CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

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

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BANKERS

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AUDITORS

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TRANSFER AGENT AND REGISTRAR

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Independent auditor's report

To the Shareholders of Royal Road Minerals Limited

Opinion

We have audited the consolidated financial statements of Royal Road Minerals Limited and its subsidiaries ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2018, and December 31, 2017 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Irwin**.**

Grant Thornton LLP

Toronto, Canada
April 30, 2019

Chartered Professional Accountants
Licensed Public Accountant

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

	As at December 31, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	**$ 3,397,378**	$ 1,554,737
Prepaid expenses and other assets (note 5)	**171,230**	234,627
Total current assets	**3,568,608**	1,789,364
Non-current assets		
Property and equipment (note 6)	**$ 40,020**	$ 15,790
Exploration and evaluation assets (notes 4 and 11)	**3,608,074**	3,572,794
Investment in associate (note 14)	**75,944**	-
Total non-current assets	**3,724,038**	3,588,584
Total assets	**$ 7,292,646**	$ 5,377,948
Current liabilities		
Accounts payable and accrued liabilities	**$ 212,902**	$ 208,028
Total liabilities	**212,902**	208,028
Equity AND LIABILITIES		
Capital and reserves		
Share capital (note 8)	**$ 20,577,941**	$ 15,067,349
Warrants (note 9)	**1,589,276**	2,213,869
Contributed surplus	**1,123,584**	702,173
Translation of foreign operations	**364,968**	35,654
Accumulated deficit	**(16,512,046)**	(12,735,714)
Equity attributable to shareholders	**7,143,723**	5,283,331
Non-controlling interest	**(63,979)**	(113,411)
Total equity	**7,079,744**	5,169,920
Total liabilities and equity	**$ 7,292,646**	$ 5,377,948

Subsequent Events (note 9, 10, 11, 18)

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)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Expenses		
Exploration and evaluation expenditures (note 11)	**$ 1,038,951**	$ 1,072,325
Professional fees	**442,645**	269,873
General and administrative	**566,648**	425,014
Employee salaries and benefits (note 12)	**546,386**	297,943
Stock based compensation (note 10)	**193,416**	407,506
Write-off of exploration and evaluation assets	**-**	132,125
Loss incurred from joint operation with Hemco (note 11)	**933,184**	-
Loss from investment in associate (note 14)	**24,056**	-
Loss from operations	**(3,745,286)**	(2,604,786)
Other items		
Gain on sale of Caza Gold Corp.	**-**	307,410
Foreign exchange loss	**(290,021)**	(4,770)
	(290,021)	302,640
Net loss for the year before discontinued operations	**(4,035,307)**	(2,302,146)
Loss from discontinued operations (note 4)	**-**	(37,434)
Net loss for the year	**(4,035,307)**	(2,339,580)
Other comprehensive loss		
Exchange differences arising on translation of foreign operations	**329,314**	(41,031)
Total comprehensive loss for the year	**$ (3,705,993)**	$ (2,380,611)
Net loss for the period attributable to:		
Shareholders of the Company	**$ (4,002,732)**	$ (2,279,121)
Non-controlling interest	**(32,575)**	(60,459)
	$ (4,035,307)	$ (2,339,580)
Net loss per share attributable to shareholders of the Company - basic	**$ (0.02)**	$ (0.02)
Weighted average number of shares outstanding - basic	**168,287,150**	123,338,014

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)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operating activities		
Net loss for the year	**$ (4,035,307)**	$ (2,339,580)
Adjustments for:		
Depreciation	**2,416**	12,260
Stock based compensation	**193,416**	407,506
Write-off of exploration and evaluation assets	**-**	132,125
Gain on sale of Caza Gold Corp.	**-**	(307,410)
Loss from investment in associate	**24,056**	-
Changes in non-cash working capital items:		
Prepaid expenses and other assets	**70,356**	(135,597)
Accounts payable and accrued liabilities	**22,418**	(332,460)
Cash used in operating activities	**(3,722,645)**	(2,563,156)
Cash used in operating activities - discontinued operations	**-**	(91,030)
Net cash used in operating activities	**(3,722,645)**	(2,654,186)
Investing activities		
Purchase of equipment	**(27,638)**	-
Investment in associate	**(100,000)**	-
Net cash used in investing activities	**(127,638)**	-
Financing activities		
Proceeds from issuance of share capital	**5,379,278**	4,350,000
Payments for share issue costs	**(334,057)**	(275,175)
Proceeds from exercise of warrants	**341,900**	-
Cash received from sale of Caza Gold Corp.	**-**	80,000
Cash received from acquisition of Caza Gold Corp.	**-**	156,911
Repayment of promissory note payable	**-**	(750,000)
Net cash provided by financing activities	**5,387,121**	3,561,736
Net change in cash and cash equivalents	**1,536,838**	907,550
Effect of foreign currencies on cash	**305,803**	(56,672)
Cash and cash equivalents, beginning of year	**1,554,737**	703,859
Cash and cash equivalents, end of year	**$ 3,397,378**	$ 1,554,737

