

**RANDBURG INTERNATIONAL GOLD CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in Canadian dollars)**

**JANUARY 31, 2013 and 2012**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Randsburg International Gold Corp. (the "Company") are the responsibility of management and the Board of Directors.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheets date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "*Michael Opara*"  
Michael Opara  
Chief Executive Officer, President  
and Director

(signed) "*Matthew Chodorowicz*"  
Matthew Chodorowicz  
Chief Financial Officer and Director

Toronto, Canada  
May 30, 2013



## **Independent Auditor's Report**

To the Shareholders of  
Randsburg International Gold Corp.

We have audited the accompanying consolidated financial statements of Randsburg International Gold Corp., which comprise the consolidated statements of financial position as at January 31, 2013 and 2012 and the consolidated statements of comprehensive loss, changes in shareholders' deficiency, and cash flows for each of the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Randsburg International Gold Corp. as at January 31, 2013 and 2012, and its financial performance and its cash flows for each of the years then ended in accordance with International Financial Reporting Standards.

## **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Toronto, Canada  
May 30, 2013

***"McCarney Greenwood LLP"***

McCarney Greenwood LLP  
Chartered Accountants  
Licensed Public Accountants

# Randsburg International Gold Corp.

## Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

	As at January 31, 2013	As at January 31, 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 72	\$ 16,722
Receivables	10,196	29,887
Prepaid expenses	<u>2,303</u>	<u>2,256</u>
<b>Total Current Assets</b>	<u>12,571</u>	<u>48,865</u>
<b>Non-Current Assets</b>		
Mineral property interests (Note 6)	\$ 152,969	\$ 182,969
Properties under option (Note 5)	41,550	
Equipment (Note 7)	<u>698</u>	<u>857</u>
	<u>195,217</u>	<u>183,826</u>
<b>Total Assets</b>	<u>\$ 207,788</u>	<u>\$ 232,691</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities (Note 8)	\$ 309,743	\$ 356,950
Liability related to flow-through financing	89,708	63,451
Due to related parties (Note 11)	<u>564,594</u>	<u>305,474</u>
<b>Total Current Liabilities</b>	<u>964,045</u>	<u>725,875</u>
Share capital (Note 10)	13,628,895	13,628,895
Reserve for share based payments (Note 10)	3,437,554	3,338,354
Reserve for warrants (Note 10)	129,050	129,050
Deficit	<u>(17,951,756)</u>	<u>(17,589,483)</u>
<b>Total Shareholders' Deficiency</b>	<u>(756,257)</u>	<u>(493,184)</u>
<b>Total Liabilities and Shareholder's Deficiency</b>	<u>\$ 207,788</u>	<u>\$ 232,691</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

\* Nature of operations and going concern (Note 1)

\* Commitments and contingencies (Note 14)

\* Subsequent events (Note 16)

Approved on behalf of the Board on May 30, 2013:

“Michael Opara” \_\_\_\_\_ Director

“Matthew Chodorowicz” \_\_\_\_\_ Director

# Randsburg International Gold Corp.

## Consolidated Statements of Comprehensive Loss (Expressed in Canadian Dollars)

	<b>Year Ended January 31, 2013</b>	<b>Year Ended January 31, 2012</b>
<b>Operating expenses</b>		
Amortization	\$ 159	\$ 195
Consulting	25,085	29,664
General exploration expenditures	19,960	26,384
Finance charges	-	1,450
Interest and bank charges (Note 11)	36,759	23,088
Interest on loan payable	-	16,764
Listing and transfer agent fees	13,768	27,104
Management fees (Note 11)	138,000	144,000
Share-based payments (Note 10)	99,200	35,650
Office and miscellaneous	18,348	12,423
Professional fees	<u>47,729</u>	<u>63,500</u>
<b>Total operating expenses</b>	<u>399,008</u>	<u>380,222</u>
<b>Loss before other items</b>	(399,008)	(380,222)
Option payment	-	114,742
Cost recoveries	70,260	228,519
Part XII Tax	(19,202)	-
Interest and penalties	( 3,264)	-
Write off of mining property interests (Note 6)	(30,000)	-
Write off of properties under option (Note 5)	(10,000)	-
Gain on settlement of lawsuit	<u>28,941</u>	<u>-</u>
<b>Net Loss and comprehensive loss for the year</b>	<u>(362,273)</u>	<u>(36,961)</u>
<b>Basic and diluted net loss per common share</b>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
<b>Weighted average number of common shares outstanding</b>	<u>28,273,940</u>	<u>26,947,639</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Randsburg International Gold Corp.

