Consolidated Financial Statements

Kilo Goldmines Ltd.

For the Years Ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Kilo Goldmines Ltd.

We have audited the accompanying consolidated financial statements of Kilo Goldmines Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2015 and September 30, 2014 and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years ended September 30, 2015 and September 30, 2014 and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 Kilo Goldmines Ltd. and its subsidiaries as at September 30, 2015 and September 30, 2014, and its financial performance and its cash flows for the years ended September 30, 2015 and September 30, 2014 in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Professional Accountants
January 26, 2016
Toronto, Ontario

Kilo Goldmines Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2015	September 30, 2014	October 1, 2013
Assets		Restated-Note 4	Restated-Note 4
Current Assets			
Cash and cash equivalents	$ 1,271,945	$ 5,355,444	$ 3,806,638
Receivables	69,257	158,011	395,465
Prepaid expenses	58,709	65,056	41,416
	1,399,912	5,578,511	4,243,519
Non-Current Assets			
Bid Bond (note 8)	671,119	561,588	516,241
Property, Plant and Equipment (note 5)	516,094	483,646	539,512
Reclamation Bonds (note 7)	84,382	70,610	66,454
	$ 2,671,507	$ 6,694,355	$ 5,365,726
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	202,875	251,687	547,246
Non-current Liabilities			
Bid Bond (note 8)	671,119	561,588	516,241
Deferred Lease Inducement	10,567	13,867	17,167
	884,561	827,142	1,080,654
Shareholders' Equity			
Share Capital (note 9)	58,918,266	58,918,266	54,431,426
Warrants (note 10)	2,294,658	2,455,916	1,163,274
Stock Options (note 11)	241,979	1,948,321	2,084,405
Contributed Surplus	14,223,945	12,252,813	11,946,028
Cumulative Translation Reserve	114,225	31,369	(7,334)
Deficit	(74,006,127)	(69,739,472)	(65,332,727)
	1,786,946	5,867,213	4,285,072
	$ 2,671,507	$ 6,694,355	$ 5,365,726

The accompanying notes form an integral part of these consolidated financial statements

Commitments (note 16)

Subsequent events (note 18)

Approved on behalf of the Board

Signed D G Netherway, Director

Signed J Mustard, Director

Consolidated Statements of Comprehensive Loss

For the Years Ended September 30, 2015 and 2014

(Expressed in Canadian Dollars)

		2015		2014 Restated - Note 4
Expenses				
Corporate and administrative expenses	$	1,010,589	$	1,223,465
Share-based compensation (note 11)		103,532		150,024
Exploration and evaluation		3,550,800		3,404,464
Amortisation		50,776		169,141
Less:				
Gain on foreign exchange		(446,448)		(301,467)
Gain from sale of equipment		-		(230,000)
Interest Income		(2,594)		(8,881)
Loss for the year		(4,266,655)		(4,406,746)
Other Comprehensive Income (Loss) for the year				
Currency Translation Adjustment		82,856		38,704
Total Comprehensive Income (Loss) for the year	$	(4,183,799)	$	(4,368,042)
Income (Loss) per Share - basic and diluted	$	(0.08)	$	(0.10)
Weighted Average Number of Common Shares Outstanding* - basic and diluted		56,680,869		42,147,006

* Adjusted for 1:10 share consolidation in March 2014

The accompanying notes form an integral part of these consolidated financial statements

Kilo Goldmines Ltd.
Consolidated Statements of Changes in Equity

For the Years Ended September 30, 2015 and 2014

(expressed in Canadian dollars)

	Common Stock					Cumulative		
					Contributed	Translation	Accumulated	
	Shares*	Amount	Warrants	Stock Options	Surplus	Reserve	Deficit	Total
Balance - October 1, 2014	56,680,869	$ 58,918,266	$ 2,455,916	$ 1,948,321	$ 12,252,813	$ 31,369	$ (69,739,472)	$ 5,867,213
Expired warrants	-	-	(161,258)	-	161,258	-	-	-
Common shares and warrants issued for cash	-	-	-	-	-	-	-	-
Broker compensation shares and warrants	-	-	-	-	-	-	-	-
Common shares issued related to resource properties	-	-	-	-	-	-	-	-
Stock options granted	-	-	-	103,532	-	-	-	103,532
Stock options expired	-	-	-	(1,809,874)	1,809,874	-	-	-
Issuance costs	-		-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	82,856	-	82,856
Net loss	-	-	-	-	-	-	(4,266,655)	(4,266,655)
Balance - September 30, 2015	56,680,869	$ 58,918,266	$ 2,294,658	$ 241,979	$ 14,223,945	$ 114,225	$ (74,006,127)	$ 1,786,946

