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**CALIFORNIA GOLD MINING INC.  
CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED  
MAY 31, 2016  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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**Notice To Reader**

The accompanying unaudited condensed interim consolidated financial statements of California Gold Mining Inc. (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Corporation's auditors.

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**California Gold Mining Inc.****Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian dollars)****(Unaudited)**

	As at May 31, 2016	As at August 31, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 605,387	\$ 4,629,785
HST recoverable, accrued interest and amounts receivable	27,279	27,200
Prepaid expenses	90,801	50,283
<b>Total current assets</b>	<b>723,467</b>	<b>4,707,268</b>
<b>Other assets</b>		
Prepaid expenses	6,203	1,985
Property, plant and equipment (note 4)	6,428,664	6,416,780
<b>Total assets</b>	<b>\$ 7,158,334</b>	<b>\$ 11,126,033</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable, other liabilities and unearned income	\$ 225,912	\$ 165,272
<b>Equity</b>		
Share capital (note 5)	17,143,390	16,203,489
Reserves (note 11)	9,429,601	8,751,000
Accumulated other comprehensive loss	32,787	(66,846)
Accumulated deficit	(19,673,356)	(13,926,882)
<b>Total equity</b>	<b>6,932,422</b>	<b>10,960,761</b>
<b>Total equity and liabilities</b>	<b>\$ 7,158,334</b>	<b>\$ 11,126,033</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations (note 1)

Subsequent event (note 12)

**Approved on behalf of the Board:**

"Vishal Gupta", Director

"Patrick Cronin", Director

# California Gold Mining Inc.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian dollars) (Unaudited)

	Three months ended May 31		Nine months ended May 31,	
	2016	2015	2016	2015
<b>Operating expenses</b>				
Exploration costs expensed (note 3)	\$ 568,629	\$ 4,800	\$ 4,728,073	\$ 170,886
Salaries and wages	109,104	(1,520)	261,826	70,479
Management fees (note 10)	74,583	45,000	164,583	385,521
Investor relations	65,653	22,585	161,721	68,602
Professional fees	28,360	6,973	90,776	93,299
Property taxes	17,371	16,303	53,330	46,703
Travel and meals	15,363	7,765	51,073	17,477
Shareholder information and compliance	14,116	14,171	48,342	57,151
Depreciation	11,064	16,494	33,019	47,502
Insurance	8,320	8,828	25,357	27,913
Occupancy costs	8,780	6,825	21,493	21,400
Interest and bank charges	1,061	3,931	3,550	5,685
Share-based compensation (note 6)	420	6,882	3,081	162,906
Development costs (note 3)	-	443	-	443
Other general and administrative	29,686	6,401	80,223	26,233
Gain on foreign exchange	337,264	20,030	26,888	(734,607)
<b>Loss before below items</b>	<b>(1,289,774)</b>	<b>(185,911)</b>	<b>(5,753,335)</b>	<b>(467,593)</b>
Gain on disposal of property, plant and equipment (note 4)	-	-	-	175
Interest income	-	-	2,051	-
Other income	1,558	1,487	4,810	4,273
<b>Net loss for the period</b>	<b>(1,288,216)</b>	<b>(184,424)</b>	<b>(5,746,474)</b>	<b>(463,145)</b>
<b>Other comprehensive income (loss) for the period</b>				
Items that will be reclassified to profit or loss				
Foreign exchange translation	97,479	(7,144)	99,633	37,627
<b>Net comprehensive loss for the period</b>	<b>\$ (1,190,737)</b>	<b>\$ (191,568)</b>	<b>\$ (5,646,841)</b>	<b>\$ (425,518)</b>
<b>Basic and diluted net loss per share (note 7)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>	<b>\$ (0.20)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>	<b>29,014,007</b>	<b>17,138,308</b>	<b>27,679,320</b>	<b>16,616,795</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# California Gold Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)  
(Unaudited)

Nine months ended  
May 31,  
2016 2015

## Operating activities

Net loss for the period	\$ (5,746,474)	\$ (463,145)
Adjustments for non-cash items:		
Depreciation	33,019	47,502
Share-based compensation	3,081	162,906
Gain on disposal of property, plant and equipment	-	(175)
Changes in non-cash working capital items:		
HST recoverable, accrued interest and amounts receivable	(79)	(12,856)
Prepaid expenses	(44,736)	(22,831)
Amounts payable, other liabilities and unearned income	60,640	133,220
<b>Net cash used in operating activities</b>	<b>(5,694,549)</b>	<b>(155,379)</b>