## Consolidated Statements of Changes in Shareholder's Deficiency (Expressed in Canadian Dollars)

	Number of Shares	Common Shares \$	Reserves for Share-based Payments \$	Reserves for Warrants \$	Deficit \$	Total Deficiency \$
<b>Balance, January 31, 2011</b>	<b>23,873,940</b>	<b>13,536,495</b>	<b>3,247,212</b>	<b>55,492</b>	<b>(17,552,522)</b>	<b>(713,323)</b>
Expiry of warrants	-	-	55,492	(55,492)	-	-
Private placement (Note 10)	4,400,000	220,000	-	-	-	220,000
Share-based payments (Note 10)	-	-	35,650	-	-	35,650
Fair value assigned to warrants	-	(127,600)	-	127,600	-	-
Fair value assigned to brokers warrants	-	-	-	1,450	-	1,450
Net loss for the year	-	-	-	-	(36,961)	(36,961)
<b>Balance, January 31, 2012</b>	<b>28,273,940</b>	<b>13,628,895</b>	<b>3,338,354</b>	<b>129,050</b>	<b>(17,589,483)</b>	<b>(493,184)</b>
Share based payments (Note 10)	-	-	99,200	-	-	99,200
Net loss for the year	-	-	-	-	(362,273)	(362,273)
<b>Balance, January 31, 2013</b>	<b>28,273,940</b>	<b>13,628,895</b>	<b>3,437,554</b>	<b>129,050</b>	<b>(17,951,756)</b>	<b>(756,257)</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Randsburg International Gold Corp.

## Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

	<u>Year Ended</u> <u>January 31, 2013</u>	<u>Year Ended</u> <u>January 31, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (362,273)	\$ (36,961)
Items not involving cash:		
Amortization	159	195
Cost recoveries	(70,260)	(228,519)
Finance charges	-	1,450
Write off of mining property interests and properties under option	40,000	-
Stock based compensation	99,200	35,650
Changes in non-cash working capital items:		
Decrease in receivables	19,691	2,109
Decrease (increase) in accounts payable and other liabilities	23,053	(20,203)
Increase in liability for flow-through financing	26,257	-
Increase in prepaid expenses	(47)	(2,256)
Increase in due to related parties	259,120	31,056
Net cash provided by (used in) operating activities	<u>34,900</u>	<u>(217,479)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mining property interest	-	(2,969)
Option payments on leased properties	(51,550)	-
Option payments received	-	200,000
Net cash (used in) provided by investing activities	<u>(51,550)</u>	<u>197,031</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan payable	-	(183,236)
Proceeds from the issuance of share capital	-	220,000
Net cash provided by financing activities	<u>-</u>	<u>36,764</u>
<b>Changes in cash and cash equivalents for the year</b>	(16,650)	16,316
<b>Cash and cash equivalents, beginning of year</b>	16,722	406
<b>Cash and cash equivalents, end of year</b>	<u>\$ 72</u>	<u>\$ 16,722</u>
<b>Cash, paid for interest</b>	<u>\$ Nil</u>	<u>\$ Nil</u>
<b>Cash, paid for income taxes</b>	<u>\$ Nil</u>	<u>\$ Nil</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.



# **RANDBURG INTERNATIONAL GOLD CORP.**

## **Notes to Consolidated Financial Statements**

**(Expressed in Canadian Dollars)**

**January 31, 2013 and 2012**

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Randsburg International Gold Corp. (the "Company" and "Randsburg") was incorporated under the laws of British Columbia. The Company's primary office is located at 44 Victoria Street, Suite 1101, Toronto, Ontario, M5C 1Y2.

The consolidated financial statements of Randsburg International Gold Corp. for the years ended January 31, 2013 and 2012 were reviewed by and authorized for issue by the Board of Directors on May 30, 2013.

