CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

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 as at and for the three months ended March 31, 2019 have not been reviewed by the Company's auditors.

COMPANY PARTICULARS

DIRECTORS AND OFFICERS

Dr. Timothy Coughlin, CEO and Director
Mr. Ardem Keshishian, CFO
Mr. Eric Lowy, Corporate Secretary
Mr. Peter Mullens, Director
Mr. Vernon Arseneau, Director
Mr. Daniel De Narvaez, Executive Director, Latin America and Director
Mr. Jonathan Hill, Director
Ms. Liz Wall, Director

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Royal Road Minerals Limited
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at March 31, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	**$ 2,399,593**	$ 3,397,378
Prepaid expenses and other assets (note 4)	**306,797**	171,230
Total current assets	**2,706,390**	3,568,608
Non-current assets		
Property and equipment (note 5)	**$ 42,691**	$ 40,020
Exploration and evaluation assets (9)	**3,608,074**	3,608,074
Investment in associate (note 12)	**57,103**	75,944
Total non-current assets	**3,707,868**	3,724,038
Total assets	**$ 6,414,258**	$ 7,292,646
Current liabilities		
Accounts payable and accrued liabilities	**$ 172,883**	$ 212,902
Total liabilities	**172,883**	212,902
Equity AND LIABILITIES		
Capital and reserves		
Share capital (note 6)	**$ 20,577,941**	$ 20,577,941
Warrants (note 7)	**355,916**	1,589,276
Contributed surplus	**2,055,590**	1,123,584
Translation of foreign operations	**371,265**	364,968
Accumulated deficit	**(17,050,595)**	(16,512,046)
Equity attributable to shareholders	**6,310,117**	7,143,723
Non-controlling interest	**(68,742)**	(63,979)
Total equity	**6,241,375**	7,079,744
Total liabilities and equity	**$ 6,414,258**	$ 7,292,646

Subsequent Events (note 13)

Approved on behalf of the Board:

"Tim Coughlin" Director *"Peter Mullens"* Director

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

Royal Road Minerals Limited
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2019	2018
Expenses		
Exploration and evaluation expenditures (note 9)	**$ 325,405**	$ 439,598
Professional fees	**111,123**	45,373
General and administrative	**71,792**	134,032
Employee salaries and benefits (note 10)	**145,921**	92,924
Stock based compensation (note 8)	**15,600**	7,200
Loss incurred from joint operation with Hemco (note 9)	**181,611**	150,926
Loss from investment in associate (note 12)	**18,841**	-
Loss from operations	**(870,293)**	(870,053)
Other items		
Foreign exchange loss	**10,027**	1,501
	10,027	1,501
Net loss for the period before discontinued operations	**(860,266)**	(868,552)
Net loss for the period	**(860,266)**	(868,552)
Other comprehensive loss		
Exchange differences arising on translation of foreign operations	**(6,968)**	65,250
Total comprehensive loss for the year	**$ (867,234)**	$ (803,302)
Net loss for the period attributable to:		
Shareholders of the Company	**$ (855,503)**	$ (861,761)
Non-controlling interest	**(4,763)**	(6,791)
	$ (860,266)	$ (868,552)
Net loss per share attributable to shareholders of the Company - basic	**$ (0.00)**	$ (0.01)
Weighted average number of shares outstanding - basic	**173,631,696**	152,202,114

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

Royal Road Minerals Limited
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2019	2018
Operating activities		
Net loss for the year	**$ (860,266)**	$ (868,552)
Adjustments for:		
Depreciation	**1,100**	2,416
Stock based compensation	**15,600**	7,200
Unrealized foreign exchange gain	**(10,027)**	-
Loss from investment in associate	**18,841**	-
Changes in non-cash working capital items:		
Prepaid expenses and other assets	**(136,851)**	(4,295)
Accounts payable and accrued liabilities	**(15,340)**	102,074
Cash used in operating activities	**(986,943)**	(761,157)
Net cash used in operating activities	**(986,943)**	(761,157)
Investing activities		
Purchase of equipment	**(3,629)**	-
Net cash used in investing activities	**(3,629)**	-
Financing activities		
Proceeds from issuance of share capital	**-**	5,506,778
Payments for share issue costs	**-**	(334,0575)
Net cash provided by financing activities		5,172,721
Net change in cash and cash equivalents	**(990,572)**	4,411,564
Effect of foreign currencies on cash	**(7,213)**	24,990
Cash and cash equivalents, beginning of year	**3,397,378**	1,554,737
Cash and cash equivalents, end of year	**$ 2,399,593**	$ 5,991,291