	Common Stock					Cumulative		
					Contributed	Translation	Accumulated	
	Shares*	Amount	Warrants	Stock Options	Surplus	Reserve	Deficit	Total
Balance - October 1, 2013	31,904,989	$ 54,431,426	$ 1,163,274	$ 2,084,405	$ 11,946,028	$ (7,335)	$ (65,332,727)	$ 4,285,071
Common shares and warrants issued for cash	24,000,000	4,800,000	1,200,000	-	-	-	-	6,000,000
Issuance costs	-	(468,386)	(110,996)	-	-	-	-	(579,382)
Broker shares and warrants	740,880	148,176	224,314	-	-	-	-	372,490
Common shares issued related to resource properties	35,000	7,050	-	-	-	-	-	7,050
Expired warrants	-	-	(20,676)	-	20,676	-	-	-
Stock options granted	-	-	-	150,025	-	-	-	150,025
Stock options expired	-	-	-	(286,109)	286,109	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	38,704	-	38,704
Net loss	-	-	-	-	-	-	(4,406,745)	(4,406,745)
Balance - September 30, 2014 (note 4)	56,680,869	$ 58,918,266	$ 2,455,916	$ 1,948,321	$ 12,252,813	$ 31,369	$ (69,739,472)	$ 5,867,213

The accompanying notes form an integral part of these consolidated financial statements

*Adjusted for 1:10 share consolidation effected March 2014

Consolidated Statements of Cash Flows

For the Years Ended September 30, 2015 and 2014
(Expressed in Canadian Dollars)

		2015		2014 Restated-Note 4
Cash Flows from Operating Activities				
Net loss for the year	$	(4,266,655)	$	(4,406,745)
Items not affecting cash:				
Share issued for resource property acquisitions		-		7,050
Amortisation		50,776		169,141
Stock-based compensation		103,532		150,024
Deferred lease inducement		(3,300)		(3,300)
		(4,115,647)		(4,083,830)
Net Changes in non-cash working capital:				
Receivables		88,754		237,454
Prepaid expenses		6,347		(23,640)
Accounts payable and accrued liabilities		(41,378)		(297,714)
		(4,061,924)		(4,167,730)
Cash Flows from Financing Activities				
Share capital		-		4,800,000
Warrants		-		1,200,000
Share and warrant issuance costs		-		(206,892)
		-		5,793,108
Cash Flows from Investing Activities				
Equipment		(367)		(74,571)
Reclamation bonds		(13,772)		(4,156)
		(14,139)		(78,727)
Change in Cash		(4,076,063)		1,546,651
Effect of exchange rate changes on cash		(7,436)		2,155
Cash and Cash Equivalents - Beginning of year		5,355,444		3,806,638
Cash and Cash Equivalents - End of year	$	1,271,945	$	5,355,444

The accompanying notes form an integral part of these consolidated financial statements

1. Nature of Operations

Kilo Goldmines Ltd. (the "Company" or "KGL") is a publicly listed company incorporated pursuant to the provisions of the Business Corporations Act (Ontario). The Company's common shares are listed on the TSX Venture Exchange (TSXV: KGL).

The registered address, principal address and records office of the Company is located at 141 Adelaide Street West, Suite 1200, Toronto, Ontario.

The Company is in the process of exploring its mineral resource properties located principally in the Democratic Republic of Congo (the "DRC"). To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's mining assets that are located outside of North America are subject to the risk of foreign investment, foreign political influence, including increases in taxes and royalties, renegotiation of contracts, expropriation and currency exchange fluctuations and restrictions.

2. Basis of Presentation

These consolidated financial statements include the accounts of the Company, its subsidiaries Kilo Goldmines Inc. ("Kilo Inc."), KGL Somituri SPRL, and the partnership interests described in note 6. All intercompany accounts and transactions have been eliminated.

a) Statement of Compliance

The Company's 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 Standards Interpretations Committee.

The significant accounting policies (note 3) have been applied consistently to all periods. These policies are based on IFRS effective as of September 30, 2015. The Board of Directors approved the statements on January 22, 2016.

b) Change in Accounting Policies

During the year ended September 30, 2015 the Company retrospectively changed its accounting policy for exploration and evaluation expenditures. See note 4.

c) Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value.

d) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian Dollars. The functional currency of the Company and Kilo Inc. is the Canadian Dollar. The functional currency of KGL Somituri SPRL and the Company's partnership interests is the United States Dollar.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

a) Foreign Currency Transactions

Items included in the financial statements of the Company and its subsidiary (the "Group") are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's consolidated financial statements are presented in Canadian Dollars. Costs of the Company and Kilo Inc. are primarily incurred in Canadian dollars. Costs of the Company's partnership interests and KGL Somituri SPRL are primarily incurred in United States Dollars.

The Company translates monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates in the month they occur. Gains and losses on translation are recorded in profit and loss.

The Company translates the assets and liabilities of its partnership interests at the rate of exchange in effect at the statement of financial position date. Income and expenses are translated at the rate of exchange prevailing at the date of the transaction. All resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of shareholders' equity called Cumulative Translation Reserve.

b) Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and highly liquid short-term money market investments such as bankers acceptance notes, treasury bills and guaranteed investment certificates with maturities of 90 days or less.

c) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Any excess of the purchase price over fair value is recorded as goodwill. Acquisition-related costs are recognized in profit or loss as incurred.

d) Reclamation Bonds

Cash which is subject to contractual restrictions on use is classified separately as reclamation bonds. Reclamation bonds are classified as loans and receivables.

e) Property, Plant and Equipment

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. Depreciation is provided over the estimated useful lives of the assets on the following basis and rates per annum:

Building	25 years on a straight line basis
Vehicles	5 years on a straight line basis
Furniture and fixtures	5 years on a straight line basis
Equipment	5 years on a straight line basis
Computer equipment	3 years on a straight line basis

3. Significant Accounting Policies (continued)

e) Property, Plant and Equipment (continued)

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

An item of property, plant and equipment is derecognized upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in income or loss for the period.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment.

f) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

g) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the differences between the carrying amount of assets and liabilities on the statement of financial position and their corresponding tax value, using the substantively enacted tax rates expected to apply when these temporary differences are reversed. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and 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.

