

**RT MINERALS CORP.**

(An Exploration Stage Company)

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**



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## INDEPENDENT AUDITORS' REPORT

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To the Shareholders of  
RT Minerals Corp.

We have audited the accompanying consolidated financial