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

Royal Road Minerals Limited
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Warrants	Contributed Surplus	Translation of Foreign Operations	Accumulated Deficit	Non-controlling Interest	Total
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 purchase of non-controlling interest	300,000	-	(382,007)	-	-	82,007	-
Stock based compensation	-	-	7,200	-	-	-	7,200
Shares issued to non-controlling interest	35,280	-	-	-	-	-	35,280
Total comprehensive loss for the period	-	-	-	65,250	(861,761)	(6,791)	(803,302)
Balance, March 31, 2018	**$ 20,400,841**	**$ 2,388,378**	**$ 327,366**	**$ 100,904**	**$(13,597,475)**	**$ (38,195)**	**$ 9,581,819**
Balance, January 1, 2019	**$ 20,577,941**	**$ 1,589,276**	**$ 1,123,584**	**$ 364,968**	**$(16,512,046)**	**$ (63,979)**	**$ 7,079,744**
Value attributed to warrants expired	-	(1,233,360)	1,233,360	-	-	-	-
Value attributed to options expired	-	-	(316,954)	-	316,954	-	-
Stock based compensation	-	-	15,600	-	-	-	15,600
Total comprehensive loss for the year	-	-	-	6,297	(855,503)	(4,763)	(853,969)
Balance, March 31, 2019	**$ 20,577,941**	**$ 355,916**	**$ 2,055,590**	**$ 371,265**	**$(17,050,595)**	**$ (68,742)**	**$ 6,241,375**

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

1. Nature of Operations

Royal Road Minerals Limited ("Royal Road", "RRM", the "Company", or the "Corporation") 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, a corporation resulting from the amalgamation of Kirkcaldy Capital Corp. ("Kirkcaldy") and Royal Road Minerals Canada Limited. 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.

In 2017, Royal Road acquired the interests of Caza Gold in Nicaragua which include the Los Andes porphyry copper-gold and the Piedra Iman iron-oxide copper-gold prospects. The Company has executed a 50-50 strategic exploration alliance with Mineros Nicaragua in-which both companies combine exploration assets and explore in Nicaragua on a 50-50 basis. This arrangement also provides Royal Road access to the highly prospective Golden Triangle region of northeastern Nicaragua.

The Company carries on its operations in Colombia through its 98% owned subsidiary, Minerales Camino Real, SAS ("RRM Colombia"), which was incorporated in December 2015. The Company carries on its operations in Nicaragua, through its wholly-owned subsidiary, Minerales Camino Real Nicaragua, SAS ("RRM Nicaragua") (formally "Nicaza S.A") and in Peru, through its 99% owned subsidiary, Minerales Camino Real Peru, SAS ("RRM Peru").

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, 2019, 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, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis and presented in Canadian dollars.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. As at March 31, 2019, the Company has a wholly-owned subsidiary, RRM Nicaragua, incorporated in Nicaragua; owns 98% of RRM Colombia, incorporated in Colombia; and owns 99% of RRM 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

2. Significant Accounting Policies (Continued)

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.

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.

(d) Foreign currencies

The individual financial statements of each entity in the Group are prepared in the currency of the primary economic environment in which the entity operates (its “functional currency”). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Canadian dollars, which is the functional currency of the parent.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise. The functional currencies of the Company's Colombian, Nicaraguan and Peruvian subsidiaries are the Colombian Peso, Nicaraguan Cordoba and the Peruvian Sol, respectively.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s operations are expressed in Canadian dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transaction are used. Exchange differences arising, if any, are recognized directly into other comprehensive loss and transferred to the Group’s translation of foreign operations reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed.

(e) Joint arrangements

Joint arrangements exist where there is joint control and the arrangement may be either a joint venture or joint operation. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. A joint operation on the other hand is an arrangement where the parties have rights to the assets, obligations and liabilities relating to the arrangement.

2. Significant Accounting Policies (Continued)

(f) Exploration and evaluation

Exploration and evaluation assets acquired are initially recognized at cost of acquisition as exploration and evaluation assets. Exploration and evaluation expenditures other than those acquired are expensed as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(g) Impairment of exploration and evaluation

The Company is required to assess exploration and evaluation assets for impairment. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability is dependent on a number of factors common to the resources sector. These include the extent to which the Company can continue to renew its exploration and evaluation licenses with local authorities, establish economically recoverable reserves on its properties, the availability of necessary financing and future profitable production or proceeds from the disposition thereof.

