



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Royal Road Minerals Limited (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

COMPANY PARTICULARS

DIRECTORS AND OFFICERS

Dr. Timothy Coughlin, CEO and Director
Ms. Cindy Davis, CFO
Mr. Eric Lowy, Corporate Secretary
Mr. Peter Mullens, Director
Mr. Vernon Arseneau, Director
Mr. Daniel De Narvaez, Director
Mr. Jonathan Hill, Director

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AUDITORS

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Royal Road Minerals Limited

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at March 31, 2018	As at December 31, 2017
ASSETS		
Non-current assets		
Property and equipment (note 5)	\$ 13,374	\$ 15,790
Exploration and evaluation assets (notes 3 and 9)	3,572,794	3,572,794
Total non-current assets	3,586,168	3,588,584
Current assets		
Cash and cash equivalents	5,991,291	1,554,737
Prepaid expenses and other assets (note 4)	237,370	234,627
Total current assets	6,228,661	1,789,364
Total assets	\$ 9,814,829	\$ 5,377,948
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital (note 6)	\$ 20,365,561	\$ 15,067,349
Warrants (note 7)	2,388,378	2,213,869
Contributed surplus	709,373	702,173
Translation of foreign operations	100,904	35,654
Accumulated deficit	(13,973,968)	(12,735,714)
Equity attributable to shareholders	9,590,248	5,283,331
Non-controlling interest	(43,709)	(113,411)
Total equity	9,546,539	5,169,920
Current liabilities		
Accounts payable and accrued liabilities	268,290	208,028
Total liabilities	268,290	208,028
Total liabilities and equity	\$ 9,814,829	\$ 5,377,948

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Royal Road Minerals Limited

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended March 31,	
	2018	2017
Expenses		
Exploration and evaluation expenditures (note 9)	\$ 590,524	\$ 209,378
Professional fees (note 10)	45,373	28,520
General and administrative	134,032	136,048
Employee salaries and benefits (note 10)	92,924	47,904
Stock based compensation (note 8)	7,200	139,851
Loss from operations	(870,053)	(561,701)
Other items		
Transaction costs	-	(174,074)
Finance expenses	-	(17,984)
Foreign exchange loss	1,501	(21,162)
	1,501	(213,220)
Net loss for the period	(868,552)	(774,921)
Other comprehensive loss		
Exchange differences arising on translation of foreign operations	65,250	(44,423)
Total comprehensive loss for the period	\$ (803,302)	\$ (819,344)
Net loss for the period attributable to:		
Shareholders of the Company	\$ (861,761)	\$ (759,118)
Non-controlling interest	(6,791)	(15,803)
	\$ (868,552)	\$ (774,921)
Net loss per share attributable to shareholders of the Company - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted	152,202,114	91,731,307

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Royal Road Minerals Limited

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended March 31,	
	2018	2017
Operating activities		
Net loss for the period	\$ (868,552)	\$ (774,921)
Adjustments for:		
Depreciation	2,416	3,255
Stock based compensation	7,200	139,851
Unrealized foreign exchange loss	-	21,162
Interest accrued on promissory note payable	-	17,984
Changes in non-cash working capital items:		
Prepaid expenses and other assets	(4,295)	(147,057)
Accounts payable and accrued liabilities	102,074	27,757
Cash used in operating activities	(761,157)	(711,969)
Net cash used in operating activities	(761,157)	(711,969)
Financing activities		
Proceeds from issuance of share capital	5,506,778	3,600,000
Payments for share issue costs	(334,057)	(275,175)
Cash received from acquisition of Caza Gold Corp.	-	156,911
Net cash provided by financing activities	5,172,721	3,481,736
Net change in cash and cash equivalents	4,411,564	2,769,767
Effect of foreign currencies on cash	24,990	65,737
Cash and cash equivalents, beginning of period	1,554,737	969,032
Cash and cash equivalents, end of period	\$ 5,991,291	\$ 3,804,536

