SAMA RESOURCES INC./ RESSOURCES SAMA INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIFTEEN-MONTH PERIOD ENDED DECEMBER 31, 2015

AND

THE YEAR ENDED SEPTEMBER 30, 2014

(Expressed in Canadian Dollars)

TSXV: SME

April 20, 2016

Independent Auditor's Report

To the Shareholders of
Sama Resources Inc. / Ressources Sama Inc.

We have audited the accompanying consolidated financial statements of Sama Resources Inc. / Ressources Sama Inc., which comprise the consolidated statements of financial position as at December 31, 2015 and September 30, 2014 and the consolidated statement of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the fifteen-month period ended December 31, 2015 and the year ended September 30, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian 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 consolidated financial statements are free from material misstatement.

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

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sama Resources Inc. / Ressources Sama Inc. as at December 31, 2015 and September 30, 2014 and their financial performance and their cash flows for the fifteen-month period ended December 31, 2015 and the year ended September 30, 2014 in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Sama Resources Inc. / Ressources Sama Inc.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP[1]

[1] CPA Auditor, CA, public accountancy permit No. A110416

SAMA RESOURCES INC./ RESSOURCES SAMA INC.

INDEX

CONSOLIDATED FINANCIAL STATEMENTS

SAMA RESOURCES INC./ RESSOURCES SAMA INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31, 2015 $	September 30, 2014 $
ASSETS		
Current assets		
Cash and cash equivalents	491,671	443,461
Prepaid expenses and deposits	27,564	48,295
Taxes receivable	45,784	41,036
Accounts receivable	20,104	-
Other amounts receivable	7,682	3,474
	592,805	536,266
Property and equipment (Note 5)	644,904	859,146
Exploration and evaluation assets (Note 4)	19,037,746	18,724,018
Total assets	20,275,455	20,119,430
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	251,166	317,504
Unearned revenue	2,692	-
	253,858	317,504
SHAREHOLDERS' EQUITY		
Capital (Note 6)	26,877,368	24,513,633
Contributed surplus	2,571,197	2,186,912
Deficit	(9,426,968)	(6,898,619)
Total shareholders' equity	20,021,597	19,801,926
Total liabilities and shareholders' equity	20,275,455	20,119,430

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Notes 4 and 10)

Signed: *"Marc Filion"*, Director

Signed: *"Todd Hilditch"*, Director

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

SAMA RESOURCES INC./ RESSOURCES SAMA INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE FIFTEEN–MONTH PERIOD ENDED DECEMBER 31, 2015 AND THE YEAR ENDED SEPTEMBER 30, 2014
(Expressed in Canadian Dollars)

	Fifteen-month period ended December 31, 2015 $	Year ended September 30, 2014 $
OTHER REVENUE		
Other revenue	30,421	-
Direct costs	(9,784)	-
GROSS PROFIT(excluding depreciation)	20,637	-
EXPENSES		
Depreciation	9,099	6,653
Mineral property impairment (Note 4)	959,222	-
Consulting	325,498	195,960
Foreign exchange	6,520	30,437
Insurance	53,497	81,054
Investor relations	25,757	23,460
Professional fees	95,791	272,369
Directors fees	(6,500)	26,000
Office supplies, utilities and rent	139,830	115,892
Office administration	441,565	321,102
Shareholder information	14,535	18,110
Stock-based compensation	359,921	277,943
Transfer agent and filing fees	29,218	24,922
Travel	95,193	106,352
LOSS BEFORE OTHER ITEMS	(2,528,509)	(1,500,254)
OTHER ITEMS		
Interest income	160	9,119
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD / YEAR	(2,528,349)	(1,491,135)
LOSS PER SHARE, BASIC AND DILUTED	(0.03)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	100,511,835	88,771,122

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

SAMA RESOURCES INC./ RESSOURCES SAMA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIFTEEN–MONTH PERIOD ENDED DECEMBER 31, 2015 AND THE YEAR ENDED SEPTEMBER 30, 2014
(Expressed in Canadian Dollars)

