending legally to be bound, hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the following meanings:

1.1 "Board" means the Board of Directors of the Company.

1.2 "Cause" means any or all of the following:

a) any material breach by the Executive of his obligations under this Agreement, if the Company provided the Executive with written notice of such Cause and the Executive failed to remedy the situation to the reasonable satisfaction of the Company within thirty (30) days of the date of such notice;

b) Executive's conviction of, or plea of guilty to, any felony charge, or of any crime involving moral turpitude, fraud or misrepresentation;

c) intentional fraud, misrepresentation, or embezzlement by the Executive in the course of his employment; and/or

d) any material neglect, inability, refusal or failure of the Executive to perform his duties as an employee of the Company, if the Company provided the Executive with written notice of such Cause and the Executive failed to remedy the situation to the reasonable satisfaction of the Company within thirty (30) days of the date of such notice

1.3 "Change in Control" shall mean the occurrence after the Effective Date hereof of any of:

a) an acquisition after the Effective Date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by

contract or otherwise) in excess of 40% of the voting securities of the Company;

b) the Company merges into or consolidates with any other legal entity or Person, or any legal entity or Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the Company or the successor entity of such transaction;

c) the Company sells or transfers all or substantially all of its assets to another legal entity or Person and the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the acquiring entity immediately after the transaction;

d) In any 12-month period, the individuals who, as of the beginning of the 12-month period, constitute the Board cease for any reason to constitute at least a majority of the Board; or

e) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

1.4 "Good Reason" means any or all of the following:

a) the assignment to the Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements, authority, duties or responsibilities), or any other action that results in a material diminution in such position, authority, duties, or responsibilities, excluding for this purpose an isolated or inadvertent action not taken in bad faith;

b) a reduction, without the Executive's written consent, by the Company in the Executive's base salary as increased from time to time after the Effective Date hereof;

c) a requirement, without the Executive's written consent, that the Executive be based at any office or location more than 30 miles from the Executive's principal office as of the Effective Date;

d) any failure by the Company to obtain the assumption of the obligations contained in this Agreement by any successor as contemplated in Section 20 of this Agreement;

e) a material breach by the Company of its obligations under this Agreement, if the Executive provided the Company with written notice of such Good Reason and the Company failed to remedy the situation within thirty (30) days of the date of such notice; and/or

f) It is the intent of the Company that a termination of employment for Good Reason will meet the definition of "involuntary separation" set forth in Treasury Regulation Section 1.409A-1(n), and this Agreement will be interpreted accordingly.

1.5 "Permanent Disability" means, with respect to the Executive, that the Executive has become physically or mentally incapacitated or disabled so that, in the reasonable judgment of the Board, he is unable to perform the essential functions of his position under this Agreement, with or without reasonable accommodation, and such condition has continued for at least six consecutive calendar months or for 180 working days in any 12 month period.

1.6 "Change of Control Multiplier" means a number that is equal to one (1) plus one twelfth (1/12) of the number of full years (up to a maximum of twelve (12) years) that Employee was employed by the Company.

2. Employment of Executive. Effective as of the Effective Date, the Company hereby engages the Executive as a full-time executive employee for the period specified in **Section 3** hereof, and the Executive accepts such employment, on the terms and subject to the conditions set forth in this Agreement. The Executive's primary place of employment will be in Coeur d'Alene, Idaho (the "**Area**"). The Executive may be required to travel in the performance of his duties hereunder, but he shall not be required to relocate.

3. Term. Except as otherwise provided in **Section 7** hereof, the term of employment hereunder shall be for an indefinite period beginning on the Effective Date (the "**Employment Period**"). Specifically, if other than following a Change in Control of the Company, the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the Executive will be entitled to severance in the amount of the total of one (1) years' salary based upon Executive's base annual salary immediately preceding his termination, the Executive's previous year's non-equity performance bonus, plus fringe benefits as defined in Section 6.2 for termination for reasons other than Cause, as defined in this Agreement.

4. Duties of Executive. The Executive's principal duties on behalf of the Company are and shall be to fulfill the obligations and duties of Chief Financial Officer, which are all of the duties customarily involved in such positions. The Executive shall be responsible for reporting to the President and Chief Executive Officer.

5. Extent of Services. The Executive acknowledges that he is serving as an executive officer of the Company, and as such covenants and agrees that his principal employment during the Employment Period shall be with the Company, and that he will not engage in any other business activity, for his own account or for or on behalf of any other person, firm or corporation, which would hinder his ability to perform his obligations as Chief Financial Officer of the Company.

6. Compensation and General Benefits. The Executive shall be compensated for his services under this Agreement as follows:

6.1 Salary. During the Employment Period, the Company shall pay the Executive a salary of not less than $175,000 annually, less required and authorized deductions and withholdings. Such salary shall be paid in equal semi-monthly payments in the same manner and on the same schedule as other Company employees.

6.2 Fringe Benefits. During the Employment Period, the Company shall pay for (or reimburse Employee for the cost of) health, dental, and vision insurance for Employee and Employee's eligible family members (the "**Fringe Benefits**"). In addition, the Company shall pay for health, dental, and vision insurance for Employee and Employee's eligible family members following the termination of Employee's employment by the Company (irrespective of whether Employee is then living), unless such termination is for Cause, as defined in this Agreement, subject, however, to the following limitations and conditions: (a) the Company shall not be obligated to pay more than $20,000 per year for such insurance; and (b) the Company's obligation to pay for such insurance shall commence as of the expiration of Employee's employment and shall continue for a period of time equal to one (1) year plus one (1) additional month for each full year that Employee was employed by the Company, up to a maximum of twelve (12) additional months, or until such time as insurance benefits are provided to the Executive by another employer.

6.3 Employee Compensation Plans. The Executive will be eligible for participation in such profit-sharing, bonus, stock purchase, incentive and performance award programs which are available to other employees of the Company with comparable authority or duties.

6.4 Performance Bonuses and Incentive Compensation. Employee may receive performance bonuses and other incentive compensation based upon the recommendations and approval, and subject to the sole discretion, of the Board.

