

ROKMASTER RESOURCES CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

(Unaudited – Prepared by Management)

(Stated in Canadian Dollars Unless Noted Otherwise)

NOTICE TO READER

These condensed interim consolidated financial statements have been prepared by the management of Rokmaster Resources Corp. and have not been reviewed by the auditors of Rokmaster Resources Corp.

Rokmaster Resources Corp.

Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)
(Stated in Canadian Dollars Unless Noted Otherwise)

| | As at March 31, 2020 | As at December 31, 2019 |
|-----------------------------|-------------------------|----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 233,577 | \$ 20,875 |
| Amounts receivable (Note 5) | 26,533 | 21,933 |
| Prepays | 68,538 | 5,538 |
| | 328,648 | 48,346 |
| Non-current assets: | | |
| Reclamation bonds (Note 6) | 13,500 | 13,500 |
| Mineral interests (Note 7a) | 915,500 | 715,500 |
| Total Assets | \$ 1,257,648 | \$ 777,346 |

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

| | | |
|--|------------------|------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (Note 11) | \$ 841,665 | \$ 856,420 |
| Loans payable (Note 9) | 211,611 | 208,104 |
| Total Liabilities | 1,053,276 | 1,064,524 |

SHAREHOLDERS' EQUITY (DEFICIENCY)

| | | |
|---|---------------------|-------------------|
| Share capital (Note 10) | 7,671,217 | 7,377,651 |
| Share-based payments reserve | 3,589,469 | 3,161,530 |
| Accumulated deficit | (11,056,314) | (10,826,359) |
| Total Shareholders' Equity (Deficiency) | 204,372 | (287,178) |
| Total Liabilities and Shareholders' Deficiency | \$ 1,257,648 | \$ 777,346 |

Nature of Operations and Going Concern (Note 1)

Contingency (Note 14)

Events After the Reporting Period (Note 16)

ON BEHALF OF THE BOARD:

"John Mirko", Director

"Michael Cowin", Director

- See Accompanying Notes to the Interim Consolidated Financial Statements -

Rokmaster Resources Corp.

Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)
 (Stated in Canadian Dollars Unless Noted Otherwise)

| | For the Three months ended March 31, 2020 | For the Three months ended March 31, 2019 |
|---|---|---|
| Expenses | | |
| Consulting fees (Note 11) | \$ 62,900 | \$ 55,200 |
| Corporate listing and filings fees | 9,434 | 866 |
| Exploration and evaluation expenditures (Note 7b) | 22,833 | 1,981 |
| Office and general | 15,807 | 4,485 |
| Professional fees | 21,448 | 290 |
| Rent | 7,500 | 7,400 |
| Share-based compensation (Note 10e) | 70,145 | 9,102 |
| Travel, public and shareholder relations and conferences | 18,277 | 9,500 |
| Loss From Operations | (228,344) | (88,824) |
| Other Expense | | |
| Interest expense | 1,611 | 4,216 |
| Change in fair value of marketable securities | - | 4,750 |
| Total Other Expense | (1,611) | (8,966) |
| Net Loss and Comprehensive Loss for the Period | (229,955) | (97,790) |
| Basic Loss per Common Share | \$ (0.00) | \$ (0.00) |
| Weighted Average Number of Common Shares Outstanding | 33,567,428 | 24,524,662 |

- See Accompanying Notes to the Interim Consolidated Financial Statements -

Rokmaster Resources Corp.

Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)
 (Stated in Canadian Dollars Unless Noted Otherwise)

| | For the three months ended March 31, 2020 | For the three months ended March 31, 2019 |
|---|---|---|
| Operating Activities | | |
| Net loss for the period | \$ (229,955) | \$ (97,790) |
| Items not affected by cash: | | |
| Share-based compensation | 70,145 | 9,102 |
| Interest expense | 3,507 | 4,216 |
| Change in fair value on marketable securities | - | 4,750 |
| Changes in non-cash working capital: | | |
| Amounts receivable | (4,600) | (17,872) |
| Prepays and deposits | (63,000) | 6,477 |
| Accounts payable and accrued liabilities | (14,755) | 65,844 |
| Cash used in operating activities | (238,658) | (19,807) |
| Investing Activities | | |
| Acquisition of mineral interests | (200,000) | - |
| Cash used in investing activities | (200,000) | - |
| Financing Activities | | |
| Proceeds from share issuance | 700,000 | - |
| Share issue costs | (48,640) | - |
| Cash provided by financing activities | 651,360 | - |
| Net Decrease in Cash | 212,702 | (19,807) |
| Cash - Beginning of the Period | 20,875 | 34,837 |
| Cash - End of the Period | \$ 233,577 | \$ 15,030 |

- See Accompanying Notes to the Interim Consolidated Financial Statements -

Rokmaster Resources Corp.

Interim Consolidated Statements of Shareholders' Equity (Deficiency)

(Unaudited – Prepared by Management)

(Stated in Canadian Dollars Unless Noted Otherwise)

| | Share Capital | | Share-Based Payments Reserve | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|---|-------------------|---------------------|------------------------------------|---|------------------------|-------------------|
| | # of Shares | Amount | | | | |
| Balance at December 31, 2018 | 24,524,662 | \$ 7,275,653 | \$ 3,117,641 | - | \$ (10,399,332) | \$ (6,038) |
| Fair value of share-based compensation | - | - | 9,102 | - | - | 9,102 |
| Net loss for the period | - | - | - | - | (97,790) | (97,790) |
| Balance at March 31, 2019 | 24,524,662 | \$ 7,275,653 | \$ 3,126,743 | - | \$ (10,497,122) | \$ (94,726) |
| Balance at December 31, 2019 | 27,999,662 | \$ 7,377,651 | \$ 3,161,530 | - | \$ (10,826,359) | \$ (287,178) |
| Shares issued for cash | 11,666,667 | 700,000 | - | - | - | 700,000 |
| Share issue costs | - | (48,640) | - | - | - | (48,640) |
| Fair value of warrants issued from financing | - | (357,794) | 357,794 | - | - | - |
| Fair value of share-based compensation | - | - | 70,145 | - | - | 70,145 |
| Net loss for the period | - | - | - | - | (229,955) | (229,955) |
| Balance at March 31, 2020 | 39,666,329 | \$ 7,671,217 | \$ 3,589,469 | - | \$ (11,056,314) | \$ 204,372 |

- See Accompanying Notes to the Interim Consolidated Financial Statements -

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
(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 condensed interim 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 \$11,056,314 and a working capital deficiency of \$724,628 at March 31, 2020. 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 16d and 16e*). 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 condensed interim 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

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company’s most recent annual consolidated financial statements as at and for the year ended December 31, 2019, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2020.

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
(Stated in Canadian Dollars Unless Noted Otherwise)

2. Basis of Presentation - *Continued*

a. Statement of Compliance - *Continued*

These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2019. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of these condensed interim consolidated financial statements.

b. Approval of the Financial Statements

The condensed interim consolidated financial statements of Rokmaster for the three months ended March 31, 2020 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 16, 2020.

3. New, Amended and Future IFRS Pronouncements

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.

The Company adopted IFRS 3 effective January 1, 2020 and the adoption had no impact on the Company's results of operations, financial position, and disclosures.

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.

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Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
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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, Duncan Lake and Revel Ridge 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.

5. Amounts Receivable

| | March 31, 2020 | December 31, 2019 |
|----------------------|----------------|-------------------|
| Sales tax receivable | \$ 26,533 | \$ 21,933 |
| Other | - | - |
| Total | \$ 26,533 | \$ 21,933 |

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

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
(Stated in Canadian Dollars Unless Noted Otherwise)

6. Reclamation Bonds

As at March 31, 2020, the Company had deposited \$3,500 (December 31, 2019 - \$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, 2019 - \$10,000) with respect to the Duncan Lake Zinc-Lead Project.

