

ROKMASTER RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

(Stated in Canadian Dollars Unless Noted Otherwise)

Independent Auditor's Report

To the Shareholders of Rokmaster Resources Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rokmaster Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, shareholders' equity (deficiency) and 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 financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has no source of revenue, has incurred losses since inception and has an accumulated deficit of \$10,826,359 as at December 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's 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 IFRS, 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.

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 Keith Macdonald.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
June 15, 2020

Rokmaster Resources Corp.

Consolidated Statements of Financial Position

(Stated in Canadian Dollars Unless Noted Otherwise)

ASSETS	As at December 31, 2019	As at December 31, 2018
Current assets:		
Cash	\$ 20,875	\$ 34,837
Amounts receivable (Note 5)	21,933	24,414
Marketable securities (Note 6)	-	28,500
Prepays and deposits	5,538	9,000
	48,346	96,751
Non-current assets:		
Reclamation bonds (Note 7)	13,500	13,500
Mineral interests (Note 8a)	715,500	715,500
Total Assets	\$ 777,346	\$ 825,751

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

Current liabilities:		
Accounts payable and accrued liabilities (Notes 9 and 12)	\$ 856,420	\$ 640,785
Loans payable (Note 10)	208,104	191,004
Total Liabilities	1,064,524	831,789

SHAREHOLDERS' DEFICIENCY

Share capital (Note 11)	7,377,651	7,275,653
Share-based payments reserve	3,161,530	3,117,641
Accumulated deficit	(10,826,359)	(10,399,332)
Total Shareholders' Deficiency	(287,178)	(6,038)
Total Liabilities and Shareholders' Deficiency	\$ 777,346	\$ 825,751

Nature of Operations and Going Concern (Note 1)

Contingency (Note 16)

Events After the Reporting Period (Note 18)

ON BEHALF OF THE BOARD:

"John M. Mirko", Director

"Michael Cowin", Director

- See Accompanying Notes to the Consolidated Financial Statements -

Rokmaster Resources Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars Unless Noted Otherwise)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Expenses		
Consulting fees (Note 12)	\$ 198,400	\$ 214,435
Corporate listing and filings fees	17,751	20,198
Exploration and evaluation expenditures (Notes 8b and 12)	48,537	74,204
Office and general	24,256	22,875
Professional fees	34,007	27,400
Rent	26,900	33,300
Share-based compensation (Notes 11f and 12)	9,102	5,265
Travel, public and shareholder relations and conferences	50,429	120,804
Loss from Operations	(409,382)	(518,481)
Other Income (Expense)		
Loss on sale of marketable securities	(4,545)	-
Change in fair value of marketable securities	-	(21,375)
Premium on flow-through shares (Note 11b)	4,000	-
Interest expense (Note 10)	(17,100)	(17,100)
Write-off of other assets	-	(12,443)
Total Other Expense	(17,645)	(50,918)
Net Loss and Comprehensive Loss for the Year	\$ (427,027)	\$ (569,399)
Basic Loss per Common Share (Note 3f)		
	\$ (0.02)	\$ (0.02)
Weighted Average Number of Common Shares Outstanding	25,894,799	22,987,250

- See Accompanying Notes to the Consolidated Financial Statements -

Rokmaster Resources Corp.

Consolidated Statements of Cash Flows

(Stated in Canadian Dollars Unless Noted Otherwise)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Operating Activities		
Net loss for the year	\$ (427,027)	\$ (569,399)
Items not affected by cash:		
Interest expense	17,100	17,100
Loss on sale of marketable securities	4,545	-
Change in fair value on marketable securities	-	21,375
Write-off of other assets	-	12,443
Share-based compensation	9,102	5,265
Deferred income tax recovery	(4,000)	-
Changes in non-cash working capital:		
Amounts receivable	2,481	(13,453)
Prepays and deposits	3,462	6,112
Accounts payable and accrued liabilities	215,635	157,731
Cash used in operating activities	(178,702)	(362,826)
Investing Activities		
Proceeds from sale of marketable securities	23,955	-
Cash provided by investing activities	23,955	-
Financing Activities		
Proceeds from share issuance	143,000	355,000
Share issue costs	(2,215)	(9,761)
Cash provided by financing activities	140,785	345,239
Net Decrease in Cash	(13,962)	(17,587)
Cash - Beginning of the Year	34,837	52,424
Cash - End of the Year	\$ 20,875	\$ 34,837
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Fair value of warrants issued in connection with financing (Note 11b)	\$ 34,787	\$ 103,243
Fair value of finder's options in connection with financing (Note 11b)	\$ -	\$ 5,905

- See Accompanying Notes to the Consolidated Financial Statements -

Rokmaster Resources Corp.
Consolidated Statements of Shareholders' Equity (Deficiency)

(Stated in Canadian Dollars Unless Noted Otherwise)