6.5 Business Expenses. During the Employment Period, the Company shall pay or reimburse the Executive for all reasonable business expenses, including but not limited to travel and entertainment expenses, in accordance with the policies of the Company applicable to executive officers. The Executive shall maintain and provide the Company with records of such expenses in accordance with the rules and regulations promulgated by the Company. Upon termination, amounts owing to Executive for expense reimbursement will be paid immediately by Company in accordance with the severance provisions in Section 10.

6.6 Vacation. During each twelve (12) month period during which the Executive is employed by the Company pursuant to this Agreement, the Executive shall be entitled to six (6) weeks of paid vacation. Should Employee have any earned but unused vacation time at the expiration of such twelve (12) month period in which it was earned, he shall be entitled to carry a maximum of six (6) weeks (or such lesser amount as was earned and is unused) into the next calendar year. Upon termination, the value of earned but unused vacation will be paid immediately by Company in accordance with the severance provisions in Section 10.

6.7 Taxes. The Company may reduce any payment made to the Executive under this Agreement by any required federal, state or local government withholdings, deductions for taxes or similar charges with respect to any actual or constructive payment or compensation to the Executive under this Agreement.

6.9 No Other Payments. The compensation payable to the Executive pursuant to this Agreement will be in consideration for all services rendered by the Executive under this Agreement, and the Executive will receive no other compensation for any

service provided to the Company, unless the Company in its sole discretion otherwise determines.

7. Termination of Employment. The employment of the Executive under this Agreement will terminate on the earliest of:

7.1 Termination by the Company Without Cause. The 90th calendar day after the Company gives the Executive written notice of termination without Cause.

7.2 Termination by the Company With Cause. If an event or circumstance within the definition of Cause occurs, immediately after the Company gives the Executive written notice of termination for Cause.

7.3 Termination by the Executive For Good Reason. If an event or circumstance within the definition of Good Reason occurs, immediately after the Executive gives the Company written notice of termination for Good Reason.

7.4 Termination by the Executive Without Good Reason. The 30th calendar day after the Executive gives the Company written notice of termination of his employment without Good Reason.

7.5 Retirement. Executive may retire at any time by giving the Company not less than sixty days written notice of his intent to retire, specifying the date of retirement. The Company shall not be obligated to pay Executive a monthly retirement benefit following his retirement, but shall endeavor in good faith from and after the Effective Date of this Employment Agreement to devise and implement a retirement plan for Employee and other employees of the Company. Executive acknowledges and understands that the Company is under no obligation to devise or implement such a plan. Executive further acknowledges and understands that, if the Company does devise and implement a retirement plan, it may make only partial contributions to the plan and may condition such contributions on the Company's earnings or other benchmarks of financial performance.

7.6 Permanent Disability. The Permanent Disability of the Executive.

7.7 Death. The death of the Executive.

8. Notice of Termination. Any notice of termination of the Executive's employment under this Agreement shall be communicated in writing and delivered to the other party as provided in **Section 13** and shall specify the termination provision relied upon by the party giving such notice. The Executive shall have a reasonable opportunity to be heard by the Board prior to any termination for a "Cause" described in (a), (c) or (d) of the definition of "Cause".

9. Termination of Corporate Office. In the event that the employment of Executive is terminated for any reason and Executive, at the time of such termination, holds office as an officer of the Company, such office shall terminate and Executive shall be deemed to have resigned the same automatically and without notice as of the effective date of the termination of employment.

10. Severance Conditions Upon Termination of Employment Relationship. The employment shall be subject to the following conditions:

10.1 Termination by the Company Without Cause or by the Executive for Good Reason following a Change in Control of the Company. If following a Change in Control of the Company, the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the company shall: (a) pay Executive (or Executive's spouse or estate, should Executive die), a severance benefit equal to the product of Executive's base annual salary immediately preceding his termination, inclusive of any non-equity performance bonus earned in the twelve (12) months preceding his termination, multiplied by the Change of Control Multiplier; (b) pay for (or reimburse Executive for the cost of) such Fringe Benefits as the Company is then obligated to pay Executive pursuant to Section 6.2 of this Agreement; and (c) pay Executive the value of Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment.

10.2 Termination by the Company Without Cause or by the Executive for Good Reason not following a Change in Control of the Company. If other than following a Change in Control of the Company (which is covered by Section 10.1 above), the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the company shall: (a) pay Executive (or Executive's spouse or estate, should Executive die), a severance benefit equal to one (1) years' salary, based upon Executive's base annual salary immediately preceding his termination, plus any non-equity performance bonus earned in the twelve (12) months preceding his termination; (b) pay for (or reimburse Executive for the cost of) such Fringe Benefits as the Company is then obligated to pay Executive pursuant to Section 6.2 of this Agreement; and (c) pay Executive the value of Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment.

10.3 Termination by the Company With Cause or by the Executive Without Good Reason. If the Company terminates the Executive's employment for Cause or the Executive terminates his employment without Good Reason, then (a) the Company shall pay to the Executive, on the date of termination of employment, the Executive's salary and earned bonus or other compensation, the value of the Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment, and (b) the Executive shall not receive any severance pay.

10.4 Termination for Permanent Disability or Death. If the Executive's employment is terminated due to his Death or Permanent Disability, the Company shall pay the Executive, or the Executive's estate, as the case may be, benefits equal to all of the benefits that are provided in Section 10.1 of this Agreement.

11. Conditions to Receipt of Severance.

11.1 Separation Agreement and Release of Claims. The receipt of any severance pursuant to Section 10 will be subject to Executive signing, not revoking and complying with a separation agreement and release of claims in a form reasonably satisfactory to the Executive and the Company. No severance pursuant to such section will be paid or provided until the separation agreement and release agreement becomes effective.

11.2 Section 409A. If the Company reasonably determines that the imposition of additional tax under Section 409A of the Internal Revenue Code of 1986, as amended, will apply to the payment of any cash severance payments otherwise due to Executive pursuant to Section 6, then notwithstanding anything to the contrary in this Agreement,

any cash severance payments otherwise due to Executive pursuant to Section 6 or otherwise on or within the six-month period following Executive's termination will accrue during such six-month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination. In addition, this Agreement will be deemed amended to the extent necessary to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Code Section 409A and any temporary, proposed or final Treasury Regulations and guidance promulgated thereunder and the parties agree to cooperate with each other and to take reasonably necessary steps in this regard.

