MUKUBA RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Management's Responsibility for Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Mukuba Resources Limited (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Daniel Crandall
(signed)

Chief Executive Officer

Toronto, Canada
August 29, 2016

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Mukuba Resources Limited

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at June 30, 2016 $	As at December 31, 2015 $
ASSETS		
Current assets		
Cash	**970**	4,482
Accounts receivable and other assets (note 3)	**3,619**	2,007
Total current assets	**4,589**	6,489
SHAREHOLDERS' DEFICIENCY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 4 and 9)	**81,451**	41,800
Promissory notes (notes 5 and 9)	**47,858**	7,268
Total liabilities	**129,309**	49,068
Shareholders' deficiency		
Share capital (note 6)	**21,294,197**	21,294,197
Reserves (note 7)	**5,760,484**	5,760,484
Accumulated deficit	**(27,179,401)**	(27,097,260)
Total shareholders' deficiency	**(124,720)**	(42,579)
Total liabilities and shareholders' deficiency	**4,589**	6,489

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

Nature of operations and going concern uncertainty (note 1)
Subsequent events (note 10)

Approved on behalf of the Board:

(Signed) *"Daniel Crandall"*, Director

(Signed) *"Shaun Drake"*, Director

Mukuba Resources Limited
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three months ended June 30, 2016 $	Three months ended June 30, 2015 $	Six months ended June 30, 2016 $	Six months ended June 30, 2015 $
Operating expenses				
General and administrative expenditures (note 8)	**67,146**	20,504	**82,498**	48,929
Operating loss before the following items	**(67,146)**	(20,504)	**(82,498)**	(48,929)
Debt forgiveness (note 9)	**-**	-	**-**	59,000
Foreign exchange gain (loss)	**286**	3,596	**357**	(19,457)
Net loss and comprehensive loss for the period	**(66,860)**	(16,908)	**(82,141)**	(9,386)
Basic and diluted net loss per share	**$ (0.04)**	$ (0.01)	**$ (0.05)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	**1,757,978**	1,317,040	**1,757,978**	1,317,040

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

Mukuba Resources Limited
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six months ended June 30, 2016 $	Six months ended June 30, 2015 $
Operating activities		
Net loss for the period	**(82,141)**	(9,386)
Adjustments for:		
Debt forgiveness	**-**	(59,000)
Accrued interest	**642**	-
Non-cash working capital items:		
Accounts receivable and other assets	**(1,612)**	10,003
Accounts payable and other liabilities	**39,651**	41,557
Net cash used in operating activities	**(43,460)**	(16,826)
Financing activities		
Proceeds from promissory notes	**39,948**	-
Net cash provided by financing activities	**39,948**	-
Net change in cash	**(3,512)**	(16,826)
Cash, beginning of period	**4,482**	29,235
Cash, end of period	**970**	12,409

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

Mukuba Resources Limited
Condensed Interim Consolidated Statements of Shareholders' Deficiency
(Expressed in Canadian Dollars)
Unaudited

			Reserves		
	Share capital #	Share capital $	Contributed surplus $	Accumulated deficit $	Total $
Balance, December 31, 2014	**1,317,040**	**21,228,056**	**5,760,484**	**(27,635,021)**	**(646,481)**
Net loss and comprehensive loss for the period	-	-	-	(9,386)	(9,386)
Balance, June 30, 2015	**1,317,040**	**21,228,056**	**5,760,484**	**(27,644,407)**	**(655,867)**
Balance, December 31, 2015	**1,757,978**	**21,294,197**	**5,760,484**	**(27,097,260)**	**(42,579)**
Net loss and comprehensive loss for the period	-	-	-	(82,141)	(82,141)
Balance, June 30, 2016	**1,757,978**	**21,294,197**	**5,760,484**	**(27,179,401)**	**(124,720)**

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

1. Nature of operations and going concern uncertainty

Mukuba Resources Limited ("Mukuba" or the "Company") is focused on identifying a new project and has determined not to limit its search for a new project to the mining and resource sector and is broadening its search to include oil and gas, technology or other opportunities where it may be possible to create shareholder value. The Company's common shares are listed on the NEX under the symbol MKU.H. The primary office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on August 29, 2016.

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company has incurred loss in the six months ended June 30, 2016 of $82,141 (six months ended June 30, 2015 - loss of $9,386) and has an accumulated deficit of $27,179,401 (December 31, 2015 - $27,097,260). In addition, the Company had a working capital deficit of $124,720 at June 30, 2016 (December 31, 2015 - working capital deficit of $42,579). Management estimates that the funds available as at June 30, 2016 will not be sufficient to meet the Company's obligations and budgeted expenditures through June 30, 2017 (see note 10(i)). The Company will have to raise additional funds to continue operations and fund the working capital deficiency. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company.