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, 2017	**$ 10,189,613**	**$ 851,897**	**$ 294,667**	**$ 76,685**	**$(10,668,654)**	**$ (52,952)**	**$ 691,256**
Shares issued for cash, net of costs	2,712,853	1,361,972	-	-	-	-	4,074,825
Shares issued to acquire Caza Gold Corp. (note 4)	2,164,883	-	-	-	-	-	2,164,883
Elimination of non-controlling interest	-	-	-	-	212,061	-	212,061
Stock based compensation	-	-	407,506	-	-	-	407,506
Total comprehensive loss for the year	-	-	-	(41,031)	(2,279,121)	(60,459)	(2,380,611)
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	341,900	(100,132)	100,132	-	-	-	341,900
Shares issued for purchase of non-controlling interest	300,000	-	(382,007)	-	-	82,007	-
Value attributed to warrants expired	-	(736,270)	736,270	-	-	-	-
Value attributed to options expired	-	-	(226,400)	-	226,400	-	-
Stock based compensation	-	-	193,416	-	-	-	193,416
Shares issued to non-controlling interest	35,280	-	-	-	-	-	35,280
Total comprehensive loss for the year	-	-	-	329,314	(4,002,732)	(32,575)	(3,705,993)
Balance, December 31, 2018	**$ 20,577,941**	**$ 1,589,276**	**$ 1,123,584**	**$ 364,968**	**$(16,512,046)**	**$ (63,979)**	**$ 7,079,744**

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 ("RRMC"), a corporation resulting from the amalgamation of Kirkcaldy Capital Corp. ("Kirkcaldy") and Royal Road Minerals Canada Limited ("Tigris Subco"). As a result of the Arrangement, on April 20, 2015, the ordinary shares (the "Ordinary Shares") of the Company were listed and commenced trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "RYR". The Company's registered and head office is located at 4 Wharf Street, Suite 30, St. Helier, Jersey, Channel Islands, JE2 3NR.

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

2. Significant Accounting Policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Committee ("IFRIC"), effective for the Company's reporting for the years ended December 31, 2018 and 2017.

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 April 30, 2019.

(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, 2018, the Company has a wholly-owned subsidiary, MCR Nicaragua,. incorporated in Nicaragua; owns 98% of MCR, incorporated in Colombia; and owns 99% of MCR Peru, incorporated in Peru. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2. Significant Accounting Policies (Continued)

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

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

(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.

During 2017, the Group entered into a joint operation in Nicaragua which results in the recognition of the proportionate share of the joint operations’ assets, liabilities, revenues and expenses.

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 year ended December 31, 2018, the Group operated under three geographic segments engaged in mineral exploration and development in Colombia, Nicaragua and Peru (2017 – 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.

(s) Future accounting pronouncements

(i) 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 intends to adopt the modified retrospective approach and will not restate balances for the comparative period. The Company is completing its review of all existing operating leases to identify contracts in scope for IFRS 16 and the quantitative impact of the adoption.

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. Caza Gold Corp.

Acquisition

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

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

In March 2017, the Company completed the compulsory acquisition of all of the remaining outstanding common shares of Caza, pursuant to the notice of compulsory acquisition made under Section 300 of the *Business Corporations Act* (British Columbia), and owned 100% of the outstanding Common Shares. The acquisition was accounted for as if the Company acquired 100% of the shares and recognized a non-controlling interest financial instrument representing the amount of gross consideration payable to the non-controlling shareholders. This transaction was not accounted for as business combination. Consideration was measured at fair value of the Company's shares, being 24,054,258 shares at $0.09 per share and total transaction cost as the transaction is an asset purchase.

