

FARAFINA GOLD GROUP

**GROUP CONSOLIDATED FINANCIAL
STATEMENTS
December 31, 2016**

(Expressed in American Dollars)

Approved



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Prepared

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Reviewed

Member of the board

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FARAFINA GOLD GROUP

BALANCE SHEET

(Unaudited - Expressed in American Dollars)

ASSETS	December 31, 2016	December 31, 2015
Current		
Cash and cash equivalents (Note 3)	\$ 336,777	\$ 4,000
Investments	-	-
Receivables	-	-
Differed capital expenditures (Note 4)	3,311,603	3,256,603
Total current assets	3,648,380	3,260,603
Non-current		
Restricted cash	-	-
Property and equipment (Note 5)	1,187,228	4,000
Investment in associated companies	-	-
Strategic investments	-	-
Exploration and evaluation assets	-	-
Mineral reserves and Royalty interest (Note 6)	17,701,000	17,701,000
Reclamation bonds	-	-
Goodwill	-	-
Other assets	-	-
Currency Translation Adjustment	(11,075)	-
Total non-current assets	18,877,153	17,705,000
TOTAL ASSETS	\$ 22,525,533	\$ 20,965,603
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 1,678,530	\$ 1,720,750
Advances from joint venture partners	-	-
Total current liabilities	1,678,530	1,720,750
Non-current		
Deferred income tax liability	-	-
TOTAL LIABILITIES	1,678,530	1,720,750

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FARAFINA GOLD GROUP

SHAREHOLDERS' EQUITY

Capital stock (Note 8)	4,112,421	2,012,421
Commitment to issue shares	-	-
Profit attributed proved Reserves (Note 9)	17,701,000	17,701,000
Retained earning	(966,418)	(450,088)
<u>TOTAL SHAREHOLDERS' EQUITY</u>	<u>20,847,003</u>	<u>19,263,333</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 22,525,533 \$	20,984,083

Nature of operations and going concern (Note 1)

The accompanying notes are an integral part of these GROUP CONSOLIDATED FINANCIAL STATEMENTS.

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FARAFINA GOLD GROUP

PROFIT&LOSS STATEMENT

(Unaudited - Expressed in American Dollars)

	Period ended	Period ended
	December 31, 2016	December 31, 2015
ROYALTY INCOME	\$ -	\$ -
Cost of sales		
Gold tax	-	-
<u>Depletion</u>	-	-
<u>Net royalty income</u>	-	-
EXPLORATION EXPENDITURES	-	-
<u>Less: recoveries</u>	-	-
<u>Net exploration expenditures</u>	-	-
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative and office		
Depreciation	-	-
Investor relations and shareholder information	-	-
Professional fees (Note 10)	104,098	24,950
Salaries and consultants (Note 11)	282,400	206,100
Share-based payments	-	-
Transfer agent and filing fees	12,000	2,006
<u>Travel (Note 12)</u>	<u>117,833</u>	<u>66,350</u>
<u>Total general and administrative expenses</u>	<u>516,331</u>	<u>299,406</u>
Loss from operations	(516,331)	(299,406)
Change in fair value of fair value through profit or loss investments	-	-
Gain on acquisition and sale of exploration and evaluation assets	-	-
Equity loss in associated companies	-	-
Foreign exchange gain (loss)	-	-
Realized loss on sale of investments	-	-
Write down of goodwill	-	-
<u>Gain on recognition and sale of property and equipment</u>	-	-
Loss before income taxes	(516,331)	(299,406)
<u>Deferred income tax recovery</u>	-	-
Loss for the period	\$ (516,331)	\$ (299,406)

The accompanying notes are an integral part of these GROUP CONSOLIDATED FINANCIAL STATEMENTS.

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FARAFINA GOLD GROUP

GROUP CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in American Dollars)

	Period ended	
	December 31, 2016	December 31, 2015
Loss for the period	\$ (516,331)	\$ (299,406)
Other comprehensive gain (loss)		
Change in fair value of available-for-sale investments	-	-
Currency translation adjustment	-	-
Comprehensive loss for the period	\$ (516,331)	\$ (299,406)

The accompanying notes are an integral part of these GROUP CONSOLIDATED FINANCIAL STATEMENTS.