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Royal Road Minerals Limited

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Share Capital	Warrants	Contributed Surplus	Translation of Foreign Operations	Accumulated Deficit	Non-controlling Interest	Total
Balance, January 1, 2017	\$ 10,189,613	\$ 851,897	\$ 294,667	\$ 76,685	\$ (10,668,654)	\$ (52,952)	\$ 691,256
Shares issued for cash, net of costs	2,091,465	1,233,360	-	-	-	-	3,324,825
Shares issued to acquire Caza Gold Corp. (note 3)	2,164,883	-	-	-	-	-	2,164,883
Non-controlling interest on acquisition of Caza Gold Corp. (note 3)	-	-	-	-	-	(212,061)	(212,061)
Stock based compensation	-	-	139,851	-	-	-	139,851
Total comprehensive loss for the period	-	-	-	(44,423)	(759,118)	(15,803)	(819,344)
Balance, March 31, 2017	\$ 14,445,961	\$ 2,085,257	\$ 434,518	\$ 32,262	\$ (11,427,772)	\$ (280,816)	\$ 5,289,410
Balance, January 1, 2018	\$ 15,067,349	\$ 2,213,869	\$ 702,173	\$ 35,654	\$ (12,735,714)	\$ (113,411)	\$ 5,169,920
Shares issued for cash, net of costs	4,833,412	211,809	-	-	-	-	5,045,221
Shares issued for exercise of warrants	164,800	(37,300)	-	-	-	-	127,500
Shares issued for non-controlling interest	300,000	-	-	-	-	(300,000)	-
Loss on dilution of non-controlling interest	-	-	-	-	(376,493)	376,493	-
Stock based compensation	-	-	7,200	-	-	-	7,200
Total comprehensive loss for the period	-	-	-	65,250	(861,761)	(6,791)	(803,302)
Balance, March 31, 2018	\$ 20,365,561	\$ 2,388,378	\$ 709,373	\$ 100,904	\$ (13,973,968)	\$ (43,709)	\$ 9,546,539

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

1. Nature of Operations

Royal Road Minerals Limited ("RRM" or the "Company") was incorporated under the Companies (Jersey) Law 1991 on May 6, 2010 as "Tigris Resources Limited". On April 10, 2015, the Company changed its name to "Royal Road Minerals Limited" and amended its share capital structure by converting all of its par value shares to no par value shares and consolidating its then outstanding shares on the basis of two pre-consolidation shares for every one post-consolidation share. On April 15, 2015, the Company completed a business combination transaction (the "Arrangement") by way of an arrangement under the Business Corporations Act (Alberta), whereby the Company acquired its wholly-owned subsidiary Royal Road Minerals Canada Limited ("RRMC"), a corporation resulting from the amalgamation of Kirkcaldy Capital Corp. ("Kirkcaldy") and Royal Road Minerals Canada Limited ("Tigris Subco"). As a result of the Arrangement, on April 20, 2015, the ordinary shares (the "Ordinary Shares") of the Company were listed and commenced trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "RYR". The Company's registered and head office is located at 4 Wharf Street, Suite 30, St. Helier, Jersey, Channel Islands, JE2 3NR.

The Company is a gold and copper focused exploration and development company and has a project in Southern Colombia. RRM carries on its operations in Colombia through its 97.5% owned subsidiary, Minerales Camino Real, SAS ("MCR"), which was incorporated in December 2015. The Company also carries on its operations in Nicaragua through its wholly-owned subsidiary, Nicaza S.A.

2. Significant Accounting Policies

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 30, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. As at March 31, 2018, the Company has two wholly-owned subsidiaries, RRMC incorporated in Canada and Nicaza S.A. incorporated in Nicaragua; owns 97.5% of MCR, incorporated in Colombia; and owns 99% of MCR Peru, incorporated in Peru. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interest, presented as part of equity, represents the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Transactions with non-controlling interests that do not result in a loss of control are accounted for as transactions with equity owners of the Company.

(c) Change in accounting policies

(i) IFRS 9, Financial Instruments

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact on the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Significant Accounting Policies (Continued)

(c) *Change in accounting policies*

(i) *IFRS 9, Financial Instruments (continued)*

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash and cash equivalents are classified as financial assets and measured at amortized cost.