The fair value of the consideration is as follows:

Issuance of 24,054,258 RRM shares	$ 2,164,883
Transaction costs	177,138
	2,342,021

The allocation of purchase price is as follows:

Cash	$ 156,911
Receivables and prepaids	9,338
Equipment	1,253
Exploration and evaluation assets	3,572,794
Accounts payable	(477,813)
Promissory note (note 7)	(708,401)
Non-controlling interest	(212,061)
	$ 2,342,021

Disposition

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

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

(Expressed in Canadian Dollars, unless otherwise indicated)

5. Prepaid Expenses and Other Assets

	As at December 31, 2018	As at December 31, 2017
Prepaid expenses	**$ 144,447**	$ 207,844
Security deposits	**26,783**	26,783
Total	**$ 171,230**	$ 234,627

6. Property and Equipment

Cost	Equipment	Total
Balance - January 1, 2017	$ 60,087	$ 60,087
Balance - December 31, 2017	**60,087**	**60,087**
Additions	27,638	27,638
Foreign exchange differences	(992)	(992)
Balance - December 31, 2018	**$ 86,733**	**$ 86,733**

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

Carrying Amount	Equipment	Total
Balance - December 31, 2018	**$ 40,020**	**$ 40,020**
Balance - December 31, 2017	**$ 15,790**	**$ 15,790**

7. Promissory Note Payable

In May 2016, Caza closed a loan agreement with Polygon Mining Opportunity Master Fund ("Polygon") pursuant to which Polygon advanced a loan in the principal amount of US$500,000 to Caza, as evidenced by a promissory note. The loan had an initial maturity date of May 13, 2018 and was payable on demand upon Caza consummating an equity or loan financing with net proceeds of at least US$2.5 million. The loan bears interest at the rate of 10% per annum payable quarterly beginning on June 30, 2016. Interest payments may, at the option of Caza, be added to the principal amount of the loan. As security for the payment of Caza's obligations and for the fulfilment and satisfaction of all covenants and agreements made under the loan agreement, Caza also entered into a general security agreement with Polygon pursuant to which Caza granted Polygon a security interest in all personal property of Caza, including the issued and outstanding shares of Caza's wholly-owned Nicaraguan subsidiary, Nicaza S.A, which holds certain mineral exploration properties located in Nicaragua, including the Los Andes project and the Piedra Iman property.

Caza and Polygon entered into an Agreement in respect of Investment Agreements and Loan Agreement dated January 19, 2017 whereby the maturity date of the loan was extended to May 13, 2019 subject to RRM having taken up and paid for Caza's common shares which were held and deposited by Polygon by March 2, 2017 pursuant to RRM's tender offer to acquire Caza (note 4).

During the year ended December 31, 2017, the promissory note payable in the amount of US$549,102 ($750,000) was fully repaid.

(Expressed in Canadian Dollars, unless otherwise indicated)

8. 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 December 31, 2018, 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, 2017	**66,645,951**	**$ 10,189,613**
Shares issued for cash (i)(ii)	43,500,000	4,350,000
Issuance costs - cash	-	(205,037)
Issuance costs - warrant valuation (i)(ii)	-	(1,432,110)
Shares issued to acquire Caza (note 4)	24,054,258	2,164,883
Balance, December 31, 2017	**134,200,209**	**$ 15,067,349**
Shares issued for cash (iii)	33,620,487	5,379,278
Issuance costs - cash	-	(334,057)
Issuance costs - broker warrant valuation (iii)	-	(211,809)
Exercise of warrants	3,419,000	341,900
Shares issued to non-controlling interest (iv)	392,000	35,280
Shares issued for purchase of non-controlling interest (v)	2,000,000	300,000
Balance, December 31, 2018	**173,631,696**	**$ 20,577,941**

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

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

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

8. Share Capital (Continued)

(b) Common shares issued (continued)

(ii) On April 19, 2017, the Company closed a non-brokered strategic private placement offering (the “Offering”) with Polygon and the Company's Chairman, Mr. Peter Mullens. The Offering was comprised of 7,500,000 units (each a "Unit") of the Company at a purchase price of $0.10 per Unit for aggregate gross proceeds $750,000. Each Unit was comprised of one ordinary share of the Company and one-half of one ordinary share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitled the holder thereof to acquire one ordinary share of the Company at a price $0.20 for a period of 24 months from the date of issuance. The proceeds of the Offering were used to extinguish the promissory note payable (note 7).

