SONORA GOLD & SILVER CORP.

Consolidated Financial Statements

Nine Months Ended October 31, 2016 and 2015

(Expressed in Canadian dollars)

Nine
SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

Notice of No Review by Auditor

In accordance with National Instrument 51-102 Part 4, *Continuous disclosure Obligations,* subsection 4.3(3)(a), **WE HEREBY GIVE NOTICE** that our condensed consolidated financial statements for the interim period ended October 31, 2016, which follows this notice, have not been reviews by an auditor.

SONORA GOLD & SILVER CORP.
Consolidated statements of financial position
(Expressed in Canadian dollars)
(Unaudited)

	October 31 2016 $	January 31, 2016 $
Assets		
Current assets		
Cash	75,575	7,319
Amounts receivable	5,292	2,940
Total current assets	80,868	10,259
Non-current assets		
Restricted cash (Note 3)	2,875	2,875
Mineral property costs (Note 4)	511,956	511,956
Total non-current assets	514, 831	514,831
Total assets	595,699	525,090
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	20,821	68,988
Total liabilities	20,821	68,988
Shareholders' equity		
Share capital (Note 6)	11,792,225	11,542,225
Contributed surplus (Note 7)	1,075,715	1,075,715
Deficit	(12,293,062)	(12,161,838)
Total shareholders' equity	574,877	456,102
Total liabilities and shareholders' equity	595,699	525,090

Nature of operations and continuance of business (Note 1)

/s/ "Kenneth Churchill"
Kenneth Churchill, Director

/s/ "Michael Resendes"
Michael Resendes, Director

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

SONORA GOLD & SILVER CORP.
Consolidated statements of operations, and comprehensive loss
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended October 31, 2016 $	Three months ended October 31, 2015 $	Nine months ended October 31, 2016 $	Nine months ended October 31, 2015 $
Expenses				
Consulting fees	4,500	4,500	13,500	13,500
Foreign exchange loss	--	–	–	–
Management fees (Note 10)	24,000	19,200	67,200	57,600
Office and miscellaneous	1,455	851	7,586	2,906
Professional fees	4,198	–	5,605	5,500
Rent	3,185	4,677	10,590	14,015
Transfer agent and regulatory fees	5,779	2,881	26,744	14,743
Travel and promotion	--	--	–	1,026
Total expenses	38,617	32,109	131,225	109,290
Net loss and comprehensive loss for the year	(38,617)	(32,109)	(131,225)	(109,290)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average shares outstanding	60,926,172	35,926,172	53,508,590	35,926,172

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

SONORA GOLD & SILVER CORP.
Consolidated statements of changes in equity
(Expressed in Canadian dollars)
(Unaudited)

	Share capital		Share-based payment reserve	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$
Balance, February 1, 2016	35,926,172	11,542,225	1,075,715	(12,161,838)	456,102
Issuance of shares for cash	25,000,000	250,000	–	–	250,000
Net loss for the year	–	–	–	(131,225)	(131,225)
Balance, October 31, 2016	60,926,172	11,792,225	1,075,715	(12,293,063)	574,877
Balance, February 1, 2015	35,926,172	11,542,225	1,075,715	(11,544,655)	1,073,285
Net loss for the year	–	–	–	(109,290)	(109,290)
Balance, October 31, 2015	35,926,172	11,542,225	1,075,715	(11,653,945)	963,995

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

SONORA GOLD & SILVER CORP.
Consolidated statements of cash flows
(Expressed in Canadian dollars)
(Unaudited)

	Nine months ended October 31, 2016 $	Nine months ended October 31, 2015 $
Operating activities		
Net loss	(131,225)	(109,290)
Changes in non-cash operating working capital:		
Amounts receivable	(2,352)	(1,636)
Accounts payable and accrued liabilities	(48,167)	(20,196)
Net cash used in operating activities	(181,743)	(87,458)
Investing activities		
Issuance of shares for cash	250,000	-
Reduction in restricted cash	-	8,625
Increase (decrease) in cash	68,256	(78,833)
Cash, beginning of year	7,319	90,976
Cash, end of period	75,575	12,143

Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

1. Nature of Operations and Continuance of Business

The Company is an exploration stage company currently focussed on exploration and development of precious and base metal projects in Tanzania. The Company's registered office is located at Suite 210, 905 West Pender Street, Vancouver, British Columbia, Canada.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at October 31, 2016, the Company has not generated any revenues from operations, has working capital of $60,047, and has an accumulated deficit of $12,293,062. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management believes sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board on a going concern basis.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

These consolidated financial statements include the accounts of the Company and its inactive wholly-owned subsidiary, DJ Mines Limited, a company incorporated in Tanzania. All inter-company balances and transactions have been eliminated on consolidation.

These interim consolidated financial statements do not include all the notes required for full annual financial statements. The significant accounting policies for the periods are consistent with those disclosed in the audited annual financial statements of the Company for the year January 31, 2016. The accompanying unaudited interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended January 31, 2016.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues 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 estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the impairment of exploration and evaluation assets and unrecognized deferred income tax 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 information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments (continued)

Application of the going concern assumption: the assessment of whether the going concern assumption is appropriate requires management to consider all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

© Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the nine months ended October 31, 2016, and have not been applied in preparing these consolidated financial statements.

New standard IFRS 9, "Financial Instruments"

Amended standard IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Restricted Cash

The Company has pledged a guaranteed investment certificate ("GIC") as collateral for the Company's credit cards. The GIC earns interest of 0.65% and had a maturity date of August 23, 2016.

4. Exploration and Evaluation Assets

	Handeni $	Negese $	Total $
Acquisition Costs:			
Balance, January 31, 2014	629,458	287,165	916,623
Reallocation of option payments	(66,870)	66,870	–
Balance, January 31, 2015	562,588	354,035	916,623
Reallocation of option payments	(50,632)	50,632	–
Impairment	–	(404,667)	(404,667)
Balance, January 31, 2016 and Oct 31, 2016	511,956	–	511,956
Exploration Costs:			
Balance, January 31, 2014 and 2015	–	72,705	72,705
Impairment	–	(72,705)	(72,705)
Balance, January 31, 2016 and Oct 31, 2016	–	–	–
Carry Amounts:			
As at January 31, 2015	562,588	426,740	989,328

(Expressed in Canadian dollars)

As at January 31, 2016 and Oct 31, 2016	511,956	–	511,956

4. Exploration and Evaluation Assets (continued)

(a) Handeni Property, Tanzania

On July 24, 2010 (amended on October 6, 2010), the Company entered into an option agreement to acquire the mineral licence for the Handeni property located in Tanzania.

To earn this interest, the Company must issue 700,000 common shares (issued) and make the following cash payments:

- initial payment of US$20,000 into an escrow account within 10 days of the execution of the agreement (paid and released to the optionor upon completion of due diligence);
- a further US$22,500 every 90 days for a total of US$90,000 until July 24, 2011. ($45,000 has been paid)

The initial term is for one year. The Company has the right of extending the option for up to two further one year periods and then one further six-month period by notice in writing to the optionor and a further payment of US$45,000 at the beginning of each new extension option period. If the purchase option is exercised prior to the expiry of the initial term or any extension option period, then no further instalment payments or extension payments will be required to be paid.

The Company can exercise the option at any time by paying the optionor US$1,000,000. The optionor retains a 2% net smelter royalty. The US$1,000,000 option exercise payment will be treated as an advance payment of the royalty.

The property is currently under litigation over the rights to the claim; however, the Company believes that it has a valid agreement and plans to continue exploration of the property once the litigation has been resolved. Refer to Note 10.