The Company's principal business activity is the acquisition and exploration of mineral property interests in Canada and South America. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and developing these property interests. The Company has not determined whether its properties contain ore reserves which are economically recoverable. The recovery of the amounts shown for mining properties is dependent upon the existence of economically ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of its properties.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize on its assets and settle its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

#### **Going Concern**

The Company has incurred operating losses over the last several years, earns no operating revenues and has a working capital deficiency of \$951,474 as at January 31, 2013; (January 31, 2012 - \$677,010). While the Company has been successful in obtaining its required financing in the past, through additional equity and non-arms length loans, there is no assurance that such financing will be available or be available on favorable terms. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration in which it has an interest, in accordance with industry standards for the current stage of exploration. These procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

# **RANDBURG INTERNATIONAL GOLD CORP.**

## **Notes to Consolidated Financial Statements**

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## **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

### **Basis of presentation**

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended January 31, 2013.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its 85% interests in Blue Falcon Extracao Mineral Ltda. ("Blue Falcon"), located in Brazil, (the Company and subsidiary - together "Group"). All inter-company balances and transactions have been eliminated upon consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

### **3.2 Share based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of the grant, using the Black-Scholes pricing model, and is recognized over vesting period. Consideration paid for the shares on the exercise of the stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods and services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services received.

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## **Notes to Consolidated Financial Statements**

**(Expressed in Canadian dollars)**

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### **3.3 Mineral property interests**

The Company records its mining assets, including wholly-owned mining properties, undivided interests in mining properties and deferred exploration costs, at cost less certain recoveries.

Exploration costs are capitalized on the basis of specific mining property or areas of geological interest until the mining assets to which they relate are placed into production, sold or are allowed to lapse.

General exploration costs not related to specific mining assets are expensed in the statement of comprehensive loss as incurred.

The recoverability of the amounts recorded under mining properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing needed to complete development, and future profitable production or proceeds from disposal of these assets. The amounts shown for mining properties and deferred exploration costs are not necessarily indicative of present or future values.

#### **Equipment**

Equipment is recorded at cost. Amortization based on the estimated useful life of the assets, is provided as follows:

Geological & satellite communication equipment	20% declining balance
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#### **Impairment of assets**

Mining properties and exploration costs are tested for impairment when events or changes in circumstances indicate that the carrying may be impaired. If management has not enough information to estimate future cash flows to evaluate recoverability of capitalized amounts, the management compares the fair value and the carrying value. Management also considers whether results for exploration work justify further investments, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the future development or if the disposal of the properties for proceeds is in excess of their carrying value.

# **RANDBURG INTERNATIONAL GOLD CORP.**

## **Notes to Consolidated Financial Statements**

**(Expressed in Canadian dollars)**

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### **3.4 Income taxes**

Income tax on profits or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates, enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the asset and liabilities, using the tax rates enacted or substantially enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **3.5 Basic and diluted loss per share**

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. The effect of potential issuances of shares under stock options and warrants would be anti-dilutive, and accordingly basic and diluted loss per share are the same.

### **3.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash and term deposits with original maturity dates of less than three months.

# **RANDBURG INTERNATIONAL GOLD CORP.**

## **Notes to Consolidated Financial Statements**

**(Expressed in Canadian dollars)**

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### **3.7 Provisions and Contingent liabilities**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

#### **Decommissioning, restoration and similar liabilities (“Asset retirement obligation” or “ARO”)**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations including those associated with the reclamation of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the asset. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production or the straight-line method as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

### **3.8 Equity**

Share capital represents the amount received on the issuance of shares, less issue costs.

Reserve for share based payments includes charges related to share-based payments until the exercise of options issued as compensation and it also includes warrants granted until the exercise of these warrants.

Deficit includes all current and prior period losses, except for other comprehensive losses that are included in accumulated other comprehensive income or loss.

### **3.9 Flow-through shares**

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without the flow-through feature at the time of issue is credited to other liabilities and as a reduction of deferred tax expense when the obligation is fulfilled, at the time the eligible expenditures are incurred and there is intention to renounce.

# **RANDBURG INTERNATIONAL GOLD CORP.**

## **Notes to Consolidated Financial Statements**

**(Expressed in Canadian dollars)**

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### **3.10 Functional currency and foreign operations**

IFRS requires that the functional currency of each entity in the consolidated Group be determined separately in accordance with the indicators as per IAS 21 – *Foreign exchange* and should be measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The group’s functional currency is the Brazilian real (“Real”) for operations in Brazil and the Canadian dollar (“CDN”) for operations in Canada. The consolidated financial statements are presented in Canadian dollars which is the group’s presentation currency.