	Fifteen-month period ended December 31, 2015 $	Year ended September 30, 2014 $
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
Loss for the period / year	(2,528,349)	(1,491,135)
Items not affecting cash:		
Depreciation	9,099	6,653
Mineral property impairment	959,222	-
Stock-based compensation	359,921	277,943
	(1,200,107)	(1,206,539)
Changes in non-cash working capital balances:		
Accounts receivable	(20,104)	-
Other amounts receivable	(4,208)	2,378
Taxes receivable	(4,748)	46,671
Prepaid expenses and deposits	20,731	(5,463)
Accounts payable and accrued liabilities	(38,882)	(111,466)
Unearned revenue	2,692	-
	(1,244,626)	(1,274,419)
INVESTING ACTIVITIES		
Equipment additions	(3,712)	(37,720)
Exploration and evaluation expenditures	(1,091,551)	(1,792,911)
	(1,095,263)	(1,830,631)
FINANCING ACTIVITIES		
Issuance of common shares	2,688,940	1,200,022
Share issue costs paid	(300,841)	(43,162)
	2,388,099	1,156,860
INCREASE (DECREASE) IN CASH DURING THE PERIOD / YEAR	48,210	(1,948,190)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD / YEAR	443,461	2,391,651
CASH AND CASH EQUIVALENTS, END OF PERIOD / YEAR	491,671	443,461
SUPPLEMENTAL CASH FLOW INFORMATION (Note 9)		
Interest paid in cash	-	-
Income taxes paid in cash	-	-

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

SAMA RESOURCES INC./ RESSOURCES SAMA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIFTEEN-MONTH PERIOD ENDED DECEMBER 31, 2015 AND THE YEAR ENDED SEPTEMBER 30, 2014
(Expressed in Canadian Dollars)

	Number of common shares	Capital $	Contributed Surplus $	Deficit $	Total Equity $
Balance, September 30, 2013	86,557,998	23,378,966	1,886,776	(5,407,484)	19,858,258
Common shares issued for:					
Cash – private placement (Note 6a)	6,666,789	1,200,022	-	-	1,200,022
Share issue costs	-	(65,355)	22,193	-	(43,162)
Share-based compensation	-	-	277,943	-	277,943
Loss and comprehensive loss for the year	-	-	-	(1,491,135)	(1,491,135)
Balance, September 30, 2014	93,224,787	24,513,633	2,186,912	(6,898,619)	19,801,926
Common shares issued for:					
Cash – private placement (Note 6a)	15,130,000	2,688,940	-	-	2,688,940
Share issue costs	-	(325,205)	24,364	-	(300,841)
Share-based compensation	-	-	359,921	-	359,921
Loss and comprehensive loss for the period	-	-	-	(2,528,349)	(2,528,349)
Balance, December 31, 2015	108,354,787	26,877,368	2,571,197	(9,426,968)	20,021,597

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Sama Resources Inc./Ressources Sama Inc. ("Sama" or the "Company") is a Canadian-based mineral exploration and development business with activities in Africa. The Company was incorporated on July 11, 2006 under the Business Corporations Act of British Columbia. The Company's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SME.V". On May 13, 2013, the Company continued its jurisdiction of incorporation from British Columbia into the federal jurisdiction of Canada under the Canada Business Corporations Act. The Company's principal office is located at #2390 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete exploration and development programs and, ultimately, upon future profitable production.

These consolidated financial statements were authorized for publication by the Board of Directors on April 19, 2016.

The Company's exploration and evaluation assets are located in the Republic of Côte d'Ivoire ("Côte d'Ivoire") and the Republic of Guinea ("Guinea"), Africa, and hence are subject to the risks normally associated with foreign investment including unanticipated changes in taxes and royalties, renegotiation of contracts, foreign currency fluctuations and political uncertainties.

The accompanying consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption would not be appropriate. These adjustments could be material.

The Company had working capital of $338,947 and an accumulated deficit of $9,426,968 as at December 31, 2015, and a net cash flow from operating, financing and investing activities of $48,210 for the fifteen-month period ended December 31, 2015.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its obligations and existing commitments for exploration and evaluation programs and pay general and administration costs. Management considers current funds are insufficient for the Company to continue operating. Any future funding shortfall may be met in a number of ways, including the issuance of new equity instruments, cost reductions and other measures. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding or initiatives will be available to the Company or that they will be available on terms acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Change in year-end

Effective in 2015, Sama changed its financial year-end from September 30 to December 31 in order to align the Company's year-end with its African subsidiaries, which operate on a calendar fiscal year-end. Accordingly, these consolidated financial statements present the consolidated statements of financial position as at December 31, 2015 and September 30, 2014 and the results of operations for the fifteen-month period and the year then ended.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The Company has consistently applied the same accounting policies throughout all the periods presented in these consolidated financial statements.

