
RICHMOND MINERALS INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
PERIODS ENDED NOVEMBER 30, 2017 AND NOVEMBER 30, 2016

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Consolidated Statements of Financial Position

(In Canadian dollars)

As at:	Note	Nov 30, 2017	May 31, 2017
<u>ASSETS</u>			
Current			
Cash and equivalents		\$67,082	\$153,032
Cash held for future exploration	5	13,823	52,860
Marketable securities	6	2,317	41,517
Interest and sundry receivables		66,102	55,456
Deposits and prepaid expenses		5,000	0
Loan Receivable		0	0
		\$154,324	\$302,865
Non-current			
Property, plant and equipment		\$4,474	\$4,957
Mineral Properties	7	1,100,872	711,642
		\$1,105,256	\$716,599
		\$1,259,580	\$1,019,464
<u>LIABILITIES</u>			
Current			
Accounts payable and accrued liabilities	11	\$16,547	\$35,916
Advances Received in Private Placement		(216,331)	0
Flow-through share liability		13,823	19,262
		(\$185,961)	\$55,178
Loan Payable	11	(393)	0
		(\$186,354)	\$55,178
<u>SHAREHOLDERS' EQUITY</u>			
Stated capital	8	\$17,510,023	\$16,962,193
Contributed surplus	8	846,422	845,033
Deficit		(\$16,910,512)	(\$16,842,940)
		\$1,445,933	\$964,286
		\$1,259,580	\$1,019,464
/s/ Franz Kozich		/s/ Victoria Kuklina	
Director		Chief Financial Officer	

Accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Consolidated Statements of Comprehensive Loss

(In Canadian dollars)

	Note	Three months ended		Six months ended	
		Nov 30, 2017	Nov 30, 2016	Nov 30, 2017	Nov 30, 2016
Expenses					
Management fees	11	\$21,059	\$38,626	\$37,559	\$47,628
Professional fees		7,938	19,530	49,085	25,730
Regulatory fees		12,443	7,259	21,433	12,556
Administrative and general		19,851	10,661	57,048	26,743
Interest and Bank charges	11	1,411	(1,236)	1,471	1,672
Amortization expense		235	289	483	593
Fair Value Adjustment of marketable securities	9	(19,430)	72,495	(72,803)	37,945
Write down of mining claims		-	-	-	-
Share-based compensation		-	-	-	-
		\$43,508	\$147,625	\$94,276	\$152,867
Loss/ (Gain) on sale of financial instruments		\$66,295	\$8,580	\$66,295	\$8,580
Loss on sale of land		-	-	-	-
Other income		-	-	-	-
Net loss before income tax		\$109,803	\$156,205	\$160,571	\$161,447
Deferred income tax		(55,305)	(5,203)	(69,751)	(5,203)
Income tax expense		(18,435)	(1,734)	(23,250)	(1,734)
Net Loss and comprehensive loss		\$36,063	\$149,268	\$67,571	\$154,510
Income/ (Loss) per share					
Basic		(\$0.001)	(\$0.003)	(\$0.001)	(\$0.003)
Diluted		(\$0.001)	(\$0.003)	(\$0.001)	(\$0.003)
Weighted average number of shares outstanding					
Basic	3	57,189,991	46,502,236	58,731,576	45,015,075
Diluted	3	57,189,991	46,502,236	58,731,576	45,015,075

Accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Consolidated Statements of Cash Flows*(In Canadian dollars)*

