Columbus Gold Corp.
1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada

Consolidated Financial Statements

For the Year Ended
September 30, 2016

(Stated in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Columbus Gold Corp.

We have audited the accompanying consolidated financial statements of Columbus Gold Corp., which comprise the consolidated statements of financial position as at September 30, 2016 and 2015, and the consolidated statements of comprehensive loss, shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing. 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Columbus Gold Corp. as at September 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 12, 2016

Columbus Gold Corp.

(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30, 2016 ($)	September 30, 2015 ($)
Assets		
Current assets		
Cash	4,508,219	1,303,562
Available-for-sale investments (note 5)	80,342	146,801
Receivables (note 6)	755,254	737,599
Prepaid expenses	581,338	220,563
	5,925,153	2,408,525
Non-current assets		
Receivable from related party (note 12)	-	447,739
Reclamation bonds (note 7)	469,426	477,586
Exploration and evaluation assets (note 8)	44,090,003	41,205,323
Equipment (note 9)	47,264	108,153
	50,531,846	**44,647,326**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	388,906	715,683
Accrued liabilities	1,294,857	440,349
Restoration provision (note 10)	-	119,426
Deferred sale of minority interest in Paul Isnard Gold Project (note 8)	7,870,200	-
	9,553,963	1,275,458
Non-current liabilities		
Other non-current liabilities	-	8,509
	9,553,963	1,283,967
Shareholders' equity		
Share capital (note 11)	56,116,478	55,417,561
Reserves	11,165,572	10,401,208
Deficit	(26,304,167)	(22,455,410)
	40,977,883	43,363,359
	50,531,846	**44,647,326**

Nature of operations and going concern (note 1)
Commitments and contingent liability(note 14)
Subsequent event (note 17)

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

Approved by the Board of Directors

"Robert Giustra"	*"Gil Atzmon"*
Robert Giustra – Director	Gil Atzmon - Director

Columbus Gold Corp.
(An Exploration Stage Company)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended	
	September 30, 2016 ($)	**September 30, 2015 ($)**
Operating expenses		
Administration and office	1,309,450	1,401,229
Directors fees (note 12)	144,000	132,000
General exploration	34,872	92,996
Investor relations	182,311	693,526
Management fees (note 12)	350,000	330,000
Professional fees	677,523	506,563
Share-based payments (note 11b)	1,115,833	678,311
Transfer and filing fees	172,564	86,442
Travel	69,361	256,432
Amortization (note 9)	61,613	59,438
Impairment of exploration and evaluation assets (note 8)	-	1,052,827
Income from third party interest in exploration and evaluation assets (note 8)	(61,027)	-
Loss before other items	(4,056,500)	(5,289,764)
Other items		
Interest income	16,907	38,524
Gain on sale of available for sale investments (note 5)	257,566	-
Other income	206,576	35,972
Foreign exchange gain	318,357	161,859
Impairment of available-for-sale investments (note 5)	(591,663)	-
Net loss for the year	**(3,848,757)**	**(5,053,409)**
Reclassified to net income or loss:		
Unrealized loss on available-for-sale investments (note 5)	591,663	-
Items that may subsequently be reclassified to net income or loss:		
Unrealized loss on available-for-sale investments	(91,922)	(657,478)
Foreign currency translation	(640,053)	1,980,311
Comprehensive loss for the year	**(3,989,069)**	**(3,730,576)**
Loss per share (note 11d)		
Basic	(0.03)	(0.04)
Diluted	(0.03)	(0.04)

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

Columbus Gold Corp.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended	
	September 30, 2016 ($)	**September 30, 2015 ($)**
Operating activities		
Net loss for the year	(3,848,757)	(5,053,409)
Items not involving cash		
Amortization	61,613	59,438
Share-based payments (note 11b)	1,115,833	678,311
Unrealized foreign exchange gain	(68,277)	(428,578)
Gain from sale of available-for-sale investments	(257,566)	-
Income from third party interest in exploration and evaluation assets	(61,027)	-
Impairment of exploration and evaluation assets	-	1,052,827
Impairment of available-for-sale investments	591,663	-
	(2,466,518)	(3,691,411)
Changes in non-cash working capital		
Receivables and prepaid expenses	(246,900)	(90,645)
Accounts payable and accrued liabilities	752,323	(308,352)
Cash used in operating activities	(1,961,095)	(4,090,408)
Investing activities		
Deferred sale of minority interest in Paul Isnard Gold Project (note 8)	8,375,959	-
Exploration advances (expenditures) from Nord Gold N.V.	66,487	(3,134,033)
Operator’s fee (note 8)	383,844	821,935
Net proceeds from available-for-sale investment	257,566	-
Interest received	16,907	38,524
Option payments received	68,517	-
Reclamation bonds	-	(163,502)
Exploration and evaluation assets (note 8)	(5,084,740)	(4,662,036)
Equipment	(1,714)	(23,931)
Restoration costs	(17,670)	(192,785)
Cash from (used in) investing activities	4,065,156	(7,315,828)
Financing activities		
Private placement net of finder's fee	-	1,880,000
Proceeds from share options exercised	405,250	220,373
Cash proceeds from sale of treasury shares (11 (a))	1,338,000	-
Repayment of leasehold improvements costs	(8,507)	(20,421)
Cash from financing activities	1,734,743	2,079,952
Effect of foreign exchange on cash	(634,147)	263,352
Increase (decrease) in cash	3,204,657	(9,062,932)
Cash, beginning of year	1,303,562	10,366,494
Cash, end of year	**4,508,219**	**1,303,562**