The fair values of the Warrants at the date of issue of $198,750 was estimated using the Black Scholes valuation model with the following weighted average assumptions: a 2 year expected term; a 150% expected volatility based on historical trends; risk free interest rate of 0.70%; share price at the date of grant of $0.09; and an expected dividend yield of 0%.

(iii) 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%.

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

(v) On February 15, 2018, the Company issued 2,000,000 shares as consideration for its acquisition of an additional 5% equity interest in Minerales Camino Real S.A.S. ("MCR "), increasing its ownership interest to 98% of the total equity of MCR.

(Expressed in Canadian Dollars, unless otherwise indicated)

9. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2017	**28,513,868**	**$ 0.33**
Issued (note 8(b)(i)(ii))	23,910,000	0.19
Expired	(238,750)	0.30
Balance, December 31, 2017	**52,185,118**	**$ 0.27**
Issued (note 8(b)(iii))	2,017,230	0.16
Exercised	(3,419,000)	0.10
Expired	(24,856,118)	0.33
Balance, December 31, 2018	**25,927,230**	**$ 0.19**

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

Number of Warrants	Exercise Price	Expiry Date
18,000,000	$0.20	February 17, 2019
2,160,000	$0.10	February 17, 2019
3,750,000	$0.20	April 19, 2019
2,017,230	$0.16	February 15, 2020
25,927,230		

Note: The 18,000,000, 2,160,000, and 3,750,000 warrants mentioned in the above table expired unexercised on February 17, 2019, February 17, 2019, and April 19, 2019, respectively.

(Expressed in Canadian Dollars, unless otherwise indicated)

10. 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, 2017	**3,700,000**	**$ 0.13**
Granted (i)(ii)(iii)(iv)	6,460,000	0.15
Expired / forfeited	(1,400,000)	0.11
Balance, December 31, 2017	**8,760,000**	**0.15**
Granted (v)	4,000,000	0.15
Expired / forfeited	(3,700,000)	0.15
Balance, December 31, 2018	**9,060,000**	**$ 0.15**
Vested, end of the period	9,060,000	$ 0.15

(i) On February 17, 2017, the Company granted 4,360,000 stock options to certain directors, officers, employees and consultants of the Company at an exercise price of $0.15 per share, expiring on February 17, 2019, pursuant to the terms of the Company's stock option plan. The options are exercisable until February 17, 2019 at a price of $0.15 per share and 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 $283,400 using the Black-Scholes option pricing model with the following assumptions: share price $0.10, dividend yield 0%, expected volatility 148.72% (based on the historical price history of the Company's common shares), risk-free interest rate 0.77%, forfeiture rate of 5% and an expected life of 2 years.

10. Stock Options (Continued)

(ii) On April 27, 2017, the Company granted 200,000 stock options to a director of the Company at an exercise price of $0.15 per share, expiring on April 27, 2019, pursuant to the terms of the Company's stock option plan. The options are exercisable until April 27, 2019 at a price of $0.15 per share and 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 $10,200 using the Black-Scholes option pricing model with the following assumptions: share price $0.085, dividend yield 0%, expected volatility 144% (based on the historical price history of the Company's common shares), risk-free interest rate 0.73%, forfeiture rate of 5% and an expected life of 2 years.

(iii) On August 15, 2017, the Company granted 700,000 stock options to a director of the Company at an exercise price of $0.15 per share, expiring on August 15, 2020, pursuant to the terms of the Company's stock option plan. The options are exercisable until August 15, 2020 at a price of $0.15 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 $32,900 using the Black-Scholes option pricing model with the following assumptions: share price $0.075, dividend yield 0%, expected volatility 126% (based on the historical price history of the Company's common shares), risk-free interest rate 1.27%, forfeiture rate of 5% and an expected life of 3 years.

(iv) On September 27, 2017, the Company granted 1,200,000 stock options to senior employees of the Company at an exercise price of $0.15 per share, expiring on September 27, 2020, pursuant to the terms of the Company's stock option plan. The options are exercisable until September 27, 2020 at a price of $0.15 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 $86,400 using the Black-Scholes option pricing model with the following assumptions: share price $0.105, dividend yield 0%, expected volatility 126% (based on the historical price history of the Company's common shares), risk-free interest rate 1.64%, forfeiture rate of 5% and an expected life of 3 years.