	Share Capital		Share-Based Payments Reserve	Other Comprehensive Income	Accumulated Deficit	Total
	# of Shares	Amount				
Balance at December 31, 2017	20,974,662	\$ 7,039,562	\$ 3,003,228	\$ (28,500)	\$ (9,801,433)	\$ 212,857
Impact on adopting IFRS 9	-	-	-	28,500	(28,500)	-
Restated opening balance under IFRS 9	20,974,662	\$ 7,039,562	\$ 3,003,228	\$ -	\$ (9,829,933)	\$ 212,857
Shares issued for cash	3,550,000	355,000	-	-	-	355,000
Share issue costs	-	(9,761)	-	-	-	(9,761)
Fair value of warrants issued from financing	-	(103,243)	103,243	-	-	-
Fair value of finders' options issued from financing	-	(5,905)	5,905	-	-	-
Fair value of share-based compensation	-	-	5,265	-	-	5,265
Net loss for the year	-	-	-	-	(569,399)	(569,399)
Balance at December 31, 2018	24,524,662	\$ 7,275,653	\$ 3,117,641	\$ -	\$ (10,399,332)	\$ (6,038)
Shares issued for cash	3,475,000	143,000	-	-	-	143,000
Share issue costs	-	(2,215)	-	-	-	(2,215)
Fair value of warrants issued from financing	-	(34,787)	34,787	-	-	-
Fair value of share-based compensation	-	-	9,102	-	-	9,102
Flow-through premium	-	(4,000)	-	-	-	(4,000)
Net loss for the year	-	-	-	-	(427,027)	(427,027)
Balance at December 31, 2019	27,999,662	\$ 7,377,651	\$ 3,161,530	\$ -	\$ (10,826,359)	\$ (287,178)

- See Accompanying Notes to the Consolidated Financial Statements -

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

1. Nature of Operations and Going Concern

Rokmaster Resources Corp. (the “Company” or “Rokmaster”) was incorporated on December 21, 2010 under the Business Corporations Act (British Columbia). The Company is listed on the TSX Venture Exchange (“TSX.V”) under the symbol “RKR”, on the OTC Pink Sheets in the USA under the symbol “RKMSF” and on the Frankfurt Stock Exchange under the symbol “1RR.” The Company’s head office, principal address and records office is located at 1150 – 625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6. The Company’s registered address is located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, Canada V6C 2B5. Rokmaster is primarily engaged in the acquisition of mineral resource properties and the exploration and development of such properties for minerals. Minerals of interest to the Company include precious metals, base metals and industrial minerals.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue, has an accumulated deficit of \$10,826,359 and a working capital deficiency of \$1,016,178 at December 31, 2019. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company will need to raise sufficient funds as the Company’s current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt (*Notes 18c, 18d and 18e*). The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company’s performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. In addition to evaluating financing options, the Company implemented cost savings measures and deferred payments owed to related parties.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Presentation

a. Statement of Compliance

The consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee, effective for the Company’s reporting year ended December 31, 2019. The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

2. Basis of Presentation - *Continued*

b. Approval of the Financial Statements

The consolidated financial statements of Rokmaster for the year ended December 31, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 15, 2020.

3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a. Basis of Measurement

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statement of cash flows, are based on the accrual basis.

b. Basis of Consolidation

The financial statements of the Company consolidate the accounts of Rokmaster and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses are eliminated on consolidation.

Subsidiaries are those entities which Rokmaster controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Rokmaster controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Rokmaster and are de-consolidated from the date that control ceases.

The Company's subsidiaries are presented below:

Subsidiary	Location	Interest	Status
RKR Peru S.A.	Peru	100%	Consolidated
Minera Pinaya Peru S.A.	Peru	100%	Consolidated

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments with an original term to maturity of three months or less.

As at December 31, 2019 and 2018, the Company only held cash.

d. Marketable Securities

Marketable securities consisting of common shares of a public company are classified as subsequently measured through profit and loss, and reported at market value. At the end of each reporting period, management determines if there has been a change in the market value of the security and records an adjustment to market value, with the offsetting debit or credit to change in fair value on marketable securities in the statements of loss and comprehensive loss.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

3. Summary of Significant Accounting Policies - *Continued*

e. Reclamation Bonds

The Company maintains cash deposits as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled or the related property is sold and the obligation is assumed by the buyer.

f. Mineral Exploration Tax Credit ("METC")

The Company recognizes METC amounts when the Company's METC application is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured.

g. Mineral Interests (Exploration and Evaluation)

The Company's policy is to expense, as incurred, exploration and evaluation expenditures until the mineral property reaches the development stage. Costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned. Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance historical characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

h. Impairment of Non-Current Assets

At each reporting period, management reviews mineral interests for indicators of impairment. If any such impairment indicators exist, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

i. Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

3. Summary of Significant Accounting Policies - *Continued*

and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j. Share-Based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

Share-based compensation expense is also recognized in connection with common share issuances where an intrinsic value in excess of the cash consideration paid can be reasonably established at the date of issuance.

k. Share Capital

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. The fair value of common shares issued as consideration for mineral properties is based on the trading price of those shares on the TSX-V on the date of the agreement to issue shares or other fair value equivalent amount as determined by the Board of Directors. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

l. Loss per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of loss and comprehensive loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

3. Summary of Significant Accounting Policies – *Continued*

m. Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company’s financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	Amortized cost
Amounts receivable (excluding sales tax receivable)	Amortized cost
Marketable securities	FVTPL
Reclamation bonds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Impairment

The Company recognizes an allowance using the Expected Credit Loss (“ECL”) model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

3. Summary of Significant Accounting Policies - *Continued*

n. Functional Currency Translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction date. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss.

o. Use of Judgments and Estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates and assumptions relate to the review of carrying values and determination of impairment charges of non-current assets. Actual results could differ from those estimates.

p. New, Amended and Future IFRS Pronouncements

IFRS 16 – Leases

IFRS 16 was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019. IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of right-of-use assets and lease liabilities at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Exploration and evaluation assets and mineral leases are not in the scope of this standard.

The Company adopted IFRS 16 effective January 1, 2019 and the adoption had no impact on the Company's results of operations, financial position, and disclosures.

