RJK EXPLORATIONS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016 & 2015

EXPRESSED IN CANADIAN DOLLARS

UNAUDITED

The independent auditor of RJK Explorations Ltd. has not performed a review of the unaudited condensed interim financial statements for the three and nine month periods ended September 30, 2016 and 2015.

RJK EXPLORATIONS LTD.

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2016 and DECEMBER 31, 2015
(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

	SEPTEMBER 30 2016	DECEMBER 31 2015
ASSETS		
CURRENT ASSETS		
Cash (Note 6)	**$ 199,879**	$ 12,932
Accounts receivable (Note 7)	**52,125**	29,771
Prepaid expenses	**555**	224
TOTAL CURRENT ASSETS	**252,559**	42,927
Mineral properties (Note 5)	**4,263,979**	3,987,254
Plant and equipment (Note 8)	**26,983**	32,941
TOTAL ASSETS	**$ 4,543,521**	$ 4,063,122
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**$ 934,434**	$ 820,012
TOTAL CURRENT LIABILITIES	**934,434**	820,012
NON-CURRENT LIABILITIES		
Class B preferred shares (Note 9)	**170,828**	170,828
TOTAL LIABILITIES	**1,105,262**	990,840
SHAREHOLDERS' EQUITY (Note 9)		
Common stock (Class A shares)	**22,358,418**	22,327,008
Class B preferred shares	**256,242**	256,242
Contributed surplus and reserves	**3,210,575**	2,667,669
Deficit	**(22,386,976)**	(22,178,637)
TOTAL SHAREHOLDERS' EQUITY	**3,438,259**	3,072,282
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 4,543,521**	$ 4,063,122

The accompanying notes are an integral part to these condensed interim financial statements.

RJK EXPLORATIONS LTD.

CONDENSED INTERIM STATEMENT OF OPERATIONS AND DEFICIT
AND OTHER COMPREHENSIVE INCOME (LOSS)
NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2016
(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

	3 months ended September 30		9 months ended September 30	
	2016	2015	**2016**	2015
EXPENSES				
Shareholder information	**$ 27,845**	$ 821	**$ 38,761**	$ 14,798
Professional fees	**70,210**	44,000	**152,110**	131,025
Office and general expenses	**10,662**	420	**11,520**	6,944
Depreciation	**1,986**	1,986	**5,958**	5,958
NET LOSS AND COMPREHENSIVE LOSS	**(110,703)**	(47,227)	**(208,349)**	(158,725)
Weighted average number of common shares outstanding	**12,028,451**	92,811,980	**10,196,949**	90,523,091
BASIC AND DILUTED LOSS PER COMMON SHARE	**$ (0.009)**	$ (0.001)	**$ (0.020)**	$ (0.002)

The accompanying notes are an integral part to these condensed interim financial statements.

RJK EXPLORATIONS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

	9 months ended September 30 2016	2015
OPERATING ACTIVITIES		
NET INCOME (LOSS)	**$ (208,349)**	$ (158,725)
ADD ITEMS NOT REQUIRING A CASH OUTLAY		
Depreciation	**5,958**	5,958
CHANGES IN NON-CASH WORKING CAPITAL ITEMS		
Accounts receivable	**(22,354)**	(11,793)
Prepaids	**(331)**	(359)
Accounts payable and accrued liabilities	**114,422**	136,462
CASH FLOWS USED IN OPERATING ACTIVITIES	**(110,654)**	(28,457)
INVESTING ACTIVITIES		
Mineral properties	**(276,725)**	(213)
CASH FLOWS USED IN INVESTING ACTIVITIES	**(276,725)**	(213)
FINANCING ACTIVITIES		
Net proceeds from issue of common stock	**574,326**	33,513
CHANGE IN CASH DURING THE PERIOD	**186,947**	4,843
CASH, beginning of period	**12,932**	10,285
CASH, end of period	**$ 199,879**	$ 15,128

The accompanying notes are an integral part to these condensed interim financial statements.

