

**RT MINERALS CORP.**

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

**INDEPENDENT AUDITORS' REPORT**

---

To the Shareholders and Directors of RT Minerals Corp.

**Opinion**

We have audited the consolidated financial statements of RT Minerals Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at November 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Paul Joseph Leedham.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, Canada  
March 26, 2021

**RT MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT NOVEMBER 30, 2020 AND 2019**  
(Expressed in Canadian Dollars)

|                                     | Note | 2020<br>\$       | 2019<br>\$       |
|-------------------------------------|------|------------------|------------------|
| <b>Assets</b>                       |      |                  |                  |
| <b>Current assets</b>               |      |                  |                  |
| Cash                                |      | 8,359            | 5,181            |
| Short-term investments              |      | 725,000          | -                |
| Amounts receivable                  |      | 72,525           | 1,377            |
| Prepaid expenses                    |      | 24,646           | 433              |
| Deferred share issuance costs       |      | -                | 4,585            |
| <b>Total current assets</b>         |      | <b>830,530</b>   | <b>11,576</b>    |
| <b>Non-current assets</b>           |      |                  |                  |
| Exploration and evaluation assets   | 5    | 1,580,336        | 1,019,189        |
| <b>Total assets</b>                 |      | <b>2,410,866</b> | <b>1,030,765</b> |
| <b>Liabilities</b>                  |      |                  |                  |
| <b>Current liabilities</b>          |      |                  |                  |
| Trade and other payables            |      | 312,380          | 52,991           |
| Due to related parties              | 11   | 82,390           | 70,801           |
| <b>Total current liabilities</b>    |      | <b>394,770</b>   | <b>123,792</b>   |
| <b>Non-current liabilities</b>      |      |                  |                  |
| Loan payable                        | 6    | 40,000           | -                |
| <b>Total liabilities</b>            |      | <b>434,770</b>   | <b>123,792</b>   |
| <b>Equity</b>                       |      |                  |                  |
| Share capital                       | 7    | 14,614,756       | 13,334,006       |
| Share subscriptions                 |      | -                | 5,010            |
| Reserves                            | 7    | 1,816,036        | 1,711,001        |
| Accumulated deficit                 |      | (14,454,696)     | (14,143,044)     |
| <b>Total equity</b>                 |      | <b>1,976,096</b> | <b>906,973</b>   |
| <b>Total liabilities and equity</b> |      | <b>2,410,866</b> | <b>1,030,765</b> |

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 26, 2021 and are signed on its behalf by:

                  /s/“Donald M. Clark”                   Director                        /s/“Mark Lofthouse”                   Director

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

**RT MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**  
(Expressed in Canadian Dollars)

|   | Note | 2020<br>\$        | 2019<br>\$        |
|---|------|-------------------|-------------------|
| <b>Expenses</b>   |      |                   |                   |
| Employee costs  | 9    | 231,446           | 145,607           |
| Finance expense   |      | 955               | -                 |
| General and administrative expenses                         | 9    | 79,763            | 63,757            |
| Impairment of exploration and evaluation assets             | 5    | -                 | 96,450            |
| <b>Total expenses</b>                                       |      | <b>(312,164)</b>  | <b>(305,814)</b>  |
| <b>Other income</b>   | 9    | <b>512</b>        | <b>299</b>        |
| <b>Net loss and comprehensive loss for the year</b>         |      | <b>(311,652)</b>  | <b>(305,515)</b>  |
| <b>Loss per common share, basic and diluted</b>             |      | <b>(0.01)</b>     | <b>(0.03)</b>     |
| <b>Weighted average number of common shares outstanding</b> |      | <b>22,297,797</b> | <b>12,093,443</b> |