(v) On June 1, 2018, the Company granted 4,000,000 stock options to certain directors, officers, employees and consultants of the Company at an exercise price of $0.15 per share, expiring on June 1, 2020, pursuant to the terms of the Company's stock option plan. The options are exercisable until June 1, 2020 at a price of $0.15 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 $186,216 using the Black-Scholes option pricing model with the following assumptions: share price $0.095, dividend yield 0%, expected volatility 114% (based on the historical price history of the Company's common shares), risk-free interest rate 1.85%, and an expected life of 2 years.

(Expressed in Canadian Dollars, unless otherwise indicated)

10. Stock Options (Continued)

The amount of stock based compensation expense for 2018 is $193,416 (2017: $407,506).

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

Number of Options		Exercise	Weighted Average Remaining Contractual	
Outstanding	Exercisable	Price	Life (years)	Expiry Date
4,160,000	4,160,000	$ 0.15	0.13	February 17, 2019
200,000	200,000	$ 0.15	0.32	April 27, 2019
4,000,000	4,000,000	$ 0.15	1.42	June 1, 2020
700,000	700,000	$ 0.15	1.62	August 15, 2020
9,060,000	9,060,000		0.82	

Note: The 4,160,000 and 200,000 options mentioned in the above table expired unexercised on February 17, 2019 and April 27, 2019, respectively.

(Expressed in Canadian Dollars, unless otherwise indicated)

11. Exploration and Evaluation Assets and Expenditures

Exploration and evaluation assets consisted of:

	As at December 31, 2018	As at December 31, 2017
Colombia		
Balance - beginning of the year	**$ -**	$ 132,125
Additions	**-**	-
Written-off	**-**	(132,125)
Balance - end of the year	**-**	-
Nicaragua		
Balance - beginning of the year	**3,572,794**	-
Additions	**35,280**	3,572,794
Balance - end of the year	**3,608,074**	3,572,794
Balance - end of the year	**$ 3,608,074**	$ 3,752,794

Exploration and evaluation expenditures consisted of:

	Year Ended December 31, 2018	2017
Colombia	**$ 789,952**	$ 731,390
Nicaragua	**194,888**	287,533
Peru	**54,111**	53,402
Total exploration and evaluation expenditures	**$ 1,038,951**	$ 1,072,325

Colombia

(i) La Golondrina Project

On October 6, 2015, the Company entered into an option agreement over the La Golondrina gold project in Nariño Province of southern Colombia. Under the terms of the La Golondrina Option Agreement, the Company has the option to acquire a 100% undivided interest in the La Golondrina project. In order to exercise the Option, the Company must:

- pay to the Optionors the aggregate sum of US$30,000 (CAD$39,102) (paid) within three days of the effective date of the Option Agreement;
- pay to the Optionors the aggregate sum of US$50,000 (CAD$66,445) (paid) on or before the date that the Company first commences drilling on the La Golondrina project;
- pay to the Optionors the aggregate sum of US$60,000, payable in three equal installments of US$20,000 on the first (CAD$26,578) (paid), second and third anniversary dates of the effective date of the Option Agreement.

11. Exploration and Evaluation Assets and Expenditures (Continued)

(i) La Golondrina Project (continued)

In addition, the Company must carry out the following exploration work on the La Golondrina project on or before the third anniversary of the effective date of the Option Agreement:

- complete detailed surveying and sampling of the mine site and surrounding veins to plan drill holes;
- complete a detailed review of the induced polarization (IP) survey and ground magnetic survey; and
- carry out a minimum of 1,500 meters of drilling.

After making these payments and completing the required exploration work, the Company may, prior to the third anniversary of the effective date of the Option Agreement, give a notice to the Optionors of its intention to complete a feasibility study. If, after completing the feasibility study, the Company determines that the development of a mine is justified at such time, the Company may exercise the option and, thereupon, it will acquire a 100% interest in the La Golondrina project (subject to the royalty described below), the Optionors shall cease all mining operations at the La Golondrina project, and the Company shall pay the Optionors an aggregate of US$100,000 per annum until the Company commences commercial production. In the alternative, the Company may, at such time, elect to defer making a production decision and exercising its option for up to a further three years, and instead pay to the Optionors the aggregate sum of US$20,000 per annum during such deferral period.

Upon any exercise by the Company of the option, the Optionors will have the right to elect to receive either:

i) a 20% net profit royalty to be paid once payback of all capital invested to expand and construct the operation has been made; or
ii) a 15% net profit royalty, to be paid once payback of all capital invested to expand and construct the operation has been made, plus a 1% net smelter royalty.

On November 14, 2017, the Company terminated its option agreement on the La Golondrina project and wrote-off $132,125.