12. Confidentiality and Non-Competition Provisions.

12.1 Confidentiality. The Executive acknowledges that he will be making use of, acquiring, and/or adding to Confidential Information of the Company of a special and unique nature and value. The Executive covenants and agrees that he shall keep and maintain such Confidential Information strictly confidential and shall not, anywhere in the world, at any time, directly or indirectly, for himself, or on behalf of any person, firm, partnership or corporation, or otherwise, except as otherwise directed by the Company, or necessary to perform his obligations under this Agreement, divulge or disclose for any purpose whatsoever, any Confidential Information that has been obtained by, or disclosed to, him as a result of his relationship with the Company. This Agreement specifically prohibits the Executive from disclosing to any person, firm, partnership or corporation or otherwise, trade secrets or other Confidential Information relating to the business of the Company. "**Confidential Information**" as used herein shall mean any and all information regarding or relating to the business affairs of the Company, including without limitation any and all financial, technical, trade secret, and any other proprietary or confidential information (written or oral); provided however, "Confidential Information" shall not include information which (i) was or becomes generally available to the public other than as a result of a disclosure by the Executive in violation of this Agreement; (ii) was or is developed by the Executive independently of and without reference to any Confidential Information; or (iii) was, is or becomes available to the Executive on a non-confidential basis from a third party who is not prohibited from transmitting such information by a contractual, legal or fiduciary duty.

12.2 Disclosure of Confidential Information. In the event that the Executive is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, civil investigative demand or similar process) to make any disclosure which is prohibited or otherwise constrained by **Section 12**, the Executive agrees that he will provide the Company with prompt notice of such request so that the Company may seek an appropriate protective order or other appropriate remedy and/or waive the Executive's compliance with the provisions of **Section 12**. In the event that such protective order or other remedy is not obtained, or the Company grants a waiver hereunder, the Executive may furnish that portion (and only that portion) of the information which the Executive is legally compelled to disclose or else stand liable for contempt or suffer other censure or penalty; provided, however, that the Executive shall use his reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so disclosed. The Company may obtain temporary, preliminary or permanent restraining orders, decrees or injunctions as may be necessary to protect the Company against, or on account of, any actual or threatened violation of this **Section 12**.

12.3 Solicitation of Employees. As a material inducement to the Company to enter into this Agreement, the Executive agrees that for a period of one year beyond the

date of Executive's termination from employment for whatever reason, the Executive shall not, directly or indirectly, for himself or on behalf of any person, firm, partnership or corporation, or otherwise, solicit for employment or as a consultant or independent contractor, enter into an independent contract or relationship, or employ any person employed by the Company at any time during the term of such restriction, or otherwise interfere with the employment relationship between the Company and any such employee

12.4 Interference With Business. As a material inducement to the Company to enter into this Agreement, the Executive agrees that for a period of one year beyond the date of Executive's termination from employment for whatever reason, the Executive shall not, directly or indirectly, for himself or on behalf of any person, firm, partnership or corporation, or otherwise, (a) induce or attempt to induce any customer, supplier, licensee or business relation to cease doing business with the Company, or in any way interfere with the relationship between any customer, supplier, licensee or business entity and the Company; or (b) disparage the Company.

12.5 Fair and Reasonable. The Executive has carefully read and considered the provisions of this **Section 12**, and having done so, agrees that the restrictions set forth in this **Section 12** are fair and reasonable and are reasonably required for the protection of the interests of the Company.

12.6 Remedies. The Executive agrees that his violation of any term, provision, covenant or condition of this **Section 12** may result in irreparable injury and damage to the Company which will not be adequately compensable in money damages, and that the Company will have no adequate remedy at law therefor. In addition to any other rights or remedies that the Company may have at law or in equity, under this Agreement, or otherwise, the Executive agrees that the Company may obtain temporary, preliminary or permanent restraining orders, decrees or injunctions as may be necessary to protect the Company against, or on account of, such violation, without the necessity that the Company post a bond for such relief. Nothing in this Section shall be construed to limit the Company's rights or remedies for or defenses to any action, suit or controversy arising out of this Agreement.

13. Severability. If any part of this Agreement is held by a court of competent jurisdiction to be invalid, unenforceable or in whole or in part, by reason of any rule of law or public policy, such part shall be deemed to be severed from the remainder of this Agreement for the purpose only of the particular legal proceedings in question and all other covenants and provisions of this Agreement shall in every other respect continue in full force and effect.

14. Warranty. The Executive represents and warrants that he is not subject to any agreement, instrument, order, judgment or decree of any kind, or any other restrictive agreement of any character, which would prevent him from legally entering into this Agreement, or which would be breached by the Executive upon execution of this Agreement.

15. Notices. All notices hereunder shall be in writing and shall be deemed given if hand-delivered or deposited with a nationally recognized overnight delivery service such as FedEx for next Business Day delivery, or in the mail, postage prepaid, registered or certified with a return receipt requested, and addressed as follows:

If to Executive: Randal L. Hardy
9915 N Strahorn Road

Hayden Lake, ID 83835

If to Company: Timberline Resources
101 E. Lakeside Avenue
Coeur d'Alene, ID 83814

or to such other addresses as the parties hereto may designate by written notice pursuant to this paragraph.

16. Effective Waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

17. Amendment. This Agreement may be amended or modified only by an agreement in writing signed by the Company and the Executive.

18. Entire Agreement. This Agreement is complete, and all promises, representations, understandings, warranties, and agreements with reference to the subject matter herein have been fully and finally expressed herein; and this Agreement supersedes any and all prior agreements with respect to the subject matter hereof.

19. Captions. The titles to the paragraphs herein are not considered part of this Agreement.

20. Successors and Assigns. Any successor of the Company or of its assets, business and goodwill, by purchase, merger or reorganization, shall succeed to all of the rights and be responsible for the performance of all the obligations of the Company under the terms of this Agreement, in the same manner and to the same extent as though such successor were the Company. The rights and responsibilities of the Executive hereunder are personal and shall not be transferable by assignment or otherwise.