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

**RT MINERALS CORP.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**  
(Expressed in Canadian Dollars)

|   | <b>Number of<br/>Shares</b> | <b>Share Capital<br/>\$</b> | <b>Share<br/>Subscriptions<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Accumulated<br/>Deficit<br/>\$</b> | <b>Total<br/>\$</b> |
|---|-----------------------------|-----------------------------|---------------------------------------|------------------------|---------------------------------------|---------------------|
| 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 year | -                           | -                           | -                                     | -                      | (305,515)                             | (305,515)           |
| Shares issued for Norwalk               | 200,000                     | 7,000                       | -                                     | -                      | -                                     | 7,000               |
| Share issuance costs                    | -                           | (47)                        | -                                     | -                      | -                                     | (47)                |
| Share subscriptions                     | -                           | -                           | 5,010                                 | -                      | -                                     | 5,010               |
| Balance at November 30, 2019            | 12,287,963                  | 13,334,006                  | 5,010                                 | 1,711,001              | (14,143,044)                          | 906,973             |
| Net and comprehensive loss for the year | -                           | -                           | -                                     | -                      | (311,652)                             | (311,652)           |
| Shares issued for private placement     | 24,442,500                  | 1,250,935                   | (5,010)                               | -                      | -                                     | 1,245,925           |
| Shares issued for warrant exercises     | 2,437,000                   | 134,450                     | -                                     | -                      | -                                     | 134,450             |
| Shares issued for option exercises      | 200,000                     | 18,475                      | -                                     | (6,475)                | -                                     | 12,000              |
| Shares issued for Norwalk               | 200,000                     | 7,000                       | -                                     | -                      | -                                     | 7,000               |
| Shares issued for Link-Catharine RLDZ   | 250,000                     | 22,500                      | -                                     | -                      | -                                     | 22,500              |
| Share-based payments                    | -                           | -                           | -                                     | 41,760                 | -                                     | 41,760              |
| Share issuance costs                    | -                           | (152,610)                   | -                                     | 69,750                 | -                                     | (82,860)            |
| Balance at November 30, 2020            | 39,817,463                  | 14,614,756                  | -                                     | 1,816,036              | (14,454,696)                          | 1,976,096           |

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

**RT MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**  
(Expressed in Canadian Dollars)

|  | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Operating activities</b>  |                  |                  |
| Loss for the year  | (311,652)        | (305,515)        |
| Items not involving cash:  |                  |                  |
| Impairment of exploration and evaluation assets                    | -                | 96,450           |
| Gain on disposal of investments                                    | -                | (48)             |
| Share-based payments   | 41,760           | -                |
| Changes in non-cash working capital accounts:                      |                  |                  |
| Amounts receivable   | (71,148)         | 1,838            |
| Prepaid expenses   | (24,213)         | 200              |
| Trade and other payables   | (515)            | 15,256           |
| <b>Total cash used in operating activities</b>                     | <b>(365,768)</b> | <b>(191,819)</b> |
| <b>Investing activities</b>  |                  |                  |
| Expenditures on exploration and evaluation assets                  | (271,743)        | (4,420)          |
| (Purchase) redemption of short-term investments                    | (725,000)        | 86,071           |
| <b>Total cash flows provided by (used in) investing activities</b> | <b>(996,743)</b> | <b>81,651</b>    |
| <b>Financing activities</b>  |                  |                  |
| Proceeds from share subscriptions                                  | 1,392,375        | 5,010            |
| Share issuance costs   | (78,275)         | (4,632)          |
| Advances from related parties                                      | 12,589           | 64,867           |
| Loans received   | 62,500           | 1,000            |
| Loans repaid   | (23,500)         | -                |
| <b>Total cash flows provided by financing activities</b>           | <b>1,365,689</b> | <b>66,245</b>    |
| <b>Total increase (decrease) in cash during the year</b>           | <b>3,178</b>     | <b>(43,923)</b>  |
| <b>Cash, beginning of year</b>                                     | <b>5,181</b>     | <b>49,104</b>    |
| <b>Cash, end of year</b>   | <b>8,359</b>     | <b>5,181</b>     |
| <b>Supplemental information</b>                                    |                  |                  |
| Interest paid  | 955              | -                |
| Income taxes paid  | -                | -                |

Refer to Note 14 for non-cash transactions incurred during the years ended November 30, 2020 and 2019.

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

# **RT MINERALS CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 1**

**FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**

(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 and has accumulated losses of \$14,454,696 since inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that 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**

### **Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2021.

### **Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as described in Note 3.

The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

### **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 and is currently dormant. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 2

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Mineral Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of resource properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain in the consolidated statement of comprehensive loss.