(h) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Where an item of property and equipment comprises, major components having different useful lives, they are accounted for as separate items of property and equipment for depreciation purposes.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of loss.

Expenditure to replace a component of an item of property equipment that is accounted for separately is capitalized and the existing carrying amount of the component written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in the consolidated statement of loss as incurred.

Depreciation is charged to the consolidated statement of loss based on the cost, less estimated residual value, of the asset on a straight-line basis over the estimated useful life. Depreciation commences when the assets are available for use. The estimated useful lives are as follows:

Vehicles	3 – 5 years
Equipment	3 – 5 years

2. Significant Accounting Policies (Continued)

(i) Impairment of property and equipment and intangible assets with finite lives

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the property and equipment at the date the impairment is reversed does not exceed what the cost less accumulated depreciation would have been had the impairment not been recognized.

(j) Taxation

The Group has no taxable profit and no current income tax.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the related asset or liability in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that it is probable, or no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realized based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized as an expense or income in the profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting in a business combination.

2. Significant Accounting Policies (Continued)

(k) Investments in associates

Investments in associates are accounted for under the equity method, where on initial recognition the investment in an associate is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognized in the investor's other comprehensive income.

(l) Financial liabilities

The Group's financial liabilities include accrued liabilities and other payables which are initially recognized at fair value and subsequently stated at amortized cost. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

(m) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(n) Stock based compensation

Equity-settled awards, including stock options are accounted for using the fair value-based method. Under the fair value-based method, compensation cost of a stock option is measured at fair value at the date of the grant and is expensed over the stock option's vesting period, with a corresponding increase to contributed surplus.

When these stock options are exercised or expired, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital.

(o) Restoration and rehabilitation

A provision for restoration and rehabilitation is recognized when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of dismantling and removal of facilities, restoration and monitoring of the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration and evaluation is capitalized into the cost of the related asset and amortized on the same basis as the related asset. Changes in the estimate of the provision of restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognized as a finance cost rather than being capitalized into the cost of the related asset.

The Group has no current obligations for restoration and rehabilitation.

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(p) Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

(q) Segment information

The Company operates in one business segment, mineral exploration.

The Group has identified its operating segments based on the internal reports that are reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or “CODM”) in assessing performance and in determining the allocation of resources. The CODM considers the business from a geographic perspective and assesses the performance of geographic segments based on measures of profit and loss as well as assets and liabilities. These measures include operating expenditures, expenditures on exploration, property and equipment, non-current assets and total debt, if any.

During the three months ended March 31, 2019, the Group operated under three geographic segments engaged in mineral exploration and development in Colombia, Nicaragua and Peru (2018 – Colombia, Nicaragua, and Peru). Financial information about each of these operating segments is reported to the CODM on at least a monthly basis. As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

(r) Adoption of new and revised standards

(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 modified 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 is as follows:

2. Significant Accounting Policies (Continued)

(i) IFRS 9, Financial Instruments (Continued)

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.

- 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.

2. Significant Accounting Policies (Continued)

(i) IFRS 9, Financial Instruments (Continued)

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.

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.

Fair Value Hierarchy

The levels of the fair value hierarchy are defined as:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable, directly or indirectly
- Level 3 – Inputs that are not based on observable market data

2. Significant Accounting Policies (Continued)

(i) IFRS 9, Financial Instruments (Continued)

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.

(ii) IFRS 15, Revenue from contracts with customers

The Company has adopted IFRS 15, *Revenue from Contracts with Customers* on a modified retrospective basis in accordance with the transitional provisions of IFRS 15. This standard will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer, so the notion of control replaces the previously existing notion of risks and rewards. IFRS 15 has no impact as the Company has no revenue.

(iii) IFRS 16, Leases

The IASB published IFRS 16 in January 2016 effective for annual periods beginning on or after January 1, 2019. IFRS 16 may be applied before that date but only in conjunction with IFRS 15. The standard establishes principles to determine recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17 and related interpretations.

All leases will be recorded on the statement of financial position, except short-term leases and leases of low-value items. This is expected to result in an increase to both “right of use” leased assets and lease obligations on the balance sheet upon adoption of the standard along with changes to the timing of recognition and classification of expenses associated with such lease arrangements. The Company's lease terms are 12 months or less; as such, the Company recognizes the lease payments in the profit and loss account on a straight-line basis over the lease term.