- Financial assets recorded at FVTOCI

Financial asset previously classified as available-for-sale satisfied the conditions for classification as financial assets at FVTOCI and the Company elected to irrevocably designate them at FVTOCI. This cost exemption is not available under IFRS 9.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified at FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

When an instrument at FVTOCI is sold, the accumulated gains or losses are reclassified from accumulated other comprehensive income (loss) directly to deficit.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Significant Accounting Policies (Continued)

(c) *Change in accounting policies*

(i) *IFRS 9, Financial Instruments (continued)*

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(d) *Future accounting pronouncements*

The accounting pronouncements detailed in this note have been issued but is not yet effective. The Company has not early adopted this standard and is currently evaluating the impact, if any, these standards might have on its consolidated financial statements.

IFRS 16 - Leases ("IFRS 16") was issued by the IASB in January 2016. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. IFRS 16 is effective for periods beginning on or after January 1, 2019. Earlier application is permitted. Management is currently assessing the impact on the Company.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Caza Gold Corp.

Acquisition

On February 28, 2017, the Company was successful in its bid to acquire Caza Gold Corp. ("Caza"). The acquisition included Caza as well as its wholly-owned subsidiaries, Caza, Minera Caza S.A. de C.V., Minera Canarc de Mexico S.A. and Nicaza S.A.. A total of 134,886,372 common shares of Caza, representing approximately 90% of Caza's issued and outstanding common shares were deposited.

The Company extended the deposit period for the mandatory 10-day extension period required under applicable securities laws, to enable those shareholders who have not yet tendered their shares, to deposit their Caza common shares. The period was extended until March 13, 2017.

In March 2017, the Company completed the compulsory acquisition of all of the remaining outstanding common shares of Caza, pursuant to the notice of compulsory acquisition made under Section 300 of the Business Corporations Act (British Columbia), and owned 100% of the outstanding Common Shares. The acquisition was accounted for as if the Company acquired 100% of the shares and recognized a non-controlling interest financial instrument representing the amount of gross consideration payable to the non-controlling shareholders. Consideration was measured at fair value of the Company's shares, being 24,054,258 shares at \$0.09 per share and total transaction cost as the transaction is an asset purchase.

The fair value of the consideration is as follows:

Issuance of 24,054,258 RRM shares	\$ 2,164,883
Transaction costs	177,138
	<hr/>
	2,342,021

The allocation of purchase price is as follows:

Cash	\$ 156,911
Receivables and prepaids	9,338
Equipment	1,253
Exploration and evaluation assets	3,572,794
Accounts payable	(477,813)
Promissory note	(708,401)
Non-controlling interest	(212,061)
	<hr/>
	\$ 2,342,021

Disposition

In May 2017, Nicaza S.A., the operating subsidiary in Nicaragua, was transferred by Caza to RRM. On May 31, 2017, the Company completed the sale of an aggregate of 134,886,372 Caza common shares to an arm's length purchaser, Generic Capital Corporation (the "Purchaser"), in exchange for cash proceeds of \$80,000 for net assets of \$227,410 resulting in a gain on disposition of \$307,410.

On March 21, 2018, the Company issued 392,000 common shares as an adjustment on the compulsory acquisition completed in March 2017.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Prepaid Expenses and Other Assets

	As at March 31, 2018	As at December 31, 2017
Prepaid expenses	\$ 210,587	\$ 207,844
Security deposits	26,783	26,783
Total	\$ 237,370	\$ 234,627

5. Property and Equipment

Cost	Equipment	Total
Balance - December 31, 2017	\$ 60,087	\$ 60,087
Balance - March 31, 2018	\$ 60,087	\$ 60,087

Accumulated Depreciation	Equipment	Total
Balance - January 1, 2017	\$ 32,037	\$ 32,037
Charge for the year	12,260	12,260
Balance - December 31, 2017	44,297	44,297
Charge for the period	2,416	2,416
Balance - March 31, 2018	\$ 46,713	\$ 46,713

Carrying Amount	Equipment	Total
Balance - March 31, 2018	\$ 13,374	\$ 13,374
Balance - December 31, 2017	\$ 15,790	\$ 15,790

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

6. Share Capital

(a) Authorized share capital

The authorized share capital consists of an unlimited number of Ordinary Shares without par value. Each Ordinary Share entitles the holder to one vote. All Ordinary Shares of the Company rank equally as to dividends, voting powers and participation in assets upon a dissolution or winding up of the Company.