	For the Six Months Ended	
	Nov 30, 2017	Nov 30, 2016
Cash provided by (used in):		
Operating activities:		
Loss for the year	(\$67,571)	(\$154,510)
Add (deduct): Items not requiring an outlay of cash		
Depreciation	483	593
Adjustment of fair value of marketable securities	(72,803)	37,945
Flow-through liability	(87,563)	-
Loss on sale of financial instruments	66,925	-
Changes in non - cash operating working capital:		
Deposits and prepaid expenses	(5,000)	11,420
Amounts receivable	(10,646)	(30,621)
Deferred tax liability	-	(6,936)
Accounts payable	(19,369)	20,987
	<u>(\$195,543)</u>	<u>(\$112,542)</u>
Investing activities:		
Purchase of marketable securities	\$0	\$0
Expenditures on mining properties	(339,140)	(235,699)
Proceeds on sale of marketable securities	43,933	10,608
	<u>(\$295,207)</u>	<u>(\$225,091)</u>
Financing activities:		
Loan receivable, net	-	3,400
Repayment of loan	(393)	-
Cash received in advance on private placement	(216,331)	-
Cash held for future exploration	39,037	6,936
Issuance of capital stock	582,487	250,149
	<u>\$404,801</u>	<u>\$260,485</u>
Increase (decrease) in cash and cash equivalents	(\$85,949)	(\$77,150)
Cash and cash equivalents, beginning of year	\$153,032	\$142,860
Cash and cash equivalents, end of period	\$67,083	\$65,710
Supplemental cash flow information		
Non cash investing and financing activities		
Common shares issued for debt	50,000	\$0
Common shares issued for exploration properties	1,000,000	-
Cash paid for:		
Income taxes	\$0	-
Interest	\$0	-

Accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Consolidated Statements of Shareholders' Equity

(In Canadian dollars)

	Number of Common Shares	Capital Stock: Common Shares	Capital Stock: Warrants	Contributed Surplus	Total Capital	Retained Earnings (Deficit)	Total
Balance, May 31, 2016	43,544,078	\$16,137,924	\$287,760	\$842,636	\$17,268,320	(\$16,553,102)	\$715,218
Net Income After Tax	-	-	-	-	-	(\$154,510)	(\$154,510)
Issuance for cash	46,951,577	204,306	60,308	-	264,614	-	264,614
Finder's fee	-	(10,000)	(4,465)	-	(14,465)	-	(14,465)
Balance, Nov 30, 2016	90,495,655	\$16,332,230	\$343,603	\$842,636	\$17,518,469	(\$16,707,612)	\$810,857
Balance, May 31, 2017	53,521,576	\$16,510,832	\$451,361	\$845,033	\$17,807,226	(\$16,842,940)	\$964,286
Net Income After Tax	-	-	-	-	-	(67,571)	(67,571)
Issuance for cash	8,735,198	393,984	100,940	-	494,922	-	494,922
Issued on debt settlement	50,000	8,250	-	-	8,250	-	8,250
Warrants expired	-	-	(1,389)	1,389	-	-	-
Finder's fee	-	(3,955)	-	-	(3,955)	-	(3,955)
Issuance for Mining property	1,000,000	50,000	-	-	50,000	-	50,000
Balance, Nov 30, 2017	63,306,774	\$16,959,112	\$550,912	\$846,422	\$18,356,445	(\$16,910,511)	\$1,445,933

Accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Nature of Operations and Going Concern

Richmond Minerals Inc. (the “Company”) was incorporated under the laws of the Province of Ontario and is listed on the TSX Venture Exchange under symbol (RMD). The Company’s head office and primary place of business is located at 133 Richmond Street West, Suite 403, Toronto, ON, CA, M5H 2L3.

These unaudited condensed consolidated interim financial statements of the Company were authorized for issue in accordance with a resolution of the directors on January 29th, 2018.

The Company is engaged in base and precious metal mining and related activities, including exploration and development in Northern Ontario and Quebec. The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, under which material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern must be disclosed. As at November 30, 2017, the Company has not achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company’s liabilities as they become payable. The Company has a working capital surplus at period end in the amount of \$340,678 and has accumulated losses since inception in the amount of \$16,910,512. The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities is dependent on the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to fund its operations, and the future production or proceeds from developed properties. These unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in these unaudited condensed consolidated interim financial statements. These adjustments could be material.

2. Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s most recently issued Annual Report which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies were presented in Note 3 of the consolidated financial statements for the year ended May 31, 2017, and have been consistently applied in the preparation of these interim financial statements.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Significant Accounting Policies

The below-described accounting policies have been applied to all of the periods presented in these consolidated financial statements. These policies are the published IFRS accounting policies and the current issued and adopted interpretations applied to fiscal years beginning on or after January 1, 2013.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 3 – Significant Accounting Policies Continued

(i) Basis of Preparation

The consolidated financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements*.

