Management Discussion and Analysis of the unaudited interim Consolidated Financial Statements
For the three and nine months ended June 30, 2016

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KILO GOLDMINES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
For the three and nine months ended June 30, 2016

This Management Discussion and Analysis ("MD&A") of Kilo Goldmines Ltd. ("Kilo" or the "Company") is prepared as at August 18, 2016 and provides an analysis of the Company's performance and financial condition for the three and nine months ended June 30, 2016 ("the Year").

This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and nine months ended June 30, 2016, including the related note disclosure. The Company's unaudited interim financial statements are presented on a consolidated basis with its subsidiaries Kilo Goldmines Inc. and KGL Somituri SPRL and the partnership interests described in the notes to the financial statements, and are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following discussion and analysis are quoted in the functional currency of Canadian dollars unless otherwise specified. Additional information relevant to the Company's activities can be found on SEDAR at ***www.sedar.com*** *or the Company's website at* ***www.kilogoldmines.com*** *.*

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Executive Summary

Kilo Goldmines Ltd. ("Kilo", "the Company") is a junior resource company with gold exploration properties in the Democratic Republic of the Congo ("DRC"). To date, the Company has engaged in exploration and evaluation of its properties and has no producing asset as yet. The Company's Somituri Project delivered its maiden NI 43-101 report in 2011 on the Adumbi Prospect and continuing exploration culminated in an updated resource on Adumbi as well as a new NI 43-101 resource on the Kitenge and Manzako Prospects, released on January 30, 2014. Kilo is engaged in a joint venture with Randgold for gold exploration on the Company's Isiro properties, initially held in the KGL-ERW SPRL entity and, for purposes of the joint venture, now held in KGL Isiro SARl ("Isiro").

Principal Business and Corporate History

Kilo Goldmines Ltd. is an Ontario corporation which commenced operations on March 20, 2009. A predecessor corporation, Kilo Goldmines Inc. ("Old Kilo"), commenced operations in January 2006. Prior to March 20, 2009, Kilo Goldmines Ltd. was known as Blue Ribbon Capital Corporation ("Blue Ribbon"), a Capital Pool Company as defined by the TSX Venture Exchange.

To date, the Company has not generated revenues and is considered to be in the development stage.

Amalgamation

On September 27, 2007, Old Kilo announced that it had entered into a Letter Agreement (the "Agreement") with Blue Ribbon, a public corporation formed as a capital pool company. Pursuant to the Agreement, Blue Ribbon was able to acquire all of the issued and outstanding shares of Old Kilo (the "Going Public Transaction").

On March 20, 2009, pursuant to the Agreement, Old Kilo amalgamated with Blue Ribbon's wholly-owned subsidiary. Completion of the transaction constituted Blue Ribbon's qualifying transaction. The shareholders of Old Kilo held the majority of the outstanding shares of the Company following the transaction, and accordingly, the transaction has been accounted for as a reverse takeover. Since Blue Ribbon's operations do not constitute an economic unit, the transaction has been accounted for as a capital transaction.

On April 21, 2009, the common shares of the Company began trading on the TSX Venture Exchange under the symbol "KGL".

At the Interim and Special Meeting of the Company held on March 6, 2014, shareholders approved a resolution providing for the consolidation of issued and outstanding shares on the basis of one (1) post-consolidation common share for up to every ten (10) pre-consolidated common shares, with the ratio to be determined and implemented by the Company's Board of directors. The Board effected a one for ten (1:10) share consolidation on March 28, 2014 and the Company's shares commenced trading on June 30, 2014 on a consolidated basis under the new CUSIP number 49427Y503. The Company continues trading under the KGL symbol.

Corporate Developments

At the Company's Annual General and Special Meeting held on March 10, 2016, a resolution to approve the proposed joint venture on the Somituri licences was not passed by the required majority of shareholders. The proposed joint venture partner was notified accordingly and that the Company would not be proceeding with the joint venture. The proposed JV partner has advised the Company that they do not believe the JV to have been terminated, a position the Company does not agree with.