3. Critical Accounting Judgments and Key Sources of Estimates Uncertainty

Critical judgments in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies are as follows:

Functional currency

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. The functional currency of the parent is the Canadian dollar. The Company has determined the functional currency of its Colombian, Nicaraguan and Peruvian subsidiaries to be the Colombian peso, Nicaraguan cordoba and Peruvian sol.

Business combinations

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business or an asset may require the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 Business Combinations.

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share based payments

The determination of the fair value of share based payments is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future hold period of issued stock options before exercise, expiry or cancellation, future volatility of the share price in the expected hold period (using historical volatility as a reference) and the appropriate risk-free rate of interest.

The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

(Expressed in Canadian Dollars, unless otherwise indicated)

4. Prepaid Expenses and Other Assets

	As at March 31, 2018	As at December 31, 2018
Prepaid expenses	**$ 280,014**	$ 144,447
Security deposits	**26,783**	26,783
Total	**$ 306,797**	$ 171,230

5. Property and Equipment

Cost	**Equipment**	**Total**
Balance - January 1, 2018	$ 60,087	$ 60,087
Additions	27,638	27,638
Foreign exchange differences	(992)	(992)
Balance - December 31, 2018	**86,733**	**86,733**
Additions	3,629	3,629
Foreign exchange differences	142	142
Balance – March 31, 2019	**$ 90,504**	**$ 90,504**

Accumulated Depreciation	**Equipment**	**Total**
Balance - January 1, 2018	$ 44,297	$ 44,297
Charge for the year	2,416	2,416
Balance - December 31, 2018	**46,713**	**46,713**
Charge for the period	1,100	1,100
Balance – March 31, 2019	**$ 47,813**	**$ 47,813**

Carrying Amount	**Equipment**	**Total**
Balance – March 31, 2019	**$ 42,691**	**$ 42,691**
Balance - December 31, 2018	**$ 40,020**	**$ 40,020**

(Expressed in Canadian Dollars, unless otherwise indicated)

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, 2019, the issued share capital amounted to $20,577,941. The change in issued share capital for the periods presented were as follows:

	Number of Shares	Amount
Balance, January 1, 2018	**134,200,209**	**$ 15,067,349**
Shares issued for cash (i)	33,620,487	5,379,278
Issuance costs - cash	-	(334,057)
Issuance costs - broker warrant valuation (i)	-	(211,809)
Exercise of warrants	1,275,000	127,500
Fair value of warrants exercised	-	37,300
Shares issued to non-controlling interest (ii)	392,000	35,280
Shares issued for purchase of non-controlling interest (iii)	2,000,000	300,000
Balance, March 31, 2018	**171,487,696**	**$ 20,400,841**
Balance, January 1, 2019	**173,631,696**	**$ 20,577,941**
Balance, March 31, 2019	**173,631,696**	**$ 20,577,941**

(i) 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%.

(ii) On March 21, 2018, the Company issued 392,000 common shares as part of on the compulsory acquisition for Caza completed in March 2017.

(iii) On February 15, 2018, the Company issued 2,000,000 shares as consideration for its acquisition of an additional 5% equity interest in RRM Colombia, increasing its ownership interest to 98% of the total equity of RRM Colombia.

(Expressed in Canadian Dollars, unless otherwise indicated)

7. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2018	**52,185,118**	**$ 0.27**
Issued (note 6(b)(i))	2,017,230	0.16
Exercised	(1,275,000)	0.130
Balance, March 31, 2018	**52,927,348**	**$ 0.27**
Balance, January 1, 2019	**25,927,230**	**$ 0.19**
Expired	(20,160,000)	0.19
Balance, March 31, 2019	**5,767,230**	**$ 0.19**

The Company had the following warrants outstanding as at March 31, 2019:

Number of Warrants	Exercise Price	Expiry Date
3,750,000	$0.20	April 19, 2019
2,017,230	$0.16	February 15, 2020
5,767,230		

Note: The 3,750,000 warrants mentioned in the above table expired unexercised on April 19, 2019.

(Expressed in Canadian Dollars, unless otherwise indicated)

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).