These material uncertainties of successive operating losses, together with the challenges of securing requisite funding beyond June 30, 2016, cast significant doubt as to the Company’s ability to continue as a going concern and accordingly use of accounting principles applicable to a going concern. The unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern. These adjustments could be material to these unaudited condensed interim consolidated financial statements.

2. Significant accounting policies

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim consolidated financial statements, including IAS 34, Interim Financial Reporting.

(b) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for the Company’s reporting date.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(b) Basis of presentation (continued)

The significant accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with the significant accounting policies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2015, except as noted below. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

(c) Change in accounting policies

IAS 1 Presentation of Financial Statements ("IAS 1")

IAS 1 was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At January 1, 2016, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(d) New standards not yet adopted and interpretations issued but not yet effective

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the International Accounting Standards Board in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet assessed the impact of this standard.

3. Accounts receivable and other assets

	As at June 30, 2016 $	As at December 31, 2015 $
Commodity taxes receivable	**2,369**	2,007
Prepaid expenses	**1,250**	-
	3,619	2,007

(Expressed in Canadian Dollars)

4. Accounts payable and other liabilities

	As at June 30, 2016 $	As at December 31, 2015 $
Falling due within the year		
Trade payables (note 9)	**81,451**	41,800

5. Promissory notes

The Company entered into a series of promissory note arrangements for the purposes of covering professional fees and reporting issuer costs. The Company borrowed $30,216 from C. Marrelli Services Limited, a company related to Marrelli Support Services Inc. ("MSSI") through common ownership (see note 9(a)(i)), and $17,000 from an unrelated party. The promissory notes are unsecured, bear interest at a rate of Prime Rate, as defined in the agreement, plus 5% per annum and are due on demand.

6. Share capital

As part of the share consolidation completed on August 10, 2016 (see note 10(ii)), all applicable references to the number of shares and per share information has been restated unless otherwise noted.

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Shares	Amount
Balance, December 31, 2014 and June 30, 2015	1,317,040	$ 21,228,056
Balance, December 31, 2015 and June 30, 2016	1,757,978	$ 21,294,197

7. Stock options

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2014, June 30, 2015, December 31, 2015 and June 30, 2016	1,666	3.60

(i) As part of the share consolidation completed August 10, 2016 (see note 10(ii)), the stock options were also consolidated and the the exercise price adjusted to reflect the consolidation.

The following table reflects the actual stock options issued and outstanding as of June 30, 2016:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
September 12, 2017	3.60	1.20	1,666	1,666

(Expressed in Canadian Dollars)

8. General and administrative

	Three months ended June 30,		Six months ended June 30,	
	2016	**2015**	**2016**	**2015**
	$	$	**$**	$
Administrative and general	**453**	4,242	**574**	10,552
Professional fees (note 9)	**49,734**	11,931	**56,034**	26,296
Reporting issuer costs	**16,959**	4,331	**25,890**	12,081
	67,146	20,504	**82,498**	48,929

9. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties) and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) Mukuba entered into the following transactions with related parties:

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2016**	**2015**	**2016**	**2015**
		$	$	**$**	$
MSSI	(i)	**27,372**	10,408	**30,973**	20,908
DSA Corporate Services Inc. ("DSA")	(ii)	**1,365**	637	**2,494**	637

(i) The current Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Mukuba is a senior employee of MSSI and the former CFO was a consultant engaged by MSSI. The fees relate to the CEO and CFO function and other accounting and bookkeeping services provided by MSSI. As at June 30, 2016, included in accounts payable and other liabilities was $33,954 (December 31, 2015 - $4,000). Amounts are unsecured, non-interest bearing and are due on demand. During the three and six months ended June 30, 2016, the former CFO forgave $nil (three and six months ended June 30, 2015 - $nil and $9,000) of accrued director fees owed to him by the Company.

(ii) DSA, a firm providing corporate secretarial services, is affiliated with MSSI through a common officer. As at June 30, 2016, included in accounts payable and other liabilities was $1,118 (December 31, 2015 - $2,569). Amounts are unsecured, non-interest bearing and are due on demand.

(iii) During the three and six months ended June 30, 2016, Martin Horgan, a former director, forgave $nil (three and six months ended June 30, 2015 - $nil and $50,000) of accrued consulting and director fees owed to him by the Company.

(iv) See note 5.

(b) Shareholdings:

To the knowledge of the directors and executive officers of the Company, the common shares of the Company are widely held.

10. Subsequent events

(i) Subsequent to June 30, 2016, the Company issued separate promissory notes whereby the Company borrowed an aggregate of $7,000 from C. Marrelli Services Limited and $7,000 from an unrelated party. The promissory notes are unsecured, bear interest at a rate of Prime Rate, as defined in the agreement, plus 5% per annum and are due on demand.

(ii) On August 10, 2016, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every thirty pre-consolidation common shares. All applicable references to the number of shares and per share information has been restated to reflect the effect of the share consolidation