3. Significant Accounting Policies (continued)

h) Share-based Payments

Equity-settled share based payments to employees (including directors and senior executives) and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of the share-based payment is measured by reference to the fair value of the equity instrument granted, which in turn is determined using the Black-Scholes option-pricing model on the date of the grant, with management's assumptions for the risk-free rate, dividend yield, volatility factors of the expected market price of the Company's common shares, and the expected life of the options.

The fair value of the equity-settled share based payments is expensed over the period in which the performance and/or service conditions are fulfilled, ending on the date in which the grantee becomes fully entitled to the award, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. Vesting assumptions are reviewed at each reporting date to ensure they reflect current expectations.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

i) Decommissioning Liabilities

The Company's mining exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The Company has made, and intends to make in the future, expenditures to comply with such laws and regulations or constructive obligations.

Accrued site closure costs are recorded at the time an environmental disturbance occurs, and are measured at the Company's best estimate of the expected value of future cash flows required to reclaim the disturbance upon site closure, discounted to their net present value. The net present value is determined using a pre-tax discount rate that is specific to the liability. The estimated net present value is re-measured on an annual basis or when changes in circumstances occur and/or new material information becomes available. Increases or decreases to the provision arise due to changes in legal or regulatory requirements, the extent of environmental remediation required and cost estimates. The net present value of the estimated costs of these changes is recorded in the period in which the change is identified and quantifiable.

Upon initial recognition of site closure costs, there is a corresponding increase to the carrying amounts of related assets and the cost is amortized as an expense on a unit-of-production basis over the life of the related assets. The value of the provision is progressively increased over the life of the operation as the effect of discounting unwinds, such increase is recognized as interest expense.

As at September 30, 2015 and 2014, the Company is not committed to any decommissioning obligations in respect of its mineral exploration properties.

j) Other Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

k) Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant Accounting Policies (continued)

l) Other Comprehensive Income (Loss)

Other Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit or loss such as foreign currency gains or losses related to translation of the financial statements of foreign Operations. The Company's comprehensive income (loss), components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

m) Loss Per Share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. During the years ended September 30, 2015 and 2014, all the outstanding stock options, warrants and brokers' compensation options were anti-dilutive.

n) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

o) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recorded at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

The Company recognizes all financial assets initially at fair value and classifies them into one of the following specified categories: fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available-for-sale ("AFS") and loans and receivables. HTM instruments and loans and receivables are measured at amortized cost. AFS instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss for the year. The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) is based on quoted market prices at the date of the Statement of Financial Position. The quoted market price used for financial assets held by the Company is the current bid price.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

3. Significant Accounting Policies (continued)

o) Financial Instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss for the period. Other financial liabilities including borrowings are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

The effective interest 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 exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company’s financial assets and liabilities are classified and subsequently measured as follows:

Asset/Liability	**Classification**	**Subsequent Measurement**
Cash and cash equivalents	FVTPL	Fair value through profit or loss
Bid Bond	Loans and receivables	Amortized cost
Receivables	Loans and receivables	Amortized cost
Reclamation bonds	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Bid Bond payable	Other financial liabilities	Amortized cost

p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

q) Valuation of Equity Instruments in Private Placements

The Company adopted a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued using the Black-Scholes option pricing model and the share price at the time of financing. The shares are valued based on quoted market price. The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to capital stock. For those warrants that expire after vesting, the recorded value is transferred to contributed surplus.

3. **Significant Accounting Policies** (continued)

r) Critical Accounting Judgments and Estimation Uncertainties

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

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Recoverability of Property, Plant and Equipment

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

Title to Resource Property Interests

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

Property, Plant and Equipment - Estimated Useful Lives

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

Share-based payment transactions

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

3. Significant Accounting Policies (continued)

s) New standards and interpretations not yet adopted

The effective date of the following standard is January 1, 2018.

IFRS 9, Financial Instruments ("IFRS 9")
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments: recognition and measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

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

Effective for Annual Periods Beginning on or After January 1, 2016:

IAS 1 Presentation of Financial Statements was amended by the IASB in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.
The Company has not determined the extent of the impact of the above standards and does not plan to early adopt these new standards.

4. Change in Accounting Policy

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

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

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

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

4. Change in Accounting Policy (continued)

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

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

	As previously reported	Effect of change in accounting policy	As restated
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS			
Exploration and evaluation expenditures	-	3,404,464	3,404,464
Write-down of resource properties	1,765,532	(1,765,532)	-
Stock based compensation	136,683	13,341	150,024
Corporate and administrative expenses	752,461	169,536	921,997
Loss for the year	(2,584,936)	(1,821,810)	(4,406,746)
Currency translation adjustment	3,023,310	(2,984,606)	38,704
Total comprehensive income/(loss) for the year	438,374	(4,806,416)	(4,368,042)
Basic and diluted loss per share	(0.06)	(0.04)	(0.10)
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities	(466,381)	(3,708,399)	(4,174,780)
Cash flows from investing activities	(3,778,224)	3,708,399	(69,825)