IFRS 3 – Business Combinations

Narrow-scope amendments to IFRS 3 were issued in October 2018 and apply to annual reporting periods beginning on or after January 1, 2020. The amendments clarify the definition of a business, provide guidance in determining whether an acquisition is a business combination or a combination of a group of assets, emphasize that the output of a business is to provide goods and services to customers and provide supplementary guidance.

IAS 1 – Presentation of Financial Statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2022. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in these financial statements.

Carrying Value of Deferred Mineral Interests

The Company has capitalized the cost of acquiring mineral property interests and has classified these interests as mineral interests in its statement of financial position. Mineral interests are expensed in the period in which the Company determines that the mineral property interests have no future economic value. Mineral interests may also be written down if future cash flow, including potential sales proceeds and option payments, related to the property are estimated to be less than the carrying value of the property. The Company reviews the carrying value of its mineral interests periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, reductions in the carrying value of each property would be recorded to the extent that the carrying value of the investment exceeds the property's estimated fair value. Such events or changes in circumstances involve changes in political risk, economic risk, commodity prices, exchange rates, and interest rates among others.

The Company has determined that there is no impairment in the carrying value of the Big Copper and Duncan Lake Zinc-Lead properties.

Deferred Tax Assets

Deferred income tax asset carrying amounts depend on estimates of future taxable income and the likelihood of reversal of timing differences. Where reversals are expected, estimates of future tax rates will be used in the calculation of deferred tax asset carrying amounts. Potential tax assets were deemed not to be recoverable at the current year end.

Going Concern

Management assesses the Company's ability to continue as a going concern in relation to its ability to raise funds.

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Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

5. Amounts Receivable

	December 31, 2019	December 31, 2018
Sales tax receivable	\$ 21,933	\$ 24,414
Other	-	-
Total	\$ 21,933	\$ 24,414

The Company expects full recovery of the amounts outstanding and therefore, no allowance has been recorded against these receivables and all were recorded.

6. Marketable Securities

Marketable securities have been classified as an available-for-sale investment consisting of common shares held by the Company of a public company and is summarized as follows:

Common shares of a public company, not subject to significant influence	Market Value	Cost
December 31, 2019	\$ -	\$ -
December 31, 2018	\$ 28,500	\$ 78,375

The market value is based on the closing price of the public company's common shares on the TSX.V on the date indicated above.

During the year ended December 31, 2019, the Company sold all of its marketable securities.

7. Reclamation Bonds

As at December 31, 2019, the Company had deposited \$3,500 (December 31, 2018 - \$3,500) into a guaranteed investment certificate (GIC) with a Canadian financial institution as part of a Safe Keeping Agreement entered into by the Company for the Big Copper Property. The GIC is being held to the order of the B.C. Ministry of Energy and Mines (the "BC MEM") and yields an annual interest rate of 0.90%.

The Company also provided the BC MEM a reclamation security of \$10,000 (December 31, 2018 - \$10,000) with respect to the Duncan Lake Zinc-Lead Project.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

8. Mineral Interests

- a. Details of mineral interests capitalized for the years ended December 31, 2019 and December 31, 2018 are as follows:

	Duncan Lake	Big Copper	Total
Balance – December 31, 2016	\$ -	\$ 69,500	\$ 69,500
Cash	13,000	-	13,000
Shares	633,000	-	633,000
Balance – December 31, 2017, December 31, 2018 and December 31, 2019	\$ 646,000	\$ 69,500	\$ 715,500

- b. Details of cumulative exploration and evaluation expenditures for the years ended December 31, 2019 and 2018 are as follows:

	Duncan Lake (Note 8c)	Big Copper (Note 8d)	Other Exploration Expenditures (Note 8e)	Total
Assaying and sampling	\$ 5,250	\$ -	\$ -	\$ 5,250
Field costs	17,184	-	1,085	18,269
Geological consulting	14,418	-	10,600	25,018
Expenditures for the year	36,852	-	11,685	48,537
Balance – beginning of year	125,791	23,355	2,712,751	2,861,897
Balance – December 31, 2019	\$ 162,643	\$ 23,355	\$ 2,724,436	\$ 2,910,434

	Duncan Lake (Note 8c)	Big Copper (Note 8d)	Other Exploration Expenditures (Note 8e)	Total
Assaying and sampling	\$ 4,805	\$ -	\$ -	\$ 4,805
Field costs	21,019	-	-	21,019
Geological consulting	24,730	-	23,650	48,380
Expenditures for the year	50,554	-	23,650	74,204
Balance – beginning of year	75,237	23,355	2,689,101	2,787,693
Balance – December 31, 2018	\$ 125,791	\$ 23,355	\$ 2,712,751	\$ 2,861,897

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

8. Mineral Interests - *Continued*

c. Duncan Lake Zinc-Lead Property, Canada

On January 17, 2017, the Company completed its acquisition of a 100% interest in the Duncan Lake Zinc-Lead Property located in the Slocan Mining Division in southeast British Columbia, Canada (the "Property" or "Duncan Lake") approximately 64 km north of Kaslo, British Columbia (the "Acquisition"), pursuant to a property purchase agreement dated November 2, 2016 (the "Purchase Agreement") with John (Jack) Denny, Robert Denny and Graeme Haines (collectively, the "Sellers"). The Property consists of 33 mineral claims covering 3,927 hectares along the strike extension of Teck Resources Ltd.'s ("Teck") historical Duncan Mine property and is 148 km by road northeast of Teck's smelter in Trail, British Columbia.