(c) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(d) Basis of consolidation

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

As at December 31, 2015, the subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest
Sama Nickel Corporation ("Sama Nickel")	Canada	100%
Sama Nickel Côte d'Ivoire SARL ("Sama CI")	Côte d'Ivoire	100%
Sama Resources Guinee SUCC ("Sama Guinee")	Guinea	100%

(e) Foreign currency translation

(i) Functional and presentation currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

(ii) Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses denominated in a foreign currency are translated at the average rate in effect during the period with the exception of depreciation that is translated at the historical rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive loss.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that can be withdrawn at any time without penalty and which are subject to an insignificant risk of change in value.

(g) Exploration and evaluation ("E&E") assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. E&E expenditures include overhead expenses directly attributable to the related activities.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, E&E assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

(h) Property and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Equipment is recorded at cost and depreciated as follows:

Computer equipment	30%	Declining balance method
Furniture	20%	Declining balance method
Software	100%	Declining balance method
Building	20%	Declining balance method
Exploration equipment	20%	Declining balance method

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of comprehensive loss. Depreciation is capitalized to E&E assets when related to a specific E&E project.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating

unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Other financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce to fair value. Other liabilities, if any, would be measured at amortized cost using the effective interest method.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Other amounts receivables	Loans and receivables
Accounts receivable	Loans and receivables

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(k) Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

(l) Equity financing

The equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of the equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

(m) Share-based payments

The fair value, at the grant date, of equity-settled share-based awards is recognized as an expense over the period for which the benefits of employee and others providing similar services are expected to be received using the graded vesting method. The corresponding accrued entitlement is recorded in contributed surplus. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected volatility
- Risk-free interest rate
- Expected life of the award
- Current market price of the underlying shares
- Expected forfeitures

The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and vesting conditions are met. Consideration received on the exercise of share options is recorded as share capital and the related contributed surplus is transferred to share capital.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

(n) Current and deferred income taxes

Income tax expense 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 or other comprehensive income. Current tax expense, if any, is the expected tax payable on 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 recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to 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 assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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.

(o) Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

(p) Revenue recognition

Revenue from drilling contracts is recognized on the terms of customer contracts that generally provide for revenue recognition on the basis of actual metres/footage drilled at contract rates. Revenue from ancillary services is recorded when the services are rendered. Contract prepayments and amounts pre-billed for mobilization and de-mobilization equipment and personnel moves are deferred to unearned revenue until performance is accomplished.

Revenue is measured at the fair value of the consideration received or receivable and is recognized when recovery of the consideration is probable. Revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity, when collection is reasonably assured and when specific criteria have been met for each of the Company's activities as described below. If collection is subsequently determined to be in doubt, an allowance is recognized against accounts receivable with a corresponding expense included within general and administrative expense in the consolidated statements of loss and comprehensive loss; revenue is not adjusted.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) New accounting standard issued and in effect

The Company has adopted the following new and revised standards.

In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The adoption of IFRIC 21 for the annual period beginning October 1, 2014 did not affect the Company's consolidated financial statements.

(r) Accounting standards and interpretations issued but not yet adopted

(i) IAS 1 – Presentation of financial statements

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective from 1 January 2016. The extent of the impact of adoption of IAS 1 has not yet been determined.

(ii) IFRS 9 – Financial instruments, classification and measurement

In July 2014, the IASB issued IFRS 9 – Financial Instruments. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement.

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability and own credit. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognized and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The extent of the impact of adoption of IFRS 9 has not yet been determined.

(iii) IFRS 15 - Revenue from contracts with customers.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The extent or the impact of adoption of IFRS 15 has not been yet determined.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Significant judgments and estimation uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant estimates and judgments used in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

(ii) Impairment of non-financial assets

The recoverable amounts with respect to non-financial assets are based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts and these differences may be significant and could have a material impact on the Company's financial position and results of operations. Asset groups are reviewed for an indication of impairment at each consolidated statement of financial position date or when a triggering event is identified. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or will expire in the near future, and is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecasted nickel and graphite prices.

(iii) The recognition of deferred taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

Management continually evaluates the likelihood that it is probable that its deferred tax assets will be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

(Expressed in Canadian Dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

(iv) Determination of the functional currency of the subsidiaries

A number of judgments were made in the determination of the subsidiaries' functional currencies. If a different conclusion had been reached for any one of those assumptions, it could have resulted in the identification of functional currencies different from the ones actually identified by the Company.

4. EXPLORATION AND EVALUATION ASSETS

A. Samapleu Property

On January 15, 2009 ("Effective Date"), Sama Nickel entered into a Syndicate Agreement ("SA") with La Société pour le Développement Minier de la Côte d'Ivoire ("SODEMI"), a parastatal organization, whereby Sama Nickel has indicated a particular interest in the exploration of an area covered by Permit No. 123 ("PR123"), held by SODEMI, located in Côte d'Ivoire. PR123 encompasses approximately 446 square kilometres.