(b) Negese Property, Tanzania

On September 9, 2010, the Company entered into an option agreement to acquire the mineral licence to the Negese property located in Tanzania.

To earn this interest, the Company must issue 300,000 common shares (issued) and make the following cash payments:

- US$5,000 to be paid on execution of the agreement (paid);
- A further US$25,000 to be paid within 30 days on execution of the agreement (paid);
- Monthly payment of US$2,000 on the 1st day of each proceeding month from November 9, 2010 to September 9, 2011 (prorated for first month). ($5,400 has been paid);

The initial term is for one year. The Company has the right of extending the option for up to four further one year periods by notice in writing to the optionor and further monthly payments of US$5,000. If the purchase option is exercised prior to the expiration of any one-year option period, then the value of any unexpired option period will be deducted from the purchase price.

The Company can exercise the option at any time by paying the optionor US$1,300,000. The optionor retains a 2% net smelter royalty. The US$1,300,000 option exercise payment will be treated as an advance payment of the royalty.

On June 25, 2012, the Company received notification from the optionor confirming that, due to the Handeni Property claims being in dispute with the Tanzanian government, the optionor will apply US$200,000 of the option payments made on the Handeni Property to the future option payments on the Negese Property. As at January 31, 2016, the Company has reallocated $219,687 (US$200,000) from the option payments recorded on the Handeni Property and applied it towards the Negese Property.

(Expressed in Canadian dollars)

As at January 31, 2016, the option agreement expired and the Company decided not to extend it. As a result, the Company recognized an impairment of $477,372 at January 31, 2016.

5. Share Capital

Authorized: 100,000,000 common shares without par value

6. Stock Options

The Company has adopted a fixed stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. Stock options granted under this plan vest immediately.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, January 31, 2016	500,000	0.16
Expired	(500,000)	0.10
Outstanding, January 31, 2016 and October 31, 2016	Nil	

7. Related Party Transactions

(a) During the nine months ended October 31, 2016, the Company incurred management fees of $27,000 (2015 - $27,000) to a company controlled by the Chief Financial Officer of the Company.

(b) During the nine months ended October 31, 2016, the Company incurred management fees of $40,200 (2015 - $30,600) and rent of $3,600 (2015 - $10,800) to a company controlled by the President of the Company.

8. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at October 31, 2016 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, January 31, 2016 $
Cash	75,575	–	–	75,575
Restricted cash	2,875	–	–	2,875

The fair values of other financial instruments, which include amounts receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. As at October 31, 2016, the Company has no financial instruments denominated in a foreign currency; however, the Company has exploration and evaluation assets in Tanzania with mineral property option agreement obligations denominated in US dollars. Refer to Note 4.

(d) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(Expressed in Canadian dollars)

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended January 31, 2015.

10. Contingency

On February 11, 2011, the Minister for Energy and Minerals for Tanzania cancelled the mineral licence underlying the Handeni Property option agreement. The Company believes that it has a valid agreement and that the Minister for Energy and Minerals erred in law when it cancelled the mineral licence. The Company has appealed to the High Court of Tanzania to have the mineral licence reinstated. An appeal has been filed and the Company awaits the outcome of the appeal and accordingly, the outcome cannot be reasonably determined at this time. A hearing is scheduled for December 14, 2016.

11. Segmented Information

The Company operates in one industry, the mineral resource industry, with all current exploration activities conducted in Tanzania. A

January 31, 2016	Canada $	Tanzania $	Total $
Restricted cash	2,875	A–	2,875
Exploration and evaluation assets	–	511,956	511,956
	2,875	511,956	514,831

January 31, 2015	Canada $	Tanzania $	Total $
Restricted cash	11,500	–	11,500
Exploration and evaluation assets	–	989,328	989,328
	11,500	989,328	1,000,828

12. Subsequent Event

On November 3, 2016, the Board of Directors authorized the grant of 1,550,000 options at an exercise price of $0.05, for a 5 year period and vesting immediately.