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

Columbus Gold Corp.
(An Exploration Stage Company)
Consolidated Statements of Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of shares	**Share capital ($)**	**Share options and warrants ($)**	**Accumulated other comprehensive income (loss) ($)**	**Total ($)**	**Deficit ($)**	**Total ($)**
Balance, October 1, 2014	135,807,586	53,185,056	7,268,517	1,263,679	8,532,196	(17,402,001)	44,315,251
Private placement (note 11(a))	5,000,000	1,880,000	-	-	-	-	1,880,000
Share options exercised	857,500	352,505	(132,132)	-	(132,132)	-	220,373
Share-based payments (note 11(b))	-	-	678,311	-	678,311	-	678,311
Comprehensive loss	-	-	-	1,322,833	1,322,833	(5,053,409)	(3,730,576)
Balance, September 30, 2015	**141,665,086**	**55,417,561**	**7,814,696**	**2,586,512**	**10,401,208**	**(22,455,410)**	**43,363,359**
Treasury shares (note 11 (a))	-	82,510	-	-	-	-	82,510
Share options exercised (note 11(a))	1,275,000	616,407	(211,157)	-	(211,157)	-	405,250
Share-based payments (note 11(b))	-	-	1,115,833	-	1,115,833	-	1,115,833
Comprehensive loss	-	-	-	(140,312)	(140,312)	(3,848,757)	(3,989,069)
Balance, September 30, 2016	**142,940,086**	**56,116,478**	**8,719,372**	**2,446,200**	**11,165,572**	**(26,304,167)**	**40,977,883**

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

1. Nature of operations and going concern

Columbus Gold Corp. (the "Company" or "Columbus Gold") was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued on to British Columbia, Canada on December 29, 2003. The Company is currently listed on the Toronto Stock Exchange (the "TSX" or "Exchange"), the OTCQX International and the Santiago Stock Exchange.

The Company's principal business activities are the exploration and development of resource properties which are located in French Guiana and the United States of America. The Company is in the process of exploring and developing its resource properties, but has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or from proceeds of disposition. The Company's exploration and evaluation activities are not dependent on seasonality and may operate year-round; however, the Company may adjust the level of exploration and evaluation activities to manage its capital structure in light of changes in global economic conditions. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. At September 30, 2016, the Company has working capital deficiency of $3,628,810 (September 30, 2015 – working capital of $1,133,067) and an accumulated deficit of $26,304,167 (September 30, 2015 - $22,455,410). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the Board of Directors and authorized for issue on December 12, 2016.

(b) Basis of measurement

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

2. Basis of presentation – *continued*

(c) Basis of consolidation

These consolidated financial statements include the accounts of Columbus Gold and its wholly-owned subsidiaries Columbus Gold (US Property Holding) Corporation, Columbus Gold (U.S.) Corporation, Columbus Gold Nevada Corp., Columbus Gold (Luxembourg) S.à.r.l., Columbus International (Luxembourg) S.à.r.l. and Compagnie Minière Montagne d'Or ("COMMOR") (formerly Société de Travaux Publics et de Mines Aurifères en Guyane S.A.S.). All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

(d) Use of estimates and judgments

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the estimated useful lives of depreciated and amortized assets, the recoverability of the carrying value of available-for-sale assets and exploration and evaluation assets, assumptions used in determination of the fair value of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include the assumption that the Company will continue as a going concern, classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

3. Significant accounting policies

(a) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

(b) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies are as follows:

Entity	Functional currency
Columbus Gold Corporation	Canadian dollar
Columbus Gold (US Property Holding) Corporation	Canadian dollar
Columbus Gold (U.S.) Corporation	United States dollar
Columbus Gold (Nevada) Corp.	United States dollar
Columbus Gold (Luxembourg) S.à.r.l.	European euro
Columbus International (Luxembourg) S.à.r.l	European euro
Compagnie Minière Montagne d'Or	European euro

At the end of each reporting period, assets and liabilities of the entities whose functional currency is not the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in other comprehensive income or loss for the year.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

(c) Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

General exploration costs consist of exploration expenditures incurred in the process of evaluating potential property acquisitions. Such expenditures will continue to be expensed until the property is acquired.