### b) Impairment of Non-Financial Assets

Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 3

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial assets – Classification*

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

#### *Fair value hierarchy*

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

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 or indirectly; and

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

Cash and short-term investments are carried at fair value using a level 1 fair value measurement. The carrying value of amounts receivable, trade and other payables, due to related parties and loan payable approximate their fair values because of the short-term nature of the instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

#### *Financial assets – Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 4

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c) Financial Instruments (continued)

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which it arises.

The Company classifies its cash and short-term investments as FVTPL and its amounts receivable at amortized cost.

#### *Financial liabilities*

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value change to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company has classified its trade and other payables, due to related parties and loan payable at amortized cost. The Company does not designate any financial liabilities at FVTPL.

# **RT MINERALS CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 5**

**FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**

(Expressed in Canadian Dollars)

---

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **c) Financial Instruments (continued)**

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

### **d) Short-term Investments**

Short-term investments include term deposits and marketable securities. Term deposits are Canadian guaranteed investment certificates that have maturities within 12 months from the consolidated statement of financial position date and are readily convertible into known amounts of cash with minimal risk of fluctuation in fair value. Marketable securities are investments in publicly traded companies.

### **e) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

### **f) Deferred Income Taxes**

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities, and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent it is probable that future taxable profit will allow the deferred tax asset to be recovered.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 6

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share warrants and flow-through shares are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants based on the residual value method. The fair value of common shares is based on the market closing price on the date the units are issued. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### *Flow-Through Shares*

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The de-recognition of the liability is recorded as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. Any portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### h) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 7

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### i) Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive loss over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense in the consolidated statement of comprehensive loss.

The Black-Scholes option pricing model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

### j) 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.

# **RT MINERALS CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 8**

**FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**

(Expressed in Canadian Dollars)

---

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **k) New Accounting Standards, Interpretations and Amendments to Existing Standards**

During the year ended November 30, 2020, the Company adopted IFRS 16 Leases. The adoption of IFRS 16 did not have any impact on the Company's consolidated financial statements.

A number of new or amended accounting standards are scheduled for mandatory adoption on or after December 1, 2020. The Company has not early adopted these new standards in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

## **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

### **i) Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

### **ii) Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

# **RT MINERALS CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 9**

**FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**

(Expressed in Canadian Dollars)

---

## **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

### **iii) Income Taxes**

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

### **iv) Going Concern**

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

### **v) Share-based Payment Transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 8.

# RT MINERALS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 10

### FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

#### 5. EXPLORATION AND EVALUATION ASSETS

|                              | Norwalk<br>\$ | Link-<br>Catharine<br>\$ | Golden<br>Reed<br>\$ | Total<br>\$ |
|------------------------------|---------------|--------------------------|----------------------|-------------|
| Balance at November 30, 2018 | 1,007,769     | -                        | 96,450               | 1,104,219   |
| Exploration costs            |               |                          |                      |             |
| Drilling                     | 1,420         | -                        | -                    | 1,420       |
| Technical assessment         | 3,000         | -                        | -                    | 3,000       |
|                              | 4,420         | -                        | -                    | 4,420       |
| Acquisition of property      | 7,000         | -                        | -                    | 7,000       |
| Impairment of property       | -             | -                        | (96,450)             | (96,450)    |
| Balance at November 30, 2019 | 1,019,189     | -                        | -                    | 1,019,189   |
| Exploration costs            |               |                          |                      |             |
| Administration               | 1,429         | 510                      | -                    | 1,939       |
| Community consultations      | 5,000         | -                        | -                    | 5,000       |
| Drilling                     | 248,001       | 182,945                  | -                    | 430,946     |
| Geophysical survey           | 10,380        | -                        | -                    | 10,380      |
| Reports                      | 12,225        | -                        | -                    | 12,225      |
| Sampling                     | 9,427         | -                        | -                    | 9,427       |
| Technical assessment         | 1,250         | -                        | -                    | 1,250       |
|                              | 287,712       | 183,455                  | -                    | 471,167     |
| Acquisition of property      | 52,480        | 37,500                   | -                    | 89,980      |
| Balance at November 30, 2020 | 1,359,381     | 220,955                  | -                    | 1,580,336   |

##### a) 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.

On September 20, 2019, as further amended on November 21, 2019, the Company amended the Option Agreement to extend the final option payment to the following:

- i. \$3,000 (paid) work fee on or before November 21, 2019;
- ii. 200,000 common shares (issued on November 20, 2019 with a fair value of \$7,000) on or before November 28, 2019;
- iii. \$22,500 (paid) on or before December 16, 2019; and
- iv. \$22,500 (paid) and 200,000 common shares (issued on December 19, 2019 with a fair value of \$7,000) on or before March 31, 2020.

