ROYAL ROAD
MINERALS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

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

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

	As at September 30, 2019	As at December 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,399,596**	$ 3,397,378
Prepaid expenses and other assets (note 4)	**756,460**	171,230
Total current assets	**2,156,056**	3,568,608
Non-current assets		
Property and equipment (note 5)	**88,456**	40,020
Exploration and evaluation assets (notes 3 and 9)	**9,329,393**	3,608,074
Investment in associate	**38,142**	75,944
Total non-current assets	**9,455,991**	3,724,038
Total assets	**$ 11,612,047**	$ 7,292,646
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 190,797**	$ 212,902
Total liabilities	**190,797**	212,902
Capital and reserves		
Share capital (note 6)	**28,041,490**	20,577,941
Warrants (note 7)	**478,226**	1,589,276
Contributed surplus	**2,228,540**	1,123,584
Translation of foreign operations	**547,832**	364,968
Accumulated deficit	**(19,873,567)**	(16,512,046)
Equity attributable to shareholders	**11,422,521**	7,143,723
Non-controlling interest	**(1,271)**	(63,979)
Total equity	**11,421,250**	7,079,744
Total liabilities and equity	**$ 11,612,047**	$ 7,292,646

Nature of Operations (note 1)
Subsequent Events (note 13)

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

Royal Road Minerals Limited

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Expenses				
Exploration and evaluation expenditures (note 9)	**$ 946,434**	$ 270,582	**$ 1,480,255**	$ 1,427,078
Professional fees (note 10)	**153,014**	144,799	**454,830**	268,192
General and administrative	**135,043**	192,169	**408,962**	417,023
Employee salaries and benefits (note 10)	**80,890**	382,615	**348,576**	635,270
Stock based compensation (note 8)	**-**	140,273	**52,000**	212,000
Loss incurred from joint operation with Hemco	**471,099**	-	**851,118**	-
Loss from investment in associate	**4,760**	-	**37,802**	-
Loss from operations	**(1,791,240)**	(1,130,438)	**(3,633,543)**	(2,959,563)
Other items				
Other income (loss)	**(5,116)**	(10,013)	**13,886**	20,529
Joint venture contributions	**-**	629,800	**-**	897,800
Finance expenses	**-**	12,727	**-**	(11,735)
Foreign exchange loss	**(14,768)**	257,136	**(6,310)**	245,062
	(19,884)	889,650	**7,576**	1,151,656
Net loss for the year	**(1,811,124)**	(240,788)	**(3,625,967)**	(1,807,907)
Other comprehensive income (loss)				
Exchange differences arising on translation of foreign operations	**139,826**	(151,966)	**182,864**	(80,699)
Total comprehensive loss for the year	**$ (1,671,298)**	$ (392,754)	**$ (3,443,103)**	$ (1,888,606)
Net loss for the period attributable to:				
Shareholders of the Company	**$ (1,807,916)**	$ (243,450)	**$ (3,617,996)**	$ (1,795,005)
Non-controlling interest	**(3,208)**	2,662	**(7,971)**	(12,902)
	$ (1,811,124)	$ (240,788)	**$ (3,625,967)**	$ (1,807,907)
Net loss per share attributable to shareholders of the Company - basic and diluted	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.01)
Weighted average number of shares outstanding - basic and diluted	**214,233,882**	173,631,696	**193,154,490**	166,486,057