21. Attorneys' Fees And Costs. In the event that it shall become necessary for either of the parties to obtain the services of an attorney in order to enforce the provisions hereof, then, in that event, the defaulting party shall pay the prevailing party all reasonable attorneys' fees and all costs incurred in connection therewith, including the costs of any appeal.

22. Governing Law. This Agreement shall be construed according to and governed by the laws of the State of Idaho.

23. Consent To Jurisdiction, Service of Process, And Venue. Executive agrees that any dispute or claim between Executive and the Company shall be adjudicated exclusively in the in a court in Kootenai County, Idaho, and agrees not to commence or pursue an action in any other state or federal court. Employee also expressly consents to the exclusive jurisdiction of such court and to service of process in any manner provided under Idaho law with respect to any such legal action or proceeding involving Executive and the Company. Claims or disputes covered by this agreement include, without limitation, any relating to, arising out of, or resulting from Executive's relationship with the Company, the termination of that relationship with the Company, and specifically includes any claim under any statute (including, without limitation, any claim arising under or based upon the Age Discrimination Employment Act, Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Rehabilitation Act of 1973, or any other federal or state anti-discrimination law, the Fair Labor Standards Act or any other federal

or state wage law, the Equal Pay Act, the Employee Retirement Income Security Act, *et cetera*) and any claim under contract, quasi-contract, estoppel, or tort.

24. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto or their duly authorized representatives have caused this Agreement to be executed as of the date first above written.

Timberline Resources Corporation (Company)
/s/ Leigh Freeman
By: _____
Leigh Freeman
Name: _____
Sept 2, 2015
Title: _____

Randal L. Hardy (Executive)
/s/ Randal L. Hardy
_____
Sept. 2, 2015
Date: _____

Exhibit 10.27

September 2, 2015

Mr. Randal L. Hardy
Via email: hardy@timberline-resources.com

Re: Letter Agreement regarding Terms of Relationship

Mr. Hardy:

This letter agreement sets forth the agreed upon terms and conditions of your continuing relationship with Timberline Resources Corporation (the "**Company**") pursuant to our agreements in prior conversations. This letter supersedes in respects the terms and conditions of your current agreement with the Company, dated effective August 27, 2007 ("**Prior Agreement**"), and pursuant to your agreement to the terms and conditions set forth herein you agree that your Prior Agreement is hereby terminated in its entirety and that you hereby waive any claims, rights, assertions or other causes of action of any kind, whether by law or in equity, arising from or related to the terms and conditions of your employment as set forth in the Prior Agreement, including but not limited to, any right to assert payment for any change of control pursuant to the terms and conditions of the Prior Agreement.

The Company hereby agrees and you through your countersignature hereto agree that the changes in compensation structure and responsibilities set forth herein constitute good and valuable consideration the receipt and sufficiency of which is hereby acknowledged for the amendment of the terms and conditions of your relationship with the Company and the termination of the Prior Agreement.

It is our agreed understanding that your relationship with the Company shall be based upon and subject to the following terms and conditions:

1. Opportunity to enter into a new employment agreement (copy attached).

Further, on a non-binding basis, the Company agrees that it will request that the Compensation Committee of the Board of Directors of the Company consider your agreement to these changes in the terms and conditions of your relationship to the Company when determining in its sole discretion, following the approval of the 2015 Stock and Incentive Plan by the shareholders of the Corporation at the upcoming annual meeting of the shareholders, assuming the shareholders make such approval, the discretionary grant to you of Awards under the 2015 Stock and Incentive Plan. Pursuant to such notification to the Compensation Committee, the Company will acknowledge that the agreed upon value of the surrender of your prior change of control rights is approximately $145,000.

101 E. Lakeside,
Coeur d'Alene, Idaho USA 83814
Phone: 208 664-4859
Fax: 208 664-4860
Email: info@timberline-resources.com
Web: www.timberline-resources.com

Based on the foregoing, please return a countersigned copy of this letter agreement to us indicating that you hereby agree to the terms and conditions set forth herein. Both parties agree that the terms and conditions set forth herein will be memorialized at a later date in a formal agreement between the parties which such additional ancillary terms and conditions as are standard for agreements of this type and are mutually agreeable to the parties.

Sincerely,

/s/ Leigh Freeman 9/2/15

_____

Leigh Freeman
Director / Compensation Committee
Timberline Resources Corporation

Acknowledged and agreed to this 2nd day of September, 2015

/s/ Randal L. Hardy

_____

Randal L. Hardy

101 E. Lakeside,
Coeur d'Alene, Idaho USA 83814

Phone: 208 664-4859
Fax: 208 664-4860

Email: info@timberline-resources.com
Web: www.timberline-resources.com

Exhibit 10.28

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Agreement**"), is made and entered into effective as of the Effective Date of August 28, 2015, by and between Timberline Resources, Corp., a Delaware corporation with a principal business address of 101 E. Lakeside Avenue, Coeur d'Alene, Idaho 83814 (the "**Company**") and Steven A. Osterberg (the "**Executive**" or "**Employee**").

PRELIMINARY STATEMENT. The Company desires to employ the Executive as Vice President of Exploration of the Company.

NOW THEREFORE, in consideration of the premises and of the respective covenants and agreements of the parties herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending legally to be bound, hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the following meanings:

1.1 "Board" means the Board of Directors of the Company.

1.2 "Cause" means any or all of the following:

a) any material breach by the Executive of his obligations under this Agreement, if the Company provided the Executive with written notice of such Cause and the Executive failed to remedy the situation to the reasonable satisfaction of the Company within thirty (30) days of the date of such notice;

b) Executive's conviction of, or plea of guilty to, any felony charge, or of any crime involving moral turpitude, fraud or misrepresentation;

c) intentional fraud, misrepresentation, or embezzlement by the Executive in the course of his employment; and/or

d) any material neglect, inability, refusal or failure of the Executive to perform his duties as an employee of the Company, if the Company provided the Executive with written notice of such Cause and the Executive failed to remedy the situation to the reasonable satisfaction of the Company within thirty (30) days of the date of such notice