The proceeds from royalties granted and operator fees earned are deducted from the costs of the related property and any excess is recorded as income.

3. Significant accounting policies - *continued*

(d) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Furniture	5 years
Leasehold improvements	Term of lease
Equipment	3 to 10 years

(e) Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). This generally results in the Company evaluating its non-financial assets on an exploration asset by exploration asset basis.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the statement of comprehensive loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(f) Restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

3. Significant accounting policies - *continued*

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

(g) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(h) Income taxes

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

Deferred income taxes are accounted for using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes the substantive enactment.

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

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred taxes relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

(i) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted loss per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

3. Significant accounting policies - *continued*

(j) Share-based payments

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers. Details of the Company's share option plan are disclosed in note 11(b).

The Company uses the Black-Scholes Option Pricing Model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the statement of comprehensive income or as capitalized mineral resource property cost with a corresponding entry within equity, against share-based payments reserve. No expense is recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

(k) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

(Expressed in Canadian Dollars)

4. Changes in accounting standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2016, and have not been applied in preparing these consolidated financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are as follows:

(a) IFRS 9 – *Financial Instruments* ("IFRS 9")

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(b) Other

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. Available-for-sale investments

	September 30, 2016 ($)	**September 30, 2015 ($)**
EnerGulf Resources Inc.	25,464	-
Navaho Gold Limited	51,878	10,898
Piedmont Mining Corp.	-	7,549
Roscan Minerals Corporation	3,000	500
Sniper Resources Ltd.	-	127,854
	80,342	**146,801**

During the year ended September 30, 2016, the Company reclassified $591,663 (2015 - $nil) from accumulated other comprehensive loss to profit or loss as a result of impairments of the Company's available-for-sale investments. Further changes to the fair value of available-for-sale investments that are not considered an impairment are recorded in other comprehensive income (loss).

During the year ended September 30, 2016, the Company recorded a gain on sale of available-for-sale investments of $257,566, compared to $nil during the prior year. The gain recorded in the current year is in connection with the purchase and sale of shares of Eastmain Resources Inc.

6. Receivables

	September 30, 2016 ($)	**September 30, 2015 ($)**
Due from Organto Foods Inc. ("Organto") (notes 8 and 12)	105,000	257,882
Due from Nord Gold N.V. ("Nordgold")	173,100	239,587
Other receivables	477,154	240,130
	755,254	**737,599**

(Expressed in Canadian Dollars)

7. Reclamation bonds

The drilling permits for the following properties require refundable reclamation bonds, which are held by the USA Forest Service and the US Bureau of Land Management:

	September 30, 2016 ($)	September 30, 2015 ($)
Antelope	6,358	6,467
Big Lime	10,231	10,409
Bolo	203,969	207,515
Brown's Canyon	9,090	9,248
Eastside	233,351	237,408
Pete's Summit	6,427	6,539
	469,426	**477,586**

8. Exploration and evaluation assets

A summary of exploration and evaluation assets by property for the year ended September 30, 2016 is set out below:

Property	Balance at October 1, 2015 ($)	Additions ($)	Other ($)	Foreign exchange ($)	Balance at September 30, 2016 ($)
French Guiana					
Paul Isnard	30,902,362	10,177,134	(12,288,821)[1]	(200,730)	28,589,945
Nevada					
Big Lime	1	650	-	(7)	644
Bolo	3,529,312	56,605	-	(60,874)	3,525,043
Chert Cliff	-	1	(1)	-	-
Clanton Hills	-	31,453	-	(320)	31,133
Eastside	6,773,638	4,742,004	-	(163,947)	11,351,695
Four Metals	1	7,070	-	(72)	6,999
Hugh's Canyon	1	18,938	-	(193)	18,746
Mogollon	-	479,543	(7,490)[2]	(4,643)	467,410
Monitor Hills	1	28,220	-	(286)	27,935
North Brown	1	6,740	-	(69)	6,672
Overland Pass	1	20,963	-	(212)	20,752
Red Hills	1	14,085	-	(143)	13,943
Weepah	1	15,757	-	(158)	15,600
White Canyon	1	-	-	-	1
White Horse Flats	1	4,501	-	(46)	4,456
White Horse Flats North	1	9,120	-	(92)	9,029
	41,205,323	**15,612,784**	**(12,296,312)**	**(431,792)**	**44,090,003**

