RANDSBURG INTERNATIONAL GOLD CORP.

FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

JANUARY 31, 2016 and 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The 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 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 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 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 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 27, 2016

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Randsburg International Gold Corp.:

We have audited the accompanying financial statements of Randsburg International Gold Corp. which comprise the statement of financial position as at January 31, 2016, and the statement of operations and comprehensive income (loss), statement of changes in equity (deficiency) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Randsburg International Gold Corp. as at January 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of Randsburg International Gold Corp. for the year ended January 31, 2015, were audited by other auditors who expressed an unmodified opinion on those statements on May 28, 2015.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that Randsburg International Gold Corp. had continuing operating losses during the year ended January 31, 2016 and a working capital deficiency and shareholders' deficiency as at January 31, 2016. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Randsburg International Gold Corp.'s ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 27, 2016

RANDSBURG INTERNATIONAL GOLD CORP.

Statements of Financial Position
(Expressed in Canadian Dollars)

	As at January 31, 2016	As at January 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ -	$ -
HST receivable	2,719	6,927
Total Current Assets	2,719	6,927
Non-Current Assets		
Mineral property interests (Note 6)	152,969	152,969
Equipment (Note 7)	377	463
Total Non-Current Assets	153,346	153,432
Total Assets	$ 156,065	$ 160,359
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY		
Current Liabilities		
Bank indebtedness	$ -	$ 132
Accounts payable and accrued liabilities	291,804	271,163
Liability related to flow-through financing	84,389	95,541
Due to related parties (Note 9)	845,633	925,507
Total Current Liabilities	1,221,826	1,292,343
Shareholders' (Deficiency) Equity		
Share capital (Note 8)	13,628,895	13,628,895
Contributed surplus (Note 8)	3,566,604	3,566,604
	17,195,499	17,195,499
Deficit	(18,261,260)	(18,327,483)
Total (Deficiency) Equity	(1,065,761)	(1,131,984)
Total Liabilities and Shareholders' (Deficiency) Equity	$ 156,065	$ 160,359

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 6 and 13)

Approved on behalf of the Board:

" Michael Opara" Director

"Matthew Chodorowicz" Director

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

RANDSBURG INTERNATIONAL GOLD CORP.

Statement of Operations and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	Year Ended January 31, 2016	Year Ended January 31, 2015
Amortization	$ 86	$ 105
Consulting	10,000	10,224
General exploration expenditures	-	13,839
Write off of deposits on properties (Note 5)	-	41,550
Interest and bank charges (Note 9(b))	37,031	42,804
Listing and transfer agent fees	10,642	19,230
Management fees (Note 9(a))	18,000	18,000
Office and miscellaneous	11,836	7,269
Professional fees	18,454	8,060
Total operating expenses	106,049	161,081
Loss before other items	(106,049)	(161,081)
Cost recoveries	13,848	11,577
Reversal of allowance for loan receivable (Note 9(c))	147,272	-
Penalties and interest	11,152	-
Net income (loss) and comprehensive income (loss) for the year	66,223	(149,504)
Deficit, beginning of year	(18,327,483)	(18,177,979)
Deficit, end of year	$ (18,261,260)	$ (18,327,483)
Basic and diluted income (loss) per common share	$ 0.002	$ (0.001)
Weighted average number of common shares outstanding – basic and diluted	28,273,940	28,273,940

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

RANDSBURG INTERNATIONAL GOLD CORP.

Statement of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of Shares	Common Shares	Contributed Surplus	Reserve for Warrants	Deficit	Total Equity (Deficiency)
Balance, January 31, 2014	28,273,940	$ 13,628,895	$ 3,566,604	$ -	$(18,177,979)	$ (982,480)
(Loss) for year	-	-	-	-	(149,504)	(149,504)
Balance, January 31, 2015	28,273,940	13,628,895	3,566,604	-	(18,327,483)	(1,131,984)
Income for the year	-	-	-	-	66,223	66,223
Balance, January 31, 2016	**28,273,940**	**$ 13,628,895**	**$ 3,566,604**	**$ -**	**$(18,261,260)**	**$(1,065,761)**

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

RANDSBURG INTERNATIONAL GOLD CORP.

Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended January 31, 2016	Year Ended January 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	$ 66,223	$ (149,504)
Amortization	86	105
Write off on deposits on properties	-	41,550
Interest on related party loans and advances	36,718	42.172
	103,027	(65,677)
Changes in non-cash operating working capital:		
Decrease in HST receivable	4,208	1,457
Increase in accounts payable and accrued liabilities	20,641	10,251
(Decrease) in liability related to flow-through financing	(11,152)	-
Net cash used in operating activities	116,724	(53,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to related parties	(116,592)	48,008
Changes in cash and cash equivalents during the year	132	(5,961)
Cash and cash equivalents (bank indebtedness), beginning of year	(132)	5,829
Cash and cash equivalents (bank indebtedness), end of year	$ Nil	$ (132)
Cash paid for interest	$ Nil	$ Nil
Cash paid for income taxes	$ Nil	$ Nil

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Randsburg International Gold Corp. (the "Company") was incorporated under the laws of British Columbia on July 6, 1990.