On the Isiro licences, Randgold is financing all exploration for which they will obtain incremental ownership based on milestone events. Randgold has up to five years to establish a pre-feasibility ("PFS") study to earn 51%, and 65% for the completion of a bankable feasibility ("BFS") should Kilo not contribute post PFS to maintain its interest. If diluted to 10% or less, Kilo's equity will convert to a 1.5% royalty. As disclosed in 2014, the Company received a notice of claim to recover the exploration permits registered in the name of KGL Isiro Sarl. The court dismissed the claim on July 11, 2016.

Kilo continued with its agreement for a progressive buy out of its 25% minority partner, Suez Holdings Ltd, which has a free carried interest through production for non-iron commodities in the Isiro licences under the current Kilo – Suez JV agreement.

The transaction involves an aggregate of 635 000 USD in cash and 35,600 shares (post-consolidation) over a 6 year period. To date the Company has acquired 14% of Suez's (25%) interest through the payment of $75,000 and the issuance of 30,000 shares , and has commenced the process of acquiring a further 15% by issuance of 5,600 shares and cash payments to date of $70,000, with a further payment of $30,000 still required to complete this portion of the buyout. All share issuances in terms of the transaction have now been fulfilled. The transaction has been approved by the TSXV.

Overall Performance

The Company's activities focused on continuing its exploration and evaluation programs on its existing properties in the Democratic Republic of the Congo, investing approximately net $1,420,582 in the nine months ended June 30, 2016 (2015: $3,072,337). In the financial year ended September 30, 2015, the Company amended its accounting policy for exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability which are now charged to operations as incurred. Under the previous accounting policy, exploration and evaluation expenditures were capitalized to the specific mineral property. The Exploration section below sets out in greater detail the activities during the period. The operating loss for the three months ended June 30, 2016 was $534,025 compared to an operating loss of $1,418,259 for the comparable period ended June 30, 2015.

Capital Stock and Financing

In November 2015 the Company issued 10,600 shares to complete the share issuances payable to Suez described in the Corporate Developments section above.

On December 24, 2016 the Company completed a non-brokered private placement, for gross proceeds of $909,537. The offering consisted of 12,993,386 Units, each unit comprising one common share and one common share purchase warrant to acquire one additional common share until December 24, 2017. Warrants are exercisable at $0.095. In connection with the offering the Company paid $36,171 as Finders' fees, and issued 369,090 Finders' warrants, each exercisable to acquire one common share of the Company at a price of $0.07 until December 24, 2017.

On July 25, 2016 the Company closed the first tranche of a non-brokered private placement for gross proceeds of $930,000. The tranche consisted of 9,300,000 Units, each unit comprising one common share and one common share purchase warrant to acquire one additional common share until July 24, 2018. Warrants are exercisable at $0.135.

EXPLORATION AND OPERATIONS

KGL SOMITURI SPRL

Following relinquishment of 2 permits, the Somituri Project now consists of six *Permis d'Exploitation* ("PE") (Exploitation Licence), held 71.25% by KGL Somituri Sprl and valid until 2039, covering 361 square kilometres of the Ngayu Archaean Greenstone Belt in Oriental Province of the Democratic Republic of Congo.

Each of the Company's permits has been assigned a name, which is referenced in the exploration discussion below accordingly as follows: Gambi (PE137), Boroda (PE138), Nane (PE140), Imbo (PE9691), Ngazi (PE9692), and Dhahabau (PE9695).

The properties are underlain by Upper Kibalian, clastic and chemical metasedimentary rocks including banded iron formation ("BIF"), metavolcanics, schists, localized dioritic intrusives and the occasional felsic dyke.