The Company has elected to present the 'Statement of Comprehensive Loss' as a single financial statement with its Statement of Income, titled 'Consolidated Statement of Comprehensive Loss'.

(ii) Basis of Consolidation

The consolidated financial statements incorporate the Company's accounts and proportionally consolidated interest in the Fort Chimo joint venture. The Company does not have any subsidiaries.

(iii) Foreign Currency

The Company's presentation currency is the Canadian Dollar ("CAD"). The functional currency of the Company and the Fort Chimo Joint Venture is the Canadian Dollar.

Monetary assets and liabilities that are denominated in a currency other than the Company's functional currency are translated using the exchange rate in effect on the reporting date, whereas non-monetary items are translated using historical exchange rates. Expenses, if any, are translated at the exchange rate in effect on the transaction date. Exchange differences, if any, are recognized in profit or loss in the period in which they arise in other gains/losses.

(iv) Cash and Cash Equivalents

The cash and cash equivalents item includes cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant.

(v) Interest Income

Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on the basis of time that has passed, by reference to the principal outstanding and at the effective interest rate applicable.

(vi) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 8(ii) below.

The fair value determined at the grant date of the equity-settled share-based payments is expensed to the Consolidated Statement of Comprehensive Loss over the vesting period, if any, which is the period during which the employee becomes unconditionally entitled to equity instruments. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest, if any.

Equity-settled share-based payment transactions with parties other than employees, if any, are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Share-based payments for goods and services are expensed to the consolidated Statement of Comprehensive Loss when they occur over the vesting period, if they do not vest immediately.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 3 – Significant Accounting Policies Continued

(vii) Income Taxes and Deferred Taxes

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense or benefit is recognized in the consolidated Statement of Comprehensive Loss except to the extent it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Taxable profit or loss differs from profit or loss as reported in the consolidated Statement of Comprehensive Loss because of items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability or recovery for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. To the extent that the Company does not consider it to be probable that taxable profits will be available against which deductible temporary differences can be utilized, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly into equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(viii) Mineral Properties and Exploration and Evaluation (“E&E”) Costs

Exploration and evaluation (E&E) costs are those costs required to find a mineral property and determine commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

Exploration and evaluation costs consist of:

- gathering exploration data through topographical and geological studies;
- exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

Project costs in relation to these activities are capitalized as Exploration and Evaluation assets until such time as the Company expects that the decision is made to develop a mine to extract the mineral reserves within a reasonable period. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement. Once the decision to develop the mine is made, and subject to an impairment analysis, capitalized exploration and evaluation costs are transferred to capitalized costs within property, plant and equipment or intangible assets, as appropriate. The decision to develop a mine may be impacted by management’s assessment of legal, environmental, social and governmental factors.

E&E assets are recorded and measured at initial recognition at cost and are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount of the asset.

(ix) Property and Equipment

Property and equipment are recorded and measured at initial recognition at cost. Amortization is provided on items of property and equipment so as to write off their carrying value over their expected useful economic lives. Amortization is calculated at 20% declining balance.

(x) Impairment of Non-financial Assets Other than Goodwill

The carrying value of the Company’s capitalized E&E assets is assessed for impairment when indicators of such impairment exist. Plant and equipment and intangible assets are assessed for impairment at the end of each reporting period. If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset’s value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment can be considered on the basis of a cash generating unit (“CGU”). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or Company’s other group of assets. The Company has determined that it operates one CGU.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged immediately to the consolidated Statement of Comprehensive Loss so as to reduce the carrying amount to its recoverable amount. Impairment losses related to continuing operations are recognized in the Statement of Comprehensive Loss in those expense categories consistent with the function of the impaired asset.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 3 (x) – Impairment of Non-financial Assets Other than Goodwill Continued

For assets excluding goodwill and indefinite life intangibles, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement. Impairment losses recognized in relation to goodwill or indefinite life intangibles are not reversed for subsequent increases in its recoverable amount.

(xi) Financial Instruments

Financial instruments are classified into one of the following four categories: loans and receivables; fair value through profit or loss; held-to-maturity; and available-for-sale. Financial assets are initially measured at fair value. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications, as follows:

- Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the consolidated Statement of Comprehensive Loss.
- Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized as Other Comprehensive Income ("OCI") in the Statement of Comprehensive Loss, except when there is objective evidence that the asset is impaired, at which point the cumulative loss is recognized within the consolidated Statement of Comprehensive Loss.
- Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method.
- Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a short period, to the net carrying amount on initial recognition.