7. Mineral Interests

- a. Details of mineral interests capitalized for the three months ended March 31, 2020 and years ended December 31, 2018 and December 31, 2019 are as follows:

| | Duncan Lake | Big Copper | Revel Ridge | Total |
|---|-------------------|------------------|-------------------|-------------------|
| Balance – December 31, 2018 and December 31, 2019 | \$ 646,000 | \$ 69,500 | \$ - | \$ 715,500 |
| Cash | - | - | 200,000 | \$ 200,000 |
| Balance – March 31, 2020 | \$ 646,000 | \$ 69,500 | \$ 200,000 | \$ 915,500 |

- b. Details of cumulative exploration and evaluation expenditures for the three months ended March 31, 2020 and March 31, 2019 are as follows:

| | Duncan Lake (Note 7c) | Revel Ridge (Note 7e) | Big Copper and Other Exploration Expenditures (Notes 7d & 7f) | Total |
|------------------------------------|--------------------------|--------------------------|--|---------------------|
| Field costs | \$ 352 | \$ - | \$ - | \$ 352 |
| Geological consulting | - | 22,481 | - | 22,481 |
| Expenditures for the period | 352 | 22,481 | - | 22,833 |
| Balance – beginning of period | 162,643 | \$ - | \$ 2,747,791 | \$ 2,910,434 |
| Balance – March 31, 2020 | \$ 162,995 | \$ 22,481 | \$ 2,747,791 | \$ 2,933,267 |

| | Duncan Lake (Note 7c) | Revel Ridge (Note 7e) | Big Copper and Other Exploration Expenditures (Notes 7d & 7f) | Total |
|---------------------------------|--------------------------|--------------------------|--|---------------------|
| Assaying and sampling | \$ 741 | \$ - | \$ - | \$ 741 |
| Geological consulting | 1,240 | - | - | 1,240 |
| Expenditures for the period | 1,981 | - | - | 1,981 |
| Balance – beginning of period | 125,791 | \$ - | \$ 2,736,106 | \$ 2,861,897 |
| Balance – March 31, 2019 | \$ 127,772 | \$ - | \$ 2,736,106 | \$ 2,863,878 |

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
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7. 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 nine contiguous mineral claims covering 1,648 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, Rokmaster 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 Rokmaster as an entirety or substantially as an entirety to another corporation or entity that is subject to shareholder approval of Rokmaster.

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
(Stated in Canadian Dollars Unless Noted Otherwise)

7. 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 thereof, only an aggregate of 6 million Common Shares would be issued to the holders of the Series C Special Warrants upon exercise thereof. 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 Rokmaster 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 620 hectares by issuing 90,000 Rokmaster 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 Rokmaster and 45% to the vendors.

e. Revel Ridge Project, Canada

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 Interim Consolidated Financial Statements

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7. Mineral Interests - Continued

e. Revel Ridge Project, Canada - 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.

f. 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 March 31, 2020, the Company has no other options to acquire interests in any mineral properties.

8. Accounts Payable and Accrued Liabilities

| | March 31, 2019 | December 31, 2018 |
|------------------|----------------|-------------------|
| Trade payables | \$ 697,370 | \$ 506,090 |
| Accrued expenses | 143,305 | 132,705 |
| Other | 1,990 | 1,990 |
| Total | \$ 841,665 | \$ 640,785 |

9. Loans Payable

As at March 31, 2020, \$nil (December 31, 2019 - \$208,104) is the balance, including accrued interest, of the three short-term loans from a former director of the Company. During the quarter ended March 31, 2020, the Company repaid all three loans plus interests in the aggregate of \$215,000.

During the quarter ended March 31, 2020, the Company entered into two loan agreements (the "Loan Agreements") with two lenders (the "Lenders") pursuant to which the Company borrowed \$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. 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 March 31, 2020, \$1,611 was the interest accrued on the Loans. On June 8, 2020, the Loans were repaid in full prior to their maturity without penalty.

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

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10. 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 condensed interim 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. 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.