During 2015 an extensive stream sediment sampling program was undertaken over previously unexplored areas of the Imbo licence. Results of this program indicate a south-eastward extension of the Adumbi-Kitenge-Manzako mineralized trend over a strike of 7 km. Rock chip sampling delivered values of up to 15.1g/t Au. Upon completion of the BLEG (Bulk Leach Extractable Gold) stream sediment sampling program and interpretation of the results, the Somituri exploration project was placed on care-and–maintenance in mid-June 2015.

Imbo

The review of drilling data by the new geological team has included detailed re-logging of all drill hole core, and the plotting of data on cross sections, long sections and plans at a scale of 1:500. This work is now complete for all drilled prospects (i.e. Adumbi, Kitenge, Manzako, Senegal, Vatican, Mondarabe and Lion) and represents a total of 34,660 m in 153 drill holes. The work has enabled a more in depth analysis of lithological and structural controls on mineralization, focussing on the delineation of high grade zones. At Adumbi, this is being assessed in conjunction with previously completed detailed underground mapping with the objective of defining additional down-plunge drill targets. Wireframe modelling of mineralization and structural features is being re-evaluated accordingly.

Systematic bulk density determinations were completed on core from all Adumbi drill holes. Measurements were taken at 1 m intervals within the mineralized zones, and at 2 m intervals in unmineralized rock, resulting in a total of 5,360 readings all of which passed the company's QC criteria. Reliable data is now available for resource calculations for the oxide zone (1,384 measurements), transition zone (826 measurements) and sulphide zone (3,150 measurements). Bulk density determinations were also carried out within the main mineralized zone at Kitenge, resulting in 183 measurements in 29 drill holes.

Induced Polarization (IP) geophysical surveying was completed over the Adumbi West target, with the objective of defining zones of mineralization for drill testing. The Adumbi West target is interpreted to be a faulted extension of the Adumbi trend, and is defined by a two kilometre long magnetic anomaly which has very similar characteristics to the principal Adumbi prospect. Coincident with this magnetic anomaly is a low level gold-in-soil geochemical anomaly. However, the area covering the Adumbi West target is interpreted to be overlain by transported overburden of varying thickness, which is probably masking the underlying geochemical response. The low level soil geochemical anomaly is most likely a result of bioturbation (plant and animal activity). Several zones of artisanal mining activity are present on the flanks of the strong magnetic feature where the artisanal miners are typically focussing on high grade quartz veins. All artisanal workings have been mapped in detail, and channel samples taken.

Induced Polarization (IP) surveys have also been carried out to more closely define the northwestern and southeastern extensions of the Adumbi mineralizaed trend, outside the current area of drilling. Additional IP lines have been completed in the areas of the Kitenge, Manzako, Senegal, Vatican and Lion prospects, with a view to identifying the mineralized zones, and better interpreting the structural framework and mineralization controls.

In view of the very poor exposure in the licence area, pitting at 80 m intervals has been carried out on selected IP lines. A total of 52 pits have been dug to the saprolite horizon, in order to provide lithological and structural information to assist in the IP interpretation. The nature of the overburden has also been logged in detail, with the main objective of distinguishing areas of residual and transported material, and better interpreting the soil geochemistry data.

A study was made of the multi-element data for the previously completed soil sampling survey, with the main objective of determining whether areas of transported and residual soil can be distinguished geochemically. It was found that: (a) the residual soils overlying the metasedimentary and metavolcanic terrains have very distinct geochemical characteristics, and (b) areas interpreted from airborne radiometrics and pitting to be covered by transported overburden, have elemental abundances indicating mixing of metasedimentary and metavolcanic components.

A detailed stream sediment sampling program over the whole of the Imbo licence was completed, with the objective of identifying and prioritising new targets outside the known areas of mineralization. A total of 216 sampling sites were selected using satellite imagery, to test drainage catchments with an average area of 0.75 km^2. The results indicate a southeastward extension of the Adumbi-Kitenge-Manzako mineralized trend over a strike of 7km. This extension lies to the east of the Imbo River, in an area not previously explored by the Company.