The Company measures its financial assets and financial liabilities initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company has classified its financial instruments as follows:

<u>Asset/ Liability</u>	<u>Classification</u>	<u>Measurement</u>
Amounts receivable	Loans and receivables	Amortized cost
Cash and cash equivalents	Fair value through profit and loss	Fair value
Marketable securities	Fair value through profit or loss	Fair Value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Loan Payable	Other liabilities	Amortized cost

The Company had no held-to-maturity or available-for-sale financial instruments as at November 30, 2017 and May 31, 2017.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 3 (xi) – Financial Instruments Continued

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and are recognized in the income statement.

The market values of investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations.

The fair values of the Company's cash and cash equivalents, amounts receivable and accounts payable approximate their carrying values because of the immediate or short-term to maturity of these financial instruments.

(xii) Fair Value Hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7. 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).

(xiii) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, if it is probable that the Company will be required to settle the obligation, and if a reliable estimate of the obligation amount can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties related to the obligation. If the effect of the time value of money is material, the provisions are measured at their present value.

The Company does not have any provisions as of the date of this report.

(xiv) Loss per share

Basic earnings per share is calculated by dividing earnings attributable to common shares divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and warrants. The denominator is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all stock options and warrants with exercise prices below the average market price for the year.

Shares issuable on exercise of stock options and warrants totaling 21,482,935 on November 30, 2017 (18,915,844 in May 31, 2017) was not included in the computation of diluted loss per share because the effect would have been anti-dilutive.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 3 – Significant Accounting Policies Continued

(xv) Government grants

Government grants related to assets, including investment tax credits, are recognized in the consolidated statement of financial position as a deduction from the carrying amount of the related asset. They are then recognized in profit or loss over the useful life of the depreciable asset that the grants were used to acquire, as a deduction from the depreciation expense.

Other government grants are recognized in profit or loss as a deduction from the related expense.

(xvi) Flow-through shares

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed pro-rata as expenditures are made and are recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

(xvii) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are unlikely possible obligations or assets resulting from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets and contingent liabilities, if any, are disclosed in the notes under the “Commitments and Contingencies” heading.

(xviii) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, as soon as the obligation to incur such costs arises.

Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Corporation has no material restoration, rehabilitation and environmental costs as at Nov 30, 2017 and May 31, 2017 as the disturbance to date is minimal.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 3 – Significant Accounting Policies Continued

(xix) Accounting judgments and sources of estimation uncertainty

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and relies on assumptions and estimates that affect the amounts of the assets, liabilities and expenses reported in these consolidated financial statements and on the contingent liability and contingent asset information provided. The actual results of items subject to assumptions and estimates may differ from these assumptions and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

a) Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

b) Share-based payment transactions

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

c) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

d) Mineral properties

The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economical reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

The determination of when an exploration asset moves from the exploration stage to the development stage is also subject to management judgement.

e) Restoration rehabilitation and environmental obligations

Management's assumption of no material restoration, rehabilitation and environmental obligations is based on facts and circumstances, which may be open to interpretation that existed during the period.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

4. Accounting Pronouncements

(i) Accounting standards issued for adoption in future period

The following standards have been issued but are not yet effective. The Company is assessing the impact of these new standards, but does not expect them to have a significant impact on the consolidated financial statements.

- IFRS 9 Financial Instruments. The IASB has postponed indefinitely the mandatory adoption of IFRS 9 Financial Instruments, which addresses classification and measurement of financial instruments and replaces the multiple category and measurement models in IAS 39 Financial Instruments - Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss (FVTPL). IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at FVTPL or at fair value through other comprehensive income. The Company has not assessed the impact of the standard or determined whether it will adopt the standard early.

5. Cash held for future exploration

During the quarter ended November 30, 2017, the Company has completed a flow-through financing in the amount of \$233,500 (year ended May 31, 2017: \$308,000). As of November 30, 2017, the Company has spent a cumulative total of \$3,740 on Canadian Exploration Expenditures ("CEE") (year ended May 31, 2017: \$255,140) leaving \$13,823 to be spent on CEE.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

6. Marketable securities

At November 30, 2017 the Company had an investment in the following public company marketable securities which have been classified as Fair Value through Profit and Loss (“FVTPL”).