1.3 "Change in Control" shall mean the occurrence after the Effective Date hereof of any of:

a) an acquisition after the Effective Date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by

contract or otherwise) in excess of 40% of the voting securities of the Company;

b) the Company merges into or consolidates with any other legal entity or Person, or any legal entity or Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the Company or the successor entity of such transaction;

c) the Company sells or transfers all or substantially all of its assets to another legal entity or Person and the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the acquiring entity immediately after the transaction;

d) In any 12-month period, the individuals who, as of the beginning of the 12-month period, constitute the Board cease for any reason to constitute at least a majority of the Board; or

e) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

1.4 "Good Reason" means any or all of the following:

a) the assignment to the Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements, authority, duties or responsibilities), or any other action that results in a material diminution in such position, authority, duties, or responsiblilities, excluding for this purpose an isolated or inadvertent action not taken in bad faith;

b) a reduction, without the Executive's written consent, by the Company in the Executive's base salary as increased from time to time after the Effective Date hereof;

c) a requirement, without the Executive's written consent, that the Executive be based at any office or location more than 30 miles from the Executive's principal office as of the Effective Date;

d) any failure by the Company to obtain the assumption of the obligations contained in this Agreement by any successor as contemplated in Section 20 of this Agreement;

e) a material breach by the Company of its obligations under this Agreement, if the Executive provided the Company with written notice of such Good Reason and the Company failed to remedy the situation within thirty (30) days of the date of such notice; and/or

f) It is the intent of the Company that a termination of employment for Good Reason will meet the definition of "involuntary separation" set forth in Treasury Regulation Section 1.409A-1(n), and this Agreement will be interpreted accordingly.

1.5 "Permanent Disability" means, with respect to the Executive, that the Executive has become physically or mentally incapacitated or disabled so that, in the reasonable judgment of the Board, he is unable to perform the essential functions of his position under this Agreement, with or without reasonable accommodation, and such condition has continued for at least six consecutive calendar months or for 180 working days in any 12 month period.

1.6 "Change of Control Multiplier" means a number that is equal to one (1) plus one twelfth (1/12) of the number of full years (up to a maximum of twelve (12) years) that Employee was employed by the Company.

2. Employment of Executive. Effective as of the Effective Date, the Company hereby engages the Executive as a full-time executive employee for the period specified in **Section 3** hereof, and the Executive accepts such employment, on the terms and subject to the conditions set forth in this Agreement. The Executive's primary place of employment will be in Coeur d'Alene, Idaho (the "**Area**"). The Executive may be required to travel in the performance of his duties hereunder, but he shall not be required to relocate.

3. Term. Except as otherwise provided in **Section 7** hereof, the term of employment hereunder shall be for an indefinite period beginning on the Effective Date (the "**Employment Period**"). Specifically, if other than following a Change in Control of the Company, the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the Executive will be entitled to severance in the amount of the total of one (1) years' salary based upon Executive's base annual salary immediately preceding his termination, the Executive's previous year's non-equity performance bonus, plus fringe benefits as defined in Section 6.2 for termination for reasons other than Cause, as defined in this Agreement.

4. Duties of Executive. The Executive's principal duties on behalf of the Company are and shall be to fulfill the obligations and duties of Vice President of Exploration, which are all of the duties customarily involved in such positions. The Executive shall be responsible for reporting to the President and Chief Executive Officer.

5. Extent of Services. The Executive acknowledges that he is serving as an executive officer of the Company, and as such covenants and agrees that his principal employment during the Employment Period shall be with the Company, and that he will not engage in any other business activity, for his own account or for or on behalf of any other person, firm or corporation, which would hinder his ability to perform his obligations as Vice President of Exploration of the Company.

6. Compensation and General Benefits. The Executive shall be compensated for his services under this Agreement as follows:

6.1 Salary. During the Employment Period, the Company shall pay the Executive a salary of not less than $150,000 annually, less required and authorized deductions and withholdings. Such salary shall be paid in equal semi-monthly payments in the same manner and on the same schedule as other Company employees.

6.2 Fringe Benefits. During the Employment Period, the Company shall pay for (or reimburse Employee for the cost of) health, dental, and vision insurance for Employee and Employee's eligible family members (the "**Fringe Benefits**"). In addition, the Company shall pay for health, dental, and vision insurance for Employee and Employee's eligible family members following the termination of Employee's employment by the Company (irrespective of whether Employee is then living), unless such termination is for Cause, as defined in this Agreement, subject, however, to the following limitations and conditions: (a) the Company shall not be obligated to pay more than $20,000 per year for such insurance; and (b) the Company's obligation to pay for such insurance shall commence as of the expiration of Employee's employment and shall continue for a period of time equal to one (1) year plus one (1) additional month for each full year that Employee was employed by the Company, up to a maximum of twelve (12) additional months, or until such time as insurance benefits are provided to the Executive by another employer.

6.3 Employee Compensation Plans. The Executive will be eligible for participation in such profit-sharing, bonus, stock purchase, incentive and performance award programs which are available to other employees of the Company with comparable authority or duties.

6.4 Performance Bonuses and Incentive Compensation. Employee may receive performance bonuses and other incentive compensation based upon the recommendations and approval, and subject to the sole discretion, of the Board.

6.5 Business Expenses. During the Employment Period, the Company shall pay or reimburse the Executive for all reasonable business expenses, including but not limited to travel and entertainment expenses, in accordance with the policies of the Company applicable to executive officers. The Executive shall maintain and provide the Company with records of such expenses in accordance with the rules and regulations promulgated by the Company. Upon termination, amounts owing to Executive for expense reimbursement will be paid immediately by Company in accordance with the severance provisions in Section 10.

6.6 Vacation. During each twelve (12) month period during which the Executive is employed by the Company pursuant to this Agreement, the Executive shall be entitled to six (6) weeks of paid vacation. Should Employee have any earned but unused vacation time at the expiration of such twelve (12) month period in which it was earned, he shall be entitled to carry a maximum of six (6) weeks (or such lesser amount as was earned and is unused) into the next calendar year. Upon termination, the value of earned but unused vacation will be paid immediately by Company in accordance with the severance provisions in Section 10.

6.7 Taxes. The Company may reduce any payment made to the Executive under this Agreement by any required federal, state or local government withholdings, deductions for taxes or similar charges with respect to any actual or constructive payment or compensation to the Executive under this Agreement.