Under IFRS, the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive loss and the cumulative effect as a separate component of equity.

### **3.11 Financial instruments**

#### **Financial assets:**

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets are classified into the following categories: financial assets ‘at fair value through profit or loss’ (“FVTPL”), ‘held-to-maturity investments’, ‘available-for-sale’ and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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## **Notes to Consolidated Financial Statements**

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### **3.11 Financial instruments (continued)**

#### **i) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of loss.

The Company does not currently hold any derivative instruments or apply hedge accounting.

#### **ii) Available-for-sale financial assets**

Financial assets are classified as available-for-sale when so designated by management. Financial assets classified as available-for-sale are measured at fair value, with changes recognized in the other comprehensive income.

#### **iii) Loans and receivables**

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method.

#### **Financial liabilities:**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### **Other financial liabilities:**

Other financial liabilities are financial liabilities that are not classified as FVTPL and are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, other financial liabilities that are not subject to hedge accounting, are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **De-recognition of financial liabilities:**

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments consist of the following:

# RANDBURG INTERNATIONAL GOLD CORP.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

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### 3.11 Financial instruments (continued)

**Financial assets:**

Cash and cash equivalents

Receivables

**Classification:**

FVTPL

Loans and receivables

**Financial liabilities: Classification:**

Accounts payable and other liabilities

Liability related to flow-through shares

Due to related parties

Other financial liabilities

Other financial liabilities

Other financial liabilities

**Impairment of financial assets:**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**Financial instruments recorded at fair value:**

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of January 31, 2013 and January 31, 2012, the only financial assets or liability measured at fair value is the Company's cash and cash equivalents.

Cash and cash equivalents are considered Level 1 for purposes of the fair value hierarchy.



# **RANDSBURG INTERNATIONAL GOLD CORP.**

## **Notes to Consolidated Financial Statements**

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### **3.12 Accounting estimates and critical judgments**

The preparation of financial statements requires management to make estimates, assumptions and judgments about future events. These estimates and judgements are constantly challenged. They are based on past experience and other factors, particularly, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and may not equal estimated results.

The following paragraphs describes the most critical management estimates and assumptions in the recognition of assets, liabilities and expenses and the most critical management judgement's in applying accounting policies:

#### **Impairment of assets**

An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value. Management reviews on a regular basis the impairment assessment of its Mineral property interests without a recovery test. (Note- 3.3)

#### **Share based payments**

The estimation of share-based payment costs require the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share price, the probable life of options, the time of exercise of those options and expected extinguishments. The valuation model used by the Company is Black-Scholes.

#### **Income taxes and deferred taxes**

The Company is subject to taxes from different tax jurisdictions. It maintains allowances for uncertain tax positions that, in its opinion, appropriately reflect the risks related to the tax positions related to the tax positions subject to discussions, audits, differences of opinion and appeals with the tax authorities or that are otherwise uncertain. These allowances are determined using best estimates of the amounts payable based on a qualitative assessment of all relevant information. These allowances are reassessed at the end of each financial reporting period to determine if the amount is sufficient. However, audits by the tax authorities could subsequently result in an additional liability.

### **3.13 Future accounting policies**

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 7 '*Financial Instruments, Disclosures*' - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.

# RANDBURG INTERNATIONAL GOLD CORP.

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- IFRS 9 '*Financial Instruments: Classification and Measurement*' - effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 '*Consolidated Financial Statements*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 '*Joint Arrangements*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 '*Disclosure of Interests in Other Entities*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 '*Fair Value Measurement*' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.
- IAS 1 '*Presentation of Financial Statements*' - the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.
- IAS 27 '*Separate Financial Statements*' - effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 '*Investments in Associates and Joint Ventures*' - effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.
- IAS 32 '*Financial instruments, Presentation*' - In December 2011, effective for annual periods beginning on or after January 1, 2013, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

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### 4. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objective including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

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

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

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

The Company is not subject to any external capital requirements.