On March 31, 2020, the Company completed the final option payment to earn 100% interest, subject to retained royalty, in the Norwalk gold property.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 11

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

### b) Link-Catharine RLDZ Property (Kirkland Lake, Ontario)

On September 28, 2020, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Link-Catharine RLDZ gold property located 25 kilometres south south-east of the town of Kirkland Lake, Ontario. The Company may earn its interest in the property by paying an initial consideration of \$15,000 (paid), issuing 250,000 common shares of the Company (issued on October 7, 2020 with a fair value of \$22,500) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved October 7, 2020) and incurring \$100,000 in exploration expenditures within four months of the Acceptance Date (incurred); and making additional optional payments of:

- i. \$20,000 and 250,000 common shares on or before the first anniversary of the Acceptance Date;
- ii. \$25,000, 250,000 common shares and \$100,000 in exploration expenditures on or before the second anniversary of the Acceptance Date;
- iii. \$25,000, 250,000 common shares and \$200,000 in exploration expenditures on or before the third anniversary of the Acceptance Date;
- iv. \$30,000, 250,000 common shares and \$200,000 in exploration expenditures on or before the fourth anniversary of the Acceptance Date; and
- v. \$85,000, 700,000 common shares and \$400,000 in exploration expenditures on or before the fifth anniversary of the Acceptance Date.

## 6. LOANS PAYABLE

On November 21, 2019, the Company received a non-interest bearing demand loan of \$1,000 from a director, which was repaid on December 23, 2019.

On March 31, 2020, the Company received a demand loan of \$22,500 from a director that bears interest at 10% per annum. The principal amount of \$22,500 along with accrued interest of \$955 was repaid on September 1, 2020.

On April 30, 2020, the Company received a loan from the Canadian government’s Canada Emergency Business Account (“CEBA”) Program in the amount of \$40,000. The CEBA is a government guaranteed loan of up to \$40,000 that is interest-free until December 31, 2022. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount (\$10,000) is eligible for forgiveness as long as the business pays back \$30,000 on or before December 31, 2022. If the business cannot pay back the loan by December 31, 2022, it can be converted into a three-year term loan at an interest rate of 5%.

## 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.

## RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 12

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

### 7. SHARE CAPITAL AND RESERVES (CONTINUED)

#### a) Common Shares (continued)

The Company issued the following common shares during the year ended November 30, 2020:

- i) On December 19, 2019, the Company completed a non-brokered private placement consisting of 4,501,000 units priced at \$0.03 per unit for total proceeds of \$135,030. Each unit consists of one common share and one half of a common share purchase warrant, with each whole warrant exercisable at a price of \$0.05 per share for a one-year term. All securities issued were subject to a hold period expiring April 20, 2020. The Company received \$5,010 of share subscriptions for this private placement as of November 30, 2019.
- ii) On December 19, 2019, the Company issued 200,000 common shares with a fair value of \$0.035 per share pursuant to the Norwalk property option described in Note 5(a).
- iii) On August 31, 2020, the Company issued 420,000 common shares priced at \$0.08 per share for proceeds of \$33,600 and 167,000 common shares priced at \$0.05 per share for proceeds of \$8,350 pursuant to warrant exercises.
- iv) On September 1, 2020, the Company completed a non-brokered private placement consisting of 14,000,000 units priced at \$0.05 per unit for total proceeds of \$700,000. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.07 per share for a three-year term. All securities issued are subject to a hold period expiring January 2, 2021. Finders fees of \$56,000 (8% cash), an administrative fee of \$2,801 and 1,120,000 share purchase warrants (8% of the number of units sold) were paid on this private placement. The finder's warrants are exercisable at \$0.08 per common share for a term of three years.
- v) On September 1, 2020, the Company completed a non-brokered private placement consisting of 5,941,500 flow-through units priced at \$0.07 per flow-through unit for total proceeds of \$415,905. Each flow-through unit consists of one flow-through common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of \$0.08 per share for a three-year term. All securities issued are subject to a hold period expiring January 2, 2021. Finders fees of \$17,200 (8% cash) and 245,720 share purchase warrants (8% of the number of units sold) were paid on a portion of this private placement. The finder's warrants are exercisable at \$0.08 per common share for a term of three years.
- vi) On September 1, 2020, the Company issued 1,850,000 common shares through the exercise of 1,850,000 warrants at a price of \$0.05 per share for total proceeds of \$92,500.
- vii) On October 7, 2020, the Company issued 250,000 common shares with a fair value of \$0.09 per share pursuant to the Link-Catharine property option described in Note 5(b).
- viii) On November 9, 2020, the Company issued 200,000 common shares through the exercise of 200,000 stock options at a price of \$0.06 per share for total proceeds of \$12,000.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 13