- b. Incentive Stock Options - *Continued*

Details of issued and outstanding stock options are as follows:

| | Number of Options | Weighted Average Exercise Price |
|---------------------------------|-------------------|---------------------------------|
| Balance – 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 |
| Granted | 900,000 | \$0.08 |
| Expired | (240,000) | \$0.30 |
| Balance – March 31, 2020 | 2,510,000 | \$0.23 |

At March 31, 2020, 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 | 1,360,000 | 1.84 |
| March 25, 2024 | \$0.06 | 250,000 | 3.99 |
| January 2, 2030 | \$0.08 | 900,000 | 9.76 |
| | | 2,510,000 | 4.89 |

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
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10. Share Capital - Continued

c. Share Purchase Warrants

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

| | Number of Warrants | Weighted Average Exercise Price |
|---------------------------------|--------------------|---------------------------------|
| 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 |
| Issued | 14,266,667 | \$0.10 |
| Balance – March 31, 2020 | 17,341,667 | \$0.20 |

At March 31, 2020, 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 | 0.30 |
| August 21, 2020 | \$0.07 | 2,325,000 | 0.40 |
| October 25, 2020 | \$0.08 | 2,600,000 | 0.57 |
| January 28, 2022 | \$0.10 | 5,000,000 | 1.84 |
| March 4, 2022 | \$0.10 | 6,666,667 | 1.93 |
| | | 17,341,667 | 1.42 |

d. 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 8b) | 2,400,000 | January 17, 2027 |
| Issued – Series B (Note 8b) | 2,400,000 | January 17, 2032 |
| Issued – Series C (Note 8b) | 2,400,000 | January 17, 2037 |
| Balance – December 31, 2017, December 31, 2018 December 31, 2019 and March 31, 2020 | 7,200,000 | |

Rokmaster Resources Corp.

Notes to the Interim Consolidated Financial Statements

(Unaudited – Prepared by Management)
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10. Share Capital - Continued

e. Share-Based Payments

On January 2, 2020, the Company granted 900,000 incentive stock options to director, officers and consultant and all of which vested at the date of grant. The options are exercisable at \$0.08 per share and will expire on January 2, 2030. The fair value of these options was \$70,145 and was recognized as share-based compensation expense during the period ended March 31, 2020. The corresponding share-based compensation expense has a weighted average fair value of \$0.08 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

| Assumptions | |
|---|----------|
| Risk-free interest rate | 1.62% |
| Expected stock price volatility | 139.02% |
| Expected dividend yield and forfeiture rate | 0.00% |
| Expected life of options | 10 years |

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 period ended March 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 |

f. Finder's Options

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

| | Number of Finders' Options | Expiry Date |
|---------------------------------|-------------------------------|---------------------------------------|
| Balance – December 31, 2019 | - | N/A |
| Issued | 744,000 | January 28, 2021 and March 4, 2021 |
| Balance – March 31, 2020 | 744,000 | |

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10. Share Capital - Continued

g. Private Placements

On January 28, 2020, the Company closed a non-brokered private placement by issuing 5,000,000 units at \$0.06 per unit (a "Unit") for gross proceeds of \$300,000. 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 \$0.10 for a period of two years 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 30 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 \$172,213 based on the Black-Scholes Method using the assumptions noted below:

Assumptions

| | |
|---------------------------------|---------|
| Risk-free interest rate | 1.48% |
| Expected stock price volatility | 146.83% |
| Expected dividend yield | 0.00% |
| Expected life of warrants | 2 year |

In connection with this private placement, the Company incurred \$21,360 in cash share issuance costs and issued 356,000 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.

On March 4, 2020, the Company closed a non-brokered private placement by issuing 6,666,667 units at \$0.06 per unit (a "Unit") for gross proceeds of \$400,000. 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 \$0.10 for a period of two years 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 30 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 \$179,581 based on the Black-Scholes Method using the assumptions noted below:

Assumptions

| | |
|---------------------------------|---------|
| Risk-free interest rate | 0.92% |
| Expected stock price volatility | 160.53% |
| Expected dividend yield | 0.00% |
| Expected life of warrants | 2 year |

In connection with this private placement, the Company incurred \$23,260 in cash share issuance costs and issued 388,000 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.