### 5. PROPERTIES UNDER OPTION

	Balance January 31, 2012 \$	Additions \$	Write Off \$	Balance January 31, 2013 \$
Acquisition costs	-	22,000	(10,000)	12,000
Exploration costs	-	29,550	-	29,550
<b>Book Value of Mineral Property</b>	<b>-</b>	<b>51,550</b>	<b>(10,000)</b>	<b>41,550</b>

- On March 29, 2012, the Company signed a Memorandum of Understanding ((MOU) to acquire a 100% interest in the Nathalie Phosphate Project located at Bai-Comeau, Quebec. The MOU gives The Company the right to acquire a 100% interest subject to a 2% NSR in 53 claims. In addition the Company also acquired by staking, an additional 40 contiguous claims. In order to acquire this interest the Company must pay \$12,000 (paid) and issue 2,000,000 common shares over four years. In addition the Company must spend \$200,000 on exploration expenditures. See also subsequent events note 16.
- On April 2, 2012, the Company signed a Memorandum of Understanding ((MOU) to acquire a 90% interest in the Pokiok Settlement Project located at Fredricton, New Brunswick. The MOU gives the Company the right to acquire a 90% interest subject to a 2% NSR in 30 claims. In order to acquire this interest the Company must pay \$500,000 and issue 250,000 common shares over four years. In addition the Company must spend \$500,000 on exploration expenditures. The Company paid \$10,000 during the year and subsequently wrote off the interest during the fiscal year ended January 31, 2013.

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### 6. MINING PROPERTY INTERESTS

	Balance January 31, 2012 \$	Additions \$	Option Payments \$	Balance January 31, 2012 \$	Write off \$	Balance January 31, 2013 \$
<b>Blue Falcon</b>						
Acquisition costs	-	-	-	-	-	-
Exploration costs	30,000	-	-	30,000	(30,000)	-
<b>Book Value of Mineral Property</b>	<b>30,000</b>	-	-	<b>30,000</b>	(30,000)	-
<b>Flett and Angus Township</b>						
Acquisition costs	117,000	-	-	117,000	-	117,000
Exploration costs	233,000	2,969	(200,000)	35,969	-	35,969
<b>Book Value of Mineral Property</b>	<b>350,000</b>	2,969	(200,000)	<b>152,969</b>	-	<b>152,969</b>
<b>Total Costs</b>	<b>380,000</b>	2,969	(230,000)	<b>182,969</b>	(30,000)	<b>152,969</b>

#### Blue Falcon Property

On February 18, 2009, the Company's 85% owned subsidiary company Blue Falcon entered into an agreement to acquire a 50% to 75% interest in certain mining claims located in Goias State, Brazil from a private Brazilian company. In addition the Company would acquire a 50% interest in related plant and equipment.

The Company has declared "force majeure" in respect of its obligations under an option agreement which has expired due to flooding on the claims caused by a hydroelectric project. The Company expects that the delay caused by "force majeure" to be determined by legal clarification of allowable mineral exploration and mining activities on the claims in the circumstances. The Company is required to pay up to US\$120,000 in additional fees in order to acquire its interest in the claims. The Company has advised its partner that no further payments will be made until the issue of "force majeure" is resolved to the Company's satisfaction. The Company has written off its interests in these claims in the amount of \$214,283 in prior years. The Company still maintained other claims at a cost of \$30,000 during 2012. These claims were written off in fiscal 2013.

#### Flett & Angus Townships, Northern Ontario

The Company holds a 100% interest in certain claims located in the Flett area that are subject to a 3% NSR that can be purchased by the Company for \$1,500,000. On January 14, 2010 the Company entered into an Option Agreement with Prophecy Resources Corp. ("Prophecy") whereby Prophecy has been granted the option to earn an 80% interest in the Titan Project by paying an aggregate of \$500,000 and incurring \$200,000 in exploration expenditures by December 31, 2010. The Company has the option of selling its remaining 20% interest in the property to Prophecy until December 31, 2012 for \$150,000 or 400,000 common shares of Prophecy. During the year ended January 31, 2011 the Company received \$100,000 (2010 - \$200,000) in respect of the agreement.

Pursuant to the agreement the remaining \$200,000 of the option payment is to be applied against the Company's loan payable to ensure the property is free and clear of all mortgages and encumbrances (Note 9). Due to delays in development, the company wrote off costs of \$1,936,201, leaving the property at its realizable value of \$350,000 during 2011. During the year ended January 31, 2012 the Company received the balance of the option payments due being \$200,000 which was paid directly to discharge the loan payable. In addition, during fiscal 2012, the Company received \$114,742 from the Prophecy as Prophecy had not spent its required exploration expenditures on the property.