Upon execution of the SA, Sama Nickel became responsible to finance exploration work programs on behalf of the SA during the exploration phase of the project through completion of a Bankable Feasibility Study ("BFS"). SODEMI will not contribute to work conducted under the SA.

Under the terms of the SA, Sama Nickel and SODEMI have agreed to complete an exploration program of F CFA 553,045,495 ($1,075,671 as at May 13, 2010) by May 13, 2010 in the evaluation of PR123 (completed). On October 25, 2010, Sama Nickel and SODEMI renewed certain terms of PR123 and have agreed to complete an exploration program of F CFA 5,323,576,000 ($10,455,400 as at October 25, 2012) by October 25, 2012 (completed). On October 31, 2012, Sama Nickel and SODEMI renewed certain terms of PR123 and have agreed to complete an exploration program of F CFA 2,272,500,000 ($5,004,045 as at October 31, 2015) by October 31, 2015 (completed). On October 25, 2015, Sama Nickel and SODEMI extended certain terms of PR123 resulting in a license extension to October 25, 2017.

Upon completion of the BFS, the Advisory Committee ("AC"), which consists of two Sama Nickel representatives and two SODEMI representatives, will conclude on the feasibility of the project. If the AC decides to proceed with the project, an Exploitation Entity ("EE") will be established whereby future funding will be split between Sama Nickel and SODEMI at 66.7% and 33.3%, respectively. The EE will reimburse SODEMI for any costs associated with previous exploration work conducted up to a maximum of F CFA 834,999,457 (approximately $1,912,984 as at December 31, 2015) and will reimburse Sama Nickel for costs associated with exploration work conducted between the Effective Date and the approval of the BFS subject to the approval of the AC.

The ownership of the EE shall be allocated as follows:

Sama Nickel	60%
SODEMI	30%
Côte d'Ivoire Government	10%
	100%

If the AC decides not to proceed with the project, SODEMI may, at its sole discretion, terminate the SA and SODEMI would become the owner of all results of the exploration works and all studies associated with infrastructures, for no financial consideration.

The Samapleu Property is subject to a 1% net smelter return royalty.

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

B. **Lola Property**

On November 5, 2010, the Company obtained three licenses to explore a combined 1,212 square kilometres of property in Guinea. On November 21, 2013, the Company obtained five new licenses to explore a combined 473 square kilometres within the previously held three licenses to explore a combined 1,212 square kilometres. The Company strategically reduced the Lola Property land package by 739 square kilometres during the year ended September 30, 2013. All five licenses have been renewed for a two year term effective to November 21, 2015.

The Lola Property is 100% owned by the Company and is located in eastern Guinea and is adjacent to the Samapleu Property across the border in Côte d'Ivoire.

During the fifteen months ended December 31, 2015, management centralized its efforts in order to focus on its core exploration and evaluation assets; as a result, the Company recorded an impairment charge of $959,222 against the carrying value of the Lola Property as there are no budgeted expenditures on this property in the foreseeable future and the licenses were not renewed at their expiration in November 2015.

C. **Lola Graphite Property**

On September 2, 2013, the Company obtained four licenses to explore a combined 380 square kilometres of property in Guinea. The Company has agreed to complete an exploration program of GNF 8,020,000,000 (approximately $1,453,834 as at December 31, 2015) by September 2, 2016. The Lola Graphite Property is 100% owned by the Company and is located in eastern Guinea and is adjacent to the Samapleu Property across the border in Côte d'Ivoire.

D. **Worofla Property**

On November 7, 2012, the Company obtained Permit No. 301 ("PR301") which covers 400 square kilometres of property in Côte d'Ivoire.

In accordance with PR301, the Company must incur expenditure commitments of F CFA 353,000,000 ($769,540 as at November 7, 2015) before November 7, 2015 (expenditure commitment not met). On October 13, 2015, the Company renewed certain terms of PR301 and has agreed to complete an exploration program of F CFA 390,590,000 ($894,842 as at December 31, 2015) by October 13, 2018. Upon renewal, the Worofla Property was reduced to 300 square kilometers. The Worofla Property is 100% owned by the Company and is located 130 kilometres northeast of the Samapleu Property.

E. **Zérégouiné Property**

On December 19, 2012, the Company obtained Permit No. 300 ("PR300") which covers 394 square kilometres of property in Côte d'Ivoire.