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL AND RESERVES (CONTINUED)

### a) Common Shares (continued)

The Company issued the following common shares during the year ended November 30, 2019:

ix) On November 20, 2019, the Company issued 200,000 common shares with a fair value of \$0.035 per share pursuant to the Norwalk property option described in Note 5(a).

### 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) Reserves

|   | November 30,<br>2020<br>\$ | November 30,<br>2019<br>\$ |
|---|----------------------------|----------------------------|
| Fair value of warrants issued                 | 374,475                    | 304,725                    |
| Fair value of stock options granted or vested | 1,441,561                  | 1,406,276                  |
| Reserves                                      | 1,816,036                  | 1,711,001                  |

### d) Share Purchase Warrants

A summary of the Company's share purchase warrants at November 30, 2020 and 2019 and the changes for the periods then ended is presented below:

|                              | Number of<br>Warrants | Weighted<br>Average<br>Exercise<br>Price |
|------------------------------|-----------------------|--|
| Balance at November 30, 2018 | 7,907,300             | \$0.17                                   |
| Expiry of warrants           | (838,400)             | \$0.89                                   |
| Balance at November 30, 2019 | 7,068,900             | \$0.08                                   |
| Issue of warrants            | 20,586,970            | \$0.07                                   |
| Exercise of warrants         | (2,437,000)           | \$0.055                                  |
| Expiry of warrants           | (6,580,000)           | \$0.08                                   |
| Balance at November 30, 2020 | 18,638,870            | \$0.07                                   |

On December 19, 2019, the Company issued 2,250,500 warrants exercisable at \$0.05 per share for a one-year term pursuant to the private placement described in Note 7(a)(i).

On September 1, 2020, the Company issued 14,000,000 warrants exercisable at \$0.07 per share for a three-year term pursuant to the private placement described in Note 7(a)(iv).

On September 1, 2020, the Company issued 2,970,750 warrants exercisable at \$0.08 per share for a three-year term pursuant to the private placement described in Note 7(a)(v).

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 14

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL AND RESERVES (CONTINUED)

### d) Share Purchase Warrants (continued)

On September 1, 2020, the Company issued 1,365,720 broker warrants exercisable at \$0.08 per share for a three-year term pursuant to the private placements described in Notes 7(a)(iv) and 7(a)(v).

As at November 30, 2020, the Company had outstanding and exercisable warrants as follows:

| Number of Warrants Outstanding and<br>Exercisable |                      | Exercise Price<br>per Share | Expiry Date       |
|---|----------------------|-----------------------------|-------------------|
| November 30,<br>2020                              | November 30,<br>2019 |                             |                   |
| -   | 4,000,000            | \$0.08                      | August 31, 2020   |
| -   | 3,000,000            | \$0.08                      | September 7, 2020 |
| 233,500   | -                    | \$0.05                      | December 19, 2020 |
| 68,900  | 68,900               | \$0.50                      | May 16, 2021      |
| 14,000,000  | -                    | \$0.07                      | September 1, 2023 |
| 2,970,750   | -                    | \$0.08                      | September 1, 2023 |
| 1,365,720   | -                    | \$0.08                      | September 1, 2023 |
| 18,638,870  | 7,068,900            |                             |                   |