Topographic surveying was undertaken, focussing on delineating colonial and artisanal workings, and other infrastructure in the vicinity such as tracks and settlements.

Ngazi, Nane, Gambi, Boroda, and Dhahabau

To date, exploration on these has been limited to soil sampling.

Other properties:

Isiro

Under a joint venture agreement, Randgold optioned 12 Exploration Licences covering 2,056.76 km^2 of the northern portion of the Ngayu Greenstone Belt as well as the majority of the Isiro Greenstone Belt in the DRC's Oriental Province, from Kilo in December 2012.

To date, a soil geochemical survey has been conducted, followed by mapping, pitting and trenching.

On three (3) of the five (5) Nagayu Exploration Licenses a total of 10,656 soil samples have been collected. Grid and sample spacing on two of the licences is 100 metres by 50 metres respectively while on the third licence it is 200 metres by 100 metres respectively. The soil sampling program defined eight (8) gold-in-soil geochemical anomalies of which five (5) have received follow up work in the form of detailed mapping, pitting and trenching. The Yambenda target is a 3.6 km long northwest trending >100 ppb Au gold-in-soil anomaly that is associated with sheared and folded banded ironstone formation lithologies. A total of 3 trenches, 208 pits and 276.5 km^2 of mapping has been completed. Trenching of the most robust gold-in-soil anomaly has not intersected significant saprolite at safe depths and alternate exploration techniques are being considered to test gold-in-soil anomalies.

A total of 8,870 soil samples have been collected on a staggered 400 metre by 200 metre grid on five (5) of the seven (7) Isiro Greenstone Belt Exploration Licences. Five (5) moderate tenor (30 ppb – 120 ppb Au) gold-in-soil anomalies have been defined. These gold-in-soil anomalies are associated with folded and sheared banded ironstone formation and metasediments.

No exploration was conducted on the properties in the three months ended June 30, 2016.

Exploration and Operations results are detailed in Press Releases, and are available on the Kilo website as well as on SEDAR.

EXPLORATION EXPENDITURES

The following sets out the expenditures for the three months ended June 30, 2016:

Expenditure on the KGL-Somituri properties was $285,064 (2015: $1,026,986). Activities for the period are discussed in the exploration section above.

	KGL-Somituri	KGL Isiro	Total
Acquisition and sustaining costs	-	33,966	33,966
Drilling	-	-	-
Helicopter support	-	-	-
Project Camp	143,828	34,494	178,321
Sampling	-	-	-
Professional fees	70,683	10,567	81,250
Project management/ Administration	51,508	-	51,508
Geological and Geochemical	-	-	-
Travel	12,596	-	12,596
Other	6,449	-	6,449
Net spend June Quarter 2016	**285,064**	**79,027**	**364,091**
Year to date 2016	1,288,150	132,432	1,420,582

For the comparable period ending June 30, 2015 the project expenditures were as follows:

	KGL-Somituri	KGL Isiro	Total
Acquisition and sustaining costs	-	-	-
Drilling	-	-	-
Helicopter support	-	-	-
Project Camp	443,866	-	443,866
Professional fees	157,179	-	157,179
Project management/ Administration	41,328	-	41,328
Geological and Geochemical	302,941	-	302,941
Travel	33,080	-	33,080
Other	48,592	-	48,592
Net spend June Quarter 2015	**1,026,986**	**-**	**1,026,986**

RESULTS OF OPERATIONS

The Company is currently engaged in mineral exploration and evaluation, and does not generate revenues from operations. Costs related to the acquisition and exploration and evaluation of mineral properties incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred, as are regulatory and other expenditures incurred to maintain the administrative infrastructure required to operate in Canada.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the preceding eight quarters, restated for the change to the accounting policy regarding exploration and evaluation expenditures:

Financial Year:	2016			2015				2014	
$'000	June 2016	Mar 2016	Dec 2015	Sept 2015	June 2015	Mar 2015	Dec 2014	Sept 2014	June 2014
Net revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gain/(Loss) before other items	(534)	(1,069)	(559)	(508)	(1,381)	(1,423)	(954)	(736)	(1,370)
Currency translation adjustment	-	(33)	18	22	12	28	17	25	(17)
Comprehensive Gain/(Loss)	(534)	(1,102)	(541)	(486)	(1,369)	(1,391)	(937)	(711)	(1,387)
Loss per share basic and diluted	(0.01)	(0.02)	(0.01)	(0.01)	(0.03)	(0.02)	(0.02)	(0.01)	(0.02)

Factors Affecting Quarterly Results

Quarterly fluctuations mainly reflect the level of exploration expenditure, the expensing of stock based compensation, and foreign exchange fluctuations arising from movements of the CAD exchange rate against British pounds sterling and the Unites States dollar. Management and consultancy fees reflect that no CEO compensation is currently paid. Other administrative cost variations are generally not significant.

The operating loss for the three months ended June 30, 2016 was $534,025 as compared to a loss of $1,418,259 for the three months ended June 30, 2015 as detailed below:

	Nine months ended		Three months ended	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Amortization	20,126	60,624	6,709	26,309
Foreign exchange	35,579	(286,357)	2,741	83,836
Office and miscellaneous	97,948	83,431	33,144	22,867
Management and consulting fees	110,500	372,809	36,000	97,290
Professional fees	79,608	42,246	19,818	10,686
Directors' fees	120,000	120,000	40,000	40,000
Shareholder communication	54,826	129,526	21,405	34,340
Share-based payments	124,968	75,597	-	25,263
Transfer agent and regulatory fees	60,123	29,091	6,365	2,627
Travel and promotion	35,461	76,777	2,288	30,147
Exploration expenses	1,420,582	3,072,337	364,091	1,044,032
Banking fees	3,973	5,618	1,464	1,379
Interest income	(443)	(2,594)	-	(517)
Gain/(Loss) for the period	(2,163,252)	(3,779,105)	(534,025)	(1,418,259)
Currency translation adjustment	(15,742)	8,060	(418)	(37,143)
Total Comprehensive Gain/(Loss) for the Period	(2,178,994)	(3,771,045)	(534,443)	(1,455,402)

Liquidity and Capital Resources

As June 30, 2016, the Company had cash resources of $182,192 compared to $1,271,945 at September 30, 2015. The Company had working capital of $31,658 compared to working capital amounting to $1,197,037 as at September 30, 2015.

In July 2016 the Company commenced with a non-brokered private placement to raise $7,500,000 for exploration, corporate administration and working capital purposes. A first tranche of $930,000 was closed on July 25, 2016.

As a mineral exploration and development company with no current production or revenue from mining operations, the Company's cash flows consist of cash outflows for exploration and evaluation, administrative expenses, salaries, property acquisition, and expenditures for depreciable equipment. Financing activities, such as share issuances and shareholder loans, result in cash inflows to the Company. Since its inception, the Company has relied on capital markets (and in particular, equity markets) to fund its exploration and evaluation activities as well as its investments in machinery and equipment. The Company is dependent on obtaining future financing for exploration and evaluation of its resource properties and for any new projects

The longer term continuation of the Company as a going concern necessitates the creation of a revenue stream from its mineral assets.

CAPITAL DISCLOSURES

Canadian Institute of Chartered Accountants ("CICA") Handbook, requires disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and, if it has not complied, the consequences of such non-compliance. The Company's capital is composed of shareholders' equity. The Company's objective is to raise sufficient capital to execute its exploration plan. The Company does not use any capital-based metrics. The Company does not have any externally imposed capital requirements. There have not been any changes to the overall capital risk management strategy during the three months ended June 30, 2016.