In accordance with PR300, the Company must incur expenditure commitments of F CFA 640,000,000 ($1,468,800 as at December 19, 2015) before December 19, 2015 (expenditure commitment not met). On October 13, 2015, the Company renewed certain terms of PR300 and has agreed to complete an exploration program of F CFA 614,000,000 ($1,406,674 as at December 31, 2015) by October 13, 2018. Upon renewal, the Zérégouiné Property was reduced to 290 square kilometers. The Zérégouiné Property is 100% owned by the Company and is adjacent to the Samapleu Property.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Summary:

	December 31, 2015 $	Activity $	September 30, 2014 $	Activity $	September 30, 2013 $
Samapleu Property					
Property acquisition costs and option payments	4,432,484	-	4,432,484	-	4,432,484
Assaying	111,925	-	111,925	-	111,925
Geology and prospecting	2,251,827	171,476	2,080,351	183,520	1,896,831
Geophysics	1,044,062	118	1,043,944	64,173	979,771
Geochemistry	511,016	(5,678)	516,694	16,201	500,493
Drilling	4,693,619	133,498	4,560,121	317,112	4,243,009
Metallurgical tests	144,156	16,465	127,691	30,845	96,846
Camp operations, field supplies and expenses	4,452,722	470,370	3,982,352	760,690	3,221,662
	17,641,811	786,249	16,855,562	1,372,541	15,483,021
Lola Property					
Geology and prospecting	268,936	(35,527)	304,463	20,642	283,821
Geochemistry	-	-	-	(2,068)	2,068
Geophysics	-	(16)	16	16	-
Drilling	90,859	(21,977)	112,836	25,540	87,296
Camp operations, field supplies and expenses	599,427	(153,747)	753,174	244,968	508,206
Impairment charge	(959,222)	(959,222)	-	-	-
	-	(1,170,489)	1,170,489	289,098	881,391
Lola Graphite Property					
Geology and prospecting	55,197	36,698	18,499	17,136	1,363
Geophysics	16	16	-	-	-
Geochemistry	12,140	-	12,140	12,140	-
Drilling	24,439	24,439	-	-	-
Metallurgical tests	5,345	3,277	2,068	2,068	-
Camp operations, field supplies and expenses	317,707	313,662	4,045	4,045	-
	414,844	378,092	36,752	35,389	1,363
Worofla Property					
Geology and prospecting	1,364	-	1,364	-	1,364
Geophysics	5,912	-	5,912	-	5,912
Camp operations, field supplies, and expenses	3,399	-	3,399	2,594	805
	10,675	-	10,675	2,594	8,081

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Summary (Cont'd):

	December 31, 2015 $	Activity $	September 30, 2014 $	Activity $	September 30, 2013 $
Zérégouiné Property					
Geology and prospecting	205,476	114,099	91,377	77,072	14,305
Drilling	258,194	42,432	215,762	166,134	49,628
Geophysics	121,792	10,810	110,982	4,417	106,565
Geochemistry	8,674	-	8,674	4,908	3,766
Camp operations, field supplies, and expenses	372,704	148,959	223,745	180,608	43,137
Metallurgical tests	3,576	3,576	-	-	-
	970,416	319,876	650,540	433,139	217,401
Total exploration and evaluation assets	19,037,746	313,728	18,724,018	2,132,761	16,591,257

5. PROPERTY AND EQUIPMENT

	Exploration Equipment $	Furniture $	Software $	Computer Equipment $	Land and Buildings $	Total $
Cost						
Balance, September 30, 2013	1,314,108	22,815	29,079	15,228	41,861	1,423,091
Additions (disposals)	27,972	6,869	-	2,879	-	37,720
Balance, September 30, 2014	1,342,080	29,684	29,079	18,107	41,861	1,460,811
Additions (disposals)	-	-	4,241	(529)	-	3,712
Balance, December 31, 2015	1,342,080	29,684	33,320	17,578	41,861	1,464,523
Accumulated Depreciation						
Balance, September 30, 2013	339,545	8,640	29,079	8,673	4,138	390,075
Depreciation	197,549	4,251	-	2,402	7,388	211,590
Balance, September 30, 2014	537,094	12,891	29,079	11,075	11,526	601,665
Depreciation	201,320	4,178	2,519	2,402	7,535	217,954
Balance, December 31, 2015	738,414	17,069	31,598	13,477	19,061	819,619
Carrying Value						
Balance, September 30, 2014	804,986	16,793	-	7,032	30,335	859,146
Balance, December 31, 2015	603,666	12,615	1,722	4,101	22,800	644,904

6. CAPITAL

A. SHARES ISSUED

Authorized:
Unlimited number of voting common shares without par value.