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FARAFINA GOLD GROUP

STATEMENT OF CASH FLOWS

	01.01- 31.12.2014	01.01- 30.06.15	01.01- 31.12.2015	01.01.-31.
	USD			
Cash flows from operating activities	-100 707	-66 350	-16 000	
License fees, tax	-3 000			
legal fees	-7 250		-24 950	
Salaries paid	-36 000		-26 750	
PN - administrative expenses (unpaid)	70 000		93 000	
Net cash from operating activities	-76 957	-66 350	25 300	
Purchase of geological data	-1 955 900			
PN payables	0			
Account payable	-49 000		37 000	
Equipment purchasing (yours 1.4% and my around the same)	-4 000			
Proceeds from sale of equipment				
Exploration activity			-267 250	
Feasibility study			-481 000	
Cash flows from investing activities	-1 910 900	-253 700	-711 250	
Proceeds from issuance of common stock	2 012 421			
Proceeds from issuance of short-term debt	200 000	91 874	563 000	
Principal payments under capital lease obligation				
Cash income		10 000	117 000	
Cash flows from financing activities	2 212 421	101 874	675 000	
Net increase in cash	103 000	10 000		
Net increase in cash equivalents	115 000			
Cash and cash equivalents at beginning of period	0	218 000	0	812
Cash on the corporate cards and GSR				0
Cash at the end of period	218 000	612	4 000	0
Cash equivalents at the end of period				0
Depreciation and amortization				
Provision for losses on accounts receivable				
Increase in other liabilities				
Total adjustments (difference caused by currency exchange operations)	6 564	-282	-14 138	

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1. NATURE OF OPERATIONS AND GOING CONCERN

FARAFINA GOLD GROUP (the "Group" or "Company" or "Farafina") is a consortium of five (5) limited companies: Minerals, Farafina Resources, Lions Head Resources Guinea, Tiger Resources and Kanguela Mining Company. The Group and its subsidiaries are engaged in the acquisition, exploration and evaluation of mineral assets in Guinea and intended to operate in the West Africa Region. The Group's head office is located at Farafina Village, Mandiana, Kankan, Guinea.

These GROUP CONSOLIDATED FINANCIAL STATEMENTS have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Group will be able to realize its assets and discharge its liabilities and continue in operation for the following twelve months.

With its current plans for the year and the budgets associated with those plans, in order to continue funding its administrative and exploration expenditures from the date of these GROUP CONSOLIDATED FINANCIAL STATEMENTS, the Group may need to obtain additional cash and anticipates either financing or selling one or more of its assets. These material uncertainties may cast significant doubt upon the Group's ability to continue as a going concern.

Most of the Group's activities for exploration and evaluation assets are located in Guinea (non-developed country in the West Africa Region) and, consequently, may be subject to a higher level of risk compared to other developed countries. Operating in non-developed nations can be affected by the status of mineral property rights and the recoverability of investments in non-developed nations can be affected by changing economic, legal, regulatory and political situations.

At the date of these consolidated financial statements, the Group has not identified a known body of commercial mineral on any of its exploration and evaluation assets. The ability of the Group to realize the costs it has incurred to explore and evaluate these exploration and evaluation assets is dependent upon the Group identifying a commercial mineral body, to fund the development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets.

These consolidated financial statements of the Group are presented in American Dollars.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These GROUP CONSOLIDATED FINANCIAL STATEMENTS have been prepared in accordance with International Accounting Standards ("IAS") Standard using accounting policies consistent with IFRS as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These results include all the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2016.

Summary of Significant Accounting Policies

The accounting policies applied by the Group in these unaudited GROUP CONSOLIDATED FINANCIAL STATEMENTS are consistent with those applied in the previous year ended December 31, 2016.

2. STATEMENT OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (continued)

Accounting pronouncements not yet effective

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes Construction Contracts, IAS 18 Revenue, IFRS 13 Customer Loyalty Programmes, and IFRS 15 Agreements for the Construction of Real Estate, IFRS 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning or after January 1, 2017, with early adoption permitted. The Group is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The IASB has determined that the revised effective date for IFRS 9 will be January 1, 2018. The Group is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Significant Judgments and Estimates

The critical judgments and estimates applied in the preparation of the Company's unaudited consolidated financial statements for the year ended December 31, 2016 are consistent with those applied in the Company's December 31, 2015 unaudited consolidated financial statements.

3. CASH AND CASH EQUIVALENT

At December 31, 2016, the balance of cash and cash equivalent is as follows:

	December 31, 2016	December 31, 2015
Balance at the beginning of the period	4,000	218,000
Net increase in cash	61,400	-103,000
Net increase in cash equivalent	271,377	-111,000
Total net increase	332,777	-214,000
Balance at the end of the period	336,777	4,000

4. DIFFERED CAPITAL EXPENDITURES

At December 31, 2016, the Group had the following differed capital expenditures:

	December 31, 2016	December 31, 2015
Balance at the beginning of the period	3,256,603	1,968,600
Net increase in paid	55,000	1,888,903
Net increase in prepaid		-600,900
Balance at the end of the period	3,311,603	3,256,603

5. PROPERTY AND EQUIPMENT

During this period ended December 31, 2016, the balance of assets is as follows:

	December 31, 2016	December 31, 2015
Balance at the beginning of the period	4,000	4,000
Additions	1,183,228	
Disposals and derecognition		
Balance at the end of the period	1,187,228	4,000

6. MINERALS RESERVES AND ROYALTY INTEREST

At December 31, 2016, the balance of Mineral reserves & Royalty Interest is as follows:

	December 31, 2016	December 31, 2015
Minerals reserves and royalty interest	17,701,000	17,701,000
Total Minerals reserves and royalty interest	17,701,000	17,701,000

OZ cat of grade 0,5g/t	01.01.2016 to 31.12.2016				S/g (01.01.2016)	S/OZ
	Proved	Inferred	Unclassified	Total		
					44.3	1255
Faralako						
Nzima site	197,000	175,000		372,000		
Faralako N			125,000	125,000		
Faralako S			150,000	150,000		
Total						
Konguela						
Wodokodoni	90,000		170,000	260,000		
Gressifalani			100,000	100,000		
Total						
Paramangul	80,000	100,000		180,000		
Total						
TOTAL	367,000	275,000	545,000	1,187,000		
ADJUSTMENT in USD	16,246,384	12,173,721	24,126,102	17,705,018		
<i>Comments 1: Inferred reserves counted with coefficient 0.1, Unclassified - with coefficient 0.01</i>						
<i>Comments 2: potentially reserves can be 4 to 20 times higher due to exploration till 400m (current result based on drilling up to 80-120 m. on roughly 20% of discovered gold fields. So potential reserves could be 4 to 20 mil OZ and adjusted price of reserves could be \$ 80-400 mil</i>						
<i>Comments 3: average gold price for April 2016</i>						

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7. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

At December 31, 2016, the balances of Account payables & Accrued Liabilities are as follows:

	December 31, 2016	December 31, 2015
Balance at the beginning of the period	1,720,750	319,000
Decrease	(42,220)	1,401,750
Balance at the end of the period	1,678,530	1,720,750

8. CAPITAL STOCK

As at December 31, 2016, the balance of capital stock is as follows:

	December 31, 2016	December 31, 2015
Balance at the beginning of the period	2,012,421	2,012,421
Investment	2,100,000	
Balance at the end of the period	4,112,421	2,012,421

9. PROFIT ATTRIBUTED TO PROVED RESERVES

As at December 31, 2016, the reserves are comprised of:

Title	December 31, 2016	December 31, 2015
Profit attributed to proved reserves	\$ 17,701,000	17,701,000
Foreign currency translation reserve	(11,075)	18,480
Total Reserves	\$ 17,689,925	17,719,480

10. PROFESSIONAL FEES

As at December 31, 2016, the professional fees are as follows :

Title	December 31, 2016	December 31, 2015
Administrative expenses	\$ 104,098	24,950
Other	-	2006
Total Professional fees	\$ 104,098	26,956

11. SALARIES & CONSULTANTS

As at December 31, 2016, salaries & Consultants are comprised of:

Title	December 31, 2016	December 31, 2015
Wages & salaries	\$ 282,400	206,100
Other	-	-
Total Salaries & consultants	\$ 282,400	206,100

12. TRAVEL

As at December 31, 2016, the balance of travel is as follows:

Title	December 31, 2016	December 31, 2015
Sales & Marketing expenses	\$ 117,833	\$66,350
Other	-	-
Total Travel	\$ 117,833	\$66,350



13. RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they come due. The Group manages this risk by careful management of its working capital to ensure the Group's expenditures will not exceed available resources.

Commodity Risk

The Group's royalty revenues will be derived from a royalty interest and will be based on the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Group may affect the marketability of metals discovered. Metal prices have historically fluctuated widely. Consequently, the economic viability of the Group's royalty interests cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

Currency Risk

Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group operates in Guinea and other developed countries. The Group funds cash calls to its subsidiary companies outside of Guinea in U.S. dollars ("USD") and a portion of its expenditures are also incurred in local currencies (Guinean franc, "GNF").

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There is no significant non-cash investing and financing transactions during the year ended December 31, 2016.

15. EVENT AFTER THE REPORTING DATE

Subsequent to December 31, 2016

Please note that FARAFINA RESOURCES has no outstanding liabilities as of 31 December 2016 linked to other licences holds by FARAFINA GOLD GROUP.

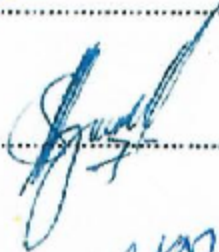
No significant event has been noticed after the reporting date.

Approved

Ilia Karas
Chairman



Ousmane Tounkara
CFO



Prepared
Mamadi KABA
Accountant



Reviewed
Numukeh TUNKARA
Member of the board