[1] Consists of $10,559,487 exploration and evaluation funded by Nordgold, operator's fee earned of $383,844 and cost recoveries of $1,345,490.
[2] $68,517 (US$50,000) option payment received from third party. Amounts in excess of carrying value of property at the time are recognized in consolidated statements of comprehensive loss.

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets - *continued*

A summary of exploration and evaluation assets by property for the year ended September 30, 2015 is set out below:

Property	Balance at October 1, 2014 ($)	Additions ($)	Other ($)	Impairment[2] ($)	Foreign exchange ($)	Balance at September 30, 2015 ($)
French Guiana						
Paul Isnard	31,345,137	7,875,310	(8,939,502)[1]	-	621,417	30,902,362
Nevada						
Big Lime	1	5,344	-	(5,759)	415	1
Bolo	2,912,487	54,772	-	-	562,053	3,529,312
Brown's Canyon	126,307	6,754	-	(157,775)	24,714	-
Crestview	1	-	-	(1)	-	-
Eastside	2,460,729	3,564,704	-	-	748,205	6,773,638
Four Metals	11,825	6,504	-	(21,098)	2,770	1
Hugh’s Canyon	330,508	26,809	-	(422,696)	65,380	1
Monitor Hills	240,758	24,409	-	(313,172)	48,006	1
North Brown	9,920	5,601	-	(17,855)	2,335	1
Overland Pass	1	18,802	-	(20,262)	1,460	1
Red Hills	4,010	-	-	(4,778)	769	1
Utah Clipper	1	49,875	-	(50,829)	953	-
Weepah	-	1,401	-	(1,509)	109	1
White Canyon	104	114	-	(245)	28	1
White Horse Flats	6,905	4,035	-	(12,573)	1,634	1
White Horse Flats North	13,487	7,615	-	(24,275)	3,174	1
	37,462,181	**11,652,049**	**(8,939,502)**	**(1,052,827)**	**2,083,422**	**41,205,323**

[1] Consists of $8,117,567 exploration and evaluation funded by Nordgold and operator’s fee earned of $821,935.

[2] The Company dropped and wrote off the Brown’s Canyon, Crestview and Utah Clipper properties during the period. The Company further impaired all other Nevada properties to $1 except the Bolo and Eastside properties.

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets - *continued*

A summary of the exploration and evaluation assets by cost category is set out below:

	($)
Balance at October 1, 2014	37,462,181
Acquisition and land	57,132
Camp costs and other	999,868
Drilling	6,060,556
Equipment	417,163
Geology and trenching	629,994
Management and administration	2,689,754
Technical studies	588,820
Travel	208,762
Operator fee	(821,935)
Amounts funded by Nordgold	(8,117,567)
Impairment	(1,052,827)
Foreign exchange	2,083,422
Balance at September 30, 2015	**41,205,323**
Acquisition and land	537,446
Camp costs and other	847,591
Drilling	8,809,026
Equipment	508,324
Geology and trenching	1,159,037
Management and administration	2,534,463
Technical studies	958,613
Travel	258,283
Operator fee	(383,844)
Cost recoveries	(1,345,490)
Amounts funded by Nordgold	(10,559,487)
Option payments received	(7,490)
Foreign exchange	(431,792)
Balance at September 30, 2016	**44,090,003**

Paul Isnard

The Company's "Paul Isnard Gold Project" consists of eight mining and two exclusive exploration permits located in French Guiana.

The Company entered into a binding letter option agreement with major gold producer Nordgold on September 17, 2013, and subsequently executed a definitive agreement on March 13, 2014, under which Nordgold has been granted the right to acquire a 50.01% interest in the Paul Isnard mining concessions and the exploration permits. Nordgold can earn its interest in the mineral permits by completing a bankable feasibility study and by expending not less than $32,730,000 (US$30 million) in 3 years, which includes a requirement for Nordgold to pay the Company $4,558,355 (US$4.2 million) in cash no later than May 21, 2014 (received). During the earn-in period, up to January 14, 2016, Columbus Gold was the project operator and earned a 10% operator fee on certain expenditures. Effective January 15, 2016, Nordgold is the project operator.

