



**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

**THREE AND SIX MONTHS ENDED
JUNE 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 June 30, 2019	As at December 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents	2,438,761	3,397,378
Prepaid expenses and other assets (note 4)	753,924	171,230
Total current assets	3,192,685	3,568,608
Non-current assets		
Property and equipment (note 5)	\$ 90,833	\$ 40,020
Exploration and evaluation assets (notes 3 and 9)	9,427,783	3,608,074
Investment in associate	42,902	75,944
Total non-current assets	9,561,518	3,724,038
Total assets	\$ 12,754,203	\$ 7,292,646
Current liabilities		
Accounts payable and accrued liabilities	111,731	212,902
Total liabilities	111,731	212,902
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital (note 6)	\$ 27,625,490	\$ 20,577,941
Warrants (note 7)	478,226	1,589,276
Contributed surplus	2,280,540	1,123,584
Translation of foreign operations	321,930	364,968
Accumulated deficit	(17,991,764)	(16,512,046)
Equity attributable to shareholders	12,714,422	7,143,723
Non-controlling interest	(71,950)	(63,979)
Total equity	12,642,472	7,079,744
Total liabilities and equity	\$ 12,754,203	\$ 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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Expenses				
Exploration and evaluation expenditures (note 9)	\$ 208,416	\$ 565,972	\$ 533,821	\$ 1,156,496
Professional fees (note 10)	190,693	78,020	301,816	123,393
General and administrative	202,127	92,544	273,919	226,576
Employee salaries and benefits (note 10)	121,765	158,731	267,686	251,655
Stock based compensation (note 8)	36,400	71,727	52,000	78,927
Loss incurred from joint operation with Hemco	198,408	-	380,019	-
Loss from investment in associate	14,201	-	33,042	-
Loss from operations	(972,010)	(966,994)	(1,842,303)	(1,837,047)
Other items				
Other income	19,002	7,802	19,002	7,802
Foreign exchange loss	(1,569)	(13,575)	8,458	(18,091)
	17,433	(5,773)	27,460	(10,289)
Net loss for the year before discontinued operations	(954,577)	(972,767)	(1,814,843)	(1,847,336)
Net loss for the year	(954,577)	(972,767)	(1,814,843)	(1,847,336)
Other comprehensive loss				
Exchange differences arising on translation of foreign operations	(36,070)	6,017	(43,038)	65,250
Total comprehensive loss for the year	\$ (990,647)	\$ (966,750)	\$ (1,857,881)	\$ (1,782,086)
Net loss for the period attributable to:				
Shareholders of the Company	\$ (951,369)	\$ (970,011)	\$ (1,806,872)	\$ (1,831,772)
Non-controlling interest	(3,208)	(8,773)	(7,971)	(15,564)
	\$ (954,577)	\$ (978,784)	\$ (1,814,843)	\$ (1,847,336)
Net loss per share attributable to shareholders of the Company - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted	190,334,993	173,388,872	182,076,140	162,854,020

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

	Six Months Ended June 30,	
	2019	2018
Operating activities		
Net loss for the year	\$ (1,814,843)	\$ (1,847,336)
Adjustments for:		
Depreciation	985	-
Stock based compensation	52,000	78,927
Loss from investment in associate	33,042	-
Changes in non-cash working capital items:		
Prepaid expenses and other assets	(164,363)	(172,736)
Accounts payable and accrued liabilities	(97,931)	(1,282,166)
Cash used in operating activities	(1,991,110)	(3,223,311)
Net cash used in operating activities	(1,991,110)	(3,223,311)
Investing activities		
Acquisition of equipment	(3,388)	-
Purchase of ENC Subsidiary (net of cash acquired)	(6,288,346)	-
Net cash used in investing activities	(6,291,734)	-
Financing activities		
Proceeds from issuance of share capital	8,000,000	5,721,178
Payments for share issue costs	(631,391)	(334,057)
Treasury sale (purchase)	-	(3,000,000)
Net cash provided by financing activities	7,368,609	2,387,121
Net change in cash and cash equivalents	(914,235)	(836,190)
Effect of foreign currencies on cash	(44,382)	114,660
Cash and cash equivalents, beginning of period	3,397,378	2,812,399
Cash and cash equivalents, end of period	\$ 2,438,761	\$ 2,090,869