6.9 No Other Payments. The compensation payable to the Executive pursuant to this Agreement will be in consideration for all services rendered by the Executive under this Agreement, and the Executive will receive no other compensation for any

service provided to the Company, unless the Company in its sole discretion otherwise determines.

7. Termination of Employment. The employment of the Executive under this Agreement will terminate on the earliest of:

7.1 Termination by the Company Without Cause. The 90th calendar day after the Company gives the Executive written notice of termination without Cause.

7.2 Termination by the Company With Cause. If an event or circumstance within the definition of Cause occurs, immediately after the Company gives the Executive written notice of termination for Cause.

7.3 Termination by the Executive For Good Reason. If an event or circumstance within the definition of Good Reason occurs, immediately after the Executive gives the Company written notice of termination for Good Reason.

7.4 Termination by the Executive Without Good Reason. The 30th calendar day after the Executive gives the Company written notice of termination of his employment without Good Reason.

7.5 Retirement. Executive may retire at any time by giving the Company not less than sixty days written notice of his intent to retire, specifying the date of retirement. The Company shall not be obligated to pay Executive a monthly retirement benefit following his retirement, but shall endeavor in good faith from and after the Effective Date of this Employment Agreement to devise and implement a retirement plan for Employee and other employees of the Company. Executive acknowledges and understands that the Company is under no obligation to devise or implement such a plan. Executive further acknowledges and understands that, if the Company does devise and implement a retirement plan, it may make only partial contributions to the plan and may condition such contributions on the Company's earnings or other benchmarks of financial performance.

7.6 Permanent Disability. The Permanent Disability of the Executive.

7.7 Death. The death of the Executive.

8. Notice of Termination. Any notice of termination of the Executive's employment under this Agreement shall be communicated in writing and delivered to the other party as provided in **Section 13** and shall specify the termination provision relied upon by the party giving such notice. The Executive shall have a reasonable opportunity to be heard by the Board prior to any termination for a "Cause" described in (a), (c) or (d) of the definition of "Cause".

9. Termination of Corporate Office. In the event that the employment of Executive is terminated for any reason and Executive, at the time of such termination, holds office as an officer of the Company, such office shall terminate and Executive shall be deemed to have resigned the same automatically and without notice as of the effective date of the termination of employment.

10. Severance Conditions Upon Termination of Employment Relationship. The employment shall be subject to the following conditions:

10.1 Termination by the Company Without Cause or by the Executive for Good Reason following a Change in Control of the Company. If following a Change in Control of the Company, the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the company shall: (a) pay Executive (or Executive's spouse or estate, should Executive die), a severance benefit equal to the product of Executive's base annual salary immediately preceding his termination, inclusive of any non-equity performance bonus earned in the twelve (12) months preceding his termination, multiplied by the Change of Control Multiplier; (b) pay for (or reimburse Executive for the cost of) such Fringe Benefits as the Company is then obligated to pay Executive pursuant to Section 6.2 of this Agreement; and (c) pay Executive the value of Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment.

10.2 Termination by the Company Without Cause or by the Executive for Good Reason not following a Change in Control of the Company. If other than following a Change in Control of the Company (which is covered by Section 10.1 above), the Company terminates Executive's employment without Cause, or the Executive terminates employment for Good Reason, the company shall: (a) pay Executive (or Executive's spouse or estate, should Executive die), a severance benefit equal to one (1) years' salary, based upon Executive's base annual salary immediately preceding his termination, plus any non-equity performance bonus earned in the twelve (12) months preceding his termination; (b) pay for (or reimburse Executive for the cost of) such Fringe Benefits as the Company is then obligated to pay Executive pursuant to Section 6.2 of this Agreement; and (c) pay Executive the value of Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment.

10.3 Termination by the Company With Cause or by the Executive Without Good Reason. If the Company terminates the Executive's employment for Cause or the Executive terminates his employment without Good Reason, then (a) the Company shall pay to the Executive, on the date of termination of employment, the Executive's salary and earned bonus or other compensation, the value of the Executive's earned but unused vacation days, and unreimbursed business expenses up to the date of termination of employment, and (b) the Executive shall not receive any severance pay.

10.4 Termination for Permanent Disability or Death. If the Executive's employment is terminated due to his Death or Permanent Disability, the Company shall pay the Executive, or the Executive's estate, as the case may be, benefits equal to all of the benefits that are provided in Section 10.1 of this Agreement.

11. Conditions to Receipt of Severance.

11.1 Separation Agreement and Release of Claims. The receipt of any severance pursuant to Section 10 will be subject to Executive signing, not revoking and complying with a separation agreement and release of claims in a form reasonably satisfactory to the Executive and the Company. No severance pursuant to such section will be paid or provided until the separation agreement and release agreement becomes effective.

11.2 Section 409A. If the Company reasonably determines that the imposition of additional tax under Section 409A of the Internal Revenue Code of 1986, as amended, will apply to the payment of any cash severance payments otherwise due to Executive pursuant to Section 6, then notwithstanding anything to the contrary in this Agreement,

any cash severance payments otherwise due to Executive pursuant to Section 6 or otherwise on or within the six-month period following Executive's termination will accrue during such six-month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination. In addition, this Agreement will be deemed amended to the extent necessary to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Code Section 409A and any temporary, proposed or final Treasury Regulations and guidance promulgated thereunder and the parties agree to cooperate with each other and to take reasonably necessary steps in this regard.

12. Confidentiality and Non-Competition Provisions.

12.1 Confidentiality. The Executive acknowledges that he will be making use of, acquiring, and/or adding to Confidential Information of the Company of a special and unique nature and value. The Executive covenants and agrees that he shall keep and maintain such Confidential Information strictly confidential and shall not, anywhere in the world, at any time, directly or indirectly, for himself, or on behalf of any person, firm, partnership or corporation, or otherwise, except as otherwise directed by the Company, or necessary to perform his obligations under this Agreement, divulge or disclose for any purpose whatsoever, any Confidential Information that has been obtained by, or disclosed to, him as a result of his relationship with the Company. This Agreement specifically prohibits the Executive from disclosing to any person, firm, partnership or corporation or otherwise, trade secrets or other Confidential Information relating to the business of the Company. "**Confidential Information**" as used herein shall mean any and all information regarding or relating to the business affairs of the Company, including without limitation any and all financial, technical, trade secret, and any other proprietary or confidential information (written or oral); provided however, "Confidential Information" shall not include information which (i) was or becomes generally available to the public other than as a result of a disclosure by the Executive in violation of this Agreement; (ii) was or is developed by the Executive independently of and without reference to any Confidential Information; or (iii) was, is or becomes available to the Executive on a non-confidential basis from a third party who is not prohibited from transmitting such information by a contractual, legal or fiduciary duty.