On January 12, 2016, the Company entered into an agreement with Nordgold to sell a 5% minority interest in the Paul Isnard Gold Project for $8,375,959 (US$6,000,000) (received). The formal acquisition and transfer of the 5% interest will not occur until Nordgold has funded completion of a Feasibility Study and achieved a minimum of $32,730,000 (US$30,000,000) in project expenditures, in order to earn an additional 50.01% interest in the Paul Isnard Gold Project. If Nordgold does not earn its initial 50.01% interest, then the Company is required to refund the advance of $7,870,200(US$6,000,000).

8. Exploration and evaluation assets - *continued*

On May 21, 2013, the Company entered into an agreement with Sandstorm Gold Ltd. ("Sandstorm") and sold a 1% net smelter returns royalty ("NSR") on production from the Paul Isnard Gold Project for cash proceeds of $5,103,386 (US$5,000,000).

Bolo

The Bolo property is located approximately 60 km northeast of Tonopah, Nevada. The Company holds a 100% interest in Bolo, subject to underlying royalties (Note 17).

Chert Cliff

On August 1, 2016, the Company sold the Chert Cliff property to a third party for gross proceeds of $78,696 (US$60,000) and recorded a gain of $78,006.

Eastside

The Eastside property is located approximately 32 km west of Tonopah, Nevada. The Company holds a 100% interest in Eastside, subject to underlying royalties.

Mogollon

During the current year, Organto, a company with certain directors and officers in common, completed the transfer of the Mogollon property to Columbus Gold for settlement of $443,429 owed by Organto to the Company. (Note 12)

On December 22, 2015, the Company entered into an option agreement with a third party, granting the third party an option to acquire a 100% interest in the Company's Mogollon silver-gold project located in Catron County, New Mexico. The agreement requires the third party to pay Columbus Gold an aggregate of $1,371,100 (US$1,000,000) in staged annual payments over a four year period. As at September 30, 2016, the Company had received one option payment of $68,517 (US$50,000).

Red Hills

On July 11, 2016, Carnavale Resources Limited terminated an existing option agreement on the Red Hills Project and retains no interest. Columbus Gold owns 100% of the Red Hills Project.

Weepah

On June 30, 2014, the Company and Sniper Resources Ltd. ("Sniper") terminated an option agreement dated September 26, 2011, whereby Sniper could have earned an initial 51% interest in Weepah, and replaced it with a purchase agreement dated June 30, 2014 (the "Second Weepah Agreement"). Under the terms of the Second Weepah Agreement, the Company sold a 50.01% undivided beneficial interest in Weepah to Sniper, in exchange for receiving 7,647,503 common shares (received) of Sniper. Sniper was obligated to earn a further 49.99% of Weepah on July 1, 2017 by issuing to the Company additional common shares of Sniper, and granting a 1% NSR on the Weepah project to the Company. On July 27, 2016, Sniper terminated the Second Weepah Agreement and returned the Weepah property to the Company. Refer also to Note 17.

Other

The Company has additional exploration and evaluation assets located in Nevada, USA, comprised of the following properties: Big Lime, Four Metals, Hugh's Canyon, Clanton Hills, Monitor Hills, North Brown, Overland Pass, Red Hills, White Canyon, White Horse Flats, and White Horse Flats North.

(Expressed in Canadian Dollars)

9. Equipment

	Furniture ($)	Leasehold improvements ($)	Equipment ($)	Total ($)
Cost				
Balance, October 1, 2014	57,038	190,142	17,900	265,080
Additions	1,706	-	22,225	23,931
Balance, September 30, 2015	58,744	190,142	40,125	289,011
Additions	-	-	1,714	1,714
Disposals	-	-	(1,981)	(1,981)
Balance, September 30, 2016	58,744	190,142	39,858	288,744
Accumulated amortization				
Balance, October 1, 2014	(18,319)	(92,968)	(10,133)	(121,420)
Amortization	(11,578)	(40,060)	(7,800)	(59,438)
Balance, September 30, 2015	(29,897)	(133,028)	(17,933)	(180,858)
Amortization	(11,749)	(40,060)	(9,804)	(61,613)
Disposals	-	-	991	991
Balance, September 30, 2016	(41,646)	(173,088)	(26,746)	(241,480)
Net book value, September 30, 2015	**28,847**	**57,114**	**22,192**	**108,153**
Net book value, September 30, 2016	**17,098**	**17,054**	**13,112**	**47,264**

10. Restoration provision

The Company has fulfilled its restoration obligations in connection with the Paul Isnard Gold Project as at September 30, 2016.