5. Property, Plant and Equipment

As at September 30, 2015	Land	Buildings	Vehicles	Furniture and Fixtures	Equipment	Computer Equipment	Total
Cost							
Balance, October 1, 2014	$ 148,413	$ 326,201	$ 875,982	$ 23,746	$ 393,852	$ 27,151	$ 1,795,345
Additions	-	-	-	-	367	-	367
Effects of Movements in Exchange Rates	28,945	63,622	143,053	-	68,401	-	304,021
Balance, September 30, 2015	177,358	389,823	1,019,035	23,746	462,620	27,151	2,099,733
Accumulated depreciation							
Balance, October 1, 2014	-	(78,067)	(871,999)	(23,746)	(313,387)	(24,500)	(1,311,699)
Depreciation	-	(11,938)	(10,638)	-	(27,239)	(960)	(50,575)
Effects of Movements in Exchange Rates	-	(1,627)	(144,175)	-	(75,363)	-	(221,165)
Balance, September 30, 2015	-	(91,632)	(1,026,812)	(23,746)	(415,989)	(25,460)	(1,583,439)
Net carrying amount as at September 30, 2015	$ 177,358	$ 298,191	$ (7,777)	$ -	$ 46,631	$ 1,691	$ 516,094

As at September 30, 2014	Land	Buildings	Vehicles	Furniture and Fixtures	Equipment	Computer Equipment	Total
Cost							
Balance, October 1, 2013	$ 136,429	$ 299,863	$ 816,759	$ 23,746	$ 297,535	$ 24,260	$ 1,598,592
Additions	-	-	-	-	71,680	2,891	74,571
Effects of Movements in Exchage Rates	11,984	26,338	59,223	-	24,637	-	122,182
Balance, September 30, 2014	148,413	326,201	875,982	23,746	393,852	27,151	1,795,345
Accumulated depreciation							
Balance, October 1, 2013	-	(60,705)	(722,676)	(22,834)	(228,605)	(24,260)	(1,059,080)
Depreciation	-	(11,939)	(91,973)	(912)	(64,077)	(240)	(169,141)
Effects of Movements in Exchange Rates	-	(5,423)	(57,350)	-	(20,705)	-	(83,478)
Balance,September 30, 2014	-	(78,067)	(871,999)	(23,746)	(313,387)	(24,500)	(1,311,699)
Net carrying amount as at September 30, 2014	$ 148,413	$ 248,134	$ 3,983	$ -	$ 80,465	$ 2,651	$ 483,646

6. Resource Properties

Cumulative spending to date:

		October 1, 2014		Net Additions (Recoveries)		Write-Off's		September 30, 2015
KGL-Somituri (a)	$	37,950,798	$	3,498,350	$	-	$	41,449,148
KGL-Isiro (c)		396,475		52,450		-		448,925
	$	38,347,273	$	3,550,800	$	-	$	41,898,073

Mining activities in the DRC are governed by the Mining Code 2002 and the Mining Regulations of the DRC's Ministry of Mines. The Mining Code 2002 provides three types of licenses or permits that may be granted by the Minister of Mines. A Prospecting Certificate allows the holder to prospect plots of land as specified by the Prospecting Certificate for a period of two years but does not indicate a mineral or mining right.

Exploration Licenses entitle the holder to the exclusive right to carry out exploration activity for mineral substances on a specified plot of land. This exclusive right is indicated by a mining title called "Exploration Certificate" or "Research Permit" which is valid for five years and is renewable for two additional five-year periods.

Once the holder of an Exploration License can prove the existence of an economically exploitable deposit to the Ministry of Mines, the holder can convert the Exploration License to an Exploitation License. This Exploitation License is evidenced by a mining title called an "Exploitation Certificate" or "Exploitation Permit", and entitles the holder to the exclusive right to carry out exploitation, construction and exploration of mineral substances on the licensed areas for a period of thirty years, renewable several times for periods of fifteen years.

a) KGL-Somituri

The Company’s interest in the KGL-Somituri SPRL properties were acquired through an option agreement for twenty Research Permits previously held by Somituri SPRL. The Research Permits were subsequently converted into eight Exploitation Permits and registered in the name of KGL-Somituri SPRL, an entity in which the Company holds a 71.25% interest and the Somituri partners hold 23.75%. In accordance with DRC legislation, the DRC government holds the balance, a 5% free carried interest.

On April 29, 2010, the Company signed a new Partnership Agreement (the "2010 Partnership Agreement"), as well as an Assignment Agreement providing for the transfer of the eight Exploitation Permits to KGL-Somituri SPRL.

The Company committed to paying 75,000 Euros, 200,000 Euros (or an equivalent value in Company common shares) and 250,000 Euros (or an equivalent value in Company common shares), on the Effective Date, three days following the Effective Date, and three days following the property assignment Registration Date, respectively. The Company also committed to investing 2,000,000 Euros during the three years following the Effective Date with a minimum of 1,000,000 Euros during the first year. During the year ended September 30, 2010, the Company issued 520,915 common shares at a fair value of $0.482 per share to satisfy the Company's obligation to pay 200,000 Euros three days following the Effective Date as described above.