The Company is listed on the TSX Venture Exchange, having the symbol RGZ-V, as a Tier 2 mining issuer. The address of the Company's corporate office and principal place of business is 44 Victoria Street, Suite 710, Toronto, Ontario, M5C 1Y2 Canada.

The financial statements of the Company for the years ended January 31, 2016 and 2015 were reviewed by and authorized for issue by the Board of Directors on May 27, 2016.

The Company's principal business activity is the acquisition and exploration of mineral property interests in Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and exploring its property interests. The Company has not determined whether its properties contain ore reserves which are economically recoverable. The recovery of the amounts shown for mineral property interests is dependent upon the existence of economically recoverable 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.

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 and environmental requirements, social requirements or aboriginal land claims. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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.

The Company has incurred operating losses over the last several years, earns no operating revenues and has a working capital deficiency of $1,219,107 as at January 31, 2016 (January 31, 2015 - $1,285,416). While the Company has been successful in obtaining its required financing in the past, through additional equity and non – arm's length loans, there is no assurance that such financing will continue to 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. These conditions represent material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

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2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of presentation

These 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 financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of compliance

The accompanying 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, 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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 the 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.

3.2 Mineral property interests

The Company records its mineral property interests, 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 operations 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 mineral property interests and deferred exploration costs are not necessarily indicative of present or future values.

3.3 Equipment

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

Geological & satellite communication equipment	20% declining balance

3.4 Impairment of assets

Mineral property interests are tested for impairment when events or changes in circumstances indicate that the carrying amount may be impaired. Common indicators of impairment in the mineral resource industry may include: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed, substantive expenditure on further exploration and evaluation of mineral resources in s specific area is neither budgeted nor planned, or have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. Identifying the cash generating units requires considerable management judgment. In testing an individual asset or cash generating unit for impairment and identifying a reversal or impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and losses may occur during a subsequent period.

3.5 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.

3.5 Income taxes (continued):

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.

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.

3.6 Basic and diluted income (loss) per share

The Company presents basic income (loss) per share data for its common shares, calculated by dividing the income (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 stock options and warrants have been excluded from the diluted income (loss) per share calculations and basic and diluted income (loss) per share are the same.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and term deposits with original maturity dates of less than three months. As at January 31, 2016, the Company had cash and cash equivalents of $nil (2015 - $nil).

3.8 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.

Onerous Contracts:
A provision for onerous contracts would be recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

3.9 Decommissioning, restoration and similar liabilities

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.

3.10 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.

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 intension to renounce.

The Company has indemnified the subscribers of flow-through shares for tax rated amounts that may become due if the Company does not complete its required expenditures on eligible expenditures, or if the taxation authorities deem expenditures to not be eligible. Certain expenditure requirements were not met in 2007. In consideration of the passage of time, management does not believe any claims are forthcoming and has not recorded a provision related to the flow-through share indemnity.

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.

3.11 Financial instruments

Financial assets: (continued)

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

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 statements of loss.

As at January 31, 2016 and 2015, 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 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.

3.11 Financial instruments

Financial liabilities: (continued)

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:

Financial assets:	**Classification:**
Cash and cash equivalents	FVTPL
Receivables	Loans and receivables
Financial liabilities:	**Classification:**
Bank indebtedness	Other financial liabilities
Accounts payable and other liabilities	Other financial liabilities
Due to related parties	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.

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 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, 2016 and January 31, 2015, 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.

The fair value of cash and cash equivalents, HST receivable and accounts payable and accrued liabilities approximate there carrying value due to their short term nature.

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 judgments 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 judgment'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 3.4)

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, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

3.13 Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after February 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the

3.13 Future accounting policies (continued):

requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

3.14 New accounting policies:

During 2016, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS8, IFRS13 and IAS24. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

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, contributed surplus and deficit.