(b) Common shares issued

At March 31, 2018, the issued share capital amounted to \$20,365,561. The change in issued share capital for the periods presented were as follows:

	Number of Shares	Amount
Balance, January 1, 2017	66,645,951	\$ 10,189,613
Shares issued for cash (i)	36,000,000	3,600,000
Issuance costs - cash	-	(275,175)
Issuance costs - warrant valuation (i)	-	(1,233,360)
Shares issued to acquire Caza (note 3)	24,054,258	2,164,883
Balance, March 31, 2017	126,700,209	\$ 14,445,961
Balance, January 1, 2018	134,200,209	\$ 15,067,349
Shares issued for cash (ii)	33,620,487	5,379,278
Issuance costs - cash	-	(334,057)
Issuance costs - broker warrant valuation (ii)	-	(211,809)
Shares issued for the exercise of warrants	1,275,000	127,500
Fair value of warrants exercised	-	37,300
Shares issued for adjustment to compulsory acquisition (note 3)	392,000	-
Shares issued for non-controlling interest (iii)	2,000,000	300,000
Balance, March 31, 2018	171,487,696	\$ 20,365,561

(i) On February 17, 2017, the Company closed a private placement, pursuant to which the Company issued an aggregate of 36,000,000 units (each a "Unit") of the Company, with each Unit comprised of one ordinary share and one-half of one ordinary share purchase warrant (each whole warrant, a "Warrant"), at a price of \$0.10 per Unit for total aggregate gross proceeds of \$3.6 million. Each Warrant entitles the holder thereof to acquire one ordinary share of the Company at a price \$0.20 until February 17, 2019.

In connection with the private placement, the Company paid a total cash commission to the agents of \$205,037 and issued 2,160,000 broker warrants (the "Broker Warrants") pursuant to the private placement. Each Broker Warrant entitles the holder to acquire one ordinary share of the Company at a price of \$0.10 until February 17, 2019.

The fair values of the Warrants and Broker Warrants at the date of issue of \$1,080,000 and \$153,360 was estimated using the Black Scholes valuation model with the following weighted average assumptions: a 2 year expected term; a 149% expected volatility based on historical trends; risk free interest rate of 0.77%; share price at the date of grant of \$0.10; and an expected dividend yield of 0%.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

6. Share Capital (Continued)

(b) Common shares issued (continued)

(ii) On February 15, 2018, the Company closed two financing transactions (collectively, the "Financing Transactions"), pursuant to which the Company issued an aggregate of 33,620,487 ordinary shares of the Company at a price of \$0.16 per ordinary share for aggregate gross proceeds of \$5,379,278. Pursuant to the Financing Transactions, the Company issued, on a private placement basis, 10,178,437 ordinary Shares to Barrick Gold Corporation ("Barrick") in completion of a strategic investment in the Company by Barrick, and 23,442,050 ordinary shares pursuant to a brokered offering led by Pollitt & Co. Inc., as lead agent, together with Sprott Capital Partners, a division of Sprott Private Wealth LP, as agents (the "Agents") to the Company.

In connection with the Financing Transactions, the Company paid a total cash commission to the Agents of \$334,057 and issued 2,017,230 broker warrants (the "Broker Warrants") pursuant to the private placement. Each Broker Warrant entitles the holder to acquire one ordinary share of the Company at a price of \$0.16 until February 15, 2020.

The fair value of the Broker Warrants at the date of issue of \$211,809 was estimated using the Black Scholes valuation model with the following weighted average assumptions: a 2 year expected term; a 133% expected volatility based on historical trends; risk free interest rate of 1.84%; share price at the date of grant of \$0.16; and an expected dividend yield of 0%.

(iii) On February 15, 2018, the Company issued 2,000,000 shares to as consideration for an additional 5% equity interest in Minerales Camino Real S.A.S. ("RRM Colombia"), increasing its ownership interest to 97.5% of the total equity of RRM Colombia.

7. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2017	28,513,868	\$ 0.33
Issued (note 6(b)(i))	20,160,000	0.19
Balance, March 31, 2017	48,673,868	0.27
Balance, January 1, 2018	52,185,118	\$ 0.27
Issued (note 6(b)(ii))	2,017,230	0.16
Exercised	(1,275,000)	0.10
Balance, March 31, 2018	52,927,348	\$ 0.27

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. Warrants (Continued)

The Company had the following warrants outstanding at March 31, 2018:

Number of Warrants	Exercise Price	Expiry Date
8,751,265	\$0.60	April 15, 2018
1,750,000	\$0.45	April 15, 2018
4,393,766	\$0.45	April 15, 2018
83,587	\$0.09	October 14, 2018
9,299,000	\$0.10	April 15, 2018
2,722,500	\$0.10	April 22, 2018
18,000,000	\$0.20	February 17, 2019
2,160,000	\$0.10	February 17, 2019
3,750,000	\$0.20	April 19, 2019
2,017,230	\$0.16	February 15, 2020
52,927,348		

8. Stock Options

On April 10, 2015, the Company adopted a new incentive stock option plan (the "2015 Option Plan") which replaced the Company's former stock option plan (the "Former Option Plan"). No further awards will be granted under the Former Option Plan. However, any outstanding awards granted under the Former Option Plan shall remain outstanding and will continue to be governed by the provisions of the Former Option Plan.

The 2015 Option Plan is a rolling stock option plan under which options may be granted in respect of authorized and unissued Ordinary Shares to any director, officer, employee (part-time or full-time), service provider or consultant of the Company or any of its subsidiaries provided that, the aggregate number of Ordinary Shares reserved by the Company for issuance and which may be purchased upon the exercise of all options shall not exceed 10% of the issued and outstanding Ordinary Shares at the time of granting of options (on a non-diluted basis). If any option granted under the 2015 Option Plan is surrendered, terminated, expires or is exercised, the Ordinary Shares reserved for issuance, or issued, pursuant to such option shall be available for new options granted under the 2015 Option Plan.

The following table reflects the continuity of stock options for the periods presented:

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2017	3,700,000	\$ 0.13
Granted (i)	4,360,000	0.15
Balance, March 31, 2017	8,060,000	\$ 0.14
Balance, January 1, 2018 and March 31, 2018	8,760,000	\$ 0.15
Vested, end of the period	8,760,000	\$ 0.15

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. Stock Options (Continued)

(i) On February 17, 2017, the Company granted 4,360,000 stock options to certain directors, officers, employees and consultants of the Company at an exercise price of \$0.15 per share, expiring on February 17, 2019, pursuant to the terms of the Company's stock option plan. The options are exercisable until February 17, 2019 at a price of \$0.15 per share and shall vest as to 30% of the options, 60 days from the grant date; as to a further 30% of the options, 90 days from the grant date; and as to the remainder of the options, 120 days from the grant date.

The options were assigned a fair value of \$283,400 using the Black-Scholes option pricing model with the following assumptions: share price \$0.10, dividend yield 0%, expected volatility 148.72% (based on the historical price history of the Company's common shares), risk-free interest rate 0.77%, forfeiture rate of 5% and an expected life of 2 years.

The Company had the following stock options outstanding as of March 31, 2018:

Number of Options		Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
Outstanding	Exercisable			
2,500,000	2,500,000	\$ 0.15	0.22	June 20, 2018
4,160,000	4,160,000	\$ 0.15	0.88	February 17, 2019
200,000	200,000	\$ 0.15	1.07	April 27, 2019
700,000	700,000	\$ 0.15	2.38	August 15, 2020
1,200,000	1,200,000	\$ 0.15	2.50	September 27, 2020
8,760,000	8,760,000		1.04	

9. Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets consisted of:

	As at March 31, 2018	As at December 31, 2017
Colombia		
Balance - beginning of the period	\$ -	\$ 132,125
Written-off	-	(132,125)
Balance - end of the period	-	-
Nicaragua		
Balance - beginning of the period	3,572,794	-
Additions	-	3,572,794
Balance - end of the period	3,572,794	3,572,794
Balance - end of the period	\$ 3,572,794	\$ 3,572,794

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9. Exploration and Evaluation Assets and Expenditures (Continued)

Exploration and evaluation expenditures consisted of:

	Three Months Ended March 31,	
	2018	2017
Colombia	\$ 271,634	\$ 822,866
Nicaragua	288,735	-
Peru	30,155	-
Total exploration and evaluation expenditures	\$ 590,524	\$ 822,866

Colombia

(i) La Redención Gold Project

On April 4, 2016, the Company announced that it has entered into an option agreement (the "Option Agreement") effective as of March 31, 2016, with Mesias Oliver Acosta Benavides, Euberto Ernesto Calderón and Jesús Yerobi Santander (collectively, the "Optionors") to acquire 100% of the La Redención gold project, which is located approximately 450 meters north of the license boundary of the Company's La Golondrina gold project in the Nariño Province of southern Colombia.