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	\$ (12,735,715)	\$ (113,411)	\$ 5,169,919
Shares issued for cash, net of costs	4,833,412	211,809	-	-	-	-	5,045,221
Shares issued exercise of warrants	341,900	(100,132)	100,132	-	-	-	341,900
Share issued for purchase of non-controlling interest	300,000	-	(382,007)	-	-	82,007	(82,007)
Warrants expired	-	(736,270)	736,270	-	-	-	-
Stock based compensation	-	-	78,927	-	-	-	78,927
Shares issued to non-controlling interest	35,280	-	-	-	-	-	35,280
Value attributed to options expired	-	-	(226,400)	-	226,400	-	-
Total comprehensive loss for the year	-	-	-	202,362	(1,831,772)	(15,564)	(1,644,974)
Balance, June 30, 2018	\$ 20,577,941	\$ 1,589,276	\$ 1,009,095	\$ 238,016	\$ (14,341,087)	\$ (46,968)	\$ 8,944,266
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	-	-
Stock based compensation	-	-	52,000	-	-	-	52,000
Total comprehensive loss for the year	-	-	-	(43,038)	(1,806,872)	(7,971)	(1,857,881)
Balance, June 30, 2019	\$ 27,625,490	\$ 478,226	\$ 2,280,540	\$ 321,930	\$ (17,991,764)	\$ (71,950)	\$ 12,642,472

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

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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 whollyowned 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 "RZR". 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 whollyowned 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 six months ended June 30, 2019, the Company incurred a net loss of \$954,577 and \$1,814,843, respectively (three and six months ended June 30, 2018 - \$972,767 and \$1,847,336, respectively). As at June 30, 2019, the Company has incurred significant losses since inception totaling \$17,991,764 (December 30, 2018 - \$16,512,046). As at June 30, 2019, the Company has a working capital of \$3,080,954 (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 August 29, 2019.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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, RRMCI 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.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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. Aquisition of Exploraciones Northern Colombia Exploration

Acquisition

On May 25, 2018, 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.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Aquisition 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
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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 June 30, 2019	As at December 30, 2018
Prepaid expenses	\$ 727,141	\$ 144,447
Security deposits	26,783	26,783
Total	\$ 753,924	\$ 171,230

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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 - June 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	985		985
Currency translation differences	767		767
Balance - June 30, 2019	\$ 48,465	\$	48,465

Carrying Amount	Equipment		Total
Balance - June 30, 2019	\$ 90,833	\$	90,833
Balance - December 31, 2018	\$ 40,020	\$	40,020

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

6. Share Capital

(a) Authorized share capital

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

(b) Common shares issued

At June 30, 2019, the issued share capital amounted to \$27,625,490. 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	33,620,487	5,379,278
Issuance costs - cash	-	(334,057)
Issuance costs - warrant valuation	-	(211,809)
Exercise of warrants	3,419,000	341,900
Shares issued for adjustment to compulsory acquisition	392,000	35,280
Shares issued for purchase of non-controlling interest	2,000,000	300,000
Balance, June 30, 2018	173,631,696	\$ 20,577,941
Balance, January 1, 2019	173,631,696	\$ 20,577,941
Shares issued for cash	40,000,000	8,000,000
Issuance costs - cash	-	(631,391)
Issuance costs - warrant valuation	-	(321,060)
Balance, June 30, 2019	213,631,696	\$ 27,625,490

(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%.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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.

(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 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%.

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, June 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, June 30, 2019	4,417,230	\$ 0.19

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. Warrants (continued)

The Company had the following warrants outstanding at June 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.