RJK EXPLORATIONS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

	COMMON STOCK (Class A Shares)						
	# OF SHARES	AMOUNT	CLASS B PREFERRED SHARES	CONTRIBUTED SURPLUS AND RESERVES	DEFICIT	TOTAL
Balance, January 1, 2015	89,378,647	$ 22,293,335	$ 256,242	$ 2,667,669	$ (21,993,325)	$ 3,223,921
Private placement	3,433,333	34,333	-	-	-	34,333
Issued for properties option payments	700,000	14,000	-	-	-	14,000
Share issue costs	-	(820)	-	-	-	(820)
Loss and comprehensive loss for the period	-	-	-	-	(158,725)	(158,725)
Balance, September 30, 2016	93,511,980	$ 22,340,848	$ 256,242	$ 2,667,669	$ (22,152,039)	**$ 3,112,710**
Balance, December 31, 2015	92,811,980	$ 22,328,008	$ 256,242	$ 2,667,669	$ (22,178,637)	**$ 3,072,282**
Share consolidation 10:1 (Note 9)	9,281,198	-	-	-	-	-
Private placement	5,000,000	575,000	-	-	-	575,000
Fair value of warrants issued with private placements	-	(542,906)	-	542,906	-	-
Loss and comprehensive loss for the period	-	-	-	-	(208,349)	(208,349)
Share issue costs	-	(684)	-	-	-	(684)
Balance, September 30, 2016	**14,281,198**	**$ 22,359,418**	**$ 256,242**	**$ 3,210,575**	**$ (22,386,976)**	**$ 3,439,259**

The accompanying notes are an integral part to these condensed interim financial statements.

1. DESCRIPTION OF BUSINESS

RJK Exploration Ltd. (the "Company") is a mineral exploration company originally formed in 1922 and is engaged in the acquisition and exploration of early stage mineral resource properties in productive Greenstone belts. The Company's current focus is on gold, silver and base metals in British Columbia, and platinum and palladium in Ontario. The Company continues to evaluate its mineral properties and may acquire additional properties as venture capital and opportunities present themselves. The Company is a reporting issuer in Ontario, Alberta and British Columbia and trades on the TSX Venture Exchange as a Tier II reporting issuer under the symbol "RJX.A".

The address of the Company's corporate office and principal place of business is 4 Al Wende Avenue, Kirkland Lake, Ontario, Canada.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral deposits that are economically recoverable. The Company will periodically have to raise additional funds to continue its exploration activities and, while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation properties. The recoverability of deferred exploration expenses is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain necessary financing to complete exploration, development and construction of processing facilities; obtaining certain government approvals; and attning profitable production.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

2. BASIS OF PRESENTATION

(a) Condensed Interim Financial Statements

These interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's 2015 annual consolidated financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 24, 2016.

(b) Basis of Presentation

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

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of $208,349 during the nine months ended September 30, 2016 and, as at that date the Company's deficit was $22,386,976. The Company has a working capital deficit of $681,875. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign Currencies

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the unaudited condensed interim statement of loss and comprehensive loss. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

(c) Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the statement of comprehensive loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

(d) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

If the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Note Concerning Capitalizing vs. Expensing Exploration and Evaluation Costs:

Under IFRS 6, upon transition to IFRS, an entity may continue to follow their current accounting policies, whereby exploration and evaluation expenditures are capitalized or a Company may elect to expense all exploration and evaluation costs. Current industry practice on the capitalization vs. expensing of exploration and evaluation activities varies by company. Significant management judgment is required to determine appropriate accounting policies relating to the treatment of exploration and evaluation expenditures upon transition to IFRS. RJK Explorations Ltd. has elected to continue to capitalize exploration and evaluation activities that are directly related to the discovery, acquisition or development of exploration and evaluation activities upon transition to IFRS.

(e) 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 at rates calculated to write off the cost of the property, plant and equipment, less their estimated residual value, using the straight line method at various useful lives:

Equipment	10 years
Building	40 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

(f) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including mineral exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

(g) Financial Instruments

Financial assets and liabilities are classified into one of the following categories based on the purpose for which the asset was acquired or for which the liability was incurred.

Cash and cash equivalents	Fair value through profit or loss
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Class B preferred shares	Other financial liabilities

Fair Value Through Profit or Loss

Fair value through profit or loss makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Other Financial Liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transactions costs. Subsequent to initial recognition these financial liabilities are 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 and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

(h) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(i) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s Class A common shares, share warrants and flow-through shares are classified as equity instruments. The Company's Class B shares are equity but disclosed as a non-current liability as they are redeemable at the option of the holder. They are classified as non-current as the holders have signed an agreement to not redeem them within the next year.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

<u>Flow-through Shares</u>

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company’s period is disclosed separately as flow-through share proceeds in Note 6.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

<u>Loss Per Share</u>

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(j) Share-Based Payments

The fair value of share options granted to employees are recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(k) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 - Financial Instruments ("IFRS 9") covers the classification and measurement of financial assets and financial liabilities. The effective date of this new standard is for annual periods beginning on or after January 1, 2018. The Company is currently assessing the financial impact of this new standard.