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

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2018 and March 31, 2018	**8,760,000**	**$ 0.15**
Balance, January 1, 2019	**9,060,000**	**$ 0.15**
Granted (i)	1,000,000	$ 0.10
Expired / forfeited	5,160,000	$ 0.15
Balance, March 31, 2019	**4,900,000**	**$ 0.14**

(i) On January 23, 2019, the Company granted 1,000,000 stock options to Ardem Keshishian at an exercise price of $0.10 per share, expiring on January 23, 2023, pursuant to the terms of the Company's stock option plan. The options are exercisable until January 23, 2023 at a price of $0.10 per share and vested 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 $52,000 using the Black-Scholes option pricing model with the following assumptions: share price $0.065, dividend yield 0%, expected volatility 136% (based on the historical price history of the Company's common shares), risk-free interest rate 1.86%, and an expected life of 4 years.

The Company had the following stock options outstanding as of March 31, 2019:

Number of Options		Exercise	Weighted Average Remaining Contractual	
Outstanding	Exercisable	Price	Life (years)	Expiry Date
200,000	200,000	$ 0.15	0.07	April 27, 2019
3,000,000	3,000,000	$ 0.15	1.17	June 1, 2020
700,000	700,000	$ 0.15	1.38	August 15, 2020
1,000,000	600,000	$ 0.10	3.82	January 23, 2023
4,900,000	4,500,000		1.70	

Note: The 200,000 options mentioned in the above table expired unexercised on and April 27, 2019.

(Expressed in Canadian Dollars, unless otherwise indicated)

9. Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets consisted of:

	As at March 31, 2019	As at December 31, 2018
Colombia		
Balance - beginning of the year	**$ -**	$ -
Additions	**-**	-
Written-off	**-**	-
Balance - end of the year	**-**	-
Nicaragua		
Balance - beginning of the year	**3,608,074**	3,572,794
Additions	**-**	35,280
Balance - end of the period	**3,608,074**	3,608,074
Balance - end of the period	**$ 3,608,074**	$ 3,608,074

Exploration and evaluation expenditures consisted of:

	Three Months Ended March 31, 2019	2018
Colombia	**$ 235,785**	$ 271,634
Nicaragua	**89,032**	137,809
Peru	**588**	30,155
Total exploration and evaluation expenditures	**$ 325,405**	$ 439,598

Colombia

(i) La Redención Gold Project

On April 4, 2016, the Company announced that it had 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 had the option to acquire a 100% undivided interest in the La Redención project;

9. Exploration and Evaluation Assets and Expenditures (Continued)

- In order to exercise the Option Agreement, the Company had to:
  - 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 could, 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 determined that the development of a mine is justified at such time, the Company could exercise the option and, thereupon, acquire a 100% interest in the La Redención project (subject to the royalty described below). In the alternative, the Company could, 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 would have the right to receive a 20% net profit royalty, paid once payback of all capital invested to explore, develop and construct the operation had been made.

  On March 30, 2019, the Company terminated its option agreement on the La Redención Project.

(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 in the Western Cordillera of Nariño Province, Colombia.

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.

9. Exploration and Evaluation Assets and Expenditures (Continued)

(ii) Nariño Region (continued)

- 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.

Nicaragua

(i) Strategic Alliance

On September 6, 2017, Royal Road executed a strategic alliance agreement with Hemco S.A. (“Hemco”), forming a strategic alliance (the “Alliance”) for mineral exploration in Nicaragua.

Hemco is a subsidiary of Grupo Mineros S.A. (MINEROS:CB), a large gold producer in Colombia.

Under the terms of the Alliance, Hemco and Royal Road 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 Royal Road 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. Royal Road 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 Royal Road.

The amount of expenses incurred jointly for joint operation with Hemco amounted to $363,222, 50% of which at the amount of $181,611 is included in the Company’s financial statement as the Company’s share expenses incurred jointly. The Company did not have any share of assets held jointly or liabilities incurred jointly in relation to the joint operation. In addition, the Company did not have any share of revenues, given there were no revenues generated from the joint operation during the year.

Luna Roja Property

The newly identified Luna Roja project forms a part of the Company's 50-50 Strategic-Alliance agreement with Mineros Nicaragua-Hemco (a subsidiary of Colombia's Grupo Mineros S.A. MINEROS:CB) and is located in the prospective Golden Triangle of northeastern Nicaragua.

(ii) 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.

(Expressed in Canadian Dollars, unless otherwise indicated)

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 March 31, 2019	2018
Salaries	**$ 120,366**	$ 70,360
Stock based compensation	**15,600**	-
	$ 135,966	$ 70,360

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

During the three months ended March 31, 2018, the Company incurred professional fees of $4,200.