Private Placements

On August 26, 2015, the Company completed the brokered first tranche of a private placement, and on September 14, 2015, the Company completed the non-brokered second tranche of the private placement. In total, 9,137,999 units at a price of $0.15 per unit were issued, for total gross proceeds of $1,370,700. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share at a price of $0.25 per share for a period of 60 months from the date of issuance.

The Company paid a cash commission of $58,836 and issued 392,240 broker warrants to purchase common shares exercisable at a price of $0.25 per share for a period of 60 months in connection with private placement. The fair value of the 392,240 broker warrants was estimated at $23,651 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 108.72%, risk free rate of return 0.72%, and expected maturity of five years. The Company also incurred $218,599 in legal, accounting and filing fees associated with this private placement, which were included as share issuance costs.

On December 19, 2014 and February 6, 2015, the Company completed the first and second tranches respectively, of a non-brokered private placement of 5,992,001 units at a price of $0.22 per unit for total gross proceeds of $1,318,240. Each unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase for a period of twenty-four months from the date of issuance, one additional share for $0.28.

In connection with the first tranche, the Company paid a cash commission of approximately $990 in broker's fees and issued 4,500 finder's warrants. Each finder's warrant will entitle the holder thereto to purchase for a period of twenty-four months one additional common share at an exercise price of $0.28. The fair value of the 4,500 finders' warrants was estimated at $572 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 124.19%, risk free rate of return 1.04%, and expected maturity of two years. The Company also incurred $22,152 in legal and filing fees associated with this private placement, which were included as share issuance costs.

In connection with the second tranche, the Company paid a cash commission of approximately $264 in broker's fees and issued 1,200 finder's warrants. Each finder's warrant will entitle the holder thereto to purchase for a period of twenty-four months one additional common share at an exercise price of $0.28. The fair value of the 1,200 finders' warrants was estimated at $141 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 122.52%, risk free rate of return 1.04%, and expected maturity of two years.

On June 23, 2014, the Company completed the second tranche of a non-brokered private placement of 2,777,890 units at a price of $0.18 per unit for total gross proceeds of $500,020. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase for a period of twenty-four months from the date of issuance, one additional share for $0.20.

On May 16, 2014, the Company completed the first tranche of a non-brokered private placement of 3,888,899 units at a price of $0.18 per unit for total gross proceeds of $700,002. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase for a period of twenty-four months from the date of issuance, one additional share for $0.20. The Company paid a cash commission of approximately $25,800 in finder's fees and issued 143,100 finder's warrants in connection with the non-brokered private placement. Each finder's warrant will entitle the holder thereto to purchase for a period of twenty-four months one additional common share at an exercise price of $0.20. The fair value of the 143,100 finder's warrants was estimated at $22,193 using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield 0%, expected volatility 120.82%, risk free rate of return 1.04%, and expected maturity of two years.

(Expressed in Canadian Dollars)

6. CAPITAL (Cont'd)

B. SHARE PURCHASE WARRANTS

A summary of the Company's share purchase warrants and the changes for the fifteen-month period ended December 31, 2015 and for the year ended September 30, 2014 are as follows:

	Number of Warrants	Weighted average exercise price $
As at September 30, 2013	11,518,039	0.38
Expired	(6,412,500)	0.30
Granted May 16, 2014	2,087,549	0.20
Granted June 23, 2014	1,388,945	0.20
As at September 30, 2014	8,582,033	0.36
Granted December 19, 2014	5,815,592	0.28
Granted February 6, 2015	182,109	0.28
Granted August 26, 2015	5,295,240	0.25
Granted September 14, 2015	4,234,999	0.25
Expired	(5,105,539)	0.47
As at December 31, 2015	19,004,434	0.25

A summary of the Company's share purchase warrants as at December 31, 2015 is as follows:

Number	Exercise Price $	Expiry Date
2,087,549	0.20	May 16, 2016
1,388,945	0.20	June 23, 2016
5,815,592	0.28	December 19, 2016
182,109	0.28	February 6, 2017
5,295,240	0.25	August 26, 2020
4,234,999	0.25	September 14, 2020
19,004,434	0.25	

C. STOCK OPTIONS

The Company has adopted a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V and, in any event, the exercise price per Option will not be less than $0.05, being the minimum exercise price allowable under TSX-V policy.

