



**AMENDED AND RESTATED CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

The accompanying amended and restated 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.

The condensed unaudited interim consolidated financial statements of the Company for the three and nine month periods ended September 30, 2018 and originally filed on November 28, 2018, are hereby amended and restated. These accompanying amended and restated unaudited condensed interim consolidated financial statements for this period are being refiled to reflect changes from the originally filed version that resulted from an error in inter-company reporting. In the originally filed financial statements, an intercompany loan was included in the final consolidated accounts that should have been eliminated on consolidation. This had the effect of overstating the Company's current liabilities. This error has been removed in these revised accounts.

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COMPANY PARTICULARS

DIRECTORS AND OFFICERS

Dr. Timothy Coughlin, CEO and Director
Mr, Roderick Corrie, CFO and Director
Mr. Eric Lowy, Corporate Secretary
Mr. Peter Mullens, Director
Mr. Vernon Arseneau, Director
Mr. Daniel De Narvaez, Director
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AUDITORS

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Royal Road Minerals Limited

Condensed Interim Consolidated Statements of Financial Position

(Amended and Restated)

(Expressed in Canadian Dollars)

Unaudited

	As at September 30, 2018	As at December 31, 2017
ASSETS		
Non-current assets		
Property and equipment (note 5)	\$ 32,767	\$ 15,790
Exploration rights (note 3 and 9)	3,572,794	3,572,794
Mineral property interests	-	-
Total non-current assets	3,605,561	3,588,794
Current assets		
Cash and cash equivalents	5,587,598	1,554,737
Amounts receivable, prepaid expenses other current assets (note 4)	300,221	234,627
Total current assets	5,887,819	1,789,364
Total assets	\$ 9,493,380	\$ 5,377,948
Equity AND LIABILITIES		
Capital and reserves		
Share capital (note 6)	\$ 21,281,810	\$ 15,067,349
Warrants (note 7)	1,636,529	2,213,869
Contributed surplus	702,173	702,173
Translation of foreign operations	151,013	35,654
Accumulated deficit	(14,530,719)	(12,735,714)
Equity attributable to shareholders	9,240,806	5,283,331
Non-controlling interest	(49,820)	(113,411)
Total equity	9,190,986	5,169,920
Current liabilities		
Accounts payable and accrued liabilities	302,394	208,028
Total liabilities	302,394	208,028
Total liabilities and equity	\$ 9,493,380	\$ 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
(Amended and Restated)
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Expenses				
Exploration and evaluation expenditures (note 9)	\$ 270,582	\$ 117,287	\$ 1,427,078	\$ 618,396
Professional fees	144,799	92,097	268,192	201,133
General and administrative	192,169	65,309	417,023	386,399
Employee salaries and benefits (note 10)	382,615	89,166	635,270	242,531
Stock based compensation (note 10)	140,273	138,735	212,000	431,353
Loss from operations	(1,130,438)	(502,594)	(2,959,563)	(1,879,812)
Other items				
Gain on sale of Caza Gold Corp.	-	-	-	94,700
Transaction costs	-	-	-	(174,074)
Finance expenses	(10,013)	-	(11,735)	(30,464)
Nicaraguan JV contribution	629,800	-	897,800	-
Other income	12,727	-	20,529	-
Foreign exchange loss	257,136	(4,441)	245,062	108,652
	889,650	(4,441)	1,151,656	(1,186)
Net loss for the period	(240,788)	(507,035)	(1,807,907)	(1,880,998)
Other comprehensive loss				
Exchange differences arising on translation of foreign operations	(151,966)	(35,279)	(80,699)	8,764
Total comprehensive loss for the period	\$ (392,754)	\$ (542,314)	\$ (1,888,606)	\$ (1,872,234)
Net loss for the period attributable to:				
Shareholders of the Company	\$ (243,450)	\$ (486,961)	\$ (1,795,005)	\$ (1,845,121)
Non-controlling interest	2,662	(20,074)	(12,902)	(35,877)
	\$ (240,788)	\$ (507,035)	\$ (1,807,907)	\$ (1,880,998)
Net loss per share attributable to shareholders of the Company - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted	173,631,696	134,200,209	166,486,057	66,645,951