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

Royal Road Minerals Limited

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Operating activities		
Net loss for the year	**$ (3,625,967)**	$ (1,807,907)
Adjustments for:		
Depreciation	**1,800**	4,967
Stock based compensation	**52,000**	212,000
Loss from investment in associate	**37,802**	-
Unrealized foreign exchange loss	**182,864**	(80,699)
Loss attributable to non-controlling interest	**-**	12,902
Changes in non-cash working capital items:		
Movement of non-controlling interest	**-**	63,591
Prepaid expenses and other assets	**(166,899)**	(65,594)
Accounts payable and accrued liabilities	**(18,914)**	94,366
Cash used in operating activities	**(3,537,314)**	(1,566,374)
Net cash used in operating activities	**(3,537,314)**	(1,566,374)
Investing activities		
Acquisition of equipment	**(3,388)**	(21,944)
Purchase of ENC Subsidiary (net of cash acquired)	**(6,288,346)**	-
Mineral property acquisition	**98,390**	-
Net cash used in investing activities	**(6,193,344)**	(21,944)
Financing activities		
Proceeds from issuance of share capital	**8,000,000**	5,721,178
Payments for share issue costs	**(631,391)**	(334,057)
Shares issued for non-controlling interest	**264,000**	300,000
Exercise of warrants	**-**	(50,000)
Exercise of stock options	**100,000**	-
Net cash provided by financing activities	**7,732,609**	5,637,121
Net change in cash and cash equivalents	**(1,998,049)**	4,048,803
Effect of foreign currencies on cash	**267**	(15,942)
Cash and cash equivalents, beginning of period	**3,397,378**	1,554,737
Cash and cash equivalents, end of period	**$ 1,399,596**	$ 5,587,598

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

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

	Share Capital	Warrants	Contributed Surplus	Translation of Foreign Operations	Accumulated Deficit	Non-controlling Interest	Total
Balance, January 1, 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 exercise of warrants	434,256	(92,356)	-	-	-	-	341,900
Share issued for purchase of non-controlling interest	300,000	-	-	-	-	(300,000)	-
Warrants expired	646,793	(696,793)	-	-	-	-	(50,000)
Loss on dilution of non-controlling interest	-	-	-	-	(376,493)	376,493	-
Total comprehensive loss for the year	-	-	-	491,852	(1,795,005)	(12,902)	(1,316,055)
Balance, September 30, 2018	**$ 21,281,810**	**$ 1,636,529**	**$ 702,173**	**$ 527,506**	**$ (14,907,212)**	**$ (49,820)**	**$ 9,190,986**

	Share Capital	Warrants	Contributed Surplus	Translation of Foreign Operations	Accumulated Deficit	Non-controlling Interest	Total
Balance, January 1, 2019	**$ 20,577,941**	**$ 1,589,276**	**$ 1,123,584**	**$ 364,968**	**$ (16,512,046)**	**$ (63,979)**	**$ 7,079,744**
Shares issued for cash, net of costs	7,047,549	321,060	-	-	-	-	7,368,609
Value attributed to warrants expired	-	(1,432,110)	1,432,110	-	-	-	-
Value attributed to options expired	-	-	(327,154)	-	327,154	-	-
Options exercised	152,000	-	(52,000)	-	-	-	100,000
Stock based compensation	-	-	52,000	-	-	-	52,000
Shares issued for non-controlling interest	264,000	-	-	-	(70,679)	70,679	264,000
Total comprehensive loss for the year	-	-	-	182,864	(3,617,996)	(7,971)	(3,443,103)
Balance, September 30, 2019	**$ 28,041,490**	**$ 478,226**	**$ 2,228,540**	**$ 547,832**	**$ (19,873,567)**	**$ (1,271)**	**$ 11,421,250**

The accompanying notes to the unaudited condensed interim 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 preconsolidation shares for every one postconsolidation 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 wholly-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").

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the three and nine months ended September 30, 2019, the Company incurred a net loss of $1,811,124 and $3,625,967, respectively (three and nine months ended September 30, 2018 - $240,788 and $1,807,907, respectively). As at September 30, 2019, the Company has incurred significant losses since inception totaling $19,873,567 (December 30, 2018 - $16,512,046). As at September 30, 2019, the Company has a working capital of $1,965,259 (December 30, 2018 - $3,355,706); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

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 issued by the International Financial Reporting Interpretations Committee ("IFRIC"). 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 IASB and interpretations issued by IFRIC. The policies applied in these consolidated financial statements are based on IFRS issued and effective as of December 31, 2018. The Board of Directors approved the statements on November 28, 2019.