IFRS 2 - Final amendments to Share-Based Payments ("IFRS 2") were issued in June 2016 to clarify the classification and measurement of share-based payment transactions. These amendments deal with variations in the final settlement arrangements including; (a) accounting for cash-settled share-based payment transactions that include a performance condition, (b) classification of share-based payment transactions with net settlement features, and (c) accounting for modifications of share-based payment transactions from cash-settled to equity. These changes are effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of the changes to IFRS 2.

IFRS 16 - Leases will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company is currently assessing the impact of adopting IFRS 16.

IAS 7 - Statement of Cashflows. The IASB issued amendments to IAS 7, Statement of Cash Flows ("IAS7"), in January 2016. The amendments are effective for annual periods beginning on or after January 1, 2017. This amendment will require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The Company will adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The Company is currently assessing the impact of adopting IAS 7.

4. CRITICAL ACCOUNT ESTIMATES AND JUDGMENTS

RJK Explorations Ltd. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

4. CRITICAL ACCOUNT ESTIMATES AND JUDGMENTS *(continued)*

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

(a) Mineral Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(b) Title to Mineral Property Interest

Although the Company has taken steps to verify title to mineral 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.

(c) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(d) 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. This estimate also requires determining the most appropriate inputs to the Black Scholes valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock-based payment transactions are disclosed in Note 9.

5. MINERAL PROPERTIES

The Company's mineral property interests consist of various early stage exploration projects as detailed below.

	September 30, 2016	December 31, 2015
STARES-GOLDIE PROPERTY:		
Balance, beginning of the year	$ 516,919	$ 516,919
Balance, end of the period	$ 516,919	$ 516,919

(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

WEST BLACKWATER PROPERTY:				
Balance, beginning of the year	$	1,901,624	$	1,901,411
Other exploration costs		-		213
Balance, end of the period	$	1,901,624	$	1,901,624
EAST BLACKWATER PROPERTY:				
Balance, beginning of the year	$	942,456	$	942,456
Balance, end of the period	$	942,456	$	942,456
NORTHEAST BLACKWATER PROPERTY:				
Balance, beginning of the year	$	611,144	$	611,144
Balance, end of the period	$	611,144	$	611,144
MAUDE LAKE GOLD PROPERTY:				
Balance, beginning of the year	$	-	$	-
Acquisition/staking		260,000		-
Other exploration costs		15,681		-
Balance, end of the period	$	275,681	$	-
OTHER PROPERTIES:				
Balance, beginning of the year	$	15,111	$	15,111
Other exploration costs		1,043		-
Balance, end of the period	$	16,154	$	15,111
Mineral Properties, end of the period	**$**	**4,263,978**	**$**	**3,987,254**

The Company has no work commitments on these properties over the next three years. On May 16, 2016 the Company entered into a purchase agreement to the Maude Lake Gold Property from Globex Mining Enterprises Inc. The Company gained an undivided 100% in property subject to a Royalty to Globex, and an annual fee of $250,000 adjusted to CPI. The first annual fee of $250,000 was paid on August 16, 2016.

The impairment assessment of mineral exploration and evaluation assets resulted in no amounts being written off the carrying value of the Company's properties during the three months ended. During fiscal 2014, there was $7,389 of mineral property write-offs. All the properties noted above are 100% owned and located throughout Canada.

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6. CASH

Cash at banks and on hand earn interest at floating rates based on daily bank deposit rates.

As at September 30, 2016, there were no unspent flow through funds to be spent.

		September 30, 2016		December 31, 2015
Unrestricted cash	**$**	**199,879**	$	12,932
Total Cash	**$**	**199,879**	$	12,932

7. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Accounts receivable is comprised solely of harmonized goods and service tax receivable from the Federal Government of Canada.

Accounts payable consists of the following:

		September 30, 2016		December 31, 2015
Trade accounts payable	**$**	**63,590**	$	78,346
Related parties included in accounts payable	**$**	**462,200**	$	402,300
Accrued liabilities		**22,178**		17,300
Amount due to related parties		**312,841**		266,941
Loan owing to private investor		**13,500**		-
Loan owing to related party		**5,000**		-
Promissory note payable due to Mistango River Resources		**55,125**		55,125
Total	**$**	**934,434**	$	820,012

Promissory note payable bears interest of 5% per annum, and was payable in full on December 17, 2015.