During the year ended September 30, 2012, the acquisition of the properties was finalised through registration of title to the licences in the name KGL-Somituri SPRL, and the Company satisfied its contractual commitments to the Somituri partners in this respect through settlement of the final payment of 250,000 Euros due upon registration of the title to the licenses in the name of KGL-Somituri SPRL. This was effected by paying 30,000 Euros in cash and issuing 1,405,777 common shares of the Company.

6. Resource Properties (continued)

a) KGL-Somituri (continued)

Under the Partnership Agreement, the Company agreed to finance all activities of KGL-Somituri, until the filing of a bankable feasibility study, by way of loans which bear interest at the rate of 5%. Within thirty days of the receipt of a bankable feasibility study, the minority partners may collectively elect to exchange their equity participation for either a 2% net smelter royalty, or a 1% net smelter royalty plus an amount equal to 2 Euros per ounce of proven mineral reserves.

During the year ended September 30, 2014 the Company determined to relinquish permits PE 9693 and PE9694. As of September 30th, 2014 and 2015, the company currently holds six mining licenses.

b) KGL-ERW SPRL

On November 17, 2006, the Company acquired an option to acquire a 75% interest in twenty Research Permits for mineral properties in the DRC, comprising approximately 7,000 square kilometers. The KGL-ERW SPRL partnership was created on July 4, 2007 to hold these permits, and at inception was 75% owned by the Company. Several permits have been relinquished to date, and twelve permits are held in the entity KGL Isiro SARL (see note below). The permits held in KGL Isiro SARL have an expiry date of February 4, 2017.

Pursuant to a Partnership Amending Agreement entered into on December 7, 2009 (the "Effective Date"), the Company became obligated to cash payments of 200,000 United States Dollars and the issuance of 1,050,000 common shares of the Company upon signing, the issuance of warrants to purchase 500,000 common shares of the Company upon the first anniversary, and the issuance of warrants to purchase 250,000 common shares of the Company on the second anniversary of the Effective Date of the Partnership Amending Agreement. Obligations in this respect have been met in full.

The Partnership Agreement requires the Company to finance all activities of KGL-ERW SPRL by way of loans which bear interest at the rate of 5%. The loans are repayable by KGL-ERW SPRL from revenues it generates to the extent of 75% of available funds, with the remaining 25% to be distributed to the equity holders. As of September 30, 2013 interest income related to these loans has not been recorded as the properties' ability to generate revenue in the future is still being evaluated by the Company.

During the year ended September 30, 2009, the Company signed an agreement with Rio Tinto Mining and Exploration Limited ("Rio") granting Rio an earn-in with respect to iron ore mineral rights on the KGL-ERW SPRL properties. As a vehicle to facilitate this earn-in transaction, the 11 properties subject to the Rio agreement were transferred into a separate entity, KWR Iron SPRL, with ownership held in the same 75%/25% proportion as KGL-ERW SPRL. Under terms of the Rio agreement, Rio had the ability to earn up to a 75% interest in the mineral rights of KWR Iron SPRL by making a combination of cash payments and exploration expenditures.

In December 2012, Rio withdrew from the agreement for iron ore on the KWR Iron SPRL licences. Upon withdrawal, data and joint venture assets were handed over to the Company. Property permits held by KWR Iron SPRL were transferred to a new entity, KGL Isiro SARL during the year ended September 30, 2013.

During November 2012, the Company entered into a Letter Agreement to acquire, on a phased basis, up to the full additional 25% ownership interest in KWR-ERW SPRL, as well as the outstanding 25% gold interest in the properties owned by KWR Iron SPRL, now residing in KWR Isiro SARL. In exchange for the above interest, the Company agreed to make cash payments totaling 635,000 United States Dollars and issue a total of 356,000 common shares of the Company in various increments within six years of the date of the Letter Agreement. The Company may, at any time but with good reason, discontinue the payments and issuance of shares as set forth in the Letter Agreement. In January 2013, the Company issued 200,000 common shares in connection with the Letter Agreement to acquire an additional 2% interest in the properties, and in December 2013 the Company commenced the process of acquiring a further 4% interest by effecting a cash payment of $25,000. The issuance of 5,000 shares in the Company was effected in April 2014 to complete this portion of the buy-out. In December of 2014 the Company commenced the process of acquiring a further 8% interest by effecting a cash payment of $50,000 and this portion of the buyout was completed upon issuance of 5,000 shares in November 2015. Also in November 2015, the next phase of the buyout was initiated by issuance of 5,600 shares followed by a payment of $25,000, leaving a payment of $75,000 to be made to achieve a cumulative 29% buyout.

6. Resource Properties (continued)

c) KGL Isiro SARL

On December 6, 2012 the Company and KWR Iron SPRL entered into a Joint Venture Agreement with Randgold Resources Limited ("Randgold") with respect to certain properties owned by KWR Iron SPRL. To facilitate the Joint Venture, twelve properties have been transferred into a new entity, **KGL Isiro SARL**. Pursuant to the Joint Venture Agreement, Randgold agrees to fund, through its wholly-owned subsidiary Randgold Resources (DRC) Limited ("Randgold DRC") or any wholly owned subsidiary of Randgold DRC, a phased exploration program. The Phase One Exploration Program shall be completed within 36 months of the effective date of the Joint Venture Agreement and the Phase Two Exploration Agreement within 60 months of the effective date of the Joint Venture Agreement, leading to a pre-feasibility study. The Joint Venture Agreement allows for withdrawal of Randgold subject to various termination criteria. Delivery of a pre-feasibility study entitles Randgold to a 51% interest in the properties which can be increased to 65% upon delivery of a bankable feasibility study should Kilo not contribute proportionately to the Exploration Program post pre-feasibility study.