## Investing activity

Purchase of property, plant and equipment	(68,400)	(5,455)
<b>Net cash used in investing activity</b>	<b>(68,400)</b>	<b>(5,455)</b>

## Financing activity

Issue of securities, net of costs	1,615,420	823,913
<b>Net cash provided by financing activity</b>	<b>1,615,420</b>	<b>823,913</b>

<b>Net change in cash and cash equivalents</b>	<b>(4,147,529)</b>	<b>663,079</b>
Effect of foreign currency translation	123,131	(722,897)
<b>Cash and cash equivalents, beginning of the period</b>	<b>4,629,785</b>	<b>104,281</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 605,387</b>	<b>\$ 44,463</b>

## Non-cash transactions:

Shares issued for debt	\$ -	\$ 186,667
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# California Gold Mining Inc.

## Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

### Equity attributable to shareholders

	Number of shares	Share capital	Reserves (note 11)	Accumulated other comprehensive income (loss)	Accumulated deficit	Total equity
<b>Balance, August 31, 2014</b>	<b>15,388,262</b>	<b>\$ 12,131,450</b>	<b>\$ 6,834,701</b>	<b>\$ 57,221</b>	<b>\$(13,739,627)</b>	<b>\$ 5,283,745</b>
Private placement (note 5 (b)(i)(ii))	1,669,714	842,000	-	-	-	842,000
Transaction costs (note 5 (b)(i))	-	(18,087)	-	-	-	(18,087)
Shares issued for debt (note 5 (b)(iii))	266,667	186,667	-	-	-	186,667
Share-based compensation (note 6)	-	-	162,906	-	-	162,906
Net loss and comprehensive loss for the period	-	-	-	37,627	(463,145)	(425,518)
<b>Balance, May 31, 2015</b>	<b>17,324,643</b>	<b>\$ 13,142,030</b>	<b>\$ 6,997,607</b>	<b>\$ 94,848</b>	<b>\$(14,202,772)</b>	<b>\$ 6,031,713</b>
<b>Balance, August 31, 2015</b>	<b>27,004,643</b>	<b>\$ 16,203,489</b>	<b>\$ 8,751,000</b>	<b>\$ (66,846)</b>	<b>\$(13,926,882)</b>	<b>\$ 10,960,761</b>
Private placements (note 5 (b)(v)(vi)(vii))	3,318,500	1,659,250	-	-	-	1,659,250
Valuation of warrants (note 5 (b)(v)(vi)(vii))	-	(681,982)	681,982	-	-	-
Transaction costs (note 5 (b)(v)(vi)(vii))	-	(37,367)	(6,462)	-	-	(43,829)
Share-based compensation (note 6)	-	-	3,081	-	-	3,081
Net loss and comprehensive loss for the period	-	-	-	99,633	(5,746,474)	(5,646,841)
<b>Balance, May 31, 2016</b>	<b>30,323,143</b>	<b>\$ 17,143,390</b>	<b>\$ 9,429,601</b>	<b>\$ 32,787</b>	<b>\$(19,673,356)</b>	<b>\$ 6,932,422</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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# California Gold Mining Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

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### 1. Nature of operations

California Gold Mining Inc. ("California Gold" or the "Corporation"), which, prior to April 11, 2013 was named Upper Canada Gold Corporation and prior to January 29, 2010 was named Washmax Corp., was incorporated under the Business Corporations Act (Alberta) on September 17, 1998.

On January 29, 2010, the Corporation acquired the Dingman Property and became a junior exploration company engaged in the acquisition, exploration and development of mineral resource properties. On February 9, 2010, the Corporation's shares commenced trading on the TSX Venture Exchange under the symbol "UCC" and on April 15, 2013, the Corporation's symbol was changed to "CGM". On March 1, 2013, the Corporation purchased a fee simple interest (subject to a 3% net smelter royalty) in approximately 3,351 acres of land located 15 miles north of the town of Mariposa, California which the Corporation has previously referred to as the Pine Tree Property and that is now referred to as the Fremont Property. The Corporation has not earned any income from operations. The registered office of the Corporation is located at 43 Front Street East, Suite 400, Toronto, Ontario, Canada M5E 1B3.