8. PLANT AND EQUIPMENT

		Cost		Accumulated Amortization		**September 30, 2016 Net Book Value**
Building	$	3,475	$	3,191	**$**	**284**
Equipment		78,567		51,868		**26,699**
	$	82,042	$	55,059	**$**	**26,983**

		Cost		Accumulated Amortization		**December 31, 2015 Net Book Value**
Building		3,475		3,125		**350**
Equipment		78,567		45,976		**32,591**
	$	82,042	$	49,101	**$**	**32,941**

Depreciation expense for the nine month period amounted to $5,958 (2015 - $5,958).

(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

9. SHAREHOLDERS' EQUITY

(a) i) COMMON SHARES

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

ii) ISSUED

	Number of Shares		Amount
Balance, December 31, 2014	89,378,647	$	22,293,335
Private placement (iii)	3,433,333		34,333
Share issuance costs	-		(660)
Balance, December 31, 2015	92,811,980	$	22,327,008
Rollback of RJX.A shares 10:1 (v) July 22, 2016 (iv)	9,281,198		22,327,008
Private placement (v)	5,000,000		575,000
Share issuance costs	-		(684)
Black Scholes value of warrants issued with private placement	-		(542,906)
Balance, September 30, 2016	14,281,198		22,358,418

iii) MAY 1, 2015 PRIVATE PLACEMENT

The Company closed a non-brokered private placement of 3,433,333 Class A subordinate voting shares at a price of $0.01 per share pursuant to a discretionary waiver of the $0.05 minimum pricing requirement granted by the TSX Venture Exchange, for a total proceeds of $34,333.33.

iv) JULY 22, 2012 SHARE CONSOLIDATION

The TSX Venture Exchange approved a share consolidation of the Company's issued and outstanding Class "A" subordinate voting shares effective at the open of the Market on July 22, 2016. The Board of Directors of the Company has determined, in accounting with the special resolution approved by the Shareholders on May 28, 2016, to consolidate the outstanding Class "A" shares at a ratio of ten pre-consolidation shares to one post-consolidation share. Prior to consolidation, the Company had 92,811,980 Class "A" Shares outstanding. As of the effective date of July 22, 2016 and after giving effect to the consolidation, the Company had 9,281,198 Class "A" Shares issued outstanding.

v) AUGUST 11, 2016 PRIVATE PLACEMENT

The Company closed a non-brokered private placement, raising gross proceeds of $575,000. Under the terms of the offering, 5,000,000 units were sold at a price of $0.115 per unit, each unit being comprised of one Class A subordinate voting share of the Company and one Class A voting share purchase warrant, with each warrant entitling the holder to purchase an additional Class A subordinate voting share for up to two years at a price of $0.20 per warrant share during the first year of the term, and at a price of $0.30 during the second year of the term.

(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

9. SHAREHOLDERS' EQUITY *(continued)*

iii) CLASS B PREFERRED SHARES

The Company is authorized to issue an unlimited number of preference shares, in series.

There are currently 854,140 preferred shares outstanding, which are classified as a liability because they are redeemable at the option of the holder.

The Company received from shareholders to consolidate the outstanding Class B Preferred Shares at the shareholder's meeting on October 4, 2016. The Class B Shares will be consolidated in the same proportion as the Class A Share consolidation, a one-to-ten (1:10) ratio in the fourth quarter. Until this time, the Company and the Class B Shareholder have signed a resolution that mutually agrees that it he will not sell, directly or indirectly, any Class B Shares until such time as the Class B consolidation takes effect.

(b) WARRANTS

	Number of Warrants		Amount		Weighted Average Exercise Price
Balance, December 31, 2015	-	$	-	$	-
Warrants issued during the period	5,000,000		542,906		0.25
Balance, September 30, 2016	5,000,000	$	542,906	$	0.25

The warrants expire as follows:

Number of Warrants	Exercise price	Expiry Date
500,000	0.25	August 2018

The fair value at issue date is determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the warrant, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following assumptions were used in the calculation of warrants issued in the current year: expected volatility of 136.22%, expected divident yield of 0%, and a risk free rate of 0.54%.

(b) STOCK OPTIONS

RJK has a stock option plan pursuant to which options to purchase Class A Subordinate Voting Shares may be granted to certain officers, directors and employees. The plan allows for the issuance of a rolling 10% of common shares outstanding.

