

RT MINERALS CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018

UNAUDITED

(Expressed in Canadian Dollars)

NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed interim financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

RT MINERALS CORP.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019 AND 2018
(UNAUDITED – SEE “NOTICE TO READER” BELOW)**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the periods ended May 31, 2019 and 2018.

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of RT Minerals Corp. and the accompanying condensed interim consolidated statements of financial position as at May 31, 2019 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the six months ended May 31, 2019 and 2018 are the responsibility of the Company’s management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Manning Elliott LLP.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

“Donald M. Clark”

“Sandra Wong”

Donald M. Clark
Chief Executive Officer

Sandra Wong
Chief Financial Officer

July 26, 2019

July 26, 2019

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)****AS AT MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

	Note	May 31, 2019 \$	November 30, 2018 \$
Assets			
Current assets			
Cash		16,100	49,104
Short-term investments	4	18,875	86,023
Amounts receivable		2,848	3,215
Prepaid expenses		433	633
		<u>38,256</u>	<u>138,975</u>
Non-current assets			
Exploration and evaluation assets	5	1,104,319	1,104,219
		<u>1,142,575</u>	<u>1,243,194</u>
Liabilities			
Current liabilities			
Trade and other payables		47,148	37,735
Due to related parties	10	7,833	4,934
		<u>54,981</u>	<u>42,669</u>
Equity			
Share capital	7	13,327,006	13,327,053
Contributed surplus	7	1,711,001	1,711,001
Accumulated deficit		(13,950,413)	(13,837,529)
		<u>1,087,594</u>	<u>1,200,525</u>
		<u>1,142,575</u>	<u>1,243,194</u>

Nature of operations and going concern (Note 1)

Commitments (Note 11)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on July 26, 2019 and are signed on its behalf by:

/s/“Donald M. Clark”

Director

/s/“Edmond Hatoum”

Director

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

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)****FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

		Three months ended		Six months ended	
	Note	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
		\$	\$	\$	\$
Expenses					
Employee costs	9	36,092	147,549	72,372	239,827
Finance (recovery) expense	9	-	(10)	-	(10)
General and administrative expenses	9	26,162	28,167	40,663	60,570
Total expenses		(62,254)	(175,706)	(113,035)	(300,387)
Other income and (expenses)	9	(4,141)	(102)	151	148
Net loss and comprehensive loss for the period		(66,395)	(175,808)	(112,884)	(300,239)
Loss per common share, basic and diluted		(0.01)	(0.04)	(0.01)	(0.06)
Weighted average number of common shares outstanding		12,087,963	4,837,582	12,087,963	4,681,639

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

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Deficit \$	Total \$
Balance at November 30, 2017	3,948,963	12,498,535	1,561,635	(12,667,558)	1,392,612
Net and comprehensive loss for the period	-	-	-	(300,239)	(300,239)
Shares issued for private placement	750,000	377,000	-	-	377,000
Shares issued for Golden Reed Mine	100,000	50,000	-	-	50,000
Shares issued for South Wawa	35,000	15,750	-	-	15,750
Share-based payments	-	-	129,366	-	129,366
Share issuance costs	4,000	(6,943)	-	-	(6,943)
Balance at May 31, 2018	4,837,963	12,934,342	1,691,001	(12,967,797)	1,657,546
Balance at November 30, 2018	12,087,963	13,327,053	1,711,001	(13,837,529)	1,200,525
Net and comprehensive loss for the period	-	-	-	(112,884)	(112,884)
Share issuance costs	-	(47)	-	-	(47)
Balance at May 31, 2019	12,087,963	13,327,006	1,711,001	(13,950,413)	1,087,594

On June 20, 2018, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). As a result of the Share Consolidation, the number of shares, warrants and options presented in these consolidated financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all historic years presented (Note 7(a)).

