LEGEND GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Legend Gold Corp.

We have audited the accompanying consolidated financial statements of Legend Gold Corp., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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.

Auditors' 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 audit 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 auditors' 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, these consolidated financial statements present fairly, in all material respects, the financial position of Legend Gold Corp. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Legend Gold Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 15, 2017

LEGEND GOLD CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash	$ 3,273	$ 3,335
Receivables	1,086	7,973
Prepaid expenses	-	2,000
Total current assets	4,359	13,308
Non-current assets		
Equipment (Note 3)	34,599	77,806
Exploration and evaluation assets (Note 4)	3,244,626	3,577,406
Total non-current assets	3,279,225	3,655,212
TOTAL ASSETS	$ 3,283,584	$ 3,668,520
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 1,306,347	$ 1,830,903
Notes payable (Note 6)	1,090,021	674,845
TOTAL LIABILITIES	2,396,368	2,505,748
EQUITY		
Share capital (Note 7)	40,628,354	40,628,354
Share-based payments reserve (Note 7)	7,010,954	7,010,954
Deficit	(46,752,092)	(46,476,536)
TOTAL EQUITY	887,216	1,162,772
TOTAL LIABILITIES AND EQUITY	$ 3,283,584	$ 3,668,520

Nature of operations and ability to continue as a going concern (Note 1)

These consolidated financial statements are authorized for issuance by the Board of Directors on March 15, 2017

Approved by the Board of Directors

"Michael Winn " , Director *"Brian Bayley"* , Director

The accompanying notes are an integral part of these consolidated financial statements.

LEGEND GOLD CORP.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
EXPLORATION EXPENDITURES (Note 5)	$ 622,443	$ 1,263,008
GENERAL AND ADMINISTRATIVE EXPENSES		
Investor relations	5,548	9,785
Management fees	120,000	192,300
Office expenses	8,833	43,082
Professional fees	41,159	53,110
Share-based payments (Note 7)	-	55,923
Transfer agent and regulatory fees	22,616	26,441
Travel	2,288	6,506
Total general and administrative expenses	200,444	387,147
Other items		
Foreign exchange gain (loss)	53,077	(146,776)
Other income (Note 6)	827,034	81,754
Write-off of exploration and evaluation assets (Note 4)	(332,780)	(1,702,792)
	547,331	(1,767,814)
Loss and comprehensive loss for the year	$ (275,556)	$ (3,417,969)
Loss per common share		
Basic and diluted loss per common share	$ (0.01)	$ (0.07)
Weighted average number of common shares outstanding	52,263,358	51,899,347

The accompanying notes are an integral part of these consolidated financial statements.

LEGEND GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (275,556)	$ (3,417,969)
Items not affecting cash:		
Amortization in exploration expenditures	43,207	43,208
Other income (Note 6)	(827,034)	(81,754)
Share-based payments	-	55,923
Write-off of exploration and evaluation assets	332,780	1,702,792
Changes in non-cash working capital items:		
Receivables	6,887	(4,976)
Prepaid expenses	2,000	5,728
Accounts payable and accrued liabilities	291,228	1,064,762
Net cash used in operating activities	(426,488)	(632,286)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of equipment	11,250	23,108
Net cash from investing activities	11,250	23,108
CASH FLOWS FROM FINANCING ACTVITIES		
Notes payable	415,176	592,345
Share issue costs	-	(1,035)
Net cash from financing activities	415,176	591,310
Net change in cash during the year	(62)	(17,868)
Cash, beginning of the year	3,335	21,203
Cash, end of the year	$ 3,273	$ 3,335

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these consolidated financial statements.