12.2 Disclosure of Confidential Information. In the event that the Executive is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, civil investigative demand or similar process) to make any disclosure which is prohibited or otherwise constrained by **Section 12**, the Executive agrees that he will provide the Company with prompt notice of such request so that the Company may seek an appropriate protective order or other appropriate remedy and/or waive the Executive's compliance with the provisions of **Section 12**. In the event that such protective order or other remedy is not obtained, or the Company grants a waiver hereunder, the Executive may furnish that portion (and only that portion) of the information which the Executive is legally compelled to disclose or else stand liable for contempt or suffer other censure or penalty; provided, however, that the Executive shall use his reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any information so disclosed. The Company may obtain temporary, preliminary or permanent restraining orders, decrees or injunctions as may be necessary to protect the Company against, or on account of, any actual or threatened violation of this **Section 12**.

12.3 Solicitation of Employees. As a material inducement to the Company to enter into this Agreement, the Executive agrees that for a period of one year beyond the

date of Executive's termination from employment for whatever reason, the Executive shall not, directly or indirectly, for himself or on behalf of any person, firm, partnership or corporation, or otherwise, solicit for employment or as a consultant or independent contractor, enter into an independent contract or relationship, or employ any person employed by the Company at any time during the term of such restriction, or otherwise interfere with the employment relationship between the Company and any such employee

12.4 Interference With Business. As a material inducement to the Company to enter into this Agreement, the Executive agrees that for a period of one year beyond the date of Executive's termination from employment for whatever reason, the Executive shall not, directly or indirectly, for himself or on behalf of any person, firm, partnership or corporation, or otherwise, (a) induce or attempt to induce any customer, supplier, licensee or business relation to cease doing business with the Company, or in any way interfere with the relationship between any customer, supplier, licensee or business entity and the Company; or (b) disparage the Company.

12.5 Fair and Reasonable. The Executive has carefully read and considered the provisions of this **Section 12**, and having done so, agrees that the restrictions set forth in this **Section 12** are fair and reasonable and are reasonably required for the protection of the interests of the Company.

12.6 Remedies. The Executive agrees that his violation of any term, provision, covenant or condition of this **Section 12** may result in irreparable injury and damage to the Company which will not be adequately compensable in money damages, and that the Company will have no adequate remedy at law therefor. In addition to any other rights or remedies that the Company may have at law or in equity, under this Agreement, or otherwise, the Executive agrees that the Company may obtain temporary, preliminary or permanent restraining orders, decrees or injunctions as may be necessary to protect the Company against, or on account of, such violation, without the necessity that the Company post a bond for such relief. Nothing in this Section shall be construed to limit the Company's rights or remedies for or defenses to any action, suit or controversy arising out of this Agreement.

13. Severability. If any part of this Agreement is held by a court of competent jurisdiction to be invalid, unenforceable or in whole or in part, by reason of any rule of law or public policy, such part shall be deemed to be severed from the remainder of this Agreement for the purpose only of the particular legal proceedings in question and all other covenants and provisions of this Agreement shall in every other respect continue in full force and effect.

14. Warranty. The Executive represents and warrants that he is not subject to any agreement, instrument, order, judgment or decree of any kind, or any other restrictive agreement of any character, which would prevent him from legally entering into this Agreement, or which would be breached by the Executive upon execution of this Agreement.

15. Notices. All notices hereunder shall be in writing and shall be deemed given if hand-delivered or deposited with a nationally recognized overnight delivery service such as FedEx for next Business Day delivery, or in the mail, postage prepaid, registered or certified with a return receipt requested, and addressed as follows:

If to Executive: Steven A. Osterberg
c/o Timberline Resources
101 E. Lakeside Avenue
Coeur d'Alene, ID 83814

If to Company: Timberline Resources
101 E. Lakeside Avenue
Coeur d'Alene, ID 83814

or to such other addresses as the parties hereto may designate by written notice pursuant to this paragraph.

16. Effective Waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

17. Amendment. This Agreement may be amended or modified only by an agreement in writing signed by the Company and the Executive.

18. Entire Agreement. This Agreement is complete, and all promises, representations, understandings, warranties, and agreements with reference to the subject matter herein have been fully and finally expressed herein; and this Agreement supersedes any and all prior agreements with respect to the subject matter hereof.

19. Captions. The titles to the paragraphs herein are not considered part of this Agreement.

20. Successors and Assigns. Any successor of the Company or of its assets, business and goodwill, by purchase, merger or reorganization, shall succeed to all of the rights and be responsible for the performance of all the obligations of the Company under the terms of this Agreement, in the same manner and to the same extent as though such successor were the Company. The rights and responsibilities of the Executive hereunder are personal and shall not be transferable by assignment or otherwise.

21. Attorneys' Fees And Costs. In the event that it shall become necessary for either of the parties to obtain the services of an attorney in order to enforce the provisions hereof, then, in that event, the defaulting party shall pay the prevailing party all reasonable attorneys' fees and all costs incurred in connection therewith, including the costs of any appeal.

22. Governing Law. This Agreement shall be construed according to and governed by the laws of the State of Idaho.

23. Consent To Jurisdiction, Service of Process, And Venue. Executive agrees that any dispute or claim between Executive and the Company shall be adjudicated exclusively in the in a court in Kootenai County, Idaho, and agrees not to commence or pursue an action in any other state or federal court. Employee also expressly consents to the exclusive jurisdiction of such court and to service of process in any manner provided under Idaho law with respect to any such legal action or proceeding involving Executive and the Company. Claims or disputes covered by this agreement include, without limitation, any relating to, arising out of, or resulting from Executive's relationship with the Company, the termination of that relationship with the Company, and specifically includes any claim under any statute (including, without limitation, any claim arising under or based upon the Age Discrimination Employment Act, Title VII of the

Civil Rights Act, the Americans With Disabilities Act, the Rehabilitation Act of 1973, or any other federal or state anti-discrimination law, the Fair Labor Standards Act or any other federal or state wage law, the Equal Pay Act, the Employee Retirement Income Security Act, *et cetera*) and any claim under contract, quasi-contract, estoppel, or tort.

24. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto or their duly authorized representatives have caused this Agreement to be executed as of the date first above written.

Timberline Resources Corporation (Company)

/s/ Leigh Freeman
By: _____
Leigh Freeman
Name: _____
Director, Chairman Comp Committee
Title: _____

Steven A. Osterberg (Executive)
/s/ Steven A. Osterberg

_____

Exhibit 10.29

September 21, 2015

Mr. Paul Dircksen
Via email: dircksen@timberline-resources.com

Re: Letter Agreement regarding Terms of Relationship

Mr. Dircksen:

This letter agreement sets forth the agreed upon terms and conditions of your continuing relationship with Timberline Resources Corporation (the "**Company**") pursuant to our agreements in prior conversations. This letter supersedes in respects the terms and conditions of your current agreement with the Company, dated effective May 1, 2006 ("**Prior Agreement**"), and pursuant to your agreement to the terms and conditions set forth herein you agree that your Prior Agreement is hereby terminated in its entirety and that you hereby waive any claims, rights, assertions or other causes of action of any kind, whether by law or in equity, arising from or related to the terms and conditions of your employment as set forth in the Prior Agreement, including but not limited to, any right to assert payment for any change of control pursuant to the terms and conditions of the Prior Agreement.

The Company hereby agrees and you through your countersignature hereto agree that the changes in compensation structure and responsibilities set forth herein constitute good and valuable consideration the receipt and sufficiency of which is hereby acknowledged for the amendment of the terms and conditions of your relationship with the Company and the termination of the Prior Agreement.

It is our agreed understanding that your relationship with the Company shall be based upon and subject to the following terms and conditions:

1. Continuation as a consultation to the company under your current terms of employment until a Change of Control.

2. Opportunity to serve as a consultant to the company after a Change of Control under mutually agreeable terms.

3. The Company will continue to support medical costs as per the Prior Agreement with a modification to help manage costs whereby Timberline would cover the difference between your current coverage and coverage provided by programs that you qualify for such as Medicare.

4. In addition, Timberline would transfer to you the title of your truck.

101 E. Lakeside,
Coeur d'Alene, Idaho USA 83814
Phone: 208 664-4859
Fax: 208 664-4860
Email: info@timberline-resources.com
Web: www.timberline-resources.com

Further, on a non-binding basis, the Company agrees that it will request that the Compensation Committee of the Board of Directors of the Company consider your agreement to these changes in the terms and conditions of your relationship to the Company when determining in its sole discretion, following the approval of the 2015 Stock and Incentive Plan by the shareholders of the Corporation at the upcoming annual meeting of the shareholders, assuming the shareholders make such approval, the discretionary grant to you of Awards under the 2015 Stock and Incentive Plan. Pursuant to such notification to the Compensation Committee, the Company will acknowledge that the agreed upon value of the surrender of your prior change of control rights is approximately $160,000.

Based on the foregoing, please return a countersigned copy of this letter agreement to us indicating that you hereby agree to the terms and conditions set forth herein. Both parties agree that the terms and conditions set forth herein will be memorialized at a later date in a formal agreement between the parties which such additional ancillary terms and conditions as are standard for agreements of this type and are mutually agreeable to the parties.

Sincerely,

/s/ Leigh Freeman

_____

Leigh Freeman
Director and Chairman of the Compensation Committee
Timberline Resources Corporation

Acknowledged and agreed to this 22 day of September, 2015

/s/ Paul Dircksen

_____

Paul Dircksen

101 E. Lakeside,
Coeur d'Alene, Idaho USA 83814

Phone: 208 664-4859
Fax: 208 664-4860

Email: info@timberline-resources.com
Web: www.timberline-resources.com

Exhibit 21

List of Subsidiaries of Timberline Resources Corporation

Staccato Gold Resources Ltd., British Columbia, Canada

BH Minerals USA Inc., Colorado

Wolfpack Gold (Nevada) Corp., Nevada

Talapoosa Development Corp., Delaware

Exhibit 23.1

A PROFESSIONAL SERVICES FIRM
Certified Public Accountants | Business Consultants
dm-t
decoria · maichel · teague
7307 N. Division, Suite 222
Spokane, Washington 99208

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement Nos. 333-153328 and 333-167502 on Form S-8 of Timberline Resources Corporation and Registration Statement No. 333-181378 on Form S-3 of our report dated December 22, 2015, with respect to the consolidated balance sheets of Timberline Resources Corporation as of September 30, 2015 and 2014, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended, which report appears in the September 30, 2015 annual report on Form 10-K of Timberline Resources Corporation.

DeCoria, Maichel & Teague, P.S.

DeCoria, Maichel & Teague, P.S.
Spokane, Washington
December 22, 2015

EXHIBIT 31.1

CERTIFICATION

I, Kiran Patankar, certify that:

1. I have reviewed this Annual Report on Form 10-K of Timberline Resources Corporation,

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 28, 2015

By: /s/ Kiran Patankar

Kiran Patankar
President & Chief Executive Officer
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Randal Hardy, certify that:

1. I have reviewed this Annual Report on Form 10-K of Timberline Resources Corporation,

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 28, 2015

By: /s/ Randal Hardy

Randal Hardy
Chief Financial Officer
Principal Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Timberline Resources Corporation (the "Company") on Form 10-K for the fiscal year ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kiran Patankar, President, Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 28, 2015

By: /s/ Kiran Patankar
_____
Kiran Patankar
President & Chief Executive Officer
Principal Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Timberline Resources Corporation (the "Company") on Form 10-K for the fiscal year ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Randal Hardy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 28, 2015

By: /s/ Randal Hardy

_____

Randal Hardy
Chief Financial Officer
Principal Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.