2. Significant Accounting Policies (Continued)

(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 December 31, 2017, the Company has two wholly-owned subsidiaries, RRMC 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. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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.

(d) Change in accounting policies

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity’s lease obligations.

At January 1, 2019, the Company adopted the following and there was no material impact on the Company's financial statements. The Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

2. Significant Accounting Policies (Continued)

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;

Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised. Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

3. Acquisition of Exploraciones Northern Colombia Exploration

<u>Acquisition</u>

On May 25, 2019, the Company was successful in its bid to acquire a group of companies from AngloGold Ashanti Limited. ("Anglo"). The acquisition included Northern Colombia Holdings Limited, Northern Colombia Investment One Limited, and Northern Colombia Investment Two Limited; which collectively owned all issued and outstanding shares of the operating company Exploraciones Northern Colombia Exploration ("ENC"), the subject of the transaction.

(Expressed in Canadian Dollars, unless otherwise indicated)

3. Acquisition of Exploraciones Northern Colombia Exploration (Continued)

The purchase consideration for the group of companies which included ENC was as follows:

The fair value of the consideration paid is as follows:

Cash	$ 6,293,040

The allocation of purchase price is as follows:

Cash	$ 4,694
Receivables and prepaids	418,331
Equipment	48,410
Exploration and evaluation assets	5,824,796
Accounts payable	(3,191)
	$ 6,293,040

4. Prepaid Expenses and Other Assets

	As at September 30, 2019	**As at December 30, 2018**
Prepaid expenses	**$ 729,677**	$ 144,447
Security deposits	**26,783**	26,783
Total	**$ 756,460**	$ 171,230

(Expressed in Canadian Dollars, unless otherwise indicated)

5. Property and Equipment

Cost		**Equipment**		**Total**
Balance - January 1, 2018	$	60,087	$	60,087
Additions		27,638		27,638
Translation differences		(992)		(992)
Balance - December 31, 2018		**86,733**		**86,733**
Additions		4,155		4,155
Acquired from ENC		48,410		48,410
Balance - September 30, 2019	**$**	**139,298**	**$**	**139,298**

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 year		1,800		1,800
Currency translation differences		2,329		2,329
Balance - September 30, 2019	**$**	**50,842**	**$**	**50,842**

Carrying Amount		**Equipment**		**Total**
Balance - September 30, 2019	**$**	**88,456**	**$**	**88,456**
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 September 30, 2019, the issued share capital amounted to $28,041,490. 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**
Share issued for cash (i)	33,620,487	5,379,278
Issuance costs - cash	-	(334,057)
Issuance costs - warrant valuation	-	(211,809)
Exercise of warrants	3,419,000	434,256
Fair value of warrants expired	-	646,793
Shares issued for adjustment to compulsory acquisition (ii)	392,000	-
Shares issued for purchase of non-controlling interest (iii)	2,000,000	300,000
Balance, September 30, 2018	**173,631,696**	**$ 21,281,810**
Balance, January 1, 2019	**173,631,696**	**$ 20,577,941**
Shares issued for cash (iv)	40,000,000	8,000,000
Issuance costs - cash (iv)	-	(631,391)
Issuance costs - warrant valuation (iv)	-	(321,060)
Options exercised (v)	1,000,000	152,000
Shares issued to acquire non-controlling interest (vi)	1,200,000	264,000
Balance, September 30, 2019	**215,831,696**	**$ 28,041,490**

(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%.

6. Share Capital (Continued)

(b) Common shares issued (continued)

(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.

(iv) 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 the offering, the company paid a total in cash for commission and fees of $631,391 and 2,400,000 broker warrants 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 fair value of the Broker Warrants at the date of issue of $321,060 was estimated using the Black Scholes valuation model with the following weighted average assumptions: a 2 year expected term; a 136% expected volatility based on historical trends; risk free interest rate of 1.52%; share price at the date of grant of $0.20; and an expected dividend yield of 0%.