Under the Purchase Agreement, the Company provided the following aggregate consideration to the Sellers at closing in exchange for the Property:

- an aggregate of 2,400,000 common shares of the Company ("Common Shares") were issued on the date of closing of the Acquisition;
- an aggregate of 2,400,000 Series A Special Warrants that have a term of 10 years, with each Series A Special Warrant being automatically exercised into one Common Share upon the Company receiving a technical report identifying a mineral resource or mineral reserve estimate totalling a minimum of 3 million tonnes of 6% combined lead and zinc equivalent;
- an aggregate of 2,400,000 Series B Special Warrants that have a term of 15 years, with each Series B Special Warrant being automatically exercised into one Common Share upon the Company receiving a technical report identifying a mineral resource or mineral reserve estimate totalling a minimum of 6 million tonnes of 6% combined lead and zinc equivalent;
- an aggregate of 2,400,000 Series C Special Warrants that have a term of 20 years, with each Series C Special Warrant being automatically exercised into one Common Share once the Property commences commercial production; and
- a 2.5% net smelter returns royalty on gold, silver, lead and zinc bearing ores produced from the Property. The Company has the option to reduce the existing NSR of 2.5% to 0.5% by making cash payments of \$1,200,000 for each 1% increment at any time.

All of the aforementioned Special Warrants (the "Special Warrants") are subject to an accelerated exercise provision that would result in the Special Warrants being exercised automatically into Common Shares if and when there is:

- (a) a consolidation, amalgamation, merger or take-over of the Company with, into or by another body corporate that results in the acquisition of at least 66 2/3 of the issued and outstanding shares of the Company for cash consideration, or if for non-cash consideration, as long as the acquisition price is at least a 25% premium to the volume weighted average trading price of the Company's shares on the TSXV for the five consecutive trading days ending on the trading day prior to the first public announcement of such consolidation, amalgamation merger or take-over; or
- (b) a transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or entity that is subject to shareholder approval of the Company.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

8. Mineral Interests - Continued

c. Duncan Lake Zinc-Lead Property, Canada – continued

In the case of the Series C Special Warrants, if any of the aforementioned events occurred within 10 years from the date of issue, only an aggregate of 1.2 million Common Shares would be issued to the holders of the Series C Special Warrants upon exercise.

On March 3, 2017, the Company completed its acquisition of a 100% interest in a certain British Columbia Mineral Tenure located in the Slocan Mining Division by issuing 50,000 Company common shares. The mineral claim adjoins the Duncan Lake Zinc Project.

On September 20, 2017, the Company entered into a Property Purchase Agreement (the “PPA”), to acquire a 100% interest in 11 mineral claims totaling 640 hectares by issuing 90,000 Company common shares and a 2.5% Net Smelter Return Royalty (“NSR”) in favor of the arms-length seller. The NSR is subject to a buy-back provision providing the Company with the exclusive option, at any time if it so chooses, to purchase 1% NSR upon payment of \$500,000 and the remaining balance of 1.5% NSR upon payment of an additional \$500,000. The mineral claims are south of and adjacent to the Company’s Duncan Lake Zinc Project.

d. Big Copper Property, Canada

On February 16, 2012, the Company entered into an Option Agreement (the “Big Copper Option”) to earn a 100% undivided interest in certain mining claims, more particularly known as the Big Copper Property (“Big Copper”). Big Copper is located in the Fort Steele and Slocan Mining Divisions, British Columbia, Canada. To earn a 100% interest in Big Copper, the Company may, at its option, pay the following aggregate consideration over three years: paid \$45,000 in total cash payments and issued 40,000 common shares in total (fair value - \$24,500).

On September 30, 2015, the parties mutually terminated the Big Copper Option and agreed to have the following share ownership to the Big Copper Property: 55% to the Company and 45% to the vendors.

e. Other Properties

The Company incurs exploration and evaluation expenditures in assessing the suitability of properties available for option or acquisition within North America and Latin America. Expenditures incurred during the year, as detailed in the schedule in Note 8b above, were part of a due diligence process in making these assessments. The beginning balance in the schedule includes past projects written-off or terminated by the Company.

As at December 31, 2019, the Company has no other options to acquire interests in any mineral properties.

9. Accounts Payable and Accrued Liabilities

	December 31, 2019	December 31, 2018
Trade payables	\$ 756,586	\$ 506,090
Accrued expenses	97,844	132,705
Other	1,990	1,990
Total	\$ 856,420	\$ 640,785

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

10. Loans Payable

As at December 31, 2019, \$208,104 (December 31, 2018 - \$191,004) is the balance, including accrued interest, of the three short-term loans from a former director of the Company. Two loans bear interest at 1.5% per month, are unsecured and were due between July 17, 2014 and September 19, 2014. The other loan bears no interest, are unsecured and have no fixed repayment terms. As at December 31, 2019, the Company has accrued interest of \$108,004 (December 31, 2018 - \$91,004) relating to the balances outstanding from the two interest bearing loans. Subsequent to year end, the Company repaid all three loans plus interests in the aggregate of \$215,000.

11. Share Capital

Effective May 1, 2018, the Company consolidated its share capital, stock options, share purchase warrants and special warrants on a 5-to-1 basis. Accordingly, all share and exercise or conversion price figures in these consolidated financial statements are stated on a post-consolidation basis and the figures provided for comparative purposes have also been stated on this post consolidation basis.

