Goldbelt Empires Limited

Condensed interim consolidated financial statements

For the three months ended September 30, 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim consolidated financial statements by the entity's auditor.

	Note		September 30, 2016 (Unaudited)		June 30, 2016 (Audited)
Assets					
Current assets					
Cash		$	**1,602**	$	1,916
Total current assets			**1,602**		1,916
Exploration and evaluation assets	7		**1,285,657**		1,259,402
Total Assets		$	**1,287,259**	$	1,261,318
Liabilities					
Current liabilities					
Accounts payable and accruals		$	**210,998**	$	141,195
Shareholders' Equity					
Share capital	5	$	**2,045,850**	$	2,045,850
Contributed surplus	5	$	**200,827**		200,827
Accumulated other comprehensive income		$	**21,058**		21,238
Deficit		$	**(1,191,474)**		(1,147,792)
Total Shareholders' Equity		$	**1,076,261**	$	1,120,123
Total Liabilities and Shareholders' Equity		$	**1,287,259**	$	1,261,318

Nature of organization, continuance of operations and going concern *(Note 1)*
Subsequent event *(Note 9)*

Approved by the Board:

"Signed" James Varanese
James Varanese, Director

"Signed" Marc Bamber
Marc Bamber, Director

		2016		2015
Expenses				
Professional fees	**$**	**43,351**	$	182,734
General and administrative		**331**		-
Total expenses	**$**	**43,682**	$	182,734
Net loss	**$**	**(43,682)**	$	(182,734)
Cumulative translation adjustment		**(180)**		-
Total comprehensive loss	**$**	**(43,862)**	$	(182,734)
Net loss per share				
Basic and diluted	**$**	**(0.002)**	$	(0.090)
Weighted average number of shares outstanding				
Basic and diluted		**20,150,000**		2,000,000

	Ordinary Shares (#)	Share Capital ($)	Contributed Surplus ($)	Accumulated other comprehensive income ($)	Deficit ($)	Total Shareholders' Equity ($)
Balance, June 30, 2015	**8,150,000**	**530,301**	**76,527**	**-**	**(339,670)**	**267,158**
Net loss for the period	-	-	-	-	(182,734)	(182,734)
Balance, September 30, 2015	8,150,000	530,301	76,527	-	(522,404)	84,424
Balance, June 30, 2016 (Note 5)	**20,150,000**	**2,045,850**	**200,827**	**21,238**	**(1,147,792)**	**1,120,123**
Foreign currency translation	-	-	-	(180)	-	(180)
Net loss for the period	-	-	-	-	(43,682)	(43,682)
Balance, September 30, 2016	**20,150,000**	**2,045,850**	**200,827**	**21,058**	**(1,191,474)**	**1,076,261**

	Note		2016		2015
Cash provided by (used in) the following activities:					
Operating activities:					
Net loss		**$**	**(43,682)**	$	(182,734)
Change in accounts payable and accruals			**69,639**		108,113
Cash used in operating activities		**$**	**25,957**	$	(74,621)
Investing activities:					
Additions to exploration and evaluation assets		**$**	**(26,255)**		-
Cash used in investing activities		**$**	**(26,255)**	$	-
Effect of foreign exchange on cash		**$**	**(16)**	$	-
Decrease in cash			**(314)**		(74,621)
Cash, beginning of period			**1,916**		278,404
Cash, end of period		**$**	**1,602**	$	203,783

1. Nature of organization, continuance of operations and going concern

Goldbelt Empires Limited (the "Company") was incorporated under the laws of Hong Kong on August 4, 2011.

The Company, through its wholly owned subsidiary Goldbelt International Limited ("GIL"), is focused on gold exploration in West Africa. GIL has two subsidiaries: (i) Mali Goldfields Limited ("MG Limited") of which the Company owns 100% of the issued and outstanding ordinary shares and (ii) Mali Goldfield SARL ("MG SARL"), of which MG Limited owns 100% of all of the issued and outstanding shares. MG SARL owns 100% of an exploration permit for exploration of gold and base metals on the South Morila (Kola) Concession located in the Sikasso Region of southern Mali which covers an area of 150 km^2.

The address of the registered head office is Rooms 1307-8, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

These condensed interim consolidated financial statements have been prepared on a going concern basis, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether or not there are material uncertainties which may cast significant doubt about the ability of the Company to continue as a going concern, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware of the material uncertainties that could cast significant doubt about the Company's ability to continue as a going concern. As at September 30, 2016, the Company has negative working capital of $209,396 and loss from operations of $43,682 during the three months ended September 30, 2016.

As a result, within the next twelve months the Company will need to generate positive cash flows from operations, and/or obtain additional equity or debt financing in order to meet its liabilities as they come due and to continue with its business activities. These condensed interim consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities that would be necessary if the Company were unable to continue its operations.

The condensed interim consolidated financial statements of the Company for the three months ended September 30, 2016 were authorized for issue in accordance with a resolution of the Board of Directors on November 28, 2016.

2. Basis of preparation

Statement of compliance

The condensed interim consolidated financial statements for the three months ended September 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), including IAS 34 Interim Financial Reporting. These condensed consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company's June 30, 2016 annual consolidated financial statements.

Basis of measurement

These condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention.

Use of estimates and judgments

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates and judgements are significant to the financial statements are disclosed in Note 3.