(ii) La Redención Gold Project

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

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

- The Company has the option to acquire a 100% undivided interest in the La Redención project;

- In order to exercise the Option Agreement, the Company must:
    i) Assist the Optionors to a maximum cost of US$20,000 to complete all ongoing regulatory work to a high level and acquire the additional required approvals for exploration activities on the license area;
    ii) On acquisition of regulatory approvals, pay to the Optionors the aggregate sum of US$20,000;
    iii) Pay to the Optionors the aggregate sum of US$25,000 on or before the date that the Company first commences drilling on the La Redención project;
    iv) Pay to the Optionors the aggregate sum of US$30,000, payable in three equal installments of US$10,000 on the first, second and third anniversary dates of regulatory approval; and
    v) Complete a minimum of 750 meters of drilling at La Redención on or before the third anniversary of the

effective date of regulatory approvals.

11. Exploration and Evaluation Assets and Expenditures (Continued)

(ii) La Redención Gold Project (continued)

- After making these payments and completing this exploration work, the Company may, prior to the third anniversary of the date of regulatory approvals, give a notice to the Optionors of its intention to complete a feasibility study. If, after completing the feasibility study, the Company determines that the development of a mine is justified at such time, the Company may exercise the option and, thereupon, it will acquire a 100% interest in the La Redención project (subject to the royalty described below). In the alternative, the Company may, at such time, elect to defer making a production decision and exercising its option for a period of up to five years, and instead pay to the Optionors the aggregate sum of US$10,000 per annum during such deferral period; and

- Upon any exercise by the Company of the option, the Optionors will have the right to receive a 20% net profit royalty to be paid once payback of all capital invested to explore, develop and construct the operation has been made.

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

(iii) 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.

11. Exploration and Evaluation Assets and Expenditures (Continued)

(iii) 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 $1,866,368, 50% of which at the amount of $933,184 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)

12. 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:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Salaries	**$ 430,942**	$ 289,537
Stock based compensation	**96,708**	245,052
	$ 527,650	$ 534,589

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

The former Chief Financial Officer was a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2018, the Company incurred professional fees of $8,445 (2017 - $22,749).

Insiders of the Company purchased 600,000 and 1,000,000 Units of the private placement completed on February 17, 2017 and April 19, 2017, respectively.

(Expressed in Canadian Dollars, unless otherwise indicated)

13. Segmented Information

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

Year ended December 31, 2018	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss from operations	$ (1,802,315)	$ (1,023,958)	$ (1,151,386)	$ (57,648)	$ (4,035,307)

Year ended December 31, 2017	**Jersey**	**Colombia**	**Nicaragua**	**Peru**	**Total**
Net loss from operations	$ (1,167,258)	$ (863,515)	$ (199,769)	$ (71,604)	$ (2,302,146)
Net loss from discontinued operations	$ (37,434)	-	-	-	$ (37,434)

As at December 31, 2018

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

As at December 31, 2017

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

14. 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 ECOMUN 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.

Year Ended December 31,	**2018**	**2017**
Equity investment in Cloris Limited	**$ 100,000**	-
Percentage ownership in Cloris Limited	**18%**	-
Share of loss from investment in associate	**24,056**	-
Investment in associate at year end	**$ 75,944**	-

15. Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its properties. The capital of the Company consists of share capital, warrants, contributed surplus and accumulated deficit, which at December 31, 2018 totalled $7,079,744 (2017 - $5,169,920). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Properties in which the Company currently has an interest are in the exploration stage, as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

16. Financial Instruments Risk

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

Credit Risk
The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest rate risk
The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2018, the Company held $3,000,000 in short-term deposit, renewed monthly.

Foreign exchange risk
As at December 31, 2018, the cash and cash equivalents was $3,397,378 (2017 - $1,554,737). The Company's cash and cash equivalents are denominated in the following currencies:

As at December 31,	**2018**	**2017**
Denominated in Canadian dollars	**$ 3,169,065**	$ 776,448
Denominated in US dollars	**16,556**	264,091
Denominated in British pound	**40,465**	50,589
Denominated in Colombian pesos	**167,890**	24,019
Denominated in Nicaraguan Cordoba	**-**	439,590
Denominated in Euros	**3,402**	-
	$ 3,397,378	$ 1,554,737

Commodity price risk
The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral exploration properties. The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of gold. The Company monitors commodity prices to determine the appropriate course of actions to be taken.