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

RT MINERALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018**

(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	\$	\$	\$	\$
Operating activities				
Loss for the period	(66,395)	(175,808)	(112,884)	(300,239)
Items not involving cash:				
Share-based payments	-	70,707	-	93,413
Gain on disposal of investments	(143)	-	(143)	-
Unrealized loss on short-term investments	3,993	40	-	90
Changes in non-cash working capital accounts:				
Amounts receivable	(1,372)	50,066	367	49,721
Prepaid expenses	(433)	1,802	200	(6,550)
Trade and other payables	2,726	21,203	9,413	(67,457)
Total cash used in operating activities	(61,624)	(31,990)	(103,047)	(231,022)
Investing activities				
Expenditures on exploration and evaluation assets	-	(55,019)	(100)	(152,760)
Redemption (purchase) of short-term investments	67,291	88,000	67,291	(17,000)
Total cash flows provided by (used in) investing activities	67,291	32,981	67,191	(169,760)
Financing activities				
Proceeds from share issuances	-	-	-	375,000
Share issuance costs	-	(46)	(47)	(4,943)
Advances from (repayments to) related parties	6,378	(905)	2,899	(11,388)
Total cash flows provided by (used in) financing activities	6,378	(951)	2,852	358,669
Total increase (decrease) in cash during the period	12,045	40	(33,004)	(42,113)
Cash, beginning of period	4,055	3,429	49,104	45,582
Cash, end of period	16,100	3,469	16,100	3,469
Supplemental information				
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

Refer to Note 14 for non-cash transactions incurred during the periods ended May 31, 2019 and 2018.

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – Page 1
FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

RT Minerals Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 9, 2007. The Company’s business activity is the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange (“TSXV”), having the symbol RTM-V, as a Tier 2 mining issuer.

The address of the Company’s corporate office and principal place of business is 1100 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has accumulated losses of \$13,950,413 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the six month period ended May 31, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2018 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2018 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2018. Note 2c) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on July 26, 2019.

The preparation of condensed interim consolidated financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – Page 2 FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, RT Minerals Corp (Guyana) Inc. (“RTMG”). RTMG was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

b) Foreign Currency Translation

The presentation currency and functional currency of the Company and its Guyana subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company’s Guyana subsidiary is financially and operationally dependent on the Company. The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in comprehensive loss.

c) New Accounting Standards, Interpretations and Amendments to Existing Standards

The following new standards, and amendments to standards and interpretations, are effective for the year ended November 30, 2019, and have been applied in preparing these consolidated financial statements:

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2019, and have not been applied in preparing the consolidated financial statements.

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FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) New Accounting Standards, Interpretations and Amendments to Existing Standards (continued)

The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position:

Accounting standards effective for annual periods beginning on or after January 1, 2019

IFRS 16 Leases – IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRIC 23 Uncertainty over Income Tax Treatments – IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2018 annual financial statements.

4. SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits and marketable securities. As at May 31, 2019 and November 30, 2018, the fair values of the short-term investments are as follows:

	May 31, 2019 \$	November 30, 2018 \$
Term deposits	11,000	50,000
Marketable securities	7,875	36,023
	<u>18,875</u>	<u>86,023</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – Page 4
FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018
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4. SHORT-TERM INVESTMENTS (CONTINUED)

a) Opawica Explorations Inc.

The Company acquired 100,000 common shares of Opawica Explorations Inc. (“Opawica”), a company formerly with directors and officers in common with the Company, pursuant to a property sale agreement dated October 28, 2015 and letter agreement dated February 25, 2016. The Company sold 99,750 of the shares during the year ended November 30, 2017 and the balance of the shares were sold during the period ended May 31, 2019.

A summary table of the Company’s investment in Opawica marketable securities is as follows:

	Number of shares	Fair value \$
Balance, November 30, 2017	250	125
Unrealized loss	-	(102)
Balance, November 30, 2018	250	23
Proceeds on sale	(250)	(16)
Loss on sale	-	(7)
Balance, May 31, 2019	-	-

b) Manitou Gold Inc.

On October 19, 2018, pursuant to a property sale agreement, the Company received 800,000 common shares of Manitou Gold Inc. (“Manitou”), a public company listed for trading on the TSX Venture Exchange, which were recorded at market value of \$52,000.