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
(Amended and Restated)
(Expressed in Canadian Dollars)
Unaudited

	Nine Months Ended September 30,	
	2018	2017
Operating activities		
Net loss for the period	\$ (1,795,005)	\$ (1,880,998)
Adjustments for:		
Depreciation	4,967	9,171
Stock based compensation	212,000	431,353
Gain on translation of foreign operations	(80,699)	0
Gain on sale of Caza Gold Corp.	-	(94,700)
Interest accrued on promissory note payable	-	30,464
Changes in non-cash working capital items:		
Amounts receivable, prepaid expenses and other current assets	(65,594)	(159,887)
Accounts payable and accrued liabilities	94,366	(341,008)
Movement on non-controlling interest	63,591	0
Net cash used in operating activities	(1,566,374)	(2,005,605)
Investing activities		
Acquisition of equipment	(21,944)	-
Net cash used in investing activities	(21,944)	-
Financing activities		
Proceeds from issuance of share capital	5,721,178	4,350,000
Issuance costs	(334,057)	0
Payments for share issue costs	-	(275,175)
Shares issued for non-controlling interest	300,000	0
Expired warrants	(50,000)	0
Cash received from sale of Caza Gold Corp.	-	80,000
Cash received from acquisition of Caza Gold Corp.	-	156,911
Repayment of promissory note payable	-	(750,000)
Barclays Treasury	-	-
Net cash provided by financing activities	5,637,121	3,561,736
Net change in cash and cash equivalents	4,038,703	1,556,131
Effect of foreign currencies on cash	(15,942)	10,017
Cash and cash equivalents, beginning of period	1,554,737	703,859
Cash and cash equivalents, end of period	\$5,587,598	\$ 2,270,007

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

(Amended and Restated)

(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	2,642,715	1,432,110	-	-	-	-	4,074,825
Shares issued to acquire Caza Gold Corp. (note 4)	2,164,883						2,164,883
Non-controlling interest on acquisition of Caza Gold Corp. (note 4)						(212,061)	(212,061)
Elimination of non-controlling interest						212,061	212,061
Stock based compensation	-	-	431,353	-	-	-	431,353
Total comprehensive loss for the period	-	-	-	8,764	(1,845,121)	(35,877)	(1,872,234)
Balance, September 30, 2017	\$ 14,997,211	\$ 2,284,007	\$ 726,020	\$ 85,446	\$(12,513,775)	\$ (88,829)	\$ 5,490,083
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	434,256	(92,356)	-	-	-	-	341,900
Shares issued for non-controlling interest	300,000	-	-	-	-	(300,000)	-
Expired Warrants	646,793	(696,793)	-	-	-	-	(50,000)
Loss on dilution of non-controlling interest	-	-	-	-	(376,493)	376,493	-
Stock based compensation	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	491,852	(1,795,005)	(12,902)	(3,071,061)
Balance, September 30, 2018	\$ 21,281,810	\$ 1,636,529	\$ 702,173	\$ 527,506	\$ (14,907,212)	\$ (49,820)	\$ 9,190,986

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 and Nine months Ended September 30, 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. The Company is advancing the La Golondrina high-grade gold project under a definitive option agreement to earn 100% of that property, which was entered into on October 6, 2015. The Company also entered into an option agreement for the La Redención gold project on March 31, 2016. RRM carries on its operations in Colombia through its 92.5% owned subsidiary, Minerales Camino Real, SAS, 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 November 29, 2017, 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, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of consolidation

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company: RRMC, Minerales Camino Real SAS ("MCR") – a subsidiary incorporated by RRM in Colombia in December 2015, Nicaza S.A. (see note 4) and Minerales Camino Real Peru SAC ("MRC Peru") – a subsidiary incorporated by RRM in Peru in April 2017. 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 Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 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 unaudited condensed interim 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 Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

At September 30, 2017, the Company has two wholly-owned subsidiaries, RPMC incorporated in Canada and Nicaza S.A. incorporated in Nicaragua; owns 92.5% of MCR, incorporated in Colombia; and owns 95% of MCR Peru, incorporated in Peru.