- a. Authorized: Unlimited number of common shares without par value.
- b. Private Placements

For the year ended December 31, 2019

On July 16, 2019, the Company closed a non-brokered private placement by issuing 750,000 units at \$0.04 per unit (a "Unit") for gross proceeds of \$30,000 and the issuance of 400,000 flow-through shares ("FT Share") at a price of \$0.05 per FT Share for gross proceeds of \$20,000. Each Unit is comprised of one common share of the Company and one non-transferable common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.07 for a period of one year and subject to an accelerated expiry date, which comes into effect when the trading price on the TSX.V of the Company's common shares closes at or above \$0.12 per share during any 20 consecutive trading day period commencing four months plus one day after the date of issuance. In such an event, the Company will give an expiry acceleration notice ("Notice") to the warrant holders and the expiry date of the warrants will be 30 days from the date of the Notice.

The warrants attached to this issuance have been valued at \$8,433 based on the Black-Scholes Method using the assumptions noted below:

Assumptions

Risk-free interest rate	1.56%
Expected stock price volatility	141.80%
Expected dividend yield	0.00%
Expected life of warrants	1 year

On issuance of the FT Shares on July 16, 2019, the Company recognized a premium valued at \$4,000. The Company had incurred the full qualifying resource expenditures and had also filed its renunciation forms by December 31, 2019, and therefore reversed the premium liability and recognized a deferred tax recovery of \$4,000 in the Company's consolidated statement of loss and comprehensive loss.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

11. Share Capital - *Continued*

b. Private Placements - *Continued*

On August 21, 2019, the Company closed a non-brokered private placement by issuing 2,325,000 units at \$0.04 per unit (a "Unit") for gross proceeds of \$93,000. Each Unit is comprised of one common share of the Company and one non-transferable common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.07 for a period of one year and subject to an accelerated expiry date, which comes into effect when the trading price on the TSX.V of the Company's common shares closes at or above \$0.12 per share during any 20 consecutive trading day period commencing four months plus one day after the date of issuance. In such an event, the Company will give an expiry acceleration notice ("Notice") to the warrant holders and the expiry date of the warrants will be 30 days from the date of the Notice.

The warrants attached to this issuance have been valued at \$26,354 based on the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	1.40%
Expected stock price volatility	143.07%
Expected dividend yield	0.00%
Expected life of warrants	1 year

In connection with this private placement, the Company incurred \$2,215 in cash share issuance costs.

For the year ended December 31, 2018

On June 8, 2018, the Company closed a non-brokered private placement by issuing 3,550,000 units at \$0.10 per unit (a "Unit") for gross proceeds of \$355,000. Each Unit comprises of one common share and one-half common share purchase warrant, with each whole warrant exercisable to purchase one additional common share until December 8, 2019, at a price of \$0.18 per share and subject to an accelerated expiry date, which comes into effect when the trading price on the TSX.V of the Company's common shares closes at or above \$0.30 per share during any 10 consecutive trading day period commencing four months plus one day after the date of issuance. In such an event, the Company will give an expiry acceleration notice ("Notice") to the warrant holders and the expiry date of the warrants will be 30 days from the date of the Notice.

The warrants attached to this issuance have been valued at \$103,243 based on the Black-Scholes Method using the assumptions noted below:

Assumptions	
Risk-free interest rate	1.92%
Expected stock price volatility	182.30%
Expected dividend yield	0.00%
Expected life of warrants	1.5 years

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

11. Share Capital - Continued

b. Private Placements - Continued

In connection with this private placement, the Company incurred \$15,666 in share issuance costs consisting of \$9,761 in cash (\$7,200 paid to finders) and issued 72,000 Finders' Options to certain finders, equal to 8% of the proceeds and number of units, respectively, placed by such finders in the financing. Each Finder Option has the same terms as the Unit. The Finder's Options issued have been valued at \$5,905 based on the Black-Scholes Method using the assumptions noted above.

c. Incentive Stock Options

The Company adopted a stock option plan, which authorizes the Board of Directors to grant share purchase options to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of the options will not be less than the price of the Company's shares at the date of grant. The options can be granted for a maximum of 10 years and the vesting of the options will be determined by the Board of Directors.

Details of issued and outstanding stock options are as follows:

	Number of Options	Weighted Average Exercise Price
Balance – December 31, 2016	263,000	\$0.70
Granted	1,810,000	\$0.30
Expired	(23,000)	\$0.75
Cancelled	(50,000)	\$0.30
Balance – December 31, 2017 and December 31, 2018	2,000,000	\$0.34
Granted	250,000	\$0.06
Expired	(340,000)	\$0.56
Cancelled	(60,000)	\$0.30
Balance – December 31, 2019	1,850,000	\$0.27

At December 31, 2019, the following stock options were exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Life in Years
January 30, 2022	\$0.30	1,480,000 ⁽¹⁾	2.08
August 11, 2022	\$0.30	120,000 ⁽²⁾	2.61
March 25, 2024	\$0.06	250,000	4.24
		1,850,000	2.41

(1) Subsequent to December 31, 2019, 120,000 of these options were cancelled.