(Expressed in Canadian Dollars)

6. CAPITAL (Cont'd)

C. STOCK OPTIONS (Cont'd)

A summary of the Company's stock options and the changes for the fifteen-month period ended December 31, 2015, and for the year ended September 30, 2014 are as follows:

	Number of Options	Weighted average exercise price $
As at September 30, 2013	7,222,500	0.32
Granted	1,275,000	0.23
Expired	(362,500)	0.39
As at September 30, 2014	8,135,000	0.31
Granted	2,850,000	0.20
Expired	(1,700,000)	0.36
As at December 31, 2015	9,285,000	0.26

During the fifteen–month period ended December 31, 2015, the Company granted 2,850,000 stock options to employees, officers, directors and consultants of the Company and 1,700,000 options expired. The weighted average grant-date fair value of the stock options granted in the period is $0.14

During the year ended September 30, 2014, the Company granted 1,275,000 stock options to employees, officers, directors and consultants of the Company and 362,500 options expired. The weighted average grant-date fair value of the stock options granted in the year is $0.16.

As at December 31, 2015, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
250,000	250,000	0.47	May 5, 2016
400,000	400,000	0.35	August 25, 2016
225,000	225,000	0.38	January 29, 2017
400,000	400,000	0.35	February 12, 2017
1,400,000	1,400,000	0.32	June 6, 2017
1,000,000	1,000,000	0.33	October 14, 2017
85,000	85,000	0.22	January 22, 2018
1,400,000	1,400,000	0.22	June 3, 2018
100,000	100,000	0.27	October 24, 2018
1,175,000	1,175,000	0.23	January 21, 2019
300,000	225,000	0.28	October 15, 2019
2,350,000	1,175,000	0.19	April 21, 2025
200,000	100,000	0.18	May 27, 2025
9,285,000	7,935,000		

(Expressed in Canadian Dollars)

6. CAPITAL (Cont'd)

C. STOCK OPTIONS (Cont'd)

The weighted average fair value of the stock options granted was determined by using the Black-Scholes option pricing model with the following assumptions:

	Fifteen-month period ended December 31, 2015	Year ended September 30, 2014
Risk-free interest rate	0.75% - 1.12%	1.26% – 1.67%
Estimated volatility	111.8 – 113.1%	109.3% – 110.0%
Expected life	3.52 – 3.80 years	3.25 – 3.29 years
Expected dividend yield	nil	nil

7. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel:

During the fifteen-month period ended December 31, 2015, the Company paid consulting fees of $142,054 (for the year ended September 30, 2014 – $116,284) and office administration fees of $56,250 (for the year ended September 30, 2014 – $45,650) to officers and directors or corporations controlled by officers and directors.

During the fifteen-month period ended December 31, 2015, the Company paid exploration and evaluation fees of $160,337 (for the year ended September 30, 2014 – $148,003) to a corporation controlled by a director. All of these fees have been capitalized to the Company's exploration and evaluation assets.

During the fifteen-month period ended December 31, 2015, the Company incurred stock-based compensation of $255,605 (for the year ended September 30, 2014 – $225,342) to officers and directors.

As at December 31, 2015, $14,539 (September 30, 2014 – $22,614) is due to corporations controlled by a director or officer. These amounts are included in accounts payable and accrued liabilities.

Termination and Change of Control Provisions

Certain employment agreements between the executive team and the Company contain termination without cause and change of control provisions. Assuming that all members of the executive team had been terminated without cause on December 31, 2015, the total amounts payable to the executive team in respect of severance would have totaled $266,576. If a change of control had occurred on December 31, 2015, the total amounts payable to the executive team in respect of severance, if elected by each executive team member would have totaled $266,576.

(b) Transactions with other related parties:

During the fifteen-month period ended December 31, 2015, the Company paid $91,958 (for the year ended September 30, 2014 – $12,791) to corporations with a director or officers in common, for professional fees, office supplies, utilities and rent.

During the fifteen–month period ended December 31, 2015, the Company paid nil (for the year ended September 30, 2014 – $26,000) in directors' fees.

8. FINANCIAL RISK FACTORS

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

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company views credit risk on other amounts receivable as minimal. The Company is also exposed to credit concentration risk by holding cash. This risk is minimized by holding cash balances with large Canadian financial institutions and a minimal amount in its subsidiaries in Africa.

(b) Liquidity risk:

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its exploration and evaluation programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at December 31, 2015, the Company had cash of $491,671 ($443,461 as at September 30, 2014) to settle account payable and accrued liabilities of $251,166 ($317,504 as at September 30, 2014).

As at December 31, 2015, Management estimates that funds available will not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2016 (Note 1).

Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity instruments, further expenditures reductions or other measures. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If Management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

(c) Fair value

The Company's financial assets and liabilities approximate their fair values due to their relatively short periods to maturity.