On June 6, 2016, the Corporation received approval from the TSX Venture Exchange to the consolidation of its common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share (the "Consolidation"). Effective at opening on June 7, 2016, the Corporation's shares commenced trading on the TSX Venture Exchange on a consolidated basis. As part of the Consolidation, the stock options and warrants were also consolidated and the exercise price adjusted to reflect the Consolidation. The Consolidation has been reflected in these financial statements and all applicable references to the number of shares, warrants and stock options and their strike price and per share information has been adjusted.

### 2. Significant accounting policies

#### (a) Statement of compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of July 30, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended August 31, 2015. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the year ended August 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### (b) Recent accounting pronouncements

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in its final form in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. 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. The Corporation has not assessed the impact of IFRS 9 on its unaudited condensed interim consolidated financial statements and the standard will be adopted on its effective date.

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## California Gold Mining Inc.

### Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

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### 3. Exploration and evaluation expenditures on mineral properties

#### a) Dingman Property:

Costs incurred on the mineral interests for the Dingman Property for the three and nine months ended May 31, 2016 and May 31, 2015 are summarized as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	2016	2015
Exploration costs	\$ 900	\$ 900	\$ 2,700	\$ 2,700

Total cumulative costs incurred on the Dingman Property as of May 31, 2016 are summarized as follows:

Acquisition costs	\$ 2,139,055
Exploration costs	1,191,030
Land access fees	85,500
Finders fee	25,000
	<b>\$ 3,440,585</b>

#### b) Fremont Property:

Costs incurred on the fee simple interest for the Fremont Property for the three and nine months ended May 31, 2016 and May 31, 2015 are summarized as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	2016	2015
Improvement costs for building capitalized	\$ -	\$ -	\$ -	\$ 5,455
Exploration and development costs	\$ 567,729	\$ 443	\$ 4,725,373	\$ 168,629

Total cumulative costs incurred on the Fremont Property as of May 31, 2016 are summarized as follows:

Acquisition and improvement costs	\$ 5,885,901
Exploration and development costs	6,775,895
	<b>\$ 12,661,796</b>

# California Gold Mining Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

### 4. Property, plant and equipment

Cost	Furniture and fixtures	Leasehold improvements	Computer equipment	Computer software	Vehicles	Field & other equipment	Building	Land	Total
Balance, August 31, 2015	\$ 7,503	\$ 8,927	\$ 15,415	\$ 19,118	\$ 52,187	\$ 50,196	\$ 230,929	\$ 6,131,666	\$ 6,515,941
Additions/improvements	-	-	5,227	-	-	63,173	-	-	68,400
Effect of foreign exchange adjustments	(12)	-	(84)	(24)	(186)	(1,287)	(825)	(21,906)	(24,324)
Balance, May 31, 2016	\$ 7,491	\$ 8,927	\$ 20,558	\$ 19,094	\$ 52,001	\$ 112,082	\$ 230,104	\$ 6,109,760	\$ 6,560,017

Accumulated depreciation	Furniture and fixtures	Leasehold improvements	Computer equipment	Computer software	Vehicles	Field & other equipment	Building	Land	Total
Balance, August 31, 2015	\$ 2,474	\$ 8,927	\$ 8,632	\$ 8,416	\$ 28,537	\$ 16,985	\$ 25,190	\$ -	\$ 99,161
Depreciation during the period	863	-	2,060	2,419	5,404	13,479	8,793	-	33,018
Effect of foreign exchange adjustments	(11)	-	(23)	(26)	(203)	(309)	(254)	-	(826)
Balance, May 31, 2016	\$ 3,326	\$ 8,927	\$ 10,669	\$ 10,809	\$ 33,738	\$ 30,155	\$ 33,729	\$ -	\$ 131,353

Carrying value	Furniture and fixtures	Leasehold improvements	Computer equipment	Computer software	Vehicles	Field & other equipment	Building	Land	Total
Balance, August 31, 2015	\$ 5,029	\$ -	\$ 6,783	\$ 10,702	\$ 23,650	\$ 33,211	\$ 205,739	\$ 6,131,666	\$ 6,416,780
Balance, May 31, 2016	\$ 4,165	\$ -	\$ 9,889	\$ 8,285	\$ 18,263	\$ 81,927	\$ 196,375	\$ 6,109,760	\$ 6,428,664

During the nine months ended May 31, 2015, the Corporation disposed of computer equipment with a net book value of \$1,388 in settlement of amounts payable of \$1,563, resulting a gain of \$175.