The change in stock options issued during the 9 month period ended are as follows:

			Weighted average exercise price		Amount
Options outstanding - December 31, 2015	425,000	$	0.11	$	514,987
Expired	(250,000)		0.12		(364,809)
Options outstanding - September 30, 2016	175,000	$	0.10	$	150,178

(UNAUDITED) - EXPRESSED IN CANADIAN DOLLARS

9. SHAREHOLDERS' EQUITY *(continued)*

The following table summarizes information about stock options outstanding and exercisable at September 30, 2016:

Exercise Price	Number of Options	Number of Options Vested	Expiry Date
0.10	175,000	175,000	January 2018
	175,000	175,000	

OPTIONS ISSUED TO EMPLOYEES

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The company grants all employee stock options with an exercise price equal to or greater than the market value of the underlying common shares on the date of grant. Compensation expense recorded for the nine months ended September 30, 2016 was $NIL.

Option pricing models require the input of highly subjective assumptions noted above. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's purchase options.

OPTIONS ISSUED TO NON-EMPLOYEES

Options issued to non-employees, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

(d) CONTRIBUTED SURPLUS AND RESERVES

Contributed surplus is made up of the following amounts:

		Amount
Options reserve	$	150,178
Warrants reserve		542,906
Contributed surplus		2,517,491
Total contributed surplus	$	3,210,575

The following events have impacted contributed surplus during the current period:

		September 30, 2016
Balance, December 31, 2014	$	2,667,669
Warrants issued during the period		542,906
Balance, December 31, 2015	$	3,210,575
Balance, September 30, 2015	$	3,210,575

(e) NATURE AND PURPOSE OF EQUITY AND RESERVES

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Deficit'.

9. SHAREHOLDERS' EQUITY *(continued)*

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise.

'Deficit' is used to record the Company's change in deficit from earnings and losses from period to period.

10. RELATED PARTY TRANSACTIONS

The Company defines its officers (CEO and CFO) and directors as Key Management Personnel ("KMP"). During the three and nine month periods ended September 30, 2016, officers and companies controlled by officers charged consulting fees totalling $36,000 and $108,000, respectively ($36,000 and $108,000 for the same periods in 2015). The CEO of the Company also provided a short-term loan of $5,000 to the Company during the nine month period ended. At the end of the period, there was $780,041 remaining payable to KMP ($635,641 in 2015). Directors' fees paid for the year totalled $NIL ($NIL in 2015). KMP and directors received no stock options during the period (NIL in 2015).

There are no post-employment benefits.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, contributed surplus, and deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions. The Company is not subject to externally imposed capital requirements.

12. SEGMENTAL REPORTING

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

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The Company is exposed through its operations to the following financial risks:

Market Risk
Credit Risk
Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst remaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies for the Company's finance function.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and the US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk

The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of gold, silver and other base metals.

Equity Price Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The Company does not hold any equity investments at this time.

Credit Risk

Credit risk is the risk that a third party will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to goods and services tax due from the Federal Government of Canada.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Should the Company be unable to secure such financing, it may have to, at any time, cease its operations. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company intends on fulfilling its obligations.

Sensitivity Analysis

The Company has designated its cash and short-term investments as held-for-trading, which are measured at fair value. Financial instruments included in amounts receivable are classified as accounts receivable, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at September 30, 2016, the carrying value and fair value amounts of the Company's financial instruments are the same.

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

(i) The Company currently has no short-term investments as at September 30, 2016; therefore, percentage change in interest rates will not have a significant impact on the Company.

(ii) The Company does not hold foreign currencies to give rise to exposure to foreign exchange risk. Therefore, a percentage change in certain foreign exchange rates will not have a significant impact on the Company.

(iii) The Company has no long-term loans as at September 30, 2016. Therefore, percentage change in interest rates will not have a significant impact on the Company.

Determination of Fair Values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. The Balance Sheet carrying amounts for cash and cash equivalents and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of financial instruments. There are no available for sale investments.

14. EVENTS AFTER THE REPORTING DATE

On October 4, 2016 at the Annual and Special Meeting of Shareholders, shareholder approval was received to consolidate the outstanding Class B Preferred Shares. The Class B Shares consolidated was approved in the same proportion as the Class A Share consolidation, a one-to-ten (1:10) ratio. The number of authorized post-consolidation Class B Preferred Shares is set at 85,414.

On November 9, 2016, the Company announced that it has completed the shares-for-debt settlement to related parties and a consultant. An aggregate of 689,913 Class A subordinate voting shares of the Company were issued to settle $117,285 of debt. The debt settlement share issuances were at a deemed price of $0.17 per share. Following this debt settlement, the Company has 14,971,111 Class A shares issued and outstanding.

The accompanying notes are an integral part to these condensed financial statements.