The rights to the Somituri (the “West Kilo Project”) were acquired from Moto Goldmines Limited ("Moto") pursuant to an agreement dated November 15, 2006. Moto has the right, exercisable at its option when a bankable feasibility study is concluded, (if at that stage the measured resources exceed two million ounces) to acquire a 10% equity interest in the West Kilo Project for consideration of 5,000,000 United States Dollars.

7. Reclamation Bonds

Amounts recorded as reclamation bonds represent deposits on restoration costs to be incurred in the future to restore the resource properties to a specified state. As of September 30, 2015 the Company has an amount of $65,700 United States Dollars in reclamation bonds pertaining to the KGL Somituri properties. Based on the exploration work performed to September 30, 2015 on the resource properties in the DRC, the Company's management estimates that no future obligations for site restoration costs exist as at September 30, 2015.

8. Bid Bond

In 2012, the Company received $500,000 held in trust for another party as security for a bid bond. Upon completion of certain conditions the funds will be released and returned to the other party. In the current year the amounts have been reclassified from cash and accounts payable and accrued liabilities to non-current assets and non-current liabilities.

9. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

In March 2014 the Company effected a share consolidation of one (1) new share for every ten (10) pre-consolidation shares. The new shares commenced trading on the TSX-V on March 28, 2014 under the existing exchange symbol KGL.

9. Share Capital (continued)

The following is a summary of changes in common share capital from October 1, 2013 to September 30, 2015. Share numbers* are expressed as new (post-consolidation) shares.

	Number* of Shares		Amount
Balance - September 30, 2013	31,904,989	$	54,431,426
Issued for cash	24,000,000		4,800,000
Issued related to resource properties	35,000		7,050
Issued as broker compensation	740,880		148,176
Issuance costs			(468,386)
Balance - September 30, 2014 and 2015	56,680,869	$	58,918,266

*Adjusted to reflect 1:10 share consolidation March 2014

No shares were issued during the year ended September 30, 2015

During the year ended September 30, 2014, the Company:

a) Issued 30,000 shares at $0.20 in final settlement of properties acquired from Masters SPRL in 2006

b) Issued 5,000 shares at $0.20 per share pursuant to a Letter Agreement as discussed in note 5 (b).

c) Issued 24,000,000 units for proceeds of $6,000,000 of which $1,200,000 was allocated to warrants.

   Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.35 per share at any time until May 2, 2016 or at a price of $0.50 thereafter until May 2, 2019.

d) In connection with the offering the Company paid broker fees of $66,623, legal fees of $140,269 and issued 740,880 Broker compensation units with a fair value of $74,224. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.35 per share at any time until May 2, 2016 or at a price of $0.50 thereafter until May 2, 2019.

   The Company also issued 1,007,370 Broker warrants with a fair value of $187,270. Each warrant entitles the holder to purchase one common share at a price of $0.25 at any time until May 2, 2019.

   The Company was not able to reliably determine the fair value of services received and therefore the fair value of the warrants were evaluated based on the Black-Scholes model.

10. Warrants

	Number* of Warrants		Amount		Weighted Average Exercise Price
Balance - September 30, 2013	10,317,665	$	1,163,274	$	1.49
Expired	(25,000)		(20,676)		(0.30)
Issued May 2014	24,000,000		1,200,000		0.35
Issued to Agents	1,748,250		224,314		0.35
Issuance costs			(110,996)		
Balance - September 30, 2014	**36,040,915**	**$**	**2,455,916**	**$**	**0.67**
Expired	(292,665)		(161,258)		**1.00**
Balance - September 30, 2015	**35,748,250**		**2,294,658**		**0.67**

* Adjusted to reflect 1:10 share consolidation March 2014

No warrants were issued or exercised during the year ended September 30, 2015, and 292,665 warrants expired unexercised.

During the year ended September 30, 2014 the Company

i. Issued 24,000,000 warrants in connection with a private placement. Each warrant entitles the holder to purchase one common share at a price of $0.35 per share at any time until May 2, 2016 or at a price of $0.50 thereafter until May 2, 2019. The fair value of the warrants was estimated to be $1,200,000 based on the excess of the unit price to the market price of the common share of the Company at the time of the offering.

ii. Issued 740,880 units as broker fees. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.35 per share at any time until May 2, 2016 or at a price of $0.50 thereafter until May 2, 2019. The fair value of the warrant was estimated to be $37,044 based on the excess of the unit price to the market price of the common shares at the time of the offering.

iii. Issued 1,007,370 broker warrants with a fair value of $187,270. Each warrant entitles the holder to purchase one common share at a price of $0.25 at any time until May 2, 2019.