(c) *Change in accounting policies*

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) was issued in May 2014, and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. At January 1, 2017, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(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.

(i) IFRS 9 - Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018.

(ii) 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 and Nine months Ended September 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Acquisition of Caza Gold Corp.

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 under the Offer (and not withdrawn) as at February 27, 2017, the expiry time of the initial deposit period under the Offer.

The Company extended the deposit period under the Offer 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 to the Offer. The Offer was extended until March 13, 2017.

On March 13, 2017, the Company had taken up a total of 137,822,549 common shares of Caza deposited under its Offer made to Caza shareholders, representing over 90% of Caza's issued and outstanding common shares. The Offer expired and will not be further extended.

In May 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 fair value of the consideration is as follows:

Issuance of 24,054,258 RRM shares	\$ 2,164,883
Transaction costs	177,138
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	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)
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	\$ 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 and Nine months Ended September 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Prepaid Expenses and Other Assets

	As at September 30, 2018	As at December 31, 2017
Prepaid expenses	\$ 300,221	\$ 207,844
Security deposits	-	26,783
Total	\$ 300,221	\$ 234,627

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

5. Property and Equipment

Cost	Equipment	Total
Balance - December 31, 2017	60,087	60,087

Additions	21,944	56,461
Balance - September 30, 2018	\$ 82,031	\$ 116,548

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	4,967	4,967
Balance - September 30, 2018	\$ 49,264	\$ 49,264

Carrying Amount	Equipment	Total
Balance - September 30, 2018	\$ 32,767	\$ 32,767
Balance - December 31, 2017	\$ 15,790	\$ 15,790

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 September 30, 2018, the issued share capital amounted to \$21,281,810. 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)	43,500,000	4,350,000
Issuance costs - cash	-	(275,175)
Issuance costs - warrant valuation (i)	-	(1,432,110)
Shares issued to acquire Caza (note 3)	24,054,258	2,164,883

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

Balance, June 30, 2017	134,200,209	\$ 14,997,211
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 - warrant valuation (ii)	-	(211,809)
Shares issued for the exercise of warrants	1,275,000	127,500
Warrants exercised	2,144,000 \$0.10	214,400
Fair value of warrants exercised		92,356
Fair value of warrants that expired		646,793
Shares issued for adjustment to compulsory acquisition (note 3)	392,000	0
Shares issued for non-controlling interest (iii)	2,000,000	300,000
Balance, September 30, 2018	173,631,696	\$ 21,281,810

(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%.

(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%.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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))	23,760,000	0.19
Balance, September 30, 2017	52,273,868	\$ 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, September 30, 2018	25,860,817	\$ 0.19

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 2018

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. Warrants (Continued)

The Company had the following warrants outstanding at September 30, 2018:

Number of Warrants	Exercise Price	Expiry Date
83,587	\$0.09	October 14, 2018
18,000,000	\$0.20	February 17, 2019
2,010,000	\$0.10	February 17, 2019
3,750,000	\$0.20	April 19, 2019
2,017,230	\$0.16	February 15, 2020
25,860,817		

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) (ii)	4,560,000	0.15
Expired / forfeited	(100,000)	0.15
Balance, September 30, 2017	10,060,000	\$ 0.14
Balance, January 1, 2018	8,760,000	\$ 0.15
Granted (iii)	4,000,000	
Expired / forfeited	(2,500,000)	
Balance, September 30, 2018	10,260,000	\$ 0.15
Vested, end of the period	10,260,000	\$ 0.15

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine months Ended September 30, 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%, and an expected life of 2 years.

(ii) On April 27, 2017, the Company granted 200,000 stock options to a director of the Company at an exercise price of \$0.15 per share, expiring on April 27, 2019, pursuant to the terms of the Company's stock option plan. The options are exercisable until April 27, 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 \$10,200 using the Black-Scholes option pricing model with the following assumptions: share price \$0.085, dividend yield 0%, expected volatility 144% (based on the historical price history of the Company's common shares), risk-free interest rate 0.73%, and an expected life of 2 years.