(v) On July 19, 2019, a former executive of the Company exercised 1,000,000 stock options at a price of $0.10. The options had a fair value of $52,000 which has been moved to share capital.

(vi) On August 30, 2019, the Company completed a transaction to acquire the remaining 2% interest in its subsidiary RRM Colombia for 1,200,000 shares issued at $0.22. As a result of this transaction, there no longer continues to be a non-controlling interest held in RRM Colombia and as such the fair value of the non-controlling interest at the time of the acquisition of $70,679 was moved to the Company's deficit.

(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)	0.13
Balance, September 30, 2018	**52,927,348**	**0.27**
Balance, January 1, 2019	**25,927,230**	**$ 0.19**
Issued (note 6(b)(ii)(iii))	2,400,000	0.20
Expired	(23,910,000)	0.20
Balance, September 30, 2019	**4,417,230**	**$ 0.19**

The Company had the following warrants outstanding at September 30, 2019:

Number of Warrants	Exercise Price	Expiry Date
2,017,230	$0.16	February 15, 2020
2,400,000	$0.20	May 23, 2021
4,417,230		

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.

(Expressed in Canadian Dollars, unless otherwise indicated)

8. Stock Options (Continued)

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

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2018	**8,760,000**	**$ 0.15**
Granted (i)	4,000,000	0.15
Expired / forfeited	(2,500,000)	0.15
Balance, September 30, 2018	**10,260,000**	**0.15**
Balance, January 1, 2019	**9,060,000**	**$ 0.15**
Granted (ii)	1,000,000	0.10
Expired / forfeited	(5,360,000)	0.15
Exercised (note 6(v))	(1,000,000)	0.10
Balance, September 30, 2019	**3,700,000**	**$ 0.15**

(i) On June 1, 2018, 4,000,000 stock options were granted to officers, directors and consultants of the Company at a price of $0.15, expiring June 1, 2020.

The options were assigned a fair value of $140,000 using the Black-Scholes option pricing model with the following assumptions: a 2 years expected term; a 129% expected volatility based on historical trends; risk free interest rate of 0.57%; share price at the date of grant of $0.10; and an expected dividend yield of 0%.

(ii) On January 23, 2019, the Company granted 1,000,000 stock options to a former officer of the Company 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 BlackScholes 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), riskfree interest rate 1.86%, and an expected life of 4 years.

The Company had the following stock options outstanding as of September 30, 2019:

Number of Options		Exercise Price	Weighted Average Remaining Contractual Life (years)	Expiry Date
Outstanding	Exercisable			
3,000,000	3,000,000	$ 0.15	0.67	June 1, 2020
700,000	700,000	$ 0.15	0.88	August 15, 2020
3,700,000	3,700,000		0.71	

(Expressed in Canadian Dollars, unless otherwise indicated)

9. Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets consisted of:

	As at September 30, 2019	As at December 30, 2018
Colombia		
Balance - beginning of the year	**$ -**	$ 132,125
Additions from ENC	**5,677,996**	-
Written-off	**-**	(132,125)
Balance - end of the year	**5,677,996**	-
Nicaragua		
Balance - beginning of the year	**3,608,074**	3,572,794
Additions	**43,323**	35,280
Balance - end of the year	**$ 9,329,393**	$ 3,608,074

Exploration and evaluation expenditures consisted of:

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Colombia	**$ 399,942**	$ 107,536	**$ 844,143**	$ 462,813
Nicaragua	**545,581**	131,063	**634,613**	904,920
Peru	**911**	31,983	**1,499**	59,345
Total exploration and evaluation expenditures	**946,434**	270,582	**$ 1,480,255**	$ 1,427,078