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### Title to mining property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

### 7. EQUIPMENT

	Balance January 31, 2013 \$	Balance January 31, 2012 \$
Geological and Satellite communication	5,595	5,595
Accumulated amortization	(4,897)	(4,738)
<b>Book Value</b>	<b>698</b>	<b>857</b>

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable is \$79,723 related to the Company's settlement of a lawsuit on October 24, 2012, which was commenced in 2005. The original amount of the claim was for \$106,782, plus interest and was included in accounts payable and accrued liabilities as at January 31, 2012.

The two parties agreed to settle the amount of the claim by the Company paying \$45,000 on April 24, 2013 (paid) and \$40,000 on October 24, 2013 for a total of \$85,000. The fair value of this liability which is included in accounts payable and accrued liabilities as at January 31, 2013 is \$79,723 and was estimated by discounting the future payments between interest and principal and will be accreted to the \$85,000 face value using the estimated effective interest rate of 12%. This resulted in an accounting gain of \$3,940 in the current period after providing for estimated legal and other direct costs of \$25,000 to settle the lawsuit. The discounted amount of \$7,160 is being amortized on a straight line basis over the term of the settlement agreement being 12 months and will be disclosed as interest expense.

### 9. LOAN PAYABLE

During the year ended January 31, 2010, the Company entered into a loan with a face value of \$205,000, bearing interest at 10% per annum, secured by a collateral mortgage registered on its Titan Project located in the Flett and Angus Townships, Ontario and maturing May 31, 2012. The Company received total proceeds of \$205,000 and granted 1,640,000 warrants exercisable for 1 common share of the Company at a price of \$0.10 for a period of 2 years as part of the loan subscription. The Company may repay the loan from the 6<sup>th</sup> month to the 24<sup>th</sup> month subject to a 3 month interest bonus with no interest bonus payable within the final year of the loan. The Company has allocated \$161,187 of the proceeds to the liability and \$43,183 to the valuation of the warrants. The fair value of the liability was estimated by discounting the future payments of interest and principal and will be accreted to the \$205,000 face value using the estimated effective interest rate of 20%. The estimated fair value of the warrants was calculated using the Black-Scholes option pricing model with an expected volatility of 100%, a risk free interest rate of 1.23%, an expected life of 1.5 years and an expected dividend yield of 0%.

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The Company paid finder's fees of 10% totaling \$20,500 and granted 82,000 broker warrants with similar terms as the loan unit warrants. An estimated fair value of \$5,061 was allocated to the broker warrants using the Black-Scholes option pricing model with an expected volatility of 133%, a risk free interest rate of 1.23%, an expected life of 2 years and an expected dividend yield of 0%.

During the year ended January 31 2010, the Company sold an 80% interest in its Titan Project to Prophecy which is mortgaged as collateral on the above loan. Prophecy agreed to make all interest payments on the loan.

During fiscal 2012, the balance in the loan payable including the accrued interest was applied against the option payment on the Titan Project (note 6).

### 10. SHARE CAPITAL AND RESERVES

	Number of Shares	Share Capital
Authorized		
Unlimited common shares, without par value		
Issued		
Balance, January 31, 2011	23,873,940	\$ 13,536,495
Private placements	4,400,000	220,000
Fair value assigned to warrants	-	(127,600)
Balance, January 31, 2013 and January 31, 2012	28,273,940	\$ 13,628,895

#### Private placements

On May 24, 2011, the Company completed a non-brokered private placement of \$220,000 consisting of the sale of 4,400,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at an exercise price of \$0.10 per share for 1 year. The Company granted 50,000 brokers warrants with similar terms to the unit warrants as finders' fees.