(iii) On June 1st, 2018, the Company granted 4,000,000 stock options to certain directors, officers, employees and consultants of the Company at an exercise price of \$0.15 per share, expiring on June 1st, 2020, pursuant to the terms of the Company's stock option plan. The options are exercisable until June 1st, 2020 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 Company had the following stock options outstanding as of September 30, 2018:

<u>Number of Options</u>		<u>Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (years)</u>		<u>Expiry Date</u>
<u>Outstanding</u>	<u>Exercisable</u>				
4,160,000	4,160,000	\$ 0.15	0.64		February 17, 2019
200,000	200,000	\$ 0.15	0.82		April 27, 2019
700,000	700,000	\$ 0.15	2.13		August 15, 2020
1,200,000	1,200,000	\$ 0.15	2.25		September 27, 2020
4,000,000	4,000,000	\$ 0.15	1.92		June 1, 2020
10,260,000	10,260,000		1.43		

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(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

9. Exploration and Evaluation Assets and Expenditures

Exploration rights consisted of:

	As at September 30, 2018	As at December 31, 2017
Colombia		
Balance - beginning of the period	\$ 0	\$ 132,125
Written off	-	(132,125)
Balance - end of the period	\$ 0	
Nicaragua		
Balance - beginning of the period	\$ 3,572,794	\$ 3,572,794
Additions		
Balance – end of the period	\$ 3,572,794	3,572,794

9. Exploration and Evaluation Assets and Expenditures (Continued)

Exploration and evaluation expenditures consisted of:

	Nine Months Ended September 30,	
	2018	2017
Colombia	\$ 462,813	\$ 503,879
Nicaragua	\$ 904,920	\$ 114,517
Peru	\$ 59,345	\$ -
Total exploration and evaluation expenditures	\$ 1,427,078	\$ 618,396

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.

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Unaudited

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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Unaudited

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 years presented was as follows:

	Three Months Ended September 30, 2018		September 30, 2017		Nine Months Ended September 30, 2018		September 30, 2017	
Salaries	\$	214,596	\$	56,404	\$	443,156	\$	199,231
Stock based compensation		140,273		19,541		212,000		229,808
	\$	354,869	\$	75,945	\$	655,156	\$	429,039

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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 until June 1, 2018, Ms. Cindy Davis, is a senior employee of Marrelli Support Services Inc. ("Marrelli Support"). During the three months ended September 30, 2018, the Company incurred professional fees of \$0 (three months ended September, 2017 - \$3,861).

The Chief Financial Officer from June 1, 2018, Mr. Roderick Corrie, is a Director of Corrie Ltd. During the three months ended September 30, 2018, the Company incurred professional fees of \$23,053 (three months ended September 30, 2017 - \$0).

11. Segmented Information

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

Three months ended September 30, 2018	Jersey	Colombia	Nicaragua	Peru	Total
Net loss from continuing operations	\$ (273,531)	\$ 106,497	\$ (69,162)	\$ (4,592)	\$ (240,788)
Nine months ended September 30, 2018	Jersey	Colombia	Nicaragua	Peru	Total
Net loss	\$ (936,510)	\$ (507,285)	\$ (353,929)	\$ (90,882)	\$(1,888,606)
Three months ended September 30, 2017	Jersey	Colombia	Nicaragua	Peru	Total
Net loss	\$ (403,978)	\$ (2,770)	\$ (66,279)	\$ (34,008)	\$ (507,035)
Nine months ended September 30, 2017	Jersey	Colombia	Nicaragua	Peru	Total
Net loss	\$(1,170,564)	\$ (503,879)	\$(172,547)	\$(34,008)	\$(1,880,998)

As at September 30, 2018	Jersey	Colombia	Nicaragua	Peru	Total
Non-current assets	\$ 13,374	\$ 19,393	\$ 3,572,794	-	\$ 3,605,561

As at December 31, 2017	Jersey	Colombia	Nicaragua	Peru	Total
Non-current assets	\$ 15,790	\$ 0	\$ 3,572,794	-	\$ 3,588,584