The following is a summary of principal terms of the Option Agreement:

- The Company has the option to acquire a 100% undivided interest in the La Redención project;
- In order to exercise the Option Agreement, the Company must:
 - i) Assist the Optionors to a maximum cost of US\$20,000 to complete all ongoing regulatory work to a high level and acquire the additional required approvals for exploration activities on the license area;
 - ii) On acquisition of regulatory approvals, pay to the Optionors the aggregate sum of US\$20,000;
 - iii) Pay to the Optionors the aggregate sum of US\$25,000 on or before the date that the Company first commences drilling on the La Redención project;
 - iv) Pay to the Optionors the aggregate sum of US\$30,000, payable in three equal installments of US\$10,000 on the first, second and third anniversary dates of regulatory approval; and
 - v) Complete a minimum of 750 meters of drilling at La Redención on or before the third anniversary of the effective date of regulatory approvals.
- After making these payments and completing this exploration work, the Company may, prior to the third anniversary of the date of regulatory approvals, give a notice to the Optionors of its intention to complete a feasibility study. If, after completing the feasibility study, the Company determines that the development of a mine is justified at such time, the Company may exercise the option and, thereupon, it will acquire a 100% interest in the La Redención project (subject to the royalty described below). In the alternative, the Company may, at such time, elect to defer making a production decision and exercising its option for a period of up to five years, and instead pay to the Optionors the aggregate sum of US\$10,000 per annum during such deferral period; and
- Upon any exercise by the Company of the option, the Optionors will have the right to receive a 20% net profit royalty to be paid once payback of all capital invested to explore, develop and construct the operation has been made.

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9. Exploration and Evaluation Assets and Expenditures (Continued)

(ii) Nariño Region

On October 18, 2016, the Company announced that it has filed applications for concession contracts on a first-come, first-served basis covering prospective areas amounting to approximately 162 thousand hectares in the Western Cordillera of Nariño Province, Colombia. The area under application extends down to the Ecuador border, sits upstream from the Magui-Payan and Barbacoas alluvial goldfields and surrounds many known small workings but is relatively unknown from a geological and economic perspective due to previous security and access issues. The Company has submitted a proposal to the Colombian Government for a heli-borne magnetic and radiometric survey across the entire region and under terms of a private-public-partnership.

On December 18, 2017, the Company announced that it had entered into a definitive agreement (the "Agreement") with Economías Sociales del Común ("Ecomún") in support of its gold and copper exploration projects in the Nariño Province in southern Colombia. The Agreement provides for the support of Royal Road's long-term mineral exploration and development plans in Nariño Province, aligns Royal Road with the Colombian Government's post-conflict aspirations, as contemplated by the British Embassy's Business and Peace Initiative (to which Royal Road is a signatory), and demands an exemplary level of social engagement and environmental stewardship from both parties.

This Agreement includes the following key terms:

- Social and environmental programs conducted under the Agreement will be managed by a Management Committee comprised of representatives from RRM, Ecomún, local communities and nominated independents.
- Community Liaison Committees will be established and will report to the Management Committee.
- Ecomún will provide RRM with collaboration and assistance with obtaining the social license necessary for it to carry out exploration and potential future development of mineral projects in Nariño Province.
- In exchange for Ecomún's performance of its obligations under the proposed definitive agreement, RRM will grant to Ecomún a net smelter royalty equal to one percent (1%) of the gold and copper produced from its mining projects in Nariño Province. This royalty is entirely for the benefit of local communities and both parties and the Management Committee will collaborate to ensure fully transparent distribution of funds.
- Additionally, RRM will grant a net smelter royalty (the "NSR") equal to one percent (1%) of the gold and copper produced from its mining projects in Nariño Province on a case by case basis, directly to community managed institutions.
- The royalty is non-transferable up to the point of commercial production of the projects, provided that if Ecomún or community managed institutions wish to transfer or alienate the NSR prior to such time, Ecomún or community managed institutions must offer to transfer the NSR to RRM's subsidiary, which will then have the exclusive right to purchase the NSR for a sum in Colombian pesos equivalent to ten million United States of America dollars (US \$10,000,000) per 1% of the NSR, with proceeds destined entirely for the benefit of local communities and both parties and the Management Committee collaborating to ensure a fully transparent distribution of funds.