	# shares	Fair Value
Integra Resources Corp (formerly Mag Copper Ltd.)	640	\$ 1,728
Bitrush Corp.	580,000	589
		<u>\$ 2,317</u>

At May 31, 2017 the Company had an investment in the following public company marketable securities which have been classified as Fair Value through Profit and Loss (“FVTPL”).

	# shares	Fair Value
Fort Chimo Mining/Mag Copper	1,600	128
Bonavista Energy Corp	15,000	40,800
Bitrush Corp.	580,000	589
		<u>41,517</u>

During the current period, a gain in the amount of \$19,430 was recognized on the adjustment of FVTPL financial instruments to market.

7. Mineral Properties

The following is a summary of the Company’s exploration and evaluation properties:

	<u>Nov 30, 2017</u>	<u>May 31, 2017</u>
Opening balance	\$711,642	\$449,566
Current period deferred expenditures	389,140	262,076
Shares issued for mining claims	-	0
Balance end of period	<u>\$1,100,782</u>	<u>\$711,642</u>
	<u>Nov 30, 2017</u>	<u>May 31, 2017</u>
Swayze Area, Porcupine Mining (a)	\$1,095,958	\$711,641
Fort Chimo, net of recoveries (b)	4,824	1
	<u>\$1,100,782</u>	<u>\$711,642</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 7(a) – Mineral Properties Continued

- (a) The Corporation holds a 100% interest in a group of 139 contiguous unpatented mining claims and a 50% interest in 35 claims located in the Swayze Area, Porcupine Mining Division, Ontario

On October 29, 2012 the Corporation staked claims (44 units) in Raney Township in northern Ontario. These 44 units are contiguous with the west boundary of the Company's Swayze Property. Richmond management believes these claims to be prospective for gold mineralization.

On January 21, 2013, litigation began pertaining to the Certificates of Pending Proceeding in which Richmond is a defendant. The Plaintiff's action is a tracing claim alleging the diversion of the Plaintiff's funds from an unrelated exploration program to fund work on the Swayze Property. The plaintiff seeks title to the Swayze Property and financial compensation from Richmond. The litigation concluded at the end of June 2013.

On February 3, 2015 a judgement was reached with the Swayze litigation. The Ontario Superior Court dismissed the plaintiff's claim of an alleged interest in the Swayze Mining Claims. Accordingly, the Certificates of Pending Proceedings and Certificates of Interest registered by the plaintiff against title to the Swayze Mining Claims were vacated and discharged from title to those Mining claims.

On February 28, 2015 the Plaintiff in the Swayze Property litigation filed an appeal asking that the Judgment announced in favour of the Company on February 3, 2015 be set aside and a new Judgment be granted in favour of the Plaintiffs.

On Feb 3, 2016 the Court of Appeal for Ontario dismissed the appeal.

- (b) On February 12, 2010 the Corporation announced the execution of a letter agreement with Mag Copper Inc. (formerly Fort Chimo Minerals Inc.) ("Mag Copper") whereby, pursuant to an Option Agreement dated May 6, 2006 as amended by letter agreement dated October 3, 2008, the Corporation has earned a 50% undivided right, title and interest in the Grenville Project properties consisting of three separate properties in the Grenville geological region of the Province of Quebec (the "Agreement"). The Agreement was reached as a result of Richmond's completion of a \$2,000,000 exploration expenditure requirement and the issue of 1,000,000 common shares to Mag Copper. At May 31, 2017 112 claims were in good standing.

On February 23, 2010, the Corporation received 40,000 common shares of Mag Copper (after a 5 to 1 consolidation) in settlement of certain shared expenses in excess of the \$2,000,000 exploration expenditure requirement to earn the 50% interest in the joint venture. One of the directors and officers of the Corporation was also a director of Mag Copper Inc. until September 9, 2011.