LEGEND GOLD CORP.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of shares		Share capital		Share-based payments reserve		Deficit		Total Equity
Balance as at December 31, 2015	52,263,358	$	40,628,354	$	7,010,954	$	(46,476,536)	$	1,162,772
Loss for the year	-		-		-		(275,556)		(275,556)
Balance as at December 31, 2016	52,263,358	$	40,628,354	$	7,010,954	$	(46,752,092)	$	887,216

	Number of shares		Share capital		Share-based payments reserve		Deficit		Total Equity
Balance as at December 31, 2014	49,763,358	$	40,454,389	$	6,955,031	$	(43,058,567)	$	4,350,853
Common shares issued in accordance with acquisition agreement	2,500,000		175,000		-		-		175,000
Share issue costs	-		(1,035)		-		-		(1,035)
Share-based payments	-		-		55,923		-		55,923
Loss for the year	-		-		-		(3,417,969)		(3,417,969)
Balance as at December 31, 2015	52,263,358	$	40,628,354	$	7,010,954	$	(46,476,536)	$	1,162,772

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Legend Gold Corp. (the "Company" or "Legend") was incorporated under the Business Corporations Act (Ontario). The Company's principal business activities are the acquisition, exploration and development of mineral properties in the Republic of Mali ("Mali"). The Company's common shares are listed on the TSX Venture Exchange under the symbol of "LGN". The Company's registered office is located at 501 – 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to seek joint venture partners. At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. At December 31, 2016, the Company has not achieved profitable operations and has accumulated losses since inception. There is material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement and Presentation

These 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 Interpretations Committee ("IFRIC").

These annual consolidated financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. These annual consolidated financial statements are presented in Canadian dollars ("CAD"), which is also the Company's and its subsidiaries' functional currency.

Basis of Consolidation

These annual consolidated financial statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all intercompany balances and transactions.

Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. The Company's principal operating subsidiaries are as follows:

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Name	Principal Activity	Place of incorporation	Ownership %
Etruscan Resources Mali SARL	Exploration company	Mali	100%
Legend Gold Mali SARL	Exploration company	Mali	100%
LGC Exploration Mali SARL	Exploration company	Mali	100%
Estruscan Resources Cayman Mali Ltd.	Exploration company	Cayman	100%
LGC Piti SARL	Exploration company	Mali	100%
LGC Kayes SARL	Exploration company	Mali	100%

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and/or with original maturities of three months or less. As at December 31, 2016 and 2015, the Company had no cash equivalents.

Financial Instruments

Financial assets

The Company classifies its financial assets consisting of cash and receivables, as loans and receivables. The Company's accounting policy for this category is as follows:

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date except for those at fair value through profit or loss. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or,
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. This category includes accounts payable, accrued liabilities and notes payable, all of which are recognized at amortized cost.

Equipment

Equipment is recorded at cost and amortized over its estimated useful life using the following methods:

Vehicles and equipment in Mali: straight-line method at a rate of 30% per annum

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset. When parts of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The cost of major overhauls of parts of 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 equipment are recognized in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and Evaluation Assets

The acquisition of mineral property interests are initially measured at cost. Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalised until the property to which they relate is placed into production, sold or allowed to lapse. Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred. Re-imbursements of current period exploration and evaluation costs are recognized as a recovery. Re-imbursements of previously expensed exploration and evaluation costs are recognized as other income in profit or loss. Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

Impairment of Long-lived Assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. 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 or cash-generating unit.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Restoration, Rehabilitation and Environmental Obligations

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations,

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

to its estimated future value. As at December 31, 2016 and 2015, the Company has no known restoration, rehabilitation or environmental obligations.

Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete. Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Share-based Payments

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense 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.

The fair value of share-based payments are determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share purchase options and share purchase warrants, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the consolidated financial statements. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that have vested.

Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Estimated useful lives of equipment

The estimated useful lives of equipment which are included in the consolidated statements of financial position will impact the amount and timing of the related amortization included in profit or loss.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. Any changes to the timing of the realization or settlement of these items could impact their value.

Share-based payments

Management uses valuation techniques in measuring the fair value of share purchase options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share purchase options and share purchase warrants, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Going concern

The Company has a significant working capital deficit and needs to raise capital in order to continue as a going concern. Management believes that it can sell assets and raise additional capital in order to fund its ongoing operations and accordingly these statements have been prepared on a going concern basis.

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. The functional currency was determined based on the currency in which funds are sourced and the degree of dependence on the parent company for financial support.

Exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Accounting pronouncements not yet effective

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

(Expressed in Canadian dollars)

3. EQUIPMENT

Cost		Equipment in Mali		Vehicles in Mali		Vehicles in Congo		Total
As at December 31, 2014	$	70,665	$	94,559	$	39,379	$	204,603
Write-off		-		-		(39,379)		(39,379)
As at December 31, 2015 and 2016	$	70,665	$	94,559	$	-	$	165,224
Accumulated Amortization								
As at December 31, 2014	$	21,200	$	23,010	$	16,271	$	60,481
Additions		14,840		28,368		-		43,208
Write-off		-		-		(16,271)		(16,271)
As at December 31, 2015		36,040		51,378		-		87,418
Additions		14,840		28,367		-		43,207
As at December 31, 2016	$	50,880	$	79,745	$	-	$	130,625
Net book value								
As at December 31, 2015	$	34,625	$	43,181	$	-	$	77,806
As at December 31, 2016	$	19,785	$	14,814	$	-	$	34,599

During the year ended December 31, 2015, the Company terminated its operations in the Congo and sold the remaining vehicles. These vehicles had been written down to their realizable value at December 31, 2014. The Company received cash of $23,108 on the sale, which was equal to the net book value. During the year ended December 31, 2016 the Company sold a vehicle in Mali that had been fully amortized, and removed from the cost base above, and received cash proceeds of $11,250 on the sale. The Company recorded accumulated amortization of $43,207 (2015 – $43,208) which was charged to exploration expense.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

		December 31, 2014		Additions (Write-offs)		December 31, 2015		Additions (Write-offs)		December 31, 2016
Korali Sud, Mali	$	3,069,626	$	175,000	$	3,244,626	$	-	$	3,244,626
Lakanfla, Mali		160,253		-		160,253		(160,253)		-
Mougnina, Mali		1,670,000		(1,670,000)		-		-		-
Tabakorole, Mali		172,527		-		172,527		(172,527)		-
Other, Mali		32,792		(32,792)		-		-		-
Total	$	5,105,198	$	(1,527,792)	$	3,577,406	$	(332,780)	$	3,244,626

Korali Sud (Diba Project) Mali

Korali Sud is the new permit which combines the two permits previously known as Diba and Badiazila. The permit was issued in February of 2015 and is valid for three years, with two additional renewals of two years each, before finally expiring in 2022. Should the deposit eventually be mined, an exploitation company would be created as per the original option agreement with JM&B Mining SARL ("JM&B") and JM&B would be entitled to hold a 1% interest in that company. The required exploration expenditures are XOF 95,000,000 ($204,900) for the first year, XOF 238,500,000 ($514,500) for the second year and XOF 396,500,000 ($855,400) for the third year.

Lakanfla Project (formerly Kantela), Mali

The Lakanfla Project consists of the Tinntiba Convention, which was granted on February 4, 2011 and the Lakanfla Permit. The current exploration target is located on the Lakanfla Permit. The Company originally acquired a 100% interest in the Lakanfla (formerly Kantela) Permit in January 2005. The Lakanfla Permit is subject to a net smelter return ("NSR") royalty of 3% retained by the vendor, Mr. Guindo, who is an officer of the Company. The Tinntiba Convention expired in April of 2016 and was not renewed. The Lakanfla Permit expires in March 2018. The Company reviewed the geological data for Lakanfla and decided to write-off this property as of December 31, 2016.

Tabakorole Project (formerly Tiekoumala), Mali

The Tabakorole license was granted by the government on June 25, 2015 for a period of 3 years with two renewals of two years each. The interest is subject to a 3% NSR royalty retained by the vendor. The Company can purchase the NSR royalty at any time for US$2,000,000.