### 5. Share capital

#### a) Authorized share capital

Unlimited number of voting common shares

Unlimited number of non-voting first preferred shares

Unlimited number of non-voting second preferred shares

#### b) Equity activity

	Number of common shares	Stated value
Balance, August 31, 2014	15,388,262	\$ 12,131,450
Private placements (i)(ii)(iv)	1,669,714	842,000
Transaction costs (i)(ii)(iv)	-	(18,087)
Common shares issued for debt (iii)	266,667	186,667
Balance, May 31, 2015	17,324,643	\$ 13,142,030
Balance, August 31, 2015	27,004,643	\$ 16,203,489
Private placements (v)(vi)(vii)	3,318,500	1,659,250
Valuation of warrants (v)(vi)(vii)	-	(681,982)
Transaction costs (v)(vi)(vii)	-	(37,367)
Balance, May 31, 2016	30,323,143	\$ 17,143,390



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# California Gold Mining Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

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### 5. Share capital (continued)

#### b) Equity activity (continued)

(i) On September 10, 2014, the Corporation closed a non-brokered private placement pursuant to which it issued 700,000 common shares at a price of \$0.50 per share for gross proceeds of \$350,000. The Corporation incurred transaction costs of \$2,860 in relation to the private placement.

(ii) On December 12, 2014, the Corporation closed a non-brokered private placement pursuant to which it issued 684,000 common shares at a price of \$0.50 per common share for gross proceeds of \$342,000. The Corporation incurred transaction costs of \$5,795 in relation to the private placement.

(iii) On February 6, 2015, the Corporation agreed to terminate the consulting services agreement of the holding company of its former President and director, Michael Churchill for \$186,667. On February 23, 2015, the Corporation settled this obligation through the issuance of 266,667 common shares of the Corporation at a price of \$0.70 per common share to the holding company of Michael Churchill.

(iv) On April 29, 2015, the Corporation closed a non-brokered private placement pursuant to which it has issued 285,714 common shares ("Common Shares") at a price of \$0.525 per Common Share for gross proceeds of \$150,000 (the "Offering"). The Corporation incurred transaction costs of \$9,432.

(v) On March 17, 2016, the Corporation closed a non-brokered private placement of 1,800,000 units ("Units") at a price of \$0.50 per Unit for total proceeds of \$900,000 (the "Offering"). Each Unit is comprised of one common share and one common share purchase warrant with each warrant entitling the holder to acquire a further common share of the Company at a price of \$1.00 for three years following the date of issuance. The fair value for each warrant has been determined using the Black-Scholes option pricing model based on the following assumptions and the proceeds were allocated based on the relative fair value of the shares and the warrants:

Risk free interest rate	0.52%
Dividend yield	nil
Expected stock volatility	139%
Expected life	3 years

The Corporation incurred transaction costs of \$8,285, of which \$3,564 was allocated to warrants.

1,600,000 Units representing gross proceeds of \$800,000 were issued to a corporation controlled by a director of the Corporation.

(vi) On April 22, 2016, the Corporation closed a non-brokered private placement of 798,500 units ("Units") at a price of \$0.50 per Unit for total proceeds of \$399,250. Each Unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire a further common share of the Company at a price of \$1.00 for three years following the date of issuance. The fair value for each warrant has been determined using the Black-Scholes option pricing model based on the following assumptions and the proceeds were allocated based on the relative fair value of the shares and the warrants:

Risk free interest rate	0.52%
Dividend yield	nil
Expected stock volatility	140%
Expected life	3 years

The Corporation incurred transaction costs of \$8,160, of which \$2,898 was allocated to warrants.

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# California Gold Mining Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

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### 5. Share capital (continued)

#### b) Equity activity (continued)

(vii) The Corporation closed a non-brokered private placement of 720,000 units ("Units") at a price of \$0.50 per Unit for gross proceeds of \$360,000 (the "Offering"). Each Unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire a further common share of the Company at a price of \$1.00 for three years following the date of issuance. The fair value for each warrant has been determined using the Black-Scholes option pricing model based on the following assumptions and the proceeds were allocated based on the relative fair value of the shares and the warrants:

Risk free interest rate	0.52%
Dividend yield	nil
Expected stock volatility	140%
Expected life	3 years

The Corporation incurred transaction costs of \$26,635. In connection with the Offering, the Company issued 48,300 broker warrants with each broker warrant entitling the holder to acquire a further common share of the Company at a price of \$1.00 for three years following the date of issuance. The fair value for each broker warrant has been determined to be \$0.2 using the Black-Scholes option pricing model based on the following assumptions and the proceeds were allocated based on the relative fair value of the shares and the warrants:

Risk free interest rate	0.52%
Dividend yield	nil
Expected stock volatility	140%
Expected life	3 years

### 6. Stock options

On April 4, 2013, the shareholders of the Corporation approved an amendment to its stock option plan (the "Plan") whereby the Corporation is authorized to grant options to purchase up to 2,561,500 outstanding common shares of the Corporation to directors, senior officers, full time employees and/or consultants of the Corporation. The terms of the awards under the Plan are determined by the Board of Directors.