The fair value of \$1,450 of the brokers warrants issued was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.59%
Expected life of warrants	1 years
Expected volatility	203%
Expected dividend yield	0%

## RANDBURG INTERNATIONAL GOLD CORP.

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#### Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

	Options		Warrants	
	Number of Options	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2011	1,500,000	\$ 0.11	3,359,900	\$ 0.15
Granted	1,150,000	0.10	4,400,000	0.10
Broker warrants			50,000	0.10
Expired	<u>(1,500,000)</u>	<u>(0.11)</u>	<u>(3,359,900)</u>	<u>0.15</u>
Balance, January 31, 2012	<u>1,150,000</u>	<u>0.10</u>	<u>4,450,000</u>	<u>0.10</u>
Granted	1,600,000	0.10	-	-
Cancelled	<u>(100,000)</u>	<u>(0.10)</u>	<u>(50,000)</u>	<u>(0.10)</u>
Balance, January 31, 2013	<u>2,650,000</u>	0.10	<u>4,400,000</u>	<u>0.10</u>
<b>Exercisable at January 31, 2013</b>	<b>2,650,000</b>	<b>\$ 0.10</b>	<b>4,400,000</b>	<b>\$ 0.10</b>

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As at January 31, 2013, the following stock options, warrants and agent's warrants were outstanding:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	1,050,000	\$0.10	May 20, 2013(i)
	1,600,000	\$0.10	April 16, 2014
<b>Warrants</b>	4,400,000	\$0.10	May 20, 2013(i)

(i) Subsequent to January 31, 2013, these options and warrants expired unexercised.

### Share-based compensation

During fiscal 2011, the Company granted 1,600,000 incentive options to directors, officers, consultants and an employee. Of those options 450,000 were cancelled in fiscal 2011. All remaining 1,150,000 unexercised options along with the 350,000 options carried forward from fiscal 2010 expired in fiscal 2012.

During the year ended January 31, 2012, the Company granted 1,150,000 incentive stock options to directors, officers and consultants. A value of \$35,650 was assigned to these options using the Black-Scholes option pricing model with the assumptions listed below. Total share - based compensation recognized in the statements of operations during fiscal 2012 was \$35,650. The total amount of the share-based compensation was also added to the reserves for share-based payments on the statements of financial position.

During the year ended January 31, 2013 the Company granted 1,600,000 incentive stock options to directors, officers and consultants. A value of \$99,200 was assigned to these options using the Black-Scholes option pricing model with the assumptions listed below. Total share - based compensation recognized in the statements of comprehensive loss during fiscal 2013 was \$99,200. The total amount of the share-based compensation was also added to the reserves for share-based payments on the statements of financial position.

The following weighted average assumptions were used for the valuation of stock options granted:

	Year Ended January 31, 2013
Risk-free interest rate	1.23%
Expected life of options	2 years
Annualized volatility	179%
Dividend rate	0.00%
	Year Ended January 31, 2012
Risk-free interest rate	1.60%
Expected life of options	2 years
Annualized volatility	205%
Dividend rate	0.00%



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### 11. RELATED PARTY TRANSACTIONS

During the year ended January 31, 2013 the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

- a) Paid or accrued management fees of \$138,000 (2012 - \$144,000) to two directors of the Company.
- b) Accrued interest of \$51,314 (2012 - \$32,702) to a director and person related to the president of the Company.

The balances due to related parties as at January 31, 2013 and January 31, 2012 are summarized below:

	<u>January 31, 2013</u>	<u>January 31, 2012</u>
Advances from a director of \$30,026 (2012 - \$ 30,026) that bears interest at an annual rate of 12%, is unsecured, and has no fixed terms of repayment. The total includes accrued interest of \$28,818 (2012 - \$22,273)	\$ 58,844	\$ 52,295
Advances net of repayment from a person related to the President of the Company that bears interest at an annual rate of 12% and have no fixed terms of repayment. The advances are secured by the General Security Agreement. The total includes accrued interest of \$22,496; (2012 - \$10,429)	118,457	53,452
Advances due to the President and a Company controlled by the President that are non-interest bearing and have no fixed terms of repayment.	281,410	131,649
Advances due to a director that are unsecured, non-interest bearing and have no fixed terms of repayment.	83,731	68,078
Advances due to a director that are unsecured, non-interest bearing and have no fixed terms of repayment.	22,152	-
	<u>\$ 564,594</u>	<u>\$ 305,474</u>

# **RANDSBURG INTERNATIONAL GOLD CORP.**

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### **12. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk, liquidity risk or market risk for the year ended January 31, 2013.

#### **(i) Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents is held with select major Canadian chartered banks and the amount of receivables are due from Government of Canada, from which management believes the risk of loss to be minimal.