(2) Subsequent to December 31, 2019, all 120,000 options were cancelled.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

11. Share Capital - Continued

d. Share Purchase Warrants

Details of issued and outstanding share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – December 31, 2017	2,743,422	\$0.30
Issued	1,775,000	\$0.18
Expired	(1,540,022)	\$0.30
Balance – December 31, 2018	2,978,400	\$0.23
Issued	3,075,000	\$0.07
Expired	(2,978,400)	\$0.23
Balance – December 31, 2019	3,075,000	\$0.07

At December 31, 2019, the following share purchase warrants were exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Life in Years
July 16, 2020	\$0.07	750,000	0.55
August 21, 2020	\$0.07	2,325,000	0.65
		3,075,000	0.62

e. Special Warrants

Details of issued and outstanding special warrants are as follows:

	Number of Special Warrants	Expiry Date
Balance – December 31, 2016	-	
Issued – Series A (Note 8c)	2,400,000	January 17, 2027
Issued – Series B (Note 8c)	2,400,000	January 17, 2032
Issued – Series C (Note 8c)	2,400,000	January 17, 2037
Balance – December 31, 2017, December 31, 2018 and December 31, 2019	7,200,000	

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

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11. Share Capital - Continued

f. Share-Based Payments

On March 25, 2019, the Company granted 250,000 incentive stock options to a director and all of which vested at the date of grant. The options are exercisable at \$0.06 per share and will expire on March 25, 2024. The fair value of these options was \$9,102 and was recognized as share-based compensation expense during the year ended December 31, 2019. The corresponding share-based compensation expense has a weighted average fair value of \$0.04 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	1.44%
Expected stock price volatility	158.59%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

On July 19, 2017, the Company granted 100,000 incentive stock options to an investor relations consultant. The options are exercisable at \$0.35 per share and will expire on July 19, 2019 and vests 25% three months after the grant date and the remaining will vest at 25% every three months thereafter. The fair value of these options was \$20,077 and the portion recognized as share-based compensation expense during the year ended December 31, 2018 was \$5,265. The corresponding share-based compensation expense has a weighted average fair value of \$0.20 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	1.22%
Expected stock price volatility	194.45%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	2 years

g. Finder's Options

Details of issued and outstanding finders' options are as follows:

	Number of Finders' Options	Expiry Date
Balance – December 31, 2017	-	N/A
Issued	72,000	December 8, 2019
Balance – December 31, 2018	72,000	
Expired	(72,000)	
Balance – December 31, 2019	-	

Rokmaster Resources Corp.

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12. Related Party Transactions

Details of transactions between the Company and its related parties are disclosed below.

As at December 31, 2019, the Company's related parties consist of the Company's directors and companies controlled by executive officers and directors of the Company.

	Nature of Transaction
Canam Mining Corporation ("Canam")	Management – Officer and Director
0909074 B.C. Ltd. ("0909074")	Management – Officer
Moore Geological Inc. ("Moore")	Consulting - Former Director
L. M. Okada Ltd. ("Okada")	Fees – Former Director

The Company incurred fees and expenses in the normal course of operations in connection with key management and directors and companies controlled by key management and directors. Details are as follows:

	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
Consulting fees	(i)	\$ 179,000	\$ 187,200
Geological consulting fees included in exploration and evaluation expenditures	(ii)	11,550	23,650
		\$ 190,550	\$ 210,850

- (i) During the year ended December 31, 2019, the Company paid or accrued management consulting fees of \$107,000 (December 31, 2018 - \$115,200) to the Company's CEO and management and financial consulting fees of \$72,000 (December 31, 2018 - \$72,000) to 0909074.
- (ii) During the year ended December 31, 2019, the Company paid or accrued geological consulting fees of \$11,550 (December 31, 2018 - \$23,650) to the Company's CEO.

Included in accounts payable and accrued liabilities as at December 31, 2019 are:

- \$81,428 (December 31, 2018 - \$81,428) owing to Canam for management and geological consulting fees;
- \$354,829 (December 31, 2018 - \$210,410) owing to the Company's CEO for reimbursable expenses and management and geological consulting fees; and
- \$172,600 (December 31, 2018 - \$122,600) owing to 0909074 for management and financial consulting fees.

Compensation of Key Management Personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

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12. Related Party Transactions - Continued

The remuneration of the Company's key management personnel for the years ended December 31, 2019 and 2018 are as follows:

	Note	December 31, 2019	December 31, 2018
Management and geological consulting fees	(i)	\$ 190,550	\$ 210,850
Share-based compensation	(ii)	9,102	-
Total		\$ 199,652	\$ 210,850

- (i) Management, director and geological consulting fees include those disclosed in the table above.
(ii) Share-based payments are the fair value of options granted and vested to key management.

Key management personnel were not entitled to post-employment, termination or other long-term benefits during the years ended December 31, 2019 and 2018. The above transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

13. Capital Management

The Company primarily considers shareholders' equity in the management of its capital. The Company manages its capital structure and makes adjustments to it based on funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance of the Company's existing properties, and to acquire, explore and develop other precious metals, base metals and industrial mineral deposits;
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing if and when it is required.