Colombia

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

Nariño Region and La Llanda Goldfield

In Colombia, the Company has acquired 114 licence applications in the Nariño Province of Colombia. The Company has also completed a transaction to acquire a title package from AngloGold Ashanti comprising of mining concession agreements covering approximately 36,000 hectares of land, and the rights with respect to applications that have been made to acquire mining concessions over approximately 169,000 hectares of land, in prospective mineral belts in the Nariño, Cauca, Antioquia and Caldas departments of Colombia. The Company has entered into a strategic alliance with Economías Sociales del Común ("ECOMUN"), a joint social and economic organization, formed by Presidential Decree on May 29, 2017, with funding and other support provided by the Colombian government and with the aim of collective and individual economic and social reincorporation of the members of the Revolutionary Armed Forces of Colombia People's Army (FARC-EP), in accordance with the final peace agreement, between the Government of Colombia and the FARC-EP on November 24, 2016. The Company is also actively reviewing copper and gold acquisition and other joint-venture opportunities in Colombia.

9. Exploration and Evaluation Assets and Expenditures (Continued)

The Company has filed applications for concession contracts on a first-come, first-served basis covering prospective areas amounting to approximately 350 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. In July 2017, the Agencia Nacional de Mineria (ANM), the licensing authority in Colombia, commenced the process of converting the Company's Nariño applications into Concession Contracts. A Concession Contract is a license to operate; contracts are signed initially for a term of 30-years and cover the Exploration, Construction and Exploitation stages of mine development.

On December 18, 2017, the Company announced that it had entered into a definitive agreement (the "ECOMUN Agreement") with ECOMUN in support of its gold and copper exploration projects in the Nariño Province in southern Colombia. The ECOMUN 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.

ECOMUN is a joint social and economic organization, which was formed by Presidential Decree on May 29, 2017, with funding and other support provided by the Colombian government and with the aim of collective and individual economic and social reincorporation of the members of the Revolutionary Armed Forces of Colombia People's Army (FARC-EP), in accordance with the final peace agreement, between the Government of Colombia and the FARC-EP on November 24, 2016. This Agreement is the first of its kind since the 2016 peace agreement.

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, ECOMUN, local communities and nominated independents.
- Community Liaison Committees will be established and will report to the Management Committee.
- ECOMUN 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 ECOMUN 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 nontransferable 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, ECOMUN 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.

9. Exploration and Evaluation Assets and Expenditures (Continued)

Nicaragua

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 highly prospective Golden Triangle of northeastern Nicaragua, a region characterized by epithermal style gold veins, skarn and porphyry-style mines that have combined to produce in excess of an estimated 8 million ounces of gold since the early 1900's. Mineros Nicaragua-Hemco own and operate the Bonanza gold mine in the Golden Triangle. Royal Road Minerals is operator of the Strategic Alliance.

The Company received its drilling permits for the Luna Roja project in late April 2019,drilling commenced in late May 2019 and concluded with 17-holes being drilled for a total of 2472 meters.

Caribe Project, Golden Triangle

In February 2018, during reconnaissance follow-up of airborne geophysical anomalies, the Company's exploration team identified a new prospect known as "Caribe". Topographically, the Caribe area is relatively planar, outcrop is limited to creek exposures and there is no previous record of mineralization in the area. Initial grab sampling of strongly weathered, argillic-altered and variably-brecciated felsic volcanic float material returned anomalous gold with associated anomalous values in molybdenum and arsenic. Follow-up deep auger soil sampling was then conducted using a 3-meter long hand-auger to access the residual soil horizon located below the organic and saprolitic layers. Soil-sampling to-date has identified a strongly anomalous area of gold geochemistry (range 20 to 983ppb, mean 149ppb gold) of 600 by 400 meters in area which remains open to the north and east.

Additionally, 18 small 1 meter square and 2 to 3 meter deep shafts were dug in order to expose bed-rock, assist mapping and collect channel and grab rock-chip samples. The highest grab rock-chip sample collected from these shafts to-date returned 3.5 grams per tonne gold from quartz-veinlet stockwork hosted in strongly oxidized rhyodacite with potassium feldspar alteration.