#### **(ii) Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company prepares annual capital expenditure budgets, which are monitored and updated as required. In addition, the Company requires authorization for expenditures on projects to assist with the management of capital. The Company's financial liabilities comprise accounts payable and other liabilities, and liability related to flow-through financing, which both are due within 12 months, and amounts due to related parties with no fixed terms of repayment that is due on demand. These amounts bear interest at an annual rate of 12%.

#### **(iii) Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

##### **(a) Interest rate risk**

The Company currently has short-term debts that bear interest at a fixed annual rate of 12% and as such, the fluctuation of market interest rate has very limited impact on these loan balances.

##### **(b) Foreign currency risk**

The Company's functional and reporting currency is the Canadian dollar and the Company only holds cash balances in Canadian dollars, which is not subject to foreign exchange risk.

##### **(c) Commodity and equity price risk**

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

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of January 31, 2013, the Company was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

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### Sensitivity analysis

The Company is not exposed to currency risk because all monetary assets and liabilities held by the Company are denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

### 13. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2013	2012
Loss before income taxes	\$ (362,273)	\$ (36,961)
Expected income tax recovery (at statutory rates of 26.50% and 25.92%)	\$ (96,003)	\$ (9,579)
Write off of properties	10,600	-
Other items	32,485	(40,614)
Unrecognized benefit of non-capital losses	52,918	50,194
Net income tax recovery	\$ -	\$ -

The significant components of the Company's deferred income tax assets are as follows:

	2013	2012
Deferred income tax asset:		
Non-capital loss carryforward	\$ 587,975	\$ 504,770
Capital assets	63,664	60,020
Mining property interests	1,303,539	1,214,764
	1,955,177	1,779,555
Deferred tax assets not recognized	(1,955,177)	(1,779,555)
Net Deferred income tax assets	\$ -	\$ -

The Company has non-capital losses carried forward for income tax purposes of approximately \$2,219,000 which can be applied against future years' taxable income. These losses will expire through to 2033. Deferred tax benefits which may arise as a result of these non-capital losses have been offset by a valuation allowance and have not been recognized in these financial statements.

# RANDBURG INTERNATIONAL GOLD CORP.

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### 14. COMMITMENTS AND CONTINGENCIES

During 2005, an individual brought a claim against the Company alleging entitlement to incentive stock options. The individual is seeking damages of \$500,000. In the opinion of management the claim is without merit and no provision has been made in the accounts of the Company.

### 15. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of mineral resource properties. Geographic information is as follows:

	January 31, 2013	January 31, 2012
Current assets - Canada	\$ 12,571	\$ 48,865
Capital assets - Canada	698	857
Mineral Property Interests (including deposits under option)		
Canada	194,519	152,969
Brazil	-	30,000
	<u>194,519</u>	<u>182,969</u>
Total	\$ 207,788	\$ 232,691

### 16. SUBSEQUENT EVENTS

On March 1, 2013 the Company signed an Amending Agreement ("Agreement") to the Memorandum of Understanding ("MOU") signed in March 2012 to acquire a 100% interest in the Nathalie Phosphate Project (see Note 5(a)). The terms of the Agreement are significantly improved for the Company over those contained in the original MOU. This Agreement is now the definitive agreement between the parties.

Under the terms of the Amended Agreement the Company must pay the Vendors: 500,000 shares in the stock of the Company within 45 days of the TSX Venture Exchange's ("TSXV") approval and an additional 500,000 shares on August 25, 2013. To acquire 100% of the property, Randsburg must issue an additional 500,000 shares by February 25, 2014, and 500,000 shares by February 25, 2015. The Vendors shall have received a total of 2,000,000 shares should the Company acquire a 100% interest in the Project. Subsequent to fulfilling those terms, no further payments of shares or cash are required to be paid to the Vendors.

The Company is not required to make any expenditures going forward on the Project but is required to keep claims in 'good-standing' during the term of the option Agreement. Randsburg may purchase 0.4% of the above 2% Net Smelter Royalty by paying the Vendors \$400,000 at any time following the commencement of commercial production from the Nathalie Claims. Randsburg has the right of first refusal to purchase the balance of the NSR. Completion of the acquisition and payment of securities remains subject to regulatory approval. The securities of the Company to be issued on the acquisition will be subject to a four month hold period.

On April 24, 2013 the Company paid \$45,000 as required by the settlement agreement referred to in note 8.