Treasury Summary

The Company had the following outstanding as at June 30, 2016:

Shares	69,684,855
Warrants	39,110,726
Options	3,150,000

Full details of share issuances as well as warrant and option transactions are provided in notes 9, 10 and 11 to the unaudited interim consolidated financial statements for the three and nine months ended June 30, 2016.

COURSE OF BUSINESS TRANSACTIONS

Transactions with Related Parties

During the nine months ended June 30, 2016, transactions with related parties were:

	Nine months ended June 30,	
	2016	2015
Directors fees	$ 120,000	$ 120,000
Management and consulting fees paid to CEO and CFO	$ 108,000	$ 348,000
Legal fees paid to BTM Lawyers, a legal firm of which a member is the spouse of the former CEO	$ 34,830	$ 26,820

Included in share-based compensation for the nine months ended June 30, 2016 is $106,800 (2015 - $71,392) related to stock options granted to management and directors. As at June 30, 2016, accounts payable and accrued liabilities included $53,560 (June 30, 2015 - $Nil) due to various parties disclosed above.

Off-Balance Sheet Transactions

The Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

The Company continues to review property and industry information in search of future opportunities in terms of new property acquisitions and business partnerships.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires that the Company's management make critical judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Recoverability of Property, Plant and Equipment

The Company assesses all property, plant and equipment at each reporting date to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long term commodity prices, discount rates, foreign exchange rates, future capital requirements, exploration potential and operating performance.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Property, Plant and Equipment - Estimated Useful Lives

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 11 of the Interim Financial Statements for the nine months ended June 30, 2016.

International Financial Reporting Standards ("IFRS")

Note 3 to the unaudited consolidated financial statements for the nine months ended June 30, 2016 sets out significant accounting policies in accordance with IFRS.

Change in accounting Policy

During the year ended September 30, 2015, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, acquisition costs and deferred exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated consolidated statement of financial position as at October 1, 2013. Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

The consolidated financial statement impact as at October 1, 2013 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Resource properties	37,186,185	(37,186,185)	-
Total assets	42,551,911	(37,186,185)	5,365,726
Cumulative translation reserve	640,045	(647,379)	(7,334)
Deficit	(28,793,921)	(36,538,806)	(65,332,727)
Total shareholders' equity	41,471,257	(37,186,185)	4,285,072
Total liabilities and shareholders equity	42,551,911	(37,186,185)	5,365,726

The consolidated financial statement impact as at September 30, 2014 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Resource properties	41,992,601	(41,992,601)	-
Total assets	48,686,956	(41,992,601)	6,694,355
Cumulative translation reserve	3,663,355	(3,631,986)	31,369
Deficit	(31,378,857)	(38,360,615)	(69,739,472)
Total shareholders' equity	47,859,814	(41,992,601)	5,867,213
Total liabilities and shareholders equity	48,686,956	(41,992,601)	6,694,355

The consolidated financial statement impact as at June 30, 2015 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Resource properties	49,193,082	(49,193,082)	-
Total assets	52,436,447	(49,193,082)	3,243,365
Cumulative translation reserve	7,838,242	(7,786,689)	51,553
Deficit	(32,085,625)	(41,406,393)	(73,492,018)
Total shareholders' equity	51,423,549	(49,193,082)	2,230,467
Total liabilities and shareholders equity	52,436,447	(49,193,082)	3,243,365

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS			
Exploration and evaluation expenditures	-	3,072,337	3,072,337
Stock based compensation	75,597	-	75,597
Corporate and administrative expenses	631,171	-	631,171
Loss for the period	(706,768)	(3,072,337)	(3,779,105)
Currency translation adjustment	4,174,887	(4,166,827)	8,060
Total comprehensive income/(loss) for the period	3,468,119	(7,239,164)	(3,771,045)
Basic and diluted loss per share	-	(0.02)	(0.07)
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities	(329,113)	(3,089,832)	(3,418,945)
Cash flows from investing activities	(3,062,920)	3,089,832	26,912

BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, International Financial Reporting ("IAS 34"), and do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2015 and notes there to, which were prepared in accordance with International Financial Reporting Standards Board ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), as issued by the International Accounting Standards Board ("IASB"). The consolidated interim financial statements were authorized for issue by the Board of Directors on August 18, 2016.