The Company entered into an agreement with a private Canadian company ("Canco") whereby the Canco can acquire a 100% interest in the Tabakorole Property. Subject to completing due diligence, Canco would acquire all of the outstanding shares of Legend's wholly-owned subsidiary which controls the Tabakorole property. Canco would pay Legend US$100,000 for each tranche of 10,000 ounces of gold produced from the property up to 40,000 ounces, for potential total payments of US$400,000 and would reimburse Legend for up to US$25,000 of costs associated with the transfer of the property. Legend would retain a 1% NSR royalty from any commercial production from the property. The agreement with Canco expired. The Company has retained the license and decided to write-off the property as of December 31, 2016.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Randgold Joint Venture

In March 2014 Legend entered into an earn-in agreement with Randgold Resources (Mali) Limited ("Randgold"), whereby Randgold would earn-in on seven permits known as Kanda, Djelimangara West, Djelimangara East, Sebessounkoto, Sebessounkoto South, Keniebandi and Kata. Under the terms of the agreement, the joint venture would conduct prospecting activities with respect to these permits in accordance with the requirements of the Mining Code of Mali and/or the Conventions signed with the Government of Mali for the specific permit areas. In April 2016, Randgold notified Legend that it was terminating the earn-in agreement. Legend continues to hold the Sebessounkoto Sud, Delimangara West and Delimangara permits and has dropped the Kanda, Sebessounkoto, Keniebandi and Kata permits.

Pitiangoma Est Property

The Pitiangoma Est license was renewed by the Department of Mines effective October 15, 2015, for a period of two years. In May 2015, the Company entered into an agreement with Resolute Mining Ltd. ("Resolute") to form a joint venture company for the Pitangoma Est Property and to grant Resolute an option to earn a 70% interest in the joint venture by spending US$3,000,000 over four years, US$500,000 of which was a firm commitment.

Mougnina Project, Mali

The Mougnina project is an early stage gold exploration property located in southern Mali and includes the Mougnina Permit and the Bala Permit. The Company acquired a 100% interest in the Mougnina exploration permit on October 7, 2011. The permit is subject to a 2% NSR royalty retained by the vendor, Mr. Guindo, who is an officer of the Company. The Company accrued $50,000 to Ambogo Guindo Mineral Exploration SARL (AGMEX) in 2014 for the acquisition of the Bala Permit. In the quarter ended September 30, 2015 the Company decided to abandon the Mougnina Project and accordingly wrote-off the $1,670,000 of capitalized acquisition cost.

Other Properties

During the year ended December 31, 2015 the Company wrote off the Kata Property ($21,792) and the Mogoyofara Property ($11,000) for a total write-down of $32,792.

(Expressed in Canadian dollars)

5. EXPLORATION EXPENDITURES

During the year ended December 31, 2016, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Korali Sud, Mali	Lakanfla, Mali	Tabakorole, Mali	Other, Mali	Total
Drilling	$ 3,195	$ 10,681	$ -	$ -	$ 13,876
Camp and field expenses	13,055	21,777	7,145	1,904	43,881
Consultants	51,768	89,663	17,974	32,796	192,201
Office and general	36,431	63,039	7,474	13,021	119,965
Project administration	47,867	71,892	42,941	26,301	189,001
Salaries and benefits	14,212	25,784	376	3,813	44,185
Travel	7,968	8,725	1,026	1,615	19,334
Total	$ 174,496	$ 291,561	$ 76,936	$ 79,450	$ 622,443

During the year ended December 31, 2015, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Korali Sud, Mali	Lakanfla, Mali	Mougnina, Mali	Tabakorole, Mali	Other, Mali	Other Congo	Total
Assaying	$ -	$ 40	$ 133	$ 107	$ -	$ -	$ 280
Camp and field expenses	28,913	6,639	4,803	5,666	990	-	47,011
Consultants	78,425	12,566	12,954	12,566	2,687	-	119,198
Office and general	84,951	20,703	26,800	40,890	22,119	4,758	200,221
Project administration	501,748	80,331	81,172	75,270	18,192	-	756,713
Property maintenance	-	147	-	10,184	1,399	-	11,730
Salaries and benefits	4,702	24,708	27,078	37,656	14,107	-	108,251
Travel	6,695	2,752	2,634	4,131	3,084	308	19,604
Total	$ 705,434	$ 147,886	$ 155,574	$ 186,470	$ 62,578	$ 5,066	$ 1,263,008

Included in camp and field expenses is amortization of $43,204 (2015 - $43,208).