## 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 November 30, 2020 and November 30, 2019 and the changes for the periods then ended is presented below:

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 15

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

## 8. SHARE-BASED PAYMENTS (CONTINUED)

### a) Option Plan Details (continued)

|                 | November 30, 2020   |                                 | November 30, 2019   |                                 |
|-----------------|---------------------|---------------------------------|---------------------|---------------------------------|
|                 | Options Outstanding | Weighted Average Exercise Price | Options Outstanding | Weighted Average Exercise Price |
| Opening balance | 157,000             | \$0.50                          | 207,000             | \$0.50                          |
| Granted         | 1,200,000           | \$0.07                          | -                   | -                               |
| Exercised       | (200,000)           | \$0.06                          | -                   | -                               |
| Expired         | (157,000)           | \$0.50                          | -                   | -                               |
| Cancelled       | -                   | -                               | (50,000)            | \$0.50                          |
| Ending balance  | 1,000,000           | \$0.07                          | 157,000             | \$0.50                          |

On July 3, 2020, the Company granted 800,000 stock options exercisable at \$0.06 per share for a two-year term to a director and consultants. The options vested immediately. Of these, 200,000 of these options were exercised on November 9, 2020.

On September 4, 2020, the Company granted 400,000 stock options exercisable at \$0.08 per share for a two-year term to a consultant. The options vested immediately.

Details of stock options outstanding and exercisable as at November 30, 2020 and 2019 are as follows:

| Expiry Date       | Exercise Price | November 30, 2020 | November 30, 2019 |
|-------------------|----------------|-------------------|-------------------|
| February 14, 2020 | \$0.50         | -                 | 95,000            |
| March 7, 2020     | \$0.50         | -                 | 62,000            |
| July 3, 2022      | \$0.06         | 600,000           | -                 |
| September 4, 2022 | \$0.08         | 400,000           | -                 |
|                   |                | <u>1,000,000</u>  | <u>157,000</u>    |

The weighted average remaining contractual life of stock options outstanding at November 30, 2020 was 1.66 years (November 30, 2019: 0.23 years).

### b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the year ended November 30, 2020 was \$0.0348 per option (2019: \$nil). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

|                                 | 2020             | 2019 |
|---------------------------------|------------------|------|
| Expected stock price volatility | 104% to 105%     | -    |
| Risk-free interest rate         | 0.25% to 0.27%   | -    |
| Dividend yield                  | -                | -    |
| Expected life of options        | 2 years          | -    |
| Stock price on date of grant    | \$0.06 to \$0.08 | -    |
| Forfeiture rate                 | -                | -    |

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 16

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

## 9. NATURE OF INCOME AND EXPENSES

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | \$             | \$             |
| Other income and expenses include:           |                |                |
| Gain on foreign exchange                     | -              | 12             |
| Interest income                              | 512            | 238            |
| Gain on sale of short-term investments       | -              | 49             |
|  | <u>512</u>     | <u>299</u>     |
| Employee costs include:                      |                |                |
| Consulting fees                              | 44,609         | 7,602          |
| Management fees                              | 44,300         | -              |
| Salaries and benefits                        | 100,777        | 138,005        |
| Share-based payments                         | 41,760         | -              |
|  | <u>231,446</u> | <u>145,607</u> |
| General and administrative expenses include: |                |                |
| Accounting and audit fees                    | 17,725         | 12,931         |
| Filing fees                                  | 20,587         | 9,881          |
| Investor communications                      | 6,969          | 3,221          |
| Legal fees                                   | (872)          | 14,898         |
| Office expenses                              | 18,954         | 18,618         |
| Recovery of expenses                         | -              | (18,547)       |
| Transfer agent                               | 6,555          | 4,102          |
| Travel and automobile                        | 9,845          | 18,653         |
|  | <u>79,763</u>  | <u>63,757</u>  |

## 10. INCOME TAXES

There is no current or deferred income tax expense in the current year due to the losses incurred for tax purposes. At November 30, 2020, the Company had non-capital losses of approximately \$5,317,000 to reduce future taxable income in Canada expiring between 2027 and 2040. At November 30, 2020, the Company had non-capital losses of approximately \$504,000 to reduce future taxable income in Guyana with an indefinite expiry period.