(Expressed in Canadian Dollars, unless otherwise indicated)

17. Income Taxes

There was no tax payable by the Group in the years ended December 31, 2018 and 2017.

Year Ended December 31,	**2018**	**2017**
Loss before income taxes	**$ (4,035,307)**	$ (2,302,146)
Statutory rate	**20%**	20%
Expected income tax recovery	**(807,061)**	(497,600)
Items not deductible for tax purposes	**-**	-
Losses not recognized	**807,061**	497,600
Income taxes	**$ -**	$ -

The Group has taxation losses under jurisdiction of Jersey (Channel Islands), Colombia (subject to confirmation with the tax authorities), Nicaragua, and Peru.

18. Subsequent Events

(i) On January 24, 2019, the Company announced the appointment of Ardem Keshishian as Chief Financial Officer, replacing Roderick Corrie, who resigned from this position and as a director of the Company. Mr. Keshishian was granted incentive stock options to purchase an aggregate of 1,000,000 ordinary shares of the Company pursuant to the Company's stock option plan. The options are exercisable until January 23, 2023 at a price of $0.10 per share and shall vest as to 30% of the options, 60 days from the grant date; as to a further 30% of the options, 90 days from the grant date; and as to the remainder of the options, 120 days from the grant date. The Company also announced that Daniel De Narvaez, assumed the role of Executive Director, Latin America, while continuing to serve on the Company's board of directors.

(ii) **Royal Road Minerals to Acquire Colombian Exploration Assets from AngloGold Ashanti Limited**

On March 5, 2019, the Company announced that it entered into a definitive stock purchase agreement (the "Agreement") with Compañía Kedahda Limited (the "Seller"), an affiliate of AngloGold Ashanti Limited ("AngloGold Ashanti"), to acquire Northern Colombia Holdings Limited ("NC Holdings"). NC Holdings in turn owns Exploraciones Northern Colombia SAS ("ENC") which owns a title package (collectively, the "Titles") comprised of mining concession agreements in prospective mineral belts in the Nariño, Cauca and Antioquia departments of Colombia (the "Transaction").

The Transaction will significantly increase the Company's portfolio of potentially Tier 1 exploration assets and provides it with various options for joint-venture and cash generating transactions in Colombia.

Transaction Details

Under the terms of the Agreement, the Company agreed to acquire from the Seller all of the issued and outstanding shares of NC Holdings. NC Holdings indirectly holds, through two wholly owned subsidiaries, all of the issued and outstanding shares of ENC, which is the holder of the mineral concession Titles and is the assignee of the rights to any Titles that are granted to AngloGold Ashanti Colombia S.A. (the "Assigning Company"), an affiliate of Anglo Ashanti, pursuant to title applications made by the Assigning Company to the National Mining Agency of Colombia (Agencia Nacional de Minería).

In consideration for the purchase of the shares of NC Holdings, the Company agreed to pay the Seller a purchase price of US$4,655,462 on completion of the Transaction. In addition, the Company granted the following contingent consideration to the Seller:

18. Subsequent Events (Continued)

- If at any time after the closing of the Transaction, Royal Road Minerals completes a technical report pursuant to NI 43-101 that discloses for the first time an inferred mineral resource of not less than one million gold equivalent ounces on a specific area within the lands subject to any of the Titles held by the Company or any of its affiliates, such specific area shall be designated as a "Specific Project", and the following provisions shall apply with respect to each such Specific Project identified:
    - An amount equal to five million dollars (US$5,000,000) shall be payable within 90 days following the date on which such technical report for the Specific Project is completed; and
    - a further amount equal to five million dollars (US$5,000,000) shall be payable within 90 days following the date on which a feasibility study for such Specific Project is completed and delivered to the Seller; and
    - a further amount equal to five million dollars (US$5,000,000) shall be payable within 90 days from the commencement of commercial production for the Specific Project; and
    - a further aggregate amount equal to twenty million dollars (US$20,000,000), payable in four equal installments of five million dollars (US$5,000,000) on the date that is 90 days following the end of each of the Company's four consecutive fiscal quarters immediately following the commencement of commercial production for the Specific Project.
- If at any time after closing of the transaction, the Company completes a feasibility study that discloses for the first time an inferred mineral resource (as defined by NI 43-101) of not less than five million gold equivalent ounces on a Specific Project, the Seller shall have a one-time option (the "Feasibility Option") to purchase a 75% interest in the Specific Project for a purchase price in an amount equal to the sum of the following amounts:
    - An amount equal to three (3) times the aggregate sum of all exploration expenditures up to and including the feasibility study funded by Royal Road Minerals; plus
    - An amount equal to the aggregate sum of all exploration expenditures funded by Royal Road Minerals for that Specific Project from the feasibility option date until the completion of the transfer of the purchased interest.