(Expressed in Canadian dollars)

6. ACCOUNTS PAYABLE AND OTHER INCOME

The Company has accounts payable and accrued liabilities totaling $1,306,347 (2015 - $1,830,903). The Company has short term notes payable totalling $1,090,021 (2015 - $674,845) from Seabord Services Corp., a company controlled by the Chief Executive Officer ("CEO") and also directly from the CEO and the VP Exploration which are unsecured, with no interest and to be repaid within a year.

During the year ended December 31, 2015 the Company reached an agreement with the VP Exploration, the Director Exploration West Africa, and the Technical Director whereby they have agreed to make the payment of their outstanding consulting fees for the period from July 1, 2014 to February 28, 2015 contingent upon the sale of the Diba project by December 31, 2016. Legend reached a similar agreement with an officer of the Company except that the contingent portion of his fees is for the period from July 1, 2014 to December 31, 2014. The Company awarded these consultants a bonus of 50% of the outstanding amount of their fees as an incentive to enter into this agreement. At December 31, 2016, the sale of the Diba Project was not completed and consequently agreements expired and the Company reversed its accrual of the contingent fees and bonuses for senior management and consultants totaling $717,115. The offsetting amount was credited to other income in the year ended December 31, 2016. Of the $717,115 reduction in accrued payables, $377,562 was due to related parties.

In the first quarter of 2016, the VP Exploration agreed to retroactively reduce his fees from US$15,000 to $6,000 per month for the last six months of 2015. As a result the Company recorded a reduction in accounts payable of $88,479 with the offsetting amount credited to other income.

In the year ended December 31, 2015 the Company reversed an accrual of $81,716 of withholding taxes related to drilling activity in the Congo with the offsetting amount credited to other income.

Other income is composed of the following amounts:

	Year ended December 31, 2016	Year ended December 31, 2015
Reversal of fees and bonuses	$ 717,115	$ -
Retroactive reversal of VP Exploration's 2015 fees	88,479	-
Over accrual of 2015 travel expenses	10,143	-
Over accrual of withholding taxes in the Congo	-	81,716
Gain on sale of vehicle	11,250	-
Interest income	47	38
	$ 827,034	$ 81,754

(Expressed in Canadian dollars)

7. EQUITY

Authorized

As at December 31, 2015 and 2016, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

Share Capital

During the year ended December 31, 2015, the Company issued 2,500,000 common shares to Endeavour as further consideration for the acquisition of the Korali Sud permit (formerly the Diba and Badiazila permits). Those shares were valued at $175,000 or $0.07 per share, with the offsetting amount being capitalized to exploration and evaluation assets (Note 4).

Stock Options

The Company has a formal stock option plan (the "Plan") that was ratified and approved by the shareholders of the Company and accepted by the TSX Venture Exchange ("TSX-V"). The Plan allows the Board of Directors to grant incentive stock options of up to 10% of its outstanding shares to officers, directors, employees and other service providers. The exercise price of each option is to be not less than the closing market price of the Company's stock on the trading day prior to the date of grant. The vesting terms are determined at the time of the option grant by the Board of Directors. Options granted to investor relations personnel vest in accordance with TSX-V regulations. Stock options have a maximum life of ten years. The changes in stock options outstanding for the year ended December 31, 2016 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2014	3,490,835	$ 0.46
Expired	(1,196,667)	(0.47)
Cancelled	(12,500)	(1.80)
Balance as at December 31, 2015	2,281,668	0.44
Expired	(433,334)	(0.76)
Exercisable as at December 31, 2016	1,848,334	$ 0.37

The following table summarizes the stock options outstanding and exercisable at December 31, 2016:

Date Granted	Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
July 5, 2011	July 5, 2021	1.80	83,334	83,334
September 10, 2013	September 10, 2023	0.30	1,500,000	1,500,000
October 21, 2013	October 21, 2023	0.30	265,000	265,000
Total			1,848,334	1,848,334

(Expressed in Canadian dollars)

7. EQUITY (continued)

The weighted average life of the outstanding stock options at December 31, 2016 was 6.61 years (2015 – 7.45 years).