No deferred tax asset has been recognized in respect of the losses due to the uncertainty of future profits. A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

|   | 2020     | 2019     |
|---|----------|----------|
| Combined statutory rate                               | 27.0%    | 27.0%    |
|   | \$       | \$       |
| Income tax recovery at statutory rates                | (84,000) | (86,000) |
| Non-deductible items for tax purposes and other items | (11,000) | 1,000    |
| Change in unrecognized deferred tax assets            | 95,000   | 85,000   |
| Deferred income tax recovery                          | <u>-</u> | <u>-</u> |

The rate reconciliation above only includes the amounts related to the Canadian entity.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 17

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

## 10. INCOME TAXES (CONTINUED)

The significant components of the Company's deferred income tax assets and liabilities are as follows:

|   | 2020        | 2019        |
|---|-------------|-------------|
|   | \$          | \$          |
| Deferred income tax assets                      |             |             |
| Mineral properties                              | 810,000     | 810,000     |
| Non-capital losses available for future periods | 1,586,000   | 1,513,000   |
| Share issuance costs and other                  | 28,000      | 9,000       |
| Deferred income tax assets                      | 2,424,000   | 2,332,000   |
| Unrecognized deferred tax assets                | (2,424,000) | (2,332,000) |
| Net deferred income tax assets                  | -           | -           |

## 11. 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 \$947 (2019: \$566) were charged by a company with a common officer that shares office premises. At November 30, 2020, \$178 (November 30, 2019: \$128) 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:

|  | 2020    | 2019    |
|--|---------|---------|
|  | \$      | \$      |
| Short-term employee benefits and director fees | 140,985 | 137,317 |
| Share-based payments                           | 6,475   | -       |
|  | 147,460 | 137,317 |

The Company has entered into an Officer and Consulting Agreement (the "Officer 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. On May 31, 2020, the Officer Agreement was amended to reduce the monthly salary to \$900 effective March 15, 2020 until the earlier of September 30, 2020 or when the Company successfully completes an equity financing in the minimum amount of \$200,000. Should the Company successfully complete an equity financing in the minimum amount of \$200,000 due to the efforts of the President, then the

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 18

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 11. RELATED PARTY TRANSACTIONS (CONTINUED)

### b) Key Management Compensation (continued)

President shall be paid a bonus in the amount of the consideration that he would have earned under the Officer Agreement had the salary reduction not been enacted. This bonus in the amount of \$39,050 was earned on September 1, 2020 and the President assigned its payment to a company controlled by the President's son. During the year ended November 30, 2020, the Company recorded \$99,735 (2019: \$101,317) in salary and taxable benefits payable to the President.

The Company has entered into an Employment Agreement (the "Agreement") with the Company's Chief Financial Officer effective December 1, 2018 for a 12-month term ending November 30, 2019 that was subsequently amended to no fixed term. 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 year ended November 30, 2020, the Company recorded \$36,000 (2019 - \$36,000) in salary payable to the Chief Financial Officer.

Due to related parties at November 30, 2020 includes \$82,212 (November 30, 2019: \$70,673) in amounts owing to directors and officers for unpaid salaries, consulting fees and expenses.

### c) Demand Loan

On November 21, 2019, the Company received a non-interest bearing demand loan of \$1,000 from a director that was repaid on December 23, 2019.

On March 30, 2020, the Company received a demand loan of \$22,500 bearing interest at a rate of 10% per annum from a director that was repaid on September 1, 2020 with interest of \$955.

### d) Private Placements

In connection with the private placement that closed on December 19, 2019 an insider of the Company purchased a total of 2,907,300 units for total proceeds of \$87,219. The terms and conditions offered to the related party in this transaction are identical to those offered to non-related common shareholders.

In connection with the private placement that closed on September 1, 2020 two insiders of the Company purchased a total of 450,000 units for total proceeds of \$31,500. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### *Fair values*

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

# RT MINERALS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 19

### FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

#### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

|                                  | November 30, 2020 |                      | November 30, 2019 |                      |
|----------------------------------|-------------------|----------------------|-------------------|----------------------|
|                                  | Fair Value<br>\$  | Carrying Value<br>\$ | Fair Value<br>\$  | Carrying Value<br>\$ |
| FVTPL assets (i)                 | 733,359           | 733,359              | 5,181             | 5,181                |
| Amortized cost liabilities (iii) | 409,154           | 409,154              | 108,792           | 108,792              |

(i) Cash and short-term investments

(ii) Trade and other payables, due to related parties and loan payable

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.