2. Basis of preparation *(continued)*

Functional and presentation currency

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

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries which are consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions are eliminated in full upon consolidation.

3. Summary of significant accounting policies

These condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the consolidated financial statements for the year ended June 30, 2016.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Exploration and evaluation assets

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 are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. 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 consolidated statements of loss and comprehensive loss in the period when the new information becomes available.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Functional Currency

The determination of an entity's functional currency is a key judgment based on the primary economic environment in which each entity of the Company operates. In determining the functional currency, management considers the currency that most faithfully represents the economic effects of events, conditions, future direction and investment opportunities.

3. Summary of significant accounting policies *(continued)*

Share-based compensation

In determining share-based compensation expense, the Company uses the Black-Scholes option pricing model, which requires a number of assumptions to be made, including the risk-free interest rate, volatility, dividend yield, forfeiture rate and expected option life.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the instrument and to which category is most applicable.

4. Capital Management

The Company's capital consists of shareholders' equity. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete exploration and development of mining assets.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end.

5. Share capital

Escrow

As at September 30, 2016, the Company has 10,237,500 Ordinary Shares (September 30, 2015 – 13,650,000) subject to an escrow agreement whereby 10% of the shares were released upon completion and approval of the Company's Qualifying Transaction. An additional 15% of the escrowed Ordinary shares will be released on each six month anniversary thereafter unless otherwise permitted by the Exchange.

Stock options and warrants

The Company has 4,500,000 warrants outstanding. The warrants are exercisable at $0.30 per warrant for a period of two years.

The following table summarizes information about stock options outstanding, all of which are fully vested:

	Number of options (#)	Weighted average exercise price ($)
As at June 30, 2016 and September 30, 2016	**2,330,000**	**0.15**

During the period ended September 30, 2016, the Company noted that the value of 800,000 stock options granted to directors, officers and consultants on the closing of the Qualifying Transaction was not recorded. As the options were issued for services provided with respect to the financing, the following June 30, 2016 balances were recast in these consolidated financial statements: decrease to share capital and increase contributed surplus by $110,000. The value of these options was estimated by using the Black-Scholes option pricing model with the following assumptions:

Expiry (fiscal year)	Forfeiture Rate (%)	Risk free interest rate (%)	Expected life (years)	Expected dividend yield (%)	Expected volatility
2026	0%	1.57%	5	0%	137%

6. Related party transactions

Key management compensation is comprised of the following:

		Three months ended September 30, 2016		Three months ended September 30, 2015
Salaries and short term benefits	$	**19,566**	$	-
Total	$	**19,566**	$	-

During the three months ended September 30, 2016, the Company accrued $19,566 (2015 – nil) in consulting fees payable to a Director. These fees are included in professional fees on the condensed consolidated statement of comprehensive income. The Company also incurred $26,255 in consulting fees payable to a director, which are reflected in exploration and evaluation assets.

7. Exploration and evaluation assets

Balance, June 30, 2016	$	1,259,402
Additions		26,255
Balance, September 30, 2016	$	**1,285,657**

8. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined based on level 1 inputs. The carrying amount of cash and accounts payable and accruals approximates their fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

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, 2016, the Company had a cash balance of $1,602 (June 30, 2016 - $1,916) to meet financial obligations of $210,998 (June 30, 2016 - $141,195) and does not have sufficient cash to satisfy its liabilities. As a result, the Company will have to obtain sources of cash inflows to satisfy its obligations as they come due (Note 1). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

8. Financial instruments *(continued)*

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest rate risk

The Company has cash balances that bear no significant interest.

(ii) Foreign currency risk

The Company has certain financial instruments that are impacted by exchange rate fluctuations of the Hong Kong Dollar. A 5% change in the exchange rate at September 30, 2016 is not expected to have a material impact on the consolidated comprehensive net loss of the Company.

(iii) Commodity price risk

The Company has not yet entered into the production phase and therefore the impact of commodity price fluctuations is limited to the Company's ability to raise funds to continue to explore and develop its properties.

9. Subsequent event

On November 18, 2016, the Company engaged Gravitas Securities Inc. ("GSI") as a financial and strategic advisor under a finder's fee agreement (the "Finder's Fee Agreement") for a contemplated private placement (the "Private Placement") as well as under a separate advisory agreement (the "Advisory Agreement") to develop a current and ongoing capital markets strategy.

Pursuant to the Finder's Fee Agreement, the Company agreed to pay a cash fee of 8% of the gross proceeds from the Private Placement, plus warrants (the "GSI Warrants") equal to 8% of the number of securities subscribed for pursuant to the Private Placement. Each GSI Warrant shall be exercisable for one Ordinary Share in the capital of the Company exercisable at a price equal to the offering price of securities issued pursuant to the Private Placement. The proceeds of the Private Placement will be used for Phase II of the South Morila exploration program and general working capital requirements.

Under the Advisory Agreement, GSI will provide the Company a range of strategic services under its mandate including financial and operational analysis of the Company, review of strategic opportunities and synergies, provision of capital markets guidance, examination of potential sources of funding and recommendations for future capital requirements, earning compensation comprised of a stock and option package. Pursuant to the Advisory Agreement, upon completion of the Private Placement GSI will receive an additional $50,000 fee payable in Ordinary Shares in the capital of the Company.