The fair value of the warrant was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Share price	$0.20
Expected dividend yield	Nil
Risk-free interest rate	1.25%
Expected life	5 years
Expected volatility	126%

As at September 30, 2015, the following common share purchase warrants (“warrants”) were issued and outstanding:

Number* of Warrants		Exercise Price*	Expiry
10,000,000	$	1.50	March 20, 2016
24,000,000		0.35/0.50	May 2, 2016/ May 2, 2019
740,880		0.35/0.50	May 2, 2016/ May 2, 2019
1,007,370		0.25	May 2, 2019
35,748,250			

* Adjusted to reflect 1:10 share consolidation March 2014

11. Stock Options and Agent Options

a. The Company has adopted a stock option plan for the Company (the "Plan"). Pursuant to the Plan, the board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company, and its subsidiary. Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted thereunder may not exceed 15% of the number of issued and outstanding shares. Expiry dates and exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the market price.

b. A summary of changes to stock options is as follows:

	Number* of Options		Amount		Exercise Price
Balance - September 30, 2013	2,126,400	$	2,084,405	$	1.90
Expired/Cancelled	(389,775)		(286,109)		
Granted/vested			150,025		
Balance - September 30, 2014	1,736,625	$	1,948,321	$	2.11
Expired/Cancelled	(2,295,000)		(1,809,874)		4.50
Granted/vested	1,860,000		103,532		0.10
Balance - September 30, 2015	1,301,625		241,979		0.29

* Restated to reflect post share consolidation position

During the year ended September 30, 2015, the Company:

(i) Issued 1,460,000 stock options to directors, employees and consultants. Each option entitles the holder to purchase one common share of the Company at a price of $0.10 per share at any time on or before December 17, 2019. The options vest 50% on issuance and 50% on December 14, 2015.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Share price	$0.10
Expected dividend yield	Nil
Risk-free interest rate	1.44%
Expected life	5 years
Expected volatility	126%

(ii) Issued 400,000 stock options to officers and consultants. Each option entitles the holder to purchase one common share of the Company at a price of $0.07 per share at any time on or before June 3, 2020.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Share price	$0.07
Expected dividend yield	Nil
Risk-free interest rate	1.01%
Expected life	5 years
Expected volatility	128%

11. Stock Options and Agent Options (continued)

During the year ended September 30, 2014, no stock options were issued by the Company.

a. As at September 30, 2015, the following stock options were outstanding:

	Number of Options*			
Exercise Price*	**Unvested**	**Vested**	**Total**	**Expiry**
3.00	-	86,000	86,000	November 19, 2015
1.20	-	5,625	5,625	June 19, 2018
0.10	405,000	405,000	810,000	December 17, 2019
0.07	-	400,000	400,000	June 3, 2020
	405,000	896,625	1,301,625	

During the year ended September 30 2015, share based payments of $20,621 (2014 - $6,643) were expensed to exploration and evaluation expenses.

12. Income Taxes

(i) Income tax expense

The following table reconciles income taxes calculated at combined Canadian federal/provincial tax rates with the income tax recovery in the consolidated financial statements:

		2015	2014
Loss before income taxes	$	(4,266,475)	(4,406,745)
Stautory tax rate		26.50%	26.50%
Expected income tax recovery		(1,130,616)	(1,167,787)
Stock-based compensation		27,436	39,756
Non-deductible expenses		358	1,587
Share issuance costs		12,455	(29,347)
Change in loss carry forwards		(31,555)	87,647
Change in rates		(124,278)	(119,156)
		(1,246,200)	(1,187,300)
Change in deferred taxes not recognized		1,246,200	1,187,300
Net expected deferred income tax recover	$	-	-

12. **Income Taxes** (continued)

(ii) Deferred Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

		2015	2014
Deferred Tax Assets			
Resource Properties	$	16,127,707	15,062,467
Amounts related to tax loss and credit carry forwards		4,697,260	4,341,984
Capital assets		62,289	61,244
Share issuance costs		160,674	335,991
		21,047,929	19,801,686
Deferred taxes not recognized		(21,047,929)	(19,801,686)
Net deferred tax assets	$	-	-
Net deferred tax liabilities	$	-	-

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax liabilities result primarily from amounts not deductible for accounting purposes until future periods. Deferred income tax assets result primarily from operating tax loss carry forwards and have been offset against deferred income tax liabilities.

(iii) Loss Carry Forwards

The Company has non-capital losses of approximately $18,087,013available for carry forward. Potential income tax benefits of the losses have not been recorded in the financial statements. These losses expire as follows:

2026	$	148,018
2027		981,026
2028		1,717,728
2029		1,716,700
2030		2,127,010
2031		2,945,072
2032		2,349,757
2033		2,880,923
2034		1,552,742
2035		1,668,037
	$	18,087,013

13. Related Party Transactions

The Company considers key management to be its directors, officers and Exploration Manager.

During the year ended September 30, 2015 the Company entered into the following related party transactions:

		2015		2014
Directors fees	$	160,000	$	144,000
Management and consulting fees paid to CEO and CFO	$	384,000	$	345,600
Legal fees paid to BTM Lawyers and MBM-Conseils, legal firms of which a member is the spouse of the former CEO	$	53,514	$	156,511

During the year ended September 30, 2015 the Company granted 1,220,000 stock options to management and directors. Included in share-based compensation for the year ended September 30, 2015 is $43,311 (2014 - $136,683) related to stock options granted to management and directors.

As at September 30, 2015, accounts payable and accrued liabilities included $6,570 (September 30, 2014 - $Nil) related to various related parties disclosed above.