Share Purchase Warrants

The changes in share purchase warrants outstanding for the years ended December 31, 2015 and 2016 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance as at December 31, 2014	23,903,979	$	0.55
Expired	(1,517,796)		(0.50)
Balance as at December 31, 2015 and 2016	22,386,183	$	0.55

The following table summarizes the share purchase warrants outstanding and exercisable at December 31, 2016:

Date Issued	Expiry Date			Exercise Price	Number Outstanding
September 5, 2013	April 5, 2018	Corado replacement warrants	$	0.56	340,000
September 5, 2013	September 5, 2018	Private placement warrants	$	0.55	20,993,733
September 5, 2013	September 5, 2018	Finder's warrants	$	0.55	1,052,450
Total					22,386,183

The weighted average outstanding life of the outstanding warrants at December 31, 2016 was 1.67 years (2015 – 2.68 years).

Share-based Payments

There were no stock options granted during the years ended December 31, 2016 and 2015. During the year ended December 31, 2016, the Company recorded no share-based payments (2015 - $55,923).

(Expressed in Canadian dollars)

8. KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with key management personnel. The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing and controlling of the activities of the Company are as follows:

	Year ended December 31, 2016	Year ended December 31, 2015
Management fees	$ 309,000	$ 702,706
Share-based payments	-	13,784
	$ 309,000	$ 716,490

Amounts due to related parties as of December 31, 2016 and 2015 are as follows:

Related party liabilities	December 31 2016	December 31 2015
Note payable, President and CEO	$ 117,184	$ 69,345
Management fees, VP Exploration	204,208	500,678
Management fees, VP Corporate Development	310,786	381,600
Management fees and note payable, Seabord Services Corp.	1,399,841	924,341
Expenses, Seabord Capital Corp.	12,773	10,743
	$ 2,044,792	$ 1,886,707

The Company accrued $120,000 (2015 - $192,000) in management fees to Seabord Services Corp. ("Seabord") a company controlled by a director. Seabord is a management services company that provides the services of a chief financial officer, corporate secretary, accounting and administrative staff and office space for the Company. The Chief Financial Officer and Corporate Secretary are employees of Seabord and are not paid directly by the Company. At December 31, 2016, Seabord and its Chief Executive Officer had loaned the Company $1,076,584 (2015 - $674,845). The fees accrued to Seabord during the current year of $120,000 (2015 - $192,000) have been included in the management fees of $309,000 in the table above.

9. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of mineral properties. Exploration and evaluation assets, exploration expenditures and equipment are located in Mali. Substantially all of the Company's other assets and expenditures are located and incurred in Canada.

(Expressed in Canadian dollars)

9. SEGMENTED INFORMATION (continued)

As at December 31, 2016, the Company's assets are located geographically as follows:

	Canada	Mali	Total
Current assets	$ 1,206	$ 3,153	$ 4,359
Equipment	-	34,599	34,599
Exploration and evaluation assets	-	3,244,626	3,244,626
Total	$ 1,206	$ 3,282,378	$ 3,283,584

As at December 31, 2015, the Company's assets are located geographically as follows:

	Canada	Mali	Total
Current assets	$ 11,975	$ 1,333	$ 13,308
Equipment	-	77,806	77,806
Exploration and evaluation assets	-	3,577,406	3,577,406
Total	$ 11,975	$ 3,656,545	$ 3,668,520

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, currency risk, and interest rate risk.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and receivables. The Company's cash deposits are primarily held with a Canadian chartered bank and receivables are GST due from the federal government. Therefore credit risk is low.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financings and from notes payable owed to related parties. The Company will have to raise additional capital in order to discharge its current liabilities. The Company's ability to raise additional cash resources through future equity financings can be adversely affected by weak equity markets in general or as a result of conditions which are specific to Legend. Legend's financial obligations are limited to its current liabilities which have contractual maturities of less than one year. The Company manages liquidity risk as part of its overall "Management of Capital" as described below.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mali and a portion of the Company's expenses are incurred in U.S. dollars ("USD") and Western African francs ("XOF"). A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar and Western African franc could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2016, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars and Western African francs:

	USD	XOF	Total
Cash	88	1,461,538	
Accounts payable and accrued liabilities	(236,000)	(941,684)	
Net exposure	(235,912)	519,854	
Canadian dollar equivalent	$ (316,988)	$ 1,122	$ (315,866)

Based on the above net exposures and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar and Western African franc would result in an increase or decrease of approximately $31,600 in the Company's loss for the year.