An initial 4-hole, 413 meter, exploratory drilling program commenced at Caribe in August 2019 and was completed in mid-September 2019

Piedra Iman Property

The Piedra Iman project was acquired by Royal Road through its acquisition of Caza. The project covers a large alteration zone identifying an intrusion-related iron oxide copper – gold (IOCG) system. Title has been received for 7,947.27 Ha.

Los Andes Project

The Los Andes project was acquired by Royal Road through its acquisition of Caza.

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 targets are typically high sulfidation epithermal and porphyry in style, with some low-sulfidation epithermal style mineralization around the peripheries. The entire Los Andes property covers 15,603.13 Ha of titled claims, 100% controlled by the Company under five mineral concessions: Los Andes, Los Andes I and Los Andes Union in the center of the trend (total of 5338.23 Ha); El Pochote in the south (8674.90 Ha); and El Espejo in the north (1590.00 Ha).

(Expressed in Canadian Dollars, unless otherwise indicated)

9. Exploration and Evaluation Assets and Expenditures (Continued)

Golden Triangle

The Golden Triangle is a well-known historic mining region located in northeastern Nicaragua. The area is host to three historic mines, Santa Rita–Rosita (Skarn Cu-Au), La Luz–Siuna (Skarn Au-Cu) and Bonanza (Low Sulfidation Epithermal). Since 1900 the district has produced in excess of 8 million ounces of gold from mainly epithermal vein systems, porphyry deposits and skarns.

Hemco owns and operates the Bonanza gold mine and manage an innovative artisanal toll-treatment program from two bespoke plants. Mining at Bonanza commenced in the 1880's. Colombia's Mineros SA acquired Hemco and commenced management of the project in 2013. Today the mine is operated as a combined underground and open-pit operation. Hemco has identified more than 30 prospect areas from within their license areas and in excess of 44 gold mineralized low-sulfidation vein systems. Hemco's current focus is on defining brownfield resources from low sulfidation vein systems within a deliverable distance of the Bonanza mine site.

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,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Salaries	**$ 80,890**	$ 214,596	**$ 348,576**	$ 443,156
Stock based compensation	**-**	140,273	**52,000**	212,000
	$ 80,890	$ 354,869	**$ 400,576**	$ 655,156

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

(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 September 30, 2019	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss from continuing operations	$ (336,356)	$ (611,528)	$ (861,228)	$ (2,012)	$(1,811,124)

Nine months ended September 30, 2019	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss from continuing operations	$(1,327,312)	$(1,235,646)	$(1,060,997)	$ (2,012)	$(3,625,967)

Three months ended September 30, 2018	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss	$ (273,531)	$ 106,497	$ (69,162)	$ (4,592)	$ (240,788)

Nine months ended September 30, 2018	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss from continuing operations	$ (855,811)	$ (507,285)	$ (353,929)	$ (90,882)	$(1,807,907)

As at September 30, 2019

	Jersey	**Colombia**	**Nicaragua**	**Peru**	**Total**
Non-current assets	$ 100,760	$ 9,354,131	$ -	$ 1,100	$ 9,455,991

As at December 31, 2018

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

(Expressed in Canadian Dollars, unless otherwise indicated)

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.

The continuity of investment in associate is as follows:

		Investment in associate
Balance, December 31, 2017	$	-
Investment in associate		100,000
Loss pick-up from associate during the period		(24,056)
Balance, December 31, 2018		75,944
Loss pick-up from associate during the period		(37,802)
Disposal		-
Balance, September 30, 2019	**$**	**38,142**

13. Subsequent Events

(i) Subsequent to September 30, 2019 the Company issued 9,550,000 options to purchase commons shares of the Company at an exercise price of $0.25 to certain directors and management of the Company.