The properties in which the Company currently holds interests are in the exploration stage and the Company is dependent on external financing to explore and take the project to development. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and development of its mineral properties, the Company's management informs the Board of Directors as to the quantum of expenditures for review and approval prior to commencement of work. In addition, the Company may issue new equity, incur additional debt, enter into joint venture agreements or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

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13. Capital Management - Continued

There were no changes in the Company's approach to capital management during the year ended December 31, 2019 compared to the year ended to December 31, 2018. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

14. Income Taxes

- a. The income tax provisions differ from the amounts obtained by applying the statutory Canadian and Peruvian income tax rates as follows:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Loss before income taxes	\$ (427,027)	\$ (569,399)
Effective statutory tax rate	27.00%	27.01%
Expected tax recovery	(115,297)	(153,803)
Adjustments:		
Share-based compensation	2,458	1,422
Share issue costs	(1,110)	(5,932)
Other	15,619	35,313
Change in unrecognized deferred tax asset	98,330	123,000
Income tax expense (recovery)	\$ -	\$ -

- b. The components of the deferred income tax asset (liability) balances are as follows:

	December 31, 2019	December 31, 2018
Deferred income tax asset (liability):		
Non-capital loss carry-forwards	\$ 3,023,765	\$ 2,934,327
Share issue costs	3,161	3,673
Other	109,861	94,809
Unrecognized deferred tax asset	(3,136,787)	(3,032,809)
Deferred income tax asset (liability)	\$ -	\$ -

The effective income tax rate is the rate that is estimated to be applicable when timing differences reverse. As at December 31, 2019, the future enacted rates are estimated to be 27% in Canada (December 31, 2018 – 27%) and 28% in Peru (December 31, 2018 – 28%).

Rokmaster Resources Corp.

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14. Income Taxes – Continued

- c. The Company's unrecognized deductible temporary differences and unused tax losses consist of the following:

	December 31, 2019	December 31, 2018
Non-capital loss carry-forwards	\$ 11,161,647	\$ 10,829,221
Capital loss carry-forwards	27,210	-
Share issue costs	11,707	13,603
Exploration and evaluation assets	375,404	346,867
Equipment	4,276	4,276
Unrecognized deductible temporary differences	\$ 11,580,244	\$ 11,193,967

- d. As at December 31, 2019, the Company had non-capital losses of approximately \$10,150,000 (December 31, 2018 - \$9,786,000) and had resource-related amounts available, subject to certain restrictions, for deduction against future taxable income in Canada. The non-capital losses expire as follows:

Year	December 31, 2019
2029	\$ 232,000
2030	334,000
2031	460,000
2032	1,329,000
2033	1,998,000
2034	2,720,000
2035	432,000
2036	761,000
2037	1,064,000
2038	456,000
2039	364,000
Unrecognized deductible temporary differences	\$ 10,150,000

The Company's Peruvian subsidiaries also have, as at December 31, 2019, approximately \$1,012,000 (December 31, 2018 - \$1,043,000) in non-capital losses that may be carried forward indefinitely until applied to reduce future years' taxable income, but only up to 50% of taxable income in a given year.

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15. Financial Instruments

Classification and Measurement

The Company classifies its cash, amounts receivable (excluding sales tax receivable) and reclamation bonds as financial assets measured at amortized costs and its marketable securities as financial assets measured at fair value through profit or loss. Accounts payable and accrued liabilities and loans payable are classified as other financial liabilities measured at amortized cost.

As of December 31, 2019, the statement of financial position carrying amounts of these financial instruments closely approximate their fair values, except for accounts payable and accrued liabilities, and loans payable where the fair value may be less than carrying amounts due to liquidity risks (*Note 1*).

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following provides the valuation method of the Company's financial instruments as at December 31, 2019 and December 31, 2018:

	Level	As at December 31, 2019	As at December 31, 2018
Financial assets at amortized cost	1	\$ 34,375	\$ 48,337
Financial assets at FVOCI	1	\$ -	\$ -
Financial assets at FVTPL	1	\$ -	\$ 28,500
Other financial liabilities at amortized cost	1	\$ 1,064,524	\$ 831,789

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, reclamation bonds and amounts receivable (excluding sales tax receivable). The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk. The Company deposits its cash with a high credit quality major Canadian financial institution as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

Rokmaster Resources Corp.

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15. Financial Instruments – Continued

Financial Risk Management – Continued

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. As at December 31, 2019, the Company had cash of \$20,875 to settle current liabilities of \$1,064,524. Further information relating to liquidity risk is disclosed in Notes 1 and Notes 18d and 18e.

Market Risks

The significant market risks to which the Company is exposed are currency and interest rate risks.

The operating results and financial position of the Company are reported in Canadian dollars. As the Company conducts exploration and property examinations primarily in Canada and may from time to time conduct property examination in other countries outside of Canada, some of the Company's transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks. The Company has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions for property examinations incurred in other countries outside of Canada is not significant and therefore does not hedge its foreign exchange risk.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash is not subject to interest rate risk since it does not bear interest.

16. Contingency

The Company is committed to making severance payments amounting to approximately \$270,000 to certain officers and directors of the Company in the event that there is a change in control. Change in control is generally defined as follows: the acquisition by any unrelated party between 30% to 50% of the Company's shares, the change of 51% or more of the directors, the sale of all or substantially all of the assets of the Company, and/or a reorganization, merger or other transaction.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

17. Segmented Information

The Company conducts its business in a single operating segment: the acquisition, exploration and development of mineral properties.

The following geographic data references assets based on their physical location:

Total Assets	December 31, 2019	December 31, 2018
Canada	\$ 777,346	\$ 825,751
Peru	-	-
	\$ 777,346	\$ 825,751

The following geographic data references net loss based on location of expenditures:

Net Loss (Income)	For the year ended December 31, 2019	For the year ended December 31, 2018
Canada	\$ 427,027	\$ 569,399
Peru	-	-
	\$ 427,027	\$ 569,399

18. Events After the Reporting Period

- (a) On January 2, 2020, the Company granted 900,000 stock options to directors, officers and consultants of the Company. The stock options are exercisable for a period of ten years, expiring on January 2, 2030, with an exercise price of \$0.08 per common share.
- (b) On February 24, 2020, the Company received TSX.V approval of its definitive option agreement (the "Option Agreement") dated December 23, 2019 with Huakan International Mining Inc. ("Huakan") and Huakan's shareholders pursuant to which Huakan has granted to the Company an option (the "Option") to acquire a 100% interest in Huakan's J&L Property in southeastern British Columbia (the "Property").