As part of a review of the Company's mineral properties the Mag Copper property was written down in the prior year to a nominal amount as the Company has not had any exploration activities on these claims for over 3 fiscal years.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
8. Shareholders' Equity

(i) Share capital and contributed surplus

	<u>Nov 30, 2017</u>	<u>May 31, 2017</u>
Shares issued and fully paid:		
Beginning of the year	53,521,576	43,544,078
Stock-options exercised	-	-
Warrants exercised	-	-
Share issue for cash	8,735,198	9,977,498
Share issue for debt settlement	50,000	-
Share issue for mining claims	1,000,000	-
Shares issued and fully paid	<u>63,306,774</u>	<u>53,521,576</u>

For each class of share capital:

The number of shares authorized	Unlimited
The number of shares issued and fully paid	63,306,774
The number of shares issued but not fully paid	0
Par value per share, or that the shares have no par value	no par value

- (a) On June 27, 2017, the Company has entered into a definitive purchase and sale agreement (the "Agreement") to acquire from a private party (the "Vendor") a 100% undivided interest in five (5) unpatented mining claims and a 50% undivided interest in thirty-five (35) unpatented mining claims (the "Properties") situated in the mining district of Porcupine, in the township of Rollo, Ontario (the "Transaction"). As a result of the Transaction, if completed, the Company will own 100% of the Ridley Lake Properties.

As consideration for the Transaction, the Company will:

- Issue 1,000,000 common shares to the Vendor (completed);
 - Issue 1,000,000 common shares to the Vendor as of December 15, 2017;
 - Pay a cash consideration of \$102,000 (the "Cash Consideration") to be held in escrow pending the completion of transactions contemplated by the Agreement on the Closing Date. The Cash Consideration is to be used by the Vendor solely for the purpose of subscribing for units of Richmond pursuant to the Offering (as hereinafter defined); and
 - Grant to the Vendor and another party an aggregate two percent (2%) net smelter royalty on the Properties (one-half of the royalty may be purchased at any time for \$1.0 million).
- (b) On November 30, 2017 the Company completed a non-brokered private placement financing for aggregate gross proceeds of \$332,887 (the "Offering"), further to its announcement on October 24, 2017. The Offering consisted of the sale of 1,656,448 hard dollar units (each, a "HD Unit") at a price of \$0.06 per HD Unit and 2,918,750 flow through units (each, a "FT Unit") at a price of \$0.08 per FT Unit.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 8 (ii) – Stock options Continued

(ii) Stock Options

The Company's Stock Option Plan ("the "Plan") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Company's common shares on the date of the grant to directors, officers, employees and consultants to the Company. The option period for options granted under the Plan is for a maximum period of 5 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised.

Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

The following table summarizes information about the stock options outstanding and exercisable:

	Nov 30, 2017		May 31, 2017	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	3,862,500	\$0.10	3,862,500	\$0.10
Granted during the period	-		-	
Forfeited during the period	-		-	
Expired during the period	(300,000)		-	
Balance at end of period	3,562,500	\$0.10	3,862,500	\$0.10
Units exercisable at the end of the period	3,562,500	\$0.10	3,862,500	\$0.10

There were no stock options granted as at November 30, 2017 (May 31, 2017: NIL).

The following table summarizes share units outstanding at the end of period:

Exercise Price	Number of Options	Expiry Date	Weighted Average Remaining Life
\$0.10	2,622,500	7-Sep-19	1.77
\$0.10	940,000	2-Oct-20	2.84

The Company has not recognized any expense for share based payment in November 30, 2017 Consolidated Statements of Comprehensive Income (May 31, 2017: NIL).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 8 – Shareholders’ Equity Continued

(iii) Warrants

The following table summarizes information about the warrants outstanding and exercisable:

	Nov 30, 2017		May 31, 2017	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	16,263,987	0.10	13,644,780	0.17
Issued	1,656,448	0.10	7,400,416	0.11
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	(5,991,852)	0.20
Balance at end of period	17,920,435	\$ 0.10	15,053,344	\$ 0.10

Exercise Price	Number of Warrants	Expiry Date	Weighted Average Remaining Life
\$0.10	5,788,571	2-Apr-19	1.34
\$0.10	1,000,000	11-Apr-18	0.36
\$0.12	1,703,750	12-Sep-18	0.78
\$0.10	1,125,000	29-Dec-18	1.08
\$0.10	4,320,000	7-Apr-19	1.35
\$0.10	2,075,000	31-Jul-19	1.67
\$0.10	1,656,448	30-Nov-19	2.00