	Number of stock options	Weighted average exercise price (\$)
Balance, August 31, 2014	1,314,234	1.90
Granted (iii)(iv)	485,000	1.70
Expired	(984,234)	2.00
Balance, May 31, 2015	815,000	1.70
Balance, August 31, 2015 and May 31, 2016	850,000	1.70

# California Gold Mining Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

### 6. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of May 31, 2016:

Expiry date	Exercise price (\$)	Options outstanding	Weighted average remaining contractual life (yrs)	Options exercisable	Grant date fair value (\$)	Fair value not recognized to date (\$)
April 18, 2017	2.00	40,000	0.88	40,000	32,220	-
January 22, 2018	1.50	30,000	1.65	30,000	19,320	-
April 22, 2018	2.00	240,000	1.89	240,000	367,920	-
May 14, 2018	2.50	25,000	1.95	25,000	30,900	-
June 17, 2018	1.00	35,000	2.05	26,250	5,366	64
December 20, 2018	1.00	100,000	2.56	100,000	28,362	-
March 4, 2019	1.00	15,000	2.76	15,000	5,006	-
September 2, 2019	2.00	240,000	3.26	240,000	78,754	-
September 2, 2019	1.00	125,000	3.26	125,000	45,777	-
		850,000	2.52	841,250	613,625	64

(i) On December 20, 2013, the Corporation granted a total of 100,000 stock options to a consultant of the Corporation with each option exercisable on or before the expiry of five years from the date of grant, at a price of \$1.0 per common share. Of these stock options, 50,000 vested as to one-quarter on each of the date of grant, February 28, 2014, May 31, 2014 and August 31, 2014 and of the remaining 50,000 stock options, 12,500 vested on each of April 2, 2014, July 2, 2014, October 2, 2014 and January 2, 2015. The fair value of the stock options has been determined to be \$28,362 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.96%, dividend yield of 0%, expected stock volatility of 141% and expected life of 5 years. During the three and nine months ended May 31, 2016, \$nil (three and nine months ended May 31, 2015 - \$nil and \$935, respectively) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

(ii) On March 4, 2014, the Corporation granted a total of 15,000 stock options to a consultant of the Corporation with each option exercisable on or before the expiry of five years from the date of grant, at a price of \$1.0 per common share. The options vested as to one quarter on each of June 4, September 4, December 4, 2014 and March 4, 2015. The fair value of the stock options has been determined to be \$5,006 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.77%, dividend yield of 0%, expected stock volatility of 144% and expected life of 5 years. During the three and nine months ended May 31, 2016, \$nil (three and nine months ended May 31, 2015 - \$14 and \$1,094, respectively) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

(iii) On September 2, 2014, the Corporation granted certain members of its Board of Directors options to purchase an aggregate of 360,000 common shares of the Corporation with such options being exercisable on or before the expiry of five years from the date of grant. These options vested immediately upon grant and are exercisable at a price of \$2.0 per common share. The fair value of the stock options has been determined to be \$118,132 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.67%, dividend yield of 0%, expected stock volatility of 136% and expected life of 5 years. During the year ended August 31, 2015 one of the directors resigned and as a result the 120,000 granted to this director expired on December 1, 2014. During the three and nine months ended May 31, 2016, \$nil (three and nine months ended May 31, 2015 - \$nil and \$118,132, respectively) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

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# California Gold Mining Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

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### 6. Stock options (continued)

(iv) On September 2, 2014, the Corporation granted an investor relations consultant options to purchase an aggregate of 125,000 common shares of the Corporation with such options being exercisable on or before the expiry of five years from the date of grant. These options vest as to one-quarter on the three, six, nine and twelve month anniversaries of the grant thereof and are exercisable at a price of \$1.0 per common share. The fair value of the stock options has been determined to be \$45,777 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.67%, dividend yield of 0%, expected stock volatility of 136% and expected life of 5 years. During the three and nine months ended May 31, 2016, \$nil and \$63, respectively (three and nine months ended May 31, 2015 - \$6,868 and \$42,745, respectively) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