14. Financial Instruments and Other Risks

IFRS 7 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1	quoted prices 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. from derived prices) and;
Level 3	inputs for the asset or liability that are not based upon observable market data

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at September 30, 2015, the Company's cash and cash equivalents are categorized as Level 1 measurement.

Fair Values

Except as disclosed elsewhere in these financial statements, the carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items. Reclamation bonds, which are long term, are valued at amortized cost which approximates their fair value.

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

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is not exposed to any significant credit risk as at September 30, 2015. The Company’s cash and cash equivalents and bid bonds are on deposit with highly rated banking groups.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company has current assets of $1,399,912 (September 30, 2014- $5,578,511) and current liabilities of $202,875 (September 30, 2014 - $251,632). All of the Company's current financial liabilities and receivables have contractual maturities of less than 120 days and are subject to normal trade terms. Current working capital of the Company is $1,197,037 as at September 30, 2015 (September 30, 2014 - $5,326,824).

14. Financial Instruments and Other Risks (continued)

Market risk

(iv) Interest rate risk

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

(v) Foreign currency risk

The Company's functional currency is primarily the Canadian Dollar. The majority of the Company's operating expenses are transacted in Canadian Dollars and the majority of the Company's resource property costs are transacted in United States Dollars. As at September 30, 2015, the Company had cash of $878,686, accounts receivable of $13,635 and accounts payable and accrued liabilities of $19,474 denominated in United States Dollars. As at September 30, 2015, the Company also had accounts payable of 66,180 United Kingdom Pounds Sterling and accounts payable of 22,322 South African Rand.

Sensitivity analysis

Based on management's knowledge and experiences of the financial markets, the Company's management believes the following movements are "reasonably possible" over a three month period.

As at September 30, 2015, approximately 2.8% of the Company's cash and cash equivalents is at fixed interest rates beyond the next three months and is not subject to interest rate fluctuations within the next three months. The balance of the Company's cash and cash equivalents is subject to interest rate fluctuations. Sensitivity to a plus or minus 25 basis points change in rates would increase (or decrease) the Company's net loss by approximately $1,400 over a three month period.

As at September 30, 2015, cash and cash equivalents include $878,686 United States Dollars, accounts receivable include $13,635 United States dollars, and accounts payable and accrued liabilities include $19,474 United States Dollars, 66,180 United Kingdom Pounds Sterling, and 22,322 South African Rand.

If the Canadian Dollar weakens (or strengthens) 10% against the United States Dollar with other variables held constant, the Company's expenses would decrease (or increase) by approximately $116,272.

If the Canadian Dollar weakens (or strengthens) 10% against the United Kingdom Pound Sterling with other variables held constant, the Company's expenses would increase (or decrease) by approximately $13,397.

If the Canadian Dollar weakens (or strengthens) 10% against the South African Rand with other variables held constant, the Company's expenses would increase (or decrease) by approximately $216.

15. Capital Disclosures

The company's objective when managing capital is to raise sufficient funds to execute its exploration plan. At September 30, 2015, the company's capital consists of shareholder's equity in the amount of $1,770,388.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain future development of the business. The Company does not have any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended September 30, 2015.

16. Commitments

a) The Company has monthly obligations of $4,000 United States Dollars pursuant to a consulting agreement. The agreement does not have a fixed term and can be cancelled by either party.

b) The Company has entered into leases for office premises and office equipment. The minimum lease commitments under these leases are as follows:

2016	$ 83,108
2017	$ 75,313
2018	$ 69,036

c) Additional commitments are disclosed in note 6.

17. Segmental Reporting

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

The Company's non-current assets relate to the following areas:

		Canada		DRC
Property, Plant and Equipment		1,931		468,200
Reclamation Bonds		-		84,382
September 30, 2015	$	1,931	$	552,582
Property, Plant and Equipment		2,651		480,995
Reclamation Bonds		-		70,610
September 30, 2014	$	2,651	$	551,605

18. Subsequent events

a) On November 19, 2015 86,000 stock options expired unexercised.

b) On December 24, 2015 the Company issued 12,993,386 units for proceeds of $909,537.

Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.095 per share at any time until December 24, 2017.

In connection with the offering the Company paid finder's fees of $36,171, legal fees of $35,000 and issued 369,090 Finder's warrants, each exercisable to purchase one common share at a price of $0.07 per share at any time until December 24, 2017.

c) On January 19, 2016 the Company announced that it has entered into a definitive joint venture agreement with Randgold Resources (DRC) Ltd (Randgold) on the Somituri licences. Under the terms of the agreement Randgold will manage exploration activities, and a joint venture committee with representation from both parties will direct the project. Randgold will manage and fund all exploration of the permit areas until the completion of a prefeasibility study. Once the Joint Venture has determined to move ahead with a full feasibility study, a special purpose vehicle ("SPV") would be created to hold the specific discovery areas. Subject to the DRC's carried interest, Randgold would retain 65% of the SPV with KGL's DRC 71.25% subsidiary, KGL-Somituri SARL, holding the balance of 35%. Randgold can earn an additional 5% on completion of a bankable feasibility study should KGL choose not to co-fund the feasibility study. KGL will be required, from the completion of a feasibility study, to fund its pro-rata share of the SPV in order to maintain its interest or be diluted.

The agreement is subject to regulatory and shareholder approvals.