The Company has restoration obligations in connection with certain properties in Nevada. No corresponding provision has been recorded as at September 30, 2016 and 2015, as the Company has placed the corresponding amounts as reclamation bonds with the USA Forest Service and the US Bureau of Land Management (note 7).

11. Share capital

(a) Common shares

Authorized - Unlimited common shares without par value.

At September 30, 2016, the Company had 142,940,086 (September 30, 2015 – 141,665,086) common shares issued and outstanding.

During the current year, a total of 1,275,000 (2015 – 857,500) share options were exercised between $0.25 to $0.40 per share for gross proceeds of $405,250 (2015 - $220,375).

On August 17, 2016, the Company sold 2,230,000 of its common shares in treasury for net proceeds of $1,338,000, which were originally received during the current year with a value of $1,255,490, in satisfaction of an agreement with another party.

On May 19, 2015, the Company completed a private placement of 5,000,000 common shares, at a price of $0.40 per share, for gross proceeds of $2,000,000. A finders' fee of 6% in cash has been paid in connection with the private placement.

(Expressed in Canadian Dollars)

11. Share capital - *continued*

(b) Share options

On January 25, 2013, the Company amended its share purchase option plan to authorize the Company to issue share options whereby the total share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options to directors, officers, employees or consultants. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date.

The continuity of the Company's share options is as follows:

	Number of options	Weighted average exercise price ($)
Balance, October 1, 2014	12,147,500	0.44
Granted	1,700,000	0.50
Exercised	(857,500)	0.26
Forfeited	(75,000)	0.35
Cancelled	(400,000)	0.66
Balance, September 30, 2015	**12,515,000**	**0.46**
Granted	3,390,000	0.41
Expired	(2,090,000)	0.66
Exercised	(1,275,000)	0.32
Forfeited	(250,000)	0.45
Cancelled	(615,000)	0.58
Balance, September 30, 2016	**11,675,000**	**0.42**

A summary of the Company's options at September 30, 2016 is as follows:

	Options outstanding		Options exercisable	
Exercise price ($)	Number of options outstanding	Weighted average remaining contractual life (years)	Number of Options exercisable	Weighted average remaining contractual life (years)
0.30	1,450,000	6.53	1,450,000	6.53
0.30	1,650,000	6.93	1,650,000	6.93
0.35	1,680,000	2.22	1,680,000	2.22
0.40	2,735,000	4.37	2,735,000	4.37
0.40	500,000	4.43	125,000	4.43
0.45	800,000	2.98	800,000	2.98
0.45	400,000	6.32	400,000	6.32
0.50	1,400,000	3.35	1,400,000	3.35
0.70	75,000	4.81	-	-
0.78	985,000	0.23	985,000	0.23
0.30-0.78	**11,675,000**	**4.20**	**11,225,000**	**4.18**

The fair value of share options recognized as an expense during the year ended September 30, 2016 was $1,115,833 (2015 - $678,311).

(Expressed in Canadian Dollars)

11. Share capital - *continued*

(b) Share options - *continued*

The following are the share options granted and weighted average assumptions used in the Black-Scholes Options Pricing Model for share options granted during the years ended September 30, 2016 and 2015:

	Year ended	
	September 30, 2016	**September 30, 2015**
Number of share options granted	3,390,000[1]	1,700,000[2]
Weighted average fair value per share option granted	$0.25	$0.27
Total fair value of share options granted	$849,917	$457,968
Black-Scholes Option Pricing Model assumptions:		
Expected price volatility	73%	87%
Risk free interest rate	0.54%	0.54%
Expected life of options	2.8 years	3 years
Expected dividend yield	nil	nil

[1] 500,000 share options granted have a vesting schedule where 25% vests every 6 months. The remainder of share options granted all vest immediately.
[2] 150,000 share options granted have a vesting schedule where 50% vests every 12 months. The remainder of share options granted all vest immediately.

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table above. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate.

(c) Warrants

On September 23, 2014, the Company granted 804,000 warrants to a third party as finder's fees, in connection with a private placement of the Company's common shares completed on September 24, 2014.
The continuity of the Company's warrants is as follows:

	Number of warrants	**Weighted average exercise price ($)**
Balance, October 1, 2014	804,000	0.40
Expired	(804,000)	0.40
Balance, September 30, 2015 and September 30, 2016	-	-

There are no warrants outstanding as at September 30, 2016.