Finder's fees units:

Exercise Price	Number of Warrants	Expiry Date	Weighted Average Remaining Life
0.12	125,000	12/Mar/18	0.28
0.10	126,667	29/Dec/18	1.08

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

9. Financial Instruments

Financial Instruments details can be summarized as follows:

	Balance as at	
	Nov 30, 2017	May 31, 2017
<u>Financial assets</u>		
Loans and receivables		
Interest and sundry receivables	\$66,102	\$55,456
	<u>\$66,102</u>	<u>\$55,456</u>
Fair Value Through Profit or Loss		
Cash and cash equivalents	\$67,082	\$153,032
Cash held for future exploration	13,823	52,860
Marketable Securities	2,317	41,517
	<u>\$83,222</u>	<u>\$247,409</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Accounts payable and accrued liabilities	\$16,547	\$35,916
Loan Payable	(393)	-
	<u>\$16,155</u>	<u>\$35,916</u>

Cash and cash equivalents are comprised of bank deposits.

The Company's interest income on short-term investment carried at amortized cost is presented on the Statement of Comprehensive Loss in the Interest Income line.

The Company's marketable securities consist of the following financial instruments at November 30, 2017:

	<u># shares</u>	<u>Fair Value</u>
Integra Resources Corp (formerly Mag Copper Ltd.)	640	\$ 1,728
Bitrush Corp.	580,000	589
		<u>\$ 2,317</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

10. Financial Instruments Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is not exposed to credit risk due to the nature of the collectible accounts.

On November 30, 2017 and May 31, 2017, the Company does not have any allowance for doubtful accounts.

Interest rate sensitivity

Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the party from whom the receivables are due - the Canadian government for harmonized sales tax ("HST") refunds receivable.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Given the Company's present financial situation liquidity risk at the Company is considered high.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional debt or equity financing. It is anticipated that the Company will continue to rely on debt or equity financing to meet its ongoing working capital requirements.

Market risk

The Company's marketable securities are classified as fair value through profit or loss, and are subject to changes in the market prices. They are recorded at fair value in the Company's financial statements, based on the closing market value at the end of the period for each security included. The Company's exposure to market risk is not considered to be material.

The Company has no significant exposure at November 30, 2017 and May 31, 2017 to interest rate risk through its financial instruments as there are no significant balances payable, which accrue interest.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

11. Related Party Transactions

The Company's related parties include its subsidiaries, joint venture, key management and their close family members, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The Company had the following balances with its related parties:

	<u>Nov 30, 2017</u>	<u>May 31, 2017</u>
<u>Transactions</u>		
Interest changed in related party loan	-	10,987.33
Loan payable settlement	-	-
Management fees	43,789	66,871
Professional fees charged to exploration properties	237	74,157
	<u>\$44,026</u>	<u>\$152,015</u>
<u>Balances</u>		
Payable/ (Prepaid)	-	6,415

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Company and joint ventures. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

The remuneration of directors and other members of key management personnel were as follows:

	<u>Nov 30, 2017</u>	<u>May 31, 2017</u>
Short-term employee benefits	\$43,789	\$141,028
Share-based compensation	-	-
	<u>\$43,789</u>	<u>\$141,028</u>

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

12. Capital Management

The Company considers its capital structure to consist of share capital, contributed surplus, options and warrants. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the quarter ended November 30, 2017. The Company is not subject to externally imposed capital requirements.

The Company's capital for the reporting periods is summarized as follows:

	<u>Nov 30, 2017</u>	<u>May 31, 2017</u>
Cash	\$67,082	\$186,630
Cash held for future exploration	13,823	19,262
Marketable Securities	2,317	41,517
Common Shares	17,510,023	16,962,193
Contributed surplus	846,422	845,033
Deficit	(16,910,512)	(16,842,940)
	<u>\$1,529,155</u>	<u>\$1,211,695</u>

13. Post-reporting date events

Following the closing date of November 30, 2017 quarter, the Company has received and deposited all the funds of November 30, 2017 private placement.