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 November 30, 2020 | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|-------------------------|---------------|---------------|---------------|-------------|
| Cash                    | 8,359         | -             | -             | 8,359       |
| Term deposits           | 725,000       | -             | -             | 725,000     |

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 a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other 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 cash equivalents. 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 and term deposits with high credit chartered Canadian financial institutions. As at November 30, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

## RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 20

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### *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 trade and other payable, amounts due to related parties and loan payable. The Company has a working capital surplus of \$435,760 as at November 30, 2020 and requires additional financing for operations and meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 13.

The following are the contractual maturities of financial liabilities as at November 30, 2020:

|                        | Carrying<br>Amount<br>\$ | Contractual<br>Cash Flows<br>\$ | Within<br>1 year<br>\$ | Within<br>2 years<br>\$ | Within<br>3 years<br>\$ | Over<br>3 years<br>\$ |
|------------------------|--------------------------|---------------------------------|------------------------|-------------------------|-------------------------|-----------------------|
| Trade payables         | 286,764                  | 286,764                         | 286,764                | -                       | -                       | -                     |
| Due to related parties | 82,390                   | 82,390                          | 82,390                 | -                       | -                       | -                     |
| Loan payable           | 40,000                   | 40,000                          | -                      | -                       | 40,000                  | -                     |
| Total                  | 409,154                  | 409,154                         | 369,154                | -                       | 40,000                  | -                     |

#### *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 and cause fluctuations in the fair value of future cash flows for assets or 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.

#### *Pandemic risk*

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company. The Company continues to closely evaluate the impact of COVID-19 on its operations.

# RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 21

FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

---

## 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           | 2020   | 2019  |
|---|--------|-------|
|   | \$     | \$    |
| Shares issued for mineral properties                  | 29,500 | 7,000 |
| Share-based payments capitalized to share issue costs | 69,750 | -     |

## 15. SUBSEQUENT EVENTS

### a) Warrant Exercise

On December 18, 2020, the Company issued 233,500 common shares through the exercise of 233,500 warrants at a price of \$0.05 per share for total proceeds of \$11,675.

### b) Stock Options

On January 19, 2021, the Company granted 1,400,000 stock options with an exercise price of \$0.095 per share exercisable for a two-year term to directors and officers.

On January 28, 2021, the Company granted 300,000 stock options with an exercise price of \$0.085 per share exercisable for a two-year term to consultants.

### c) Private Placement

On February 17, 2021, the Company completed a non-brokered private placement consisting of 3,000,000 flow-through units priced at \$0.09 per flow-through unit for total proceeds of \$270,000. Each flow-through unit consists of one flow-through common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of \$0.12 per share for a two-year term. All securities issued are subject to a hold period expiring June 18, 2021.

## **RT MINERALS CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 22**

**FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**

(Expressed in Canadian Dollars)

---

### **15. SUBSEQUENT EVENTS (CONTINUED)**

#### **d) Share Purchase Agreement**

On March 22, 2021, the Company entered into a Share Purchase Agreement to acquire 100% interest in the issued and outstanding common shares of Catharine Gold Inc., a private company that holds the mineral rights to 9,944 hectares of mineral properties contiguous to the Company's optioned Link-Catharine RLDZ property, for consideration of 21,000,000 common shares of the Company (each, a "Share"). The Shares will be subject to a multi-year escrow release under a Tier 2 Escrow Surplus Agreement, under which the Shares will be released from Escrow as to 1,050,000 Shares upon approval of the transaction by the TSXV, 1,050,000 Shares 6 months thereafter, 2,100,000 Shares 1 year thereafter, 2,100,000 Shares 1.5 years thereafter, 3,150,000 Shares 2 years thereafter, 3,150,000 Shares 2.5 years thereafter, and 8,400,000 Shares 3 years thereafter. The properties held by Catharine Gold Inc. are subject to a pre-existing 2% royalty. The Share Purchase Agreement is subject to shareholder and TSXV approval.