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, June 30, 2018	10,260,000	0.15
Balance, January 1, 2019	9,060,000	\$ 0.15
Granted (ii)(iii)	1,000,000	0.10
Expired / forfeited	(5,360,000)	0.15
Balance, June 30, 2019	4,700,000	\$ 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%.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. Stock Options (Continued)

(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 June 30, 2019:

<u>Number of Options</u>		<u>Exercise Price</u>	<u>Weighted Average Remaining Contractual Life (years)</u>	<u>Expiry Date</u>
<u>Outstanding</u>	<u>Exercisable</u>			
3,000,000	3,000,000	\$ 0.15	0.47	June 1, 2020
700,000	700,000	\$ 0.15	1.13	August 15, 2020
1,000,000	1,000,000	\$ 0.15	1.32	January 23, 2023 ⁽¹⁾
4,700,000	4,700,000		1.29	

(1) The 1,000,000 options were exercised subsequent to year end.

9. Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets consisted of:

	<u>As at June 30, 2019</u>	<u>As at December 30, 2018</u>
<u>Colombia</u>		
Balance - beginning of the year	\$ -	\$ 132,125
Additions from ENC	5,776,386	-
Written-off	-	(132,125)
Balance - end of the year	5,776,386	-
<u>Nicaragua</u>		
Balance - beginning of the year	3,608,074	3,572,794
Additions	43,323	35,280
Balance - end of the year	\$ 9,427,783	\$ 3,608,074

Royal Road Minerals Limited

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(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

9. Exploration and Evaluation Assets and Expenditures (Continued)

Exploration and evaluation expenditures consisted of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Colombia	\$ 184,604	\$ 355,277	\$ 420,389	\$ 626,911
Nicaragua	23,336	183,333	112,368	472,068
Peru	476	27,362	1,064	57,517
Total exploration and evaluation expenditures	208,416	565,972	\$ 533,821	\$ 1,156,496

Colombia

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 firstcome, firstserved 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 longterm mineral exploration and development plans in Nariño Province, aligns Royal Road with the Colombian Government's postconflict 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.

Royal Road Minerals Limited

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Unaudited

9. Exploration and Evaluation Assets and Expenditures (Continued)

- 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, 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.

Royal Road Minerals Limited

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

10. Related Party Balances and Transactions

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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Salaries	\$ 147,320	\$ 78,010	\$ 267,686	\$ 148,370
Stock based compensation	36,400	71,727	52,000	78,927
	\$ 183,720	\$ 149,737	\$ 319,686	\$ 227,297

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

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(Expressed in Canadian Dollars, unless otherwise indicated)

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11. Segmented Information

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

Three months ended June 30, 2019	Jersey	Colombia	Nicaragua	Peru	Total
Net loss from continuing operations	\$ (224,370)	\$ (565,102)	\$ (93,501)	\$ (71,604)	\$ (954,577)

Six months ended June 30, 2019	Jersey	Colombia	Nicaragua	Peru	Total
Net loss from continuing operations	\$ (990,956)	\$ (552,514)	\$ (199,769)	\$ (71,604)	\$ (1,814,843)

Three months ended June 30, 2018	Jersey	Colombia	Nicaragua	Peru	Total
Net loss	\$ (278,028)	\$ (375,849)	\$ (288,735)	\$ (30,155)	\$ (972,767)

Six months ended June 30, 2018	Jersey	Colombia	Nicaragua	Peru	Total
Net loss from continuing operations	\$ (282,384)	\$ (1,035,367)	\$ (472,068)	\$ (57,517)	\$ (1,847,336)

As at June 30, 2019

	Jersey	Colombia	Nicaragua	Peru	Total
Non-current assets	\$ 114,016	\$ 5,891,673	\$ 3,555,829	\$ -	\$ 9,561,518

As at December 31, 2018

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

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Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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	(33,042)
Disposal	-
Balance, June 30, 2019	\$ 42,902

13. Subsequent Events

(i) Subsequent to June 30, 2019 1,000,000 stock options with an exercise price of \$0.10 were exercised for common shares of the Company by a former officer.

(ii) Subsequent to June 30, 2019 the Company agreed to acquire the remaining 2% minority equity interest in Minerales Camino Real S.A.S (the "Minority Purchase Transaction"). Upon the completion of the Minority Purchase Transaction, Minerales Camino Real S.A.S. will become a wholly owned subsidiary of the Company. Under the terms of the Minority Purchase Transaction, the Company will issue 1,200,000 ordinary shares as consideration for the minority equity interest.