A summary table of the Company’s investment in Manitou marketable securities is as follows:

	Number of shares	Fair value \$
Balance, November 30, 2017	-	-
Manitou shares received on October 19, 2018	800,000	52,000
Unrealized loss	-	(16,000)
Balance, November 30, 2018	800,000	36,000
Proceeds on sale	(625,000)	(28,275)
Gain on sale	-	150
Balance, May 31, 2019	800,000	7,875

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – Page 5

FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Ballard Lake	Norwalk	Dill River	Dog Lake	Golden Reed	South Wawa	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at November 30, 2017	536,150	704,650	66,661	118,869	43,000	-	1,469,330
Exploration costs							
Administration	2,950	38,903	2,950	3,450	3,450	2,250	53,953
Community consultations	-	2,500	-	-	-	-	2,500
Drilling	-	236,034	-	-	-	-	236,034
Line cutting	-	12,150	-	-	-	-	12,150
Reports	-	5,411	-	-	-	-	5,411
Sampling	-	44,524	-	-	-	-	44,524
Technical assessment	-	9,515	358	-	-	-	9,873
Exploration grant	-	(77,918)	-	-	-	-	(77,918)
	<u>2,950</u>	<u>271,119</u>	<u>3,308</u>	<u>3,450</u>	<u>3,450</u>	<u>2,250</u>	<u>286,527</u>
Acquisition of property	-	32,000	-	-	50,000	15,750	97,750
Impairment of property	(539,100)	-	(69,969)	-	-	(18,000)	(627,069)
Sale of property	-	-	-	(122,319)	-	-	(122,319)
Balance at November 30, 2018	-	1,007,769	-	-	96,450	-	1,104,219
Exploration costs							
Drilling	-	100	-	-	-	-	100
	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Balance at May 31, 2019	<u>-</u>	<u>1,007,869</u>	<u>-</u>	<u>-</u>	<u>96,450</u>	<u>-</u>	<u>1,104,319</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – Page 6
FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Ballard Lake Property (Wawa, Ontario)

On February 6, 2015, as amended March 25, 2015, the Company signed an Agreement (the “Property Agreement”) with an arms-length vendor to acquire the Ballard Lake gold and diamond property located approximately 50 km northeast of Wawa, Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to a 2% retained royalty, in the property and as consideration would issue 40,000 common shares of the Company to the vendor. The shares were issued on April 28, 2015 and had a fair value of \$80,000.

On October 12, 2016, the Company signed an agreement with the vendor to pay a 2% retained royalty on any additional mineral claims staked on land that is contiguous to the property, and the Company shall have the right to repurchase 1% of the royalty on the property at any time for \$1,000,000. Through staking, the Company increased the Ballard Lake property’s size to approximately 366 square kilometres.

The Company does not plan any further exploration on the property, and accordingly \$539,100 in exploration and acquisition costs were written off as an impairment loss during the year ended November 30, 2018.

b) Norwalk Property (Wawa, Ontario)

On September 20, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Norwalk gold property located six kilometres south of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of \$5,000 (paid) and issuing 20,000 common shares of the Company (issued on October 5, 2016 with a fair value of \$18,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of:

- i. \$15,000 (paid) and 10,000 common shares (issued on October 5, 2017 with a fair value of \$6,000) on the first anniversary of the Acceptance Date;
- ii. \$25,000 (paid) and 100,000 common shares (issued on October 5, 2018 with a fair value of \$7,000) on the second anniversary of the Acceptance Date; and
- iii. \$45,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

c) Dill River Property (Wawa, Ontario)

On September 23, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Dill River gold property located seven kilometres east of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of \$3,000 (paid) and issuing 20,000 common shares of the Company (issued on October 5, 2016 with a fair value of \$18,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of:

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – Page 7 FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Dill River Property (Wawa, Ontario) (continued)

- i. \$10,000 (paid) and 10,000 common shares (issued on October 5, 2017 with a fair value of \$6,000) on the first anniversary of the Acceptance Date;
- ii. \$17,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and
- iii. \$20,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

The Company does not plan any further exploration on the property, and accordingly the option was abandoned and \$69,969 in exploration and acquisition costs were written off as an impairment loss during the year ended November 30, 2018.

d) Dog Lake Property (Wawa, Ontario)

On June 8, 2017, the Company signed an Agreement with an arms-length vendor to acquire a 100% interest, subject to a 2% retained royalty, in the Dog Lake gold property located approximately 59 kilometres northeast of Wawa, Ontario in consideration of \$10,000 (paid) and 150,000 common shares of the Company (issued on June 23, 2017 with a fair value of \$105,000).