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11. Related Party Transactions

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

As at March 31, 2020, 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 |
| Other Directors | Directorship |

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

| | Notes | For the three months ended March 31, 2020 | For the three months ended March 31, 2019 |
|--|-------|---|---|
| Consulting fees | (i) | \$ 48,000 | \$ 48,000 |
| Geological consulting fees included in exploration and evaluation expenditures | (ii) | - | - |
| | | \$ 48,800 | \$ 48,000 |

- (i) During the three months ended March 31, 2020, the Company paid or accrued management consulting fees \$30,000 (March 31, 2019 - \$30,000) to John Mirko, and management and financial consulting fees of \$18,000 (March 31, 2019 - \$18,000) to 0909074.
- (ii) During the three months ended March 31, 2020, the Company paid or accrued geological consulting fees of \$nil (March 31, 2019 - \$nil) to John Mirko.

Included in accounts payable and accrued liabilities as at March 31, 2020 are:

- \$81,428 (December 31, 2019 - \$81,428) owing to Canam for management and geological consulting fees;
- \$357,829 (December 31, 2019 - \$354,829) owing to the Company's CEO for reimbursable expenses and management and geological consulting fees; and
- \$178,900 (December 31, 2019 - \$172,600) owing to 0909074 for management and financial consulting fees.

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11. Related Party Transactions – Continued

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.

The remuneration of the Company's key management personnel for the three months ended March 31, 2020 and 2019 are as follows:

| | Notes | March 31, 2020 | March 31, 2019 |
|---|-------|-------------------|-------------------|
| Management, director and geological consulting fees | (i) | \$ 48,000 | \$ 48,000 |
| Share-based Compensation | (ii) | 38,969 | 9,102 |
| Total | | \$ 86,969 | \$ 57,102 |

- (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 three months ended March 31, 2020 and 2019.

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.

12. 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 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 property in which the Company currently holds an interest is 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.

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12. Capital Management – *Continued*

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.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2020 compared to the year ended to December 31, 2019. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

13. 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 March 31, 2020, 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).

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13. Financial Instruments – Continued

The following provides the valuation method of the Company's financial instruments as at March 31, 2020 and December 31, 2019:

| | Level | As at March 31, 2020 | As at December 31, 2019 |
|---|-------|-------------------------|----------------------------|
| Financial assets at amortized cost | 1 | \$ 247,077 | \$ 34,375 |
| Other financial liabilities at amortized cost | 1 | \$ 1,053,276 | \$ 1,064,524 |

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, short-term investment, reclamation bonds and amounts 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.

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 March 31, 2020, the Company had cash of \$233,577 to settle current liabilities of \$1,053,276. Further information relating to liquidity risk is disclosed in Note 1.

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 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. The Company's interest rate risk arises primarily from interest earned on the short-term investment. Cash is not subject to interest rate risk since it does not bear interest.

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14. 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.

15. 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 | March 31, 2020 | December 31, 2019 |
|---------------------|-----------------------|-------------------|
| Canada | \$ 1,257,648 | \$ 777,346 |
| Peru | - | - |
| | \$ 1,257,648 | \$ 777,346 |

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

| Net Loss | For the three months ended March 31, 2020 | For the three months ended March 31, 2019 |
|-----------------|--|---|
| Canada | \$ 229,955 | \$ 97,790 |
| Peru | - | - |
| | \$ 229,955 | \$ 97,790 |

16. Events After the Reporting Period

- 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.
- 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.
- 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.

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16. Events After the Reporting Period

- (d) Subsequent to March 31, 2020, 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.

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.

- (e) Subsequent to March 31, 2020, the Company issued 650,000 common shares for proceeds of \$62,000 pursuant to the exercise of 100,000 share purchase warrants at a price of \$0.07 per share and 550,000 share purchase warrants at a price of \$0.10 per share.