The Company can exercise the Option by paying Huakan an aggregate of \$44,200,000 in cash on the following schedule (the "Option Period"):

1. \$200,000 (paid) within 5 business days of the date on which the Company has obtained TSX.V acceptance of the Option Agreement (the "Effective Date");
2. an additional \$1,000,000 within 5 business days of the first anniversary of the Effective Date;
3. an additional \$4,000,000 within 5 business days of the second anniversary of the Effective Date;
4. an additional \$6,000,000 within 5 business days of the third anniversary of the Effective Date;
5. an additional \$13,000,000 within 5 business days of the fourth anniversary of the Effective Date; and
6. an additional \$20,000,000 within 5 business days of the fifth anniversary of the Effective Date.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

18. Events After the Reporting Period – *Continued*

(b) Option Agreement with Huakan - *continued*

In addition, to maintain the Option, the Company is to complete an updated Preliminary Economic Assessment (the "Updated PEA") on the Project on or before the first anniversary of the Effective Date. If and when the Company has satisfied the aforementioned Option exercise conditions, the Company would have the right and option, in lieu of acquiring the Project assets, to instead acquire all of Huakan's issued and outstanding shares from Huakan's shareholders for a nominal amount of \$1.

A finder's fee equal to 3% of the value of any cash payment to be made by the Company to Huakan pursuant to the Option Agreement, which finder's fee is payable in cash or in common shares of the Company, at the option of the Company.

(c) On January 27, 2020, the TSX.V approved the Company entering into two loan agreements (the "Loan Agreements") with two lenders (the "Lenders") pursuant to which the Company will borrow \$105,000 from each Lender (an aggregate of \$210,000) (the "Loans"). One of the Lenders is a company controlled by a director of the Company. The Loans will bear interest of 8% per annum. The maturity date of the Loans will be October 25, 2020, the date that is 8 months following the date that the Lenders provided the Loans to the Company. As inducement for the Loans, the Company issued 1,300,000 share purchase warrants to each Lender (an aggregate of 2,600,000 share purchase warrants) (the "Loan Bonus Warrants.") Each Loan Bonus Warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.08 until October 25, 2020. As at December 31, 2019, \$209,985 was being held in trust on the Company's behalf. On June 8, 2020, the Loans were repaid prior to their maturity without penalty.

(d) Subsequent to the year ended December 31, 2019, the Company completed a non-brokered private placement for aggregate gross proceeds of \$700,000 by issuing 11,666,667 units at \$0.06 per unit. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.10 for a period of two years from the date of closing of the private placement and subject to an acceleration clause.

In connection with this private placement, the Company paid \$23,280 in cash finders' fees and issued 388,000 finders' options to purchase one unit at a price of \$0.06 for a period of one year until March 4, 2021.

(e) On April 20, 2020, the Company granted 1,450,000 stock options to directors, officers, consultants and advisors of the Company. The stock options are exercisable for a period of five years, expiring on April 20, 2025, with an exercise price of \$0.15 per common share.

(f) In April 2020, the Company acquired a 100% interest in two mineral claims for a cash payment of \$25,000 to expand its Revel Ridge Property.

(g) On June 12, 2020, the Company granted 600,000 stock options to consultants of the Company. The stock options are exercisable for a period of three years, expiring on June 12, 2023, with an exercise price of \$0.20 per common share.

(h) Subsequent to the year ended December 31, 2019, the Company completed a non-brokered private placement for aggregate gross proceeds of \$4,515,000 (the "Financing") involving the issuance of flow-through units (the "Flow-Through Units") and non-flow-through units (the "Non-Flow-Through Units" and together with the Flow-Through Units, the "Units"). Pursuant to the Financing, the Company issued a total of 8,888,889 Flow-Through Units at \$0.225 per unit, for gross proceeds of \$2,000,000, and 11,431,819 Non-Flow-Through Units at \$0.22 per unit, for gross proceeds of \$2,515,000.

Rokmaster Resources Corp.

Notes to the Consolidated Financial Statements

(Stated in Canadian Dollars Unless Noted Otherwise)

18. Events After the Reporting Period – *Continued*

Each Flow-Through Unit is comprised of one flow-through common share of the Company (a “Flow-Through Share”) and one transferrable share purchase warrant to purchase one non-flow-through common share of the Company (a “Warrant Share”) at a price of \$0.30 per Warrant Share for a period of three years. Each Non-Flow-Through Unit is comprised of one common share of the Company (a “Common Share”) and one transferrable share purchase warrant (a “NFT Warrant”) to purchase one Warrant Share at a price of \$0.30 for a period of three years, subject to an acceleration provision.

In connection with this private placement, the Company paid \$354,032 in cash finders’ fees and issued 1,585,875 finders’ options. Each finders’ option issued in respect of a flow-through unit and a non-flow-through unit entitles the finder to purchase one non-flow-through unit at a price of \$0.225 and \$0.22, respectively, for three years between May 22, 2023 and June 12, 2023.

- (i) Subsequent to the year ended December 31, 2019, the Company issued 150,000 common shares for proceeds of \$12,000 pursuant to the exercise of 100,000 share purchase warrants at a price of \$0.07 per share and 50,000 share purchase warrants at a price of \$0.10 per share.
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