If the Seller exercises the Feasibility Option for a Specific Project, then the Company will no longer be required to pay the payments on and following commercial production for the Specific Project for which the Seller has exercised the Feasibility Option.

The Agreement contains customary representations, warranties, covenants and conditions for transactions similar to the Transaction. In addition, the obligations of the Company to complete the Transaction are subject to the fulfilment of certain conditions on or before the closing of the Transaction, including, among others, the following conditions:

- the Company shall have obtained any required approvals of the TSX Venture Exchange and the relevant authorities in Jersey in connection with the acquisition contemplated by this Agreement.
- The Seller shall have obtained the required approval to implement the Transaction from the South African Reserve Bank.

The Transaction is expected to close on or before May 31, 2019.

18. Subsequent Events (Continued)

(iii) **Responsible Corporate Citizen – Royal Road Accelerator Ltd.**

Royal Road Accelerator Ltd., incorporated in March 2019.

Royal Road Accelerator Ltd., a 100% owned subsidiary of Royal Road Minerals Limited, is a commercial enterprise, which identifies, incubates and commercializes potentially dividend-paying businesses which greatly benefit the rural communities in and around Royal Road Minerals' exploration and development projects.

New projects can start life as a good idea, as an unrecognized opportunity or as an obvious synergy. Once the Royal Road Minerals team establishes that a community project has the potential to be profitable and scalable it is presented to the Royal Road Accelerator Ltd. Board for consideration. If after rigorous testing a project is considered viable, a new company is established and seed-funding is sourced. Depending on a project's scalability potential, it may remain a private enterprise or it may seek to IPO on a recognized international market.

Current Projects

- Cloris Limited: Cloris Limited is a non-listed, fully incubated, and self-funded business soon to be engaged in the commercial production of industrial hemp and industrial hemp products in Nariño province of southern Colombia, an area with rich underutilised agricultural resources ideal for the large-scale cultivation of industrial hemp. Cloris has a unique post-conflict co-operative model with ECOMUN ensuring local cross-community involvement with up to 1000 local farmers.

  As at December 31, 2018, Royal Road Minerals owned an 18% equity position in Cloris Limited, pursuant to a $100,000 equity investment.

(iv) **Royal Road Minerals Announces Private Placement Financing**

On April 30, 2019, the Company announced that it has entered into an agreement with Pollitt & Co. Inc., whereby the Company has engaged Pollitt & Co. Inc. as its agent in connection with a proposed private placement offering of up to 40,000,000 ordinary shares of the Company, at a price of $0.20 per Share, for gross proceeds to the Company of up to $8,000,000, to be conducted on a best-efforts agency basis.

The net proceeds received by the Company from the Offering will be used to finance the Company's previously announced acquisition of assets in Colombia and for working capital and general corporate purposes.

The closing of the private placement offering is expected to occur on or about May 17, 2019, and is subject to the receipt of necessary regulatory approvals, including the approval of the TSX Venture Exchange. All securities issued in connection with the private placement offering will be subject to a statutory four-month hold period.

In consideration for its services, Pollitt & Co. Inc. will receive a cash commission equal to 6.0% of the gross proceeds of the private placement offering. As additional compensation, the Company will issue to Pollitt & Co. Inc. warrants to purchase a number of ordinary shares equal to 6.0% of the number of ordinary shares issued under the private placement offering at a price per ordinary share equal to $0.20.

The securities offered under the private placement offering have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

18. Subsequent Events (Continued)

(v) **Acquisition of the Minority Interest in Colombia**

On April 30, 2019, the Company also announced that it has agreed to acquire the remaining 2% minority equity interest in Minerales Camino Real S.A.S., following which Minerales Camino Real S.A.S. will become a wholly owned subsidiary of the Company. This minority interest is being purchased from a related party.

Under the terms of the acquisition of the 2% minority interest, the Company will issue 1,200,000 ordinary shares as consideration for the minority equity interest. The closing of the acquisition of the 2% minority interest is expected to occur concurrently with the closing of the private placement offering, subject to obtaining any necessary regulatory approvals.