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9. Exploration and Evaluation Assets and Expenditures (Continued)

Nicaragua

Los Andes project and Piedra Iman property

The Company acquired the Los Andes project and Piedra Iman property through its acquisition of Caza Gold in February 2017. The Los Andes district is located 90 km from Managua in the Department of Boaco. The property consists of a number of gold and copper-gold targets occurring around a well-defined caldera structure. The Piedra Iman property covers a large alteration zone identifying an intrusion-related iron oxide copper – gold system.

In September 2017, RRM executed a strategic alliance agreement with Hemco S.A. ("Hemco"), forming a strategic alliance (the "Alliance") for mineral exploration in Nicaragua. Under the terms of the Alliance, Hemco and RRM will jointly fund on an equal basis, initial project generation and exploration of targets. At any time after the commencement of permitted drilling of any project area, parties may elect to define such project area as a "designated project area" (a "DPA") following which, the applicable rights and licenses for such DPA will be held by a newly formed joint venture company, with RRM and Hemco each initially holding an equal 50% proportionate equity interest thereof. All project costs of any such joint venture will be co-funded by the parties based on their respective ownership of the joint venture, which will be subject to dilution in the event funds are not contributed as required. If a party's interest in a joint venture is diluted below 15% of the total interest, such party's interest in the joint venture will automatically convert to a 1.5% net smelter return royalty. The terms of the Alliance also restrict the parties from transferring their respective interests in the relevant licenses covered by the Alliance, except in accordance with the agreement between the parties, which includes reciprocal rights of first refusal with respect to transfers to third parties. RRM will be the operator under the Alliance and any joint ventures formed thereunder, and certain decisions of the operator will be subject to the approval of a management committee consisting of two representatives of each of Hemco and RRM.

10. Related Party Balances and Transactions

In accordance with IAS 24, key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. The key management personnel of the Company are the directors and officers of the Company.

No individual party had overall control of the Company during the periods being presented. Transactions between the Company and its subsidiary have been eliminated on consolidation.

The amounts due to related parties of the Company at the reporting date, as disclosed below, arose due to transactions entered into with the related parties in the ordinary course of business.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel for the periods presented was as follows:

	Three Months Ended March 31,	
	2018	2017
Salaries	\$ 70,360	\$ 43,562
Stock based compensation	-	99,474
	\$ 70,360	\$ 143,036

Royal Road Minerals Limited

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Three Months Ended March 31, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

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10. Related Party Balances and Transactions (Continued)

The Company paid certain of its key management personnel through companies associated with certain executive officers and directors as described below.

The Chief Financial Officer is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three months ended March 31, 2018, the Company incurred professional fees of \$4,200 (three months ended March 31, 2017 - \$9,765).

11. Segmented Information

The Company's information about its operations and assets by geographic location is detailed below.

Three months ended March 31, 2018	Jersey	Colombia	Nicaragua	Peru	Total
Net loss	\$ (278,028)	\$ (271,634)	\$ (288,735)	\$ (30,155)	\$ (868,552)

Three months ended March 31, 2017	Jersey	Colombia	Nicaragua	Peru	Total
Net loss	\$ (547,151)	\$ (202,356)	\$ (25,414)	\$ -	\$ (774,921)

As at March 31, 2018

	Jersey	Colombia	Nicaragua	Peru	Total
Non-current assets	\$ 13,374	\$ -	\$ 3,572,794	\$ -	\$ 3,586,168

As at December 31, 2017

	Jersey	Colombia	Nicaragua	Peru	Total
Non-current assets	\$ 15,790	\$ -	\$ 3,572,794	\$ -	\$ 3,588,584