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's capital management objectives, policies and processes have remained unchanged during the years ended January 31, 2016 and 2015.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of January 31, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

5. DEPOSITS ON PROPERTY UNDER OPTION:

	Balance January 31, 2016	**Balance January 31, 2015**
Acquisition costs	$ 12,000	$ 12,000
Write Off	(41,550)	(41,550)
Exploration costs	29,550	29,550
Book Value of Deposits on Property under Option	**$ Nil**	**$ Nil**

During 2015, the Company abandoned the property and wrote off its interest in the property under option.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTY INTERESTS

	Balance January 31, 2016	Balance January 31, 2015
Flett and Angus Township		
Acquisition costs	$ 117,000	$ 117,000
Exploration costs	35,969	35,969
Book Value	$ 152,969	$ 152,969
Total Costs	$ 152,969	$ 152,969

Flett & Angus Townships, Northern Ontario: Company holds a 100% interest in certain claims located in the Flett and Angus Townships that are subject to a 3% NSR that can be purchased by the Company for $1,500,000.

7. EQUIPMENT

	January 31, 2016	January 31, 2015
Geological and satellite communication equipment	$ 5,595	$ 5,595
Accumulated amortization	(5,218)	(5,132)
	$ 377	$ 463

(Expressed in Canadian dollars)

8. SHARE CAPITAL

Authorized:
Unlimited common shares, without par value

	January 31, 2016	January 31, 2015
Issued:		
Common shares - 28,273,940 (2015 – 28,273,940)	$ 13,628,895	$ 13,628,895

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		
	Options		Exercise Price	Warrants		Exercise Price
Balance, January 31, 2014	1,600,000	$	0.10	-	$	-
Expired	(1,600,000)		(0.10)	-		-
Balance, January 31, 2015 and 2016	-		-	-		-

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Related parties include Board of Directors, close family members, key management personnel, employees and others who exercise significant influence over the reporting entity.

During the year ended January 31, 2016, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

a) Incurred management fees totaling $18,000 (2015 - $18,000) to two directors of the Company.

b) Incurred interest of $36,802 (2015 - $42,171) to a director and a person related to the president of the Company.

c) The Company is subject to a loan due from Essex Oil Ltd. ("Essex") in the amount of $125,000 plus interest at 10% per annum. During 2010, the Company provided an allowance against the full carrying value of the loan. A director and officer of the Company is a director of Essex. During the year ended January 31, 2016, the Company recovered a portion of the loan due from Essex in the amount of $147,272, and a portion of the loan due from Essex in the amount of $147,272 was assigned to a person related to a director and officer of the Company, which was offset against advances from the related person. The outstanding balance of the loan receivable plus all accrued interest as at January 31, 2016 is approximately $85,000, which has been fully allowed for.

The balances due to related parties as at January 31, 2016 and 2015 are summarized below:

	January 31, 2016	January 31, 2015
Advances from a director of $30,026 (2015 - $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 $53,683 (2015- $44,373)	$ 83,710	$ 74,399
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 a General Security Agreement. The total includes accrued interest of $85,011 (2015 - $57,520)	224,165	319,785
Advances due to the President and a company controlled by the President that are unsecured, non-interest bearing and have no fixed terms of repayment.	408,725	408,290
Advances due to a director that are unsecured, non-interest bearing and have no fixed terms of repayment.	106,881	100,881
Advances due to a director that are unsecured, non-interest bearing and have no fixed terms of repayment.	22,152	22,152
	$ 845,633	$ 925,507

10. FINANCIAL INSTRUMENTS AND 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 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 fiscal year ended January 31, 2016.

(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 and HST receivable. 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. Certain of these amounts bear interest at an annual rate of 12% (see note 9).

(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 limited impact on these 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.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED):

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of its development properties depends 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, 2016, 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.

11. INCOME TAXES

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2015 - 26.5%) were as follows:

		2016		2015
Income (loss) before income taxes	**$**	66,223	$	(149,504)
Expected income tax expense (recovery) based on statutory rate	**$**	17,549	$	(28,608)
Write off of properties		-		11,011
Other items		23		28
Unrecognized benefit of non-capital losses		(17,572)		17,569
Net income tax expense (recovery)	$	-	$	-

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

		2016		2015
Unrecognized deferred tax assets				
Non-capital loss carry forward	$	2,467,000	$	2,653,000
Equipment		241,000		240,000
Mining property interests		5,281,000		4,919,000
Total	$	7,989,000	$	7,812,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The tax losses expire from 2026 to 2036. The other temporary differences do not expire under current legislation.

12. SEGMENTED INFORMATION

The Company’s one reportable operating segment is the acquisition and exploration of mineral resource properties.

13. COMMITMENTS AND CONTINGENT LIABILITIES

In the ordinary course of business activities, the Company is a party in certain litigation and other claim. Management believes that the resolution of such litigation and claim will not have a material effect on the financial position of the Company. Other than the forgoing there are no commitments or contingent liabilities to report up to and including May 27, 2016, the date the Board of Directors approved these financial statements.

Flow-through share indemnity. See note 3.10.