Pursuant to an agreement dated September 25, 2018, the Company sold its 100% interest in the Dog Lake gold property to Manitou Gold Inc. (“Manitou”) for consideration of \$5,000 and 800,000 common shares of Manitou with a fair value of \$52,000. This transaction was completed on October 19, 2018 and a loss on disposal of exploration and evaluation assets of \$65,319 was recorded during the year ended November 30, 2018.

e) Golden Reed Mine Property (Wawa, Ontario)

On October 18, 2017, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Golden Reed Mine gold property located approximately six kilometres southeast of the town of Wawa, Ontario. The Company shall have the right to purchase 1% of the royalty on the property at any time for \$1,000,000. The Company exercised the option on January 31, 2018 and earned its interest in the property by paying an initial consideration of \$3,000 (paid) and issuing 100,000 common shares of the Company (issued on November 14, 2017 with a fair value of \$40,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved November 13, 2017); and making an additional optional payment of 100,000 common shares on or before the first anniversary of the Acceptance Date (issued on January 31, 2018 with a fair value of \$50,000).

f) South Wawa Property (Wawa, Ontario)

On February 14, 2018, the Company signed an Agreement with an arms-length vendor to acquire a 100% interest in the South Wawa gold property located approximately 10 kilometres south of Wawa, Ontario in consideration of 35,000 common shares of the Company (issued on March 1, 2018 with a fair value of \$15,750).

The Company does not plan any further exploration on the property, and accordingly \$18,000 in exploration and acquisition costs were written off as an impairment loss during the year ended November 30, 2018.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – Page 8 FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

6. DEMAND LOANS

On June 25, 2018, the Company received a demand loan of \$86,000 from an arm's length party, bearing interest at 10% per annum. The demand loan was repaid on September 4, 2018 along with interest of \$1,673.

On June 26, 2018, the Company received a demand loan of \$86,000 from an arm's length party who subsequently became the Chief Executive Officer and President of the Company, bearing interest at 10% per annum. The demand loan was repaid on September 4, 2018 along with interest of \$1,649.

7. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On June 20, 2018, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). As a result of the Share Consolidation, the number of shares, warrants and options presented in these consolidated financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all historic years presented.

The Company issued the following common shares during the year ended November 30, 2018:

- i) On December 22, 2017, the Company completed a non-brokered private placement consisting of 400,000 units priced at \$0.50 for total proceeds of \$200,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.50 for a one-year term.
- ii) On December 29, 2017, the Company completed a non-brokered private placement consisting of 350,000 flow-through units priced at \$0.50 for total proceeds of \$175,000. Each flow-through unit consists of one flow-through common share and one half of a share purchase warrant, with each whole warrant exercisable into one further common share at a price of \$0.60 for a one-year term. A 10% commission comprised of \$2,000 cash and 4,000 common shares at \$0.50 per share was paid on \$40,000 of the private placement.
- iii) On January 31, 2018, the Company issued 100,000 common shares with a fair value of \$0.50 per share to exercise the Golden Reed Mine property option described in Note 5(e).
- iv) On March 1, 2018, the Company issued 35,000 common shares with a fair value of \$0.45 per share pursuant to the South Wawa property acquisition described in Note 5(f).