Interest Rate Risk

When the Company has sufficient cash it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at December 31, 2016 and 2015, the Company did not have any interest-bearing loans or interest bearing investments. Accordingly, the Company does not have significant interest rate risk.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of equity. Annually, the Company prepares estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. Notwithstanding the foregoing, as a result of the difficult capital markets for financing junior exploration companies over the past few years and the Company's efforts to monetize the Diba Project, Legend is in a significant working capital deficit. Most consulting fees to senior management are being accrued but not paid. Legend also entered into contingent fee agreements with senior personnel. These actions reduced Legend's immediate cash requirements. Management subsequently determined that the contingent fees and bonus payments with respect to the possible sale of the Diba Project were no longer probable and the agreements expired on December 31, 2016, consequently the Company reversed $717,115 of contingent payables (Note 6).

(Expressed in Canadian dollars)

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without penalty. The Company needs to raise additional capital in order to pay its debts and fund its administrative and exploration expenditures for the next twelve months. The Company is not subject to any externally imposed capital requirements. There was no change in management's approach to capital management during the year ended December 31, 2016.

11. FINANCIAL INSTRUMENTS BY CATEGORY

Fair Values

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and notes payable. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

As December 31, 2016 and 2015, the Company has made the following classifications for its financial instruments:

As at December 31, 2016	Loans and receivables	Other financial liabilities	**Total**
Cash	$ 3,273	$ -	$ 3,273
Receivables	1,086	-	1,086
Accounts payable and accrued liabilities	-	(1,306,347)	(1,306,347)
Notes payable	-	(1,090,021)	(1,090,021)
	$ 4,359	$ (2,396,368)	$ (2,392,009)

As at December 31, 2015	Loans and Receivables	Other financial liabilities	**Total**
Cash	$ 3,335	$ -	$ 3,335
Receivables	7,973	-	7,973
Accounts payable and accrued liabilities	-	(1,830,903)	(1,830,903)
Notes payable	-	(674,845)	(674,845)
	$ 11,308	$ (2,505,748)	$ (2,494,440)

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash, receivables, and accounts payable and accrued liabilities and notes payable approximate their fair value because of the short-term nature of these instruments.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2015 the Company issued the final tranche of 2,500,000 common shares to Endeavour as further consideration for the acquisition of the Diba permit. These shares were valued at $175,000 or $0.07 per share, with the offsetting amount being recorded as exploration and evaluation assets (Note 4). Included in accounts payable is $50,000 incurred for the acquisition of exploration and evaluation assets.

During the years ended December 31, 2016 and 2015, no cash was paid for income taxes or interest.

13. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	December 31 2016	December 31 2015
Loss for the year before income taxes	$ (275,556)	$ (3,417,969)
Expected income tax expense (recovery)	(71,645)	(888,672)
Permanent difference	76,943	177,741
Other	183,564	342,613
Changes in unrecognized deductible temporary difference	(188,862)	368,318
	$ -	$ -

(Expressed in Canadian dollars)

13. INCOME TAXES (continued)

The significant components of the Company's temporary differences and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31 2016	Expiry date range	December 31 2015	Expiry date Range
Mineral properties				
Canada	$ 834,000	No expiry	$ 834,000	No expiry
Mali	15,444,000	No expiry	15,572,000	No expiry
Share issue costs	103,000	2036-2039	208,000	2035-2039
Non-capital loss carry forwards for future period				
Canada	9,438,000	2026-2035	10,021,000	2016-2035

Tax attributes are subject to review, and potential adjustment, by tax authorities.