(Expressed in Canadian Dollars, unless otherwise indicated)

11. Segmented Information

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

Three months ended March 31, 2019	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss from operations	$ (370,787)	$ (238,300)	$ (251,529)	$ 350	$ (860,266)

Year ended March 31, 2018	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss from operations	$ (278,028)	$ (271,634)	$ (288,735)	$ (30,155)	$ (868,552)

As at March 1, 2019

	Jersey	**Colombia**	**Nicaragua**	**Peru**	**Total**
Non-current assets	$ 75,261	$ 24,533	$ 3,608,074	-	$ 3,707,868

As at December 31, 2018

	Jersey	**Colombia**	**Nicaragua**	**Peru**	**Total**
Non-current assets	$ 93,195	$ 22,769	$ 3,608,074	-	$ 3,724,038

12. Investment in Associate

In October 2018, the Company made a $100,000 equity investment for an 18% interest in Cloris Limited; a non-listed company soon to be engaged in the commercial production of industrial hemp and industrial hemp products in the Nariño province of southern Colombia, an area with rich underutilised agricultural resources ideal for the large-scale cultivation of industrial hemp. Cloris Limited has a unique post-conflict co-operative model with Ecomún ensuring local cross-community involvement with up to 1000 local farmers.

As the Company has 2 of the 3 Board members of Cloris Limited and hence the Company is considered to have significant influence, and, as such, the Company uses the equity accounting method to record this investment.

	Three Months Ended March 31, 2019	**Three Months Ended March 31, 2018**
Share of loss from investment in associate	**$ 18,841**	$ -

	As at March 31, 2019	**As at December 31, 2018**
Investment in associate at period end	**$ 57,103**	$ 75,944

13. Subsequent Events

(i) On May 13, 2019, the Company announced the appointment of Ms. Liz Wall to the board of directors. Ms. Wall has more than 20 years of global experience assessing and addressing social and environmental risks and impacts associated with extractive sector investments in developing countries. Ms. Wall has a bachelor of engineering in mining, a master of science and a master of philosophy (Oxford). Originally trained as a mining engineer, a Rhodes Scholarship allowed Ms. Wall to pursue further studies in poverty reduction and environmental management. She has worked in more than 40 countries, commencing her career with Rio Tinto in both project and corporate roles, focusing on health, environment and community aspects, before moving to the International Finance Corp. (World Bank Group) as a social development and environmental specialist. Ms. Wall has established a successful consulting business (Shared Resources Pty. Ltd.), has held a number of board-appointed roles and is regularly in the position of advising major mining companies on significant investment decisions. Recognizing the evolving expectations of social and environmental performance, Ms. Wall retains close connections to fellow practitioners, delivers training courses on key topics, and authors books and papers on topics in this area.

(ii) On May 24, 2019, the Company closed its previously announced private placement, pursuant to which an aggregate of 40,000,000 ordinary shares in the capital of the company were issued at a price of $0.20 per ordinary share for aggregate gross proceeds of $8,000,000.

As part of the offering, the Company issued 26,133,158 ordinary shares to Agnico Eagle Mines Limited (“Agnico”). The ordinary shares purchased by Agnico, together with the 16,379,550 ordinary shares owned by Agnico prior to the completion of the offering, represented approximately 19.9% of the issued and outstanding ordinary shares of the Company on completion of the offering. In connection with this investment, the Company and Agnico entered into an investor rights agreement, pursuant to which Agnico, provided that it owns at least a 9.5% interest in the Company (calculated in accordance with the investor rights agreement), has the right to participate in equity financings by the Company in order to maintain its pro rata ownership in the company at the time of any such financing or acquire up to a 19.9% ownership interest in the company (after giving effect to the financing). Provided that it owns at least 9.5% of the issued and outstanding ordinary shares, Agnico is also entitled to designate one nominee for election or appointment to the company's board of directors and, if the company has nine or more directors, Agnico is entitled to designate an additional nominee to serve as a director.

In connection with the offering, the company paid a total cash commission equal to 6% of the aggregate gross proceeds and issued broker warrants equal to 6% of the ordinary shares sold to Pollitt & Co. Inc., the Company's agent in connection with the offering. Each broker warrant entitles the holder to acquire one ordinary share at a price of $0.20 until May 23, 2021.

The net proceeds received by the Company from the offering are expected to be used to finance the Company's acquisition of assets in Colombia and for working capital and general corporate purposes. All ordinary shares issued in the offering are subject to a statutory four-month-and-one-day hold period.