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FOR THE SIX MONTHS ENDED MAY 31, 2019 AND 2018
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7. SHARE CAPITAL AND RESERVES (CONTINUED)

- v) On August 31, 2018, the Company closed the first tranche of a non-brokered private placement consisting of 4,000,000 units priced at \$0.06 for total proceeds of \$240,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.08 for a two-year term. All securities issued in the first tranche were subject to a hold period expiring January 1, 2019.
- vi) On September 7, 2018, the Company closed the final tranche of a non-brokered private placement consisting of 3,000,000 units priced at \$0.06 for total proceeds of \$180,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.08 for a two-year term. A 10% commission comprised of \$9,000 cash and 150,000 common shares at \$0.06 per share was paid on the final tranche. All securities issued in the final tranche were subject to a hold period expiring January 8, 2019.
- vii) On October 5, 2018, the Company issued 100,000 common shares with a fair value of \$0.07 per share pursuant to the Norwalk property option described in Note 5(b).

b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares. No preferred shares have been issued since the Company's inception.

c) Contributed Surplus

	May 31, 2019 \$	November 30, 2018 \$
Fair value of warrants issued	304,725	304,725
Fair value of stock options granted or vested	1,406,276	1,406,276
Contributed surplus	1,711,001	1,711,001

d) Share Purchase Warrants

A summary of the Company's share purchase warrants at May 31, 2019 and November 30, 2018 and the changes for the periods then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at November 30, 2017	1,308,300	\$0.89
Issue of warrants	7,575,000	\$0.11
Expiry of warrants	(474,850)	\$0.70
Cancellation of warrants	(501,150)	\$0.70
Balance at November 30, 2018	7,907,300	\$0.17
Expiry of warrants	(838,400)	\$0.89
Balance at May 31, 2019	7,068,900	\$0.08

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7. SHARE CAPITAL AND RESERVES (CONTINUED)

d) Share Purchase Warrants (continued)

As at May 31, 2019, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable		Exercise Price per Share	Expiry Date
May 31, 2019	November 30, 2018		
-	150,500	\$0.50	December 22, 2018
-	10,400	\$6.00	December 27, 2018
-	167,500	\$0.60	December 29, 2018
-	510,000	\$1.00	March 17, 2019
4,000,000	4,000,000	\$0.08	August 31, 2020
3,000,000	3,000,000	\$0.08	September 7, 2020
68,900	68,900	\$0.50	May 16, 2021
7,068,900	7,907,300		

8. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has an incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The Plan was approved by the Board on March 21, 2011, was approved by the Company’s shareholders on April 29, 2011, and came into effect on August 5, 2011 upon acceptance by the TSXV of the Company’s listing application and commencement of trading on the TSXV. The Plan provides for the issuance of options to acquire shares of the Company up to 10% of the then issued and outstanding shares of the Company. It incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares.

A summary of the Company’s stock options at May 31, 2019 and November 30, 2018 and the changes for the years then ended is presented below:

	May 31, 2019		November 30, 2018	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	207,000	\$0.50	240,800	\$1.17
Granted	-	-	405,000	\$0.50
Expired	-	-	(62,800)	\$1.42
Cancelled	(50,000)	\$0.50	(376,000)	\$0.51
Ending balance	157,000	\$0.50	207,000	\$0.50

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8. SHARE-BASED PAYMENTS (CONTINUED)

a) Option Plan Details (continued)

In December 2018, 50,000 stock options with an exercise price of \$0.50 per share were cancelled.

Details of stock options outstanding and exercisable as at May 31, 2019 and November 30, 2018 are as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>May 31, 2019</u>	<u>November 30, 2018</u>
February 14, 2020	\$0.50	95,000	145,000
March 7, 2020	\$0.50	62,000	62,000
		<u>157,000</u>	<u>207,000</u>

The weighted average remaining contractual life of stock options outstanding at May 31, 2019 was 0.73 years (November 30, 2018: 1.23 years).