(d) Market risk

(i) Foreign exchange risk:

As at December 31, 2015 and September 30, 2014, the majority of the Company's cash balances were held in Canada in Canadian dollars. As a result, the Company's exposure to fluctuations in foreign exchange rates on cash is limited.

The Company enters into contracts for drilling and other services denominated in CFA and other currencies. These contracts are generally short term in nature. Management believes that the Company is not exposed to significant fluctuations in foreign exchange rates over the life of these contracts.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and other currencies, as outlined above. As the Company has not yet developed commercial mineral interests, its exposure to commodity price risk at this time is limited. However, the Company is indirectly exposed to commodity price risk as it impacts the Company's access to capital and funding.

(Expressed in Canadian Dollars)

8. FINANCIAL RISK FACTORS

(d) Market risk (Cont')

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash is limited because of its short-term investment nature. A variable rate of interest is earned on cash and changes in market interest rates at the period end would not have a material impact on the Company's financial statements. Based on the cash balances held at December 31, 2015, a one percent interest rate fluctuation is expected to impact the net loss by $4,917 on an annual basis.

9. SUPPLEMENTAL CASH FLOW INFORMATION

The following non-cash transactions have been excluded from the statements of cash flows:

	Fifteen months ended December 31, 2015 $	Year ended September 30, 2014 $
E&E included in accounts payable and accrued liabilities	231,051	258,507
Depreciation included in E&E	208,855	204,936
Broker warrants included in share issue costs	24,364	22,193

10. COMMITMENTS

The Company has an operating lease commitment for office premises in Vancouver, British Columbia, Canada, requiring basic annual rent payments from January 1, 2016 – July 31, 2018 of $16,950, and other commitments of $90,000 by December 31, 2016.

,The Company has an operating lease commitment for office premises in Abidjan, Côte d'Ivoire, Africa, requiring basic annual rent payments of F CFA 5,400,000 (approximately $11,031 at December 31, 2015) to November 30, 2016.

Minimum annual payments relating to the above commitments in each of the next three fiscal years are as follows:

	$
2016	118,290
2017	16,950
2018	9,888

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its exploration and evaluation activities. Therefore, the Company monitors the level of risk associated with its E&E assets relative to its capital structure.

The Company considers its capital structure to include working capital and shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital and the exploration and evaluation of its E&E assets, the Company prepares annual expenditure budgets which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its E&E assets for cash and/or expenditure commitments from optionees and enter into joint venture arrangements or dispose of E&E assets.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the fifteen-month period ended December 31, 2015.

12. OPERATING SEGMENT

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at December 31, 2015 and September 30, 2014, the Company's assets are located in the two geographic areas as set out below:

	December 31, 2015		
	Canada $	Côte d'Ivoire and Guinea $	Total $
Current assets	511,196	81,609	592,805
Exploration and evaluation assets	-	19,037,746	19,037,746
Property and equipment	-	644,904	644,904
	511,196	19,764,259	20,275,455

	September 30, 2014		
	Canada $	Côte d'Ivoire and Guinea $	Total $
Current assets	457,919	78,347	536,266
Exploration and evaluation assets	-	18,724,018	18,724,018
Property and equipment	-	859,146	859,146
	457,919	19,661,511	20,119,430

(Expressed in Canadian Dollars)

13. INCOME TAXES

Temporary timing differences between the income tax basis and accounting cost of the Company's assets and liabilities result in the Company's potential deferred income tax assets and liabilities. Significant components of the Company's deferred income tax assets and liabilities are as follows:

	December 31, 2015 $	September 30, 2014 $
Deferred income tax liabilities		
Exploration and evaluation assets	(2,868,559)	(2,854,538)
Deferred income tax assets		
Non-capital loss carry forwards	4,743,414	4,078,376
Equipment	1,897	765
Deductible share issue costs	75,875	29,571
	4,821,185	4,108,712
Net deferred income tax asset	1,952,627	1,254,174
Deferred tax assets not recognized	(1,952,627)	(1,254,174)
Deferred income tax asset	-	-

Reconciliation of the statutory income tax rate to the effective tax rate:

	December 31, 2015 $	September 30, 2014 $
Expected income tax recovery at 25.0% (2014 – 25.0%)	(632,087)	(372,784)
Non-deductible items	166,138	205,407
Adjustments from prior years	38,704	102,472
Deductible share issue costs	(81,301)	(42,244)
Change in deferred taxes not recognized	698,453	119,639
Foreign exchange on deferred tax assets	(189,974)	(44,696)
Other	67	32,206
	-	-

The Company has available non-capital loss carry forwards of approximately $18,973,656 (2014 - $16,313,502) which expire at varying dates up to 2035.