(v) On June 17, 2015, the Corporation granted a consultant options to purchase an aggregate of 35,000 common shares of the Corporation with such options being exercisable on or before the expiry of three years from the date of grant. These options vest as to one-quarter on the three, six, nine and twelve month anniversaries of the grant thereof and are exercisable at a price of \$1.0 per common share. The fair value of the stock options has been determined to be \$5,366 using the Black-Scholes option pricing model based on the following assumptions: risk free rate of 0.47%, dividend yield of 0%, expected stock volatility of 151% and expected life of 3 years. During the three and nine months ended May 31, 2016, \$420 and \$3,018, respectively (three and nine months ended May 31, 2015 - \$nil) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

### 7. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended May 31, 2016 was based on the loss attributable to common shareholders of \$1,288,216 and \$5,746,474, respectively (three and nine months ended May 31, 2015 - \$184,424 and \$463,145, respectively) and the weighted average number of common shares outstanding of 29,014,007 and 27,679,320, respectively (three and nine months ended May 31, 2015 - 17,138,308 and 16,616,795, respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

### 8. Broker warrants

The following table reflects the continuity of broker warrants:

	Number of broker warrants	Grant date fair value (\$)
Balance, August 31, 2014, May 31, 2015	76,400	75,025
August 31, 2015	76,400	75,025
Granted (note 5(b)(vii))	48,300	9,850
May 31, 2016	124,700	84,875

The following table reflects the actual broker warrants issued and outstanding as of May 31, 2016:

Expiry date	Exercise price (\$)	Broker warrants outstanding	Grant date fair value (\$)
February 15, 2017	1.5	76,400	75,025
May 5, 2019	1.0	48,300	9,850
		124,700	84,875

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**California Gold Mining Inc.****Notes to Condensed Interim Consolidated Financial Statements****May 31, 2016****(Expressed in Canadian dollars)****(Unaudited)**

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**9. Warrants**

The following table reflects the continuity of warrants:

	<b>Number of warrants</b>	<b>Grant date fair value, net of issuance costs (\$)</b>
Balance, August 31, 2014 and May 31, 2015	8,954,207	3,635,611
Balance, August 31, 2015	18,634,207	5,383,750
Issued (note 5(b)(v)(vi)(vii))	3,318,500	665,670
Balance, May 31, 2016	21,952,707	6,049,420

The following table reflects the actual warrants issued and outstanding as of May 31, 2016:

<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>Warrants outstanding</b>	<b>Grant date fair value, net of issuance costs (\$)</b>
December 30, 2016	1.00	1,200,000	282,244
February 8, 2017	1.50	4,968,750	2,429,530
February 15, 2017	1.50	1,031,250	473,125
September 10, 2017	1.00	1,586,000	411,191
October 2, 2017	1.00	168,207	39,521
August 10, 2018	1.00	9,680,000	1,748,139
March 17, 2019	1.00	1,800,000	354,313
April 22, 2019	1.00	798,500	164,524
May 5, 2016	1.00	720,000	146,832
		21,952,707	6,049,419

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# California Gold Mining Inc.

## Notes to Condensed Interim Consolidated Financial Statements

May 31, 2016

(Expressed in Canadian dollars)

(Unaudited)

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### 10. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. In accordance with International Accounting Standards 24 Related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors (executive and non-executive) of the Corporation.

The Corporation entered into no transactions with related parties during the three and nine months ended May 31, 2016 and May 31, 2015.

Remuneration of key management personnel of the Corporation was as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2016	2015	2016	2015
Short-term benefits	\$ 49,583	\$ 45,000	\$ 139,583	\$ 198,854
Termination benefits	-	-	-	186,667
Share-based compensation	-	14	-	130,541
	\$ 49,583	\$ 45,014	\$ 139,583	\$ 516,062

As at May 31, 2016, the Corporation owed key management personnel \$51,249 (August 31, 2015 - \$4,193).

### 11. Reserves

	As at May 31, 2016	As at August 31, 2015
Warrants	\$ 6,049,419	\$ 5,383,750
Broker warrants	9,850	75,025
Contributed surplus	3,295,307	3,292,225
	\$ 9,354,576	\$ 8,751,000

### 12. Subsequent event

The Board of Directors have approved the issuance of 620,000 options to purchase common shares of the Company to directors, officers, employees and consultants of the Company. The exercise price of the options range from \$1.00 to \$2.00, depending on the recipient. They are subject to a four-month hold and have a term of 5 years.