The accounting policies applied in the Company's interim consolidated financial statements for the nine months ended June 30, 2016, are based on IFRS effective as of that date, and have been applied consistently in all periods unless otherwise stated. Consolidated financial statements have been prepared on the historical cost basis and are presented in Canadian Dollars. The functional currency of the Company is the Canadian Dollar.

The consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the nine months ended June 30, 2016, the Company reflected an operating loss of $2,163,252 (2015: Loss $3,779,105), and as of that date, the Company's deficit was $76,169,379 (September 30, 2015 - $74,006,127). The Company intends to raise financing to fund operating activities. Whilst the Company has been successful in the past in raising funds, there is no assurance it will be able to do so in the future.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash and cash equivalents	FVTPL
Bid Bond	Loans and receivables
Receivables	Loans and receivables
Reclamation bonds	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Bid bond payable	Other financial liabilities

Fair Values

Except as disclosed elsewhere in these consolidated financial statements, the carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is not exposed to any significant credit risk as at June 30, 2016. The Company's cash and cash equivalents and bid bond are on deposit with a highly rated banking group.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had current assets of $266,938 (September 30, 2015: $1,399,912) and current liabilities of $235,280 (September 30, 2015: $202,875). All of the Company's current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms. Working capital of the Company is $31,658 as at June 30, 2016. As disclosed in the Capital Stock and Financing section, the Company raised $6.0 million gross in May 2014, and in December 2016 a further $909,000 gross through private placements. In July 2016 the Company raised $930,000 gross as the first tranche of a non-brokered private placement which is aimed to raise a total of $7.5 million gross.

Market risk

(i) Interest rate risk

The Company has significant cash and cash equivalents balances and it has no interest-bearing debt. The Company's current policy is to invest its excess cash in highly liquid money market investments such as interest bearing deposit accounts and guaranteed investment certificates. These short term money market investments are subject to interest rate fluctuations.

(ii) Foreign currency risk

The Company's functional currency is primarily the Canadian dollar. The majority of the Company's operating expenses are transacted in Canadian dollars, and the majority of the Company's resource property costs are transacted in United States dollars. As at June 30, 2016, the Company had cash of $82,201 United States Dollars and accounts payable and accrued liabilities of $42,600 United States Dollars. As at June 30, 2016, the Company also had accounts payable of 35,786 United Kingdom Pounds Sterling; and accounts payable of 19.509 South African Rand.

(iii) Price risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

Future Accounting Changes

IFRS 9 (Financial Instruments: Classification and Measurement), effective for interim periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. IFRS 9 also replaces the models for measuring the equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB in May 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. Companies can elect to use either s full or modified retrospective approach when adopting this standard and it is effective for interim periods beginning on or after January 1, 2017.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

The CEO / CFO has evaluated whether there were changes to the ICFR during the three months ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect, the ICFR. As a result, no such significant changes were identified through their evaluation.

There have been no material changes in the Company's internal control over financial reporting during the three months ended June 30, 2016, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

OTHER MD&A REQUIREMENTS

As at August 18, 2016 the Company had 76,999,985 common shares outstanding. If the Company were to issue 48,395,726 common shares upon conversion of all its outstanding warrants and 3,150,000 common shares upon conversion of all its outstanding options it would raise $15,424,150.

QUALIFIED PERSON

The scientific and technical data included in this MD&A has been reviewed by Howard Fall, B.Sc., Ph.D., MAusIMM CP (Geo), a consultant to the Company, and a Qualified Person pursuant to National Instrument 43-101.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.