(Expressed in Canadian Dollars)

11. Share capital - *continued*

(d) Loss per share

	Year ended September 30, 2016 ($)	Year ended September 30, 2015 ($)
Basic loss per share	(0.03)	(0.04)
Diluted loss per share	(0.03)	(0.04)
Net loss for the year	**(3,848,757)**	**(5,053,409)**

	Year ended September 30, 2016	Year ended September 30, 2015
Shares outstanding, beginning of period	141,665,086	135,807,586
Effect of private placement	-	1,931,507
Effect of share options exercised	368,743	617,411
Basic weighted average number of shares outstanding	**142,033,829**	**138,356,504**
Effect of dilutive share options	-	-
Diluted weighted average number of shares outstanding	**142,033,829**	**138,356,504**

As at September 30, 2016, there were 11,675,000 (September 30, 2015 – 12,515,000) share options that were potentially dilutive but not included in the diluted earnings per share calculation as the effect would be anti-dilutive.

12. Related party transactions

The Company has an agreement (the “Services Agreement”) with Organto, whereby the Company provides administration and management services for a fixed monthly fee. The Services Agreement is in effect until December 31, 2016 and may be terminated by Columbus Gold with 30 days’ notice. The Company previously had an additional Services Agreement with EnerGulf Resources Inc. (“EnerGulf”), a company which had certain directors and officers in common, which has been terminated effective April 30, 2016.

On March 2, 2015, the Company entered into an agreement with Organto, pursuant to which Organto will transfer to Columbus Gold its Mogollon Project in consideration for the cancellation of debts owed by Organto to Columbus Gold of $443,429 (note 8). The Mogollon Project has been formally transferred to the Company during the 2016 fiscal year, and the corresponding debt cancelled.

(Expressed in Canadian Dollars)

12. Related party transactions - *continued*

The following is a summary of related party transactions:

	Year ended September 30, 2016 ($)	Year ended September 30, 2015 ($)
Management fees paid to a company controlled by the CEO and Chairman of the Company	350,000	330,000
Accounting fees paid to the CFO of the Company	57,750	-
Accounting fees paid to the former CFO of the Company	105,067	125,775
Consulting fees paid or accrued to Cordex Exploration LLC	263,500	247,665
Directors fees paid or accrued	144,000	132,000
Administration fees received or accrued from Organto and EnerGulf	(128,750)	(36,000)
	791,567	**799,440**

The following summarizes advances or amounts that remain receivable from or payable to each related party:

	September 30, 2016 ($)	September 30, 2015 ($)
Advances to a Company controlled by the CEO and Chairman of the Company	25,000	50,000
Advances to the CEO of the Company	15,000	25,467
Receivable from Organto to be settled for Mogollon Project	-	447,739
Trade receivables from Organto (note 6)	105,000	257,882
Directors fees payable	(67,000)	(31,000)
	78,000	**750,088**

(Expressed in Canadian Dollars)

13. Segmented information

The Company has one reportable business segment, being mineral exploration and development. Assets by geographical area are as follows:

	September 30, 2016 ($)	September 30, 2015 ($)
Current assets		
Canada	3,998,205	1,283,997
USA	442,977	277,386
France (French Guiana)	1,483,971	847,142
	5,925,153	2,408,525
Non-current assets		
Canada	47,264	555,892
USA	15,969,483	10,780,551
France (French Guiana)	28,589,946	30,902,358
	44,606,693	42,238,801
Total assets		
Canada	4,045,469	1,839,889
USA	16,412,460	11,057,937
France (French Guiana)	30,073,917	31,749,500
	50,531,846	**44,647,326**

14. Commitments and contingent liability

Since 2005, the Company has engaged the services of Cordex Exploration LLC ("Cordex") to generate, evaluate, and explore mineral properties on behalf of the Company, primarily in Nevada; this has been accomplished through an agreement that is generally updated on an annual basis. The current agreement is in effect to December 31, 2016. Monthly payments consist of a management fee of US$16,667. There is a specified NSR for Cordex on existing and new Columbus Gold properties. The principal of Cordex is an officer of a subsidiary of the Company.

In addition, the Company has commitments as follows:

	1 year ($)	2-3 years ($)	4-5 years ($)	Total ($)
Office lease payments	172,275	348,372	166,188	686,835

On June 8, 2016, the Company received a court notice from the Cayenne District Court (Tribunal d'Instance de Cayenne) dated June 2, 2016. The court notice indicated a former employee of COMMOR; a subsidiary of the Company, has made a claim against COMMOR for $183,353 (€124,383), primarily for unpaid overtime wages. Management's assessment as at the date of these financial statements is that the claim is without merit and management will defend its position. A first hearing in the court of Cayenne was held on September 21, 2016, and due to a lack of evidence from the plaintiff, the hearing was deferred to May 31, 2017. The Company has recorded the amount of the claim in accrued liabilities.

15. Financial risk and capital management

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2016 are summarized below. The Board of Directors periodically reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit risk

The credit risk exposure on cash is limited to its carrying amount at the date of the statements of financial position. Cash is held as cash deposits with a creditworthy banks and investment firms. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, trade receivables and accrued interest. Management believes that the credit risk with respect to receivables is minimal as it relates to goods and services tax, and moderate as it relates to trade receivables and accrued interest.

(b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at September 30, 2016, the Company has working capital deficiency of $3,628,810 (September 30, 2015 – working capital of $1,133,067).

(c) Market risks

(i) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary, Columbus Gold (U.S.) Corporation and French subsidiary, COMMOR. The Company also has assets and liabilities denoted in US dollars and the European Euro. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar or European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

(iii) Interest rate risk

The Company has interest bearing cash balances; therefore, it is exposed to interest rate risk.

Sensitivity analysis

A 1% change in interest rates does not have a material effect on the Company's profit or loss and equity.

The Company maintains significant cash balances, receivables, accounts payable and other liabilities in US dollars and European Euros, currencies other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian dollar relative to the US dollar and European Euro would have a corresponding effect of approximately $700,000 to profit or loss.

15. Financial risk and capital management - *continued*

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and receivables.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors approves the annual and updated budgets. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

Fair value

The fair value of the Company's financial instruments including cash, receivables, accounts payable and deferred exploration advances from Nordgold approximates their carrying value due to the immediate or short term maturity of these financial instruments. The fair value of the reclamation bonds approximates their fair value based on current interest rates and high liquidity.

The fair values of available-for-sale investments are based on quoted market prices for publicly traded shares.

IFRS 7, Financial Instruments: Disclosure establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Available-for-sale investments are classified as Level 1. At September 30, 2016, there were no financial assets or liabilities measured and recognized in the statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

(Expressed in Canadian Dollars)

16. Income taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items:

	Year ended September 30, 2016 ($)	Year ended September 30, 2015 ($)
Loss before taxes	(3,848,757)	(5,053,409)
Canadian federal and provincial income tax rates	26.00%	26.00%
Expected income tax recovery	(1,000,700)	(1,313,900)
Foreign tax differences, rate changes and foreign exchange	(346,700)	(51,100)
Expiry of non-capital losses carried forward	-	174,800
Non-taxable items	476,900	(376,600)
Share issue costs	-	(31,200)
True up prior year timing differences	238,200	(126,000)
Unrealized changes in available-for-sale investments	(23,900)	(170,900)
Change in valuation of deferred tax assets	656,200	1,894,900
Income tax (recovery) expense	**-**	**-**

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2016 ($)	September 30, 2015 ($)
Net operating losses carried forward	11,321,700	9,144,000
Share issuance costs	52,200	102,200
Equipment and other	50,300	34,300
Investments	325,600	301,700
Capital losses carried forward	329,300	329,300
Resource properties costs	(4,317,300)	(2,805,900)
Valuation allowance	(7,761,800)	(7,105,600)
	-	-

(Expressed in Canadian Dollars)

16. Income taxes - *continued*

As of September 30, 2016, the Company has Canadian tax loss carry-forwards of approximately $6,127,100 (2015 - $5,912,100) available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions. The Company's tax loss carry-forwards will expire, if not utilized as follows:

	Canada (CDN$)	USA (US$)	French Guiana (Euro)	Luxembourg (Euro)
September 30, 2026	764,600			
September 30, 2027	982,200			
September 30, 2028	813,800			
September 30, 2029	542,800			
September 30, 2030	450,200			
September 30, 2031	93,600			
September 30, 2032	860,500	903,660		18,345
September 30, 2033	451,600	1,971,585		19,230
September 30, 2034	949,200	1,794,905	5,033,455	9,775
September 30, 2035	3,600	3,400,380	2,081,550	79,680
September 30, 2036	215,000	3,952,370	1,269,095	89,370
	6,127,100	**12,022,900**	**8,384,100**	**216,400**

A valuation allowance has been recorded against the deferred income tax assets associated with the tax losses and temporary differences because of the uncertainty of their recovery.

17. Subsequent event

On October 31, 2016, the Company completed a transaction to eliminate an underlying NSR royalty that ranged from 1% to 3% on the Bolo property. In consideration for the elimination of the royalty, the Company transferred ownership of its Weepah property to the royalty holders.