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended May 31, 2019 was \$nil per option (November 30, 2018: \$0.319). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	<u>2019</u>	<u>2018</u>
Expected stock price volatility	-	157% - 164%
Risk-free interest rate	-	1.78% - 1.82%
Dividend yield	-	-
Expected life of options	-	2 years
Stock price on date of grant	-	\$0.40 - \$0.50
Forfeiture rate	-	-

9. NATURE OF INCOME AND EXPENSES

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Other income and expenses include:		
Gain on disposal of investments	143	-
Gain (loss) on foreign exchange	(226)	(60)
Interest income	234	298
Unrealized loss on short-term investments	-	(90)
	<u>151</u>	<u>148</u>
Employee costs include:		
Consulting fees	1,500	121,256
Management fees	-	5,400
Salaries and benefits	70,872	19,758
Share-based payments	-	93,413
	<u>72,372</u>	<u>239,827</u>

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9. NATURE OF INCOME AND EXPENSES (CONTINUED)

	2019	2018
	\$	\$
General and administrative expenses include:		
Accounting and audit fees	431	1,038
Filing fees	5,343	12,985
Investor communications	3,140	2,400
Legal fees	7,334	4,767
Office expenses	9,551	18,940
Transfer agent	2,206	3,632
Travel and automobile	12,658	16,808
	<u>40,663</u>	<u>60,570</u>

10. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Office Expenses

Office expenses of \$350 (2018: \$5,702) were charged by a company with common directors and officers that shares office premises. At May 31, 2019, \$165 (November 30, 2018: \$1,284) in amounts owing to the co-tenant were included in due to related parties.

b) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	2019	2018
	\$	\$
Short-term employee benefits and director fees	66,895	46,633
Share-based payments	-	17,535
	<u>66,895</u>	<u>64,168</u>

The Company has entered into an Officer and Consulting Agreement (the “Agreement”) with the Company’s Chairman, Chief Executive Officer and President (the “President”) effective September 1, 2018 for the duration that he serves as an officer to the Company. As compensation for the services to be provided, the President will receive a monthly salary of \$8,000 with a provision for severance of \$80,000 in the event that the Agreement is terminated or not renewed. During the six months ended May 31, 2019, the Company paid \$48,895 (2018: \$Nil) in salary and taxable benefits to the President.

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10. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Key Management Compensation (continued)

The Company has entered into an Employment Agreement (the “Agreement”) with the Company’s Chief Financial Officer effective December 1, 2018 for a twelve-month term ending November 30, 2019. As compensation for the services to be provided, the Chief Financial Officer will receive a monthly fee of \$3,000 with a provision for severance of \$20,000 in the event that the Agreement is terminated or not renewed. During the six months ended May 31, 2019, the Company paid \$18,000 (2018 - \$18,000) in salary and bonus to the Chief Financial Officer.

Due to related parties at May 31, 2019 includes \$7,668 (November 30, 2018: \$3,649) in amounts owing to directors, officers, and companies with common directors and officers for unpaid project management services, consulting fees and expenses.

11. COMMITMENTS

- i) In relation to the December 2017 flow-through financing described in Note 7(a)(ii), the Company was committed to incur \$174,965 in Canadian exploration expenditures by December 31, 2018 under the Canada Revenue Agency's look-back rule. The Company completed the qualifying exploration expenditures during the year ended November 30, 2018.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company’s financial instruments include cash, term deposits, short-term investments, amounts receivable, trade and other payables, and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company’s financial instruments:

	May 31, 2019		November 30, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	34,975	34,975	135,127	135,127

- (i) Cash and short-term investments

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 - Inputs for the asset or liability that are not based on observable market data.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at May 31, 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Cash	16,100	-	-	16,100
Short-term investments	18,875	-	-	18,875

There were no transfers from Level 1 to Levels 2 or 3 and there were no transfers from Levels 2 or 3 to Level 1 during the period ended May 31, 2019 and year ended November 30, 2018.

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

The Company's financial instruments are exposed to certain financial risks: credit risk, liquidity risk, market risk and currency risk.

Credit risk

Credit risk is the risk of an unexpected loss associated with counterparty's inability to fulfil its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at May 31, 2019, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 13. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at May 31, 2019:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade payables	47,148	47,148	47,148	-	-	-
Due to related parties	7,833	7,833	7,833	-	-	-
Total	54,981	54,981	54,981	-	-	-

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no fluctuating interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's Guyana subsidiary is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

14. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	2019	2018
	\$	\$
Shares issued for mineral properties	-	65,750
Shares issued for finder's fees	-	2,000
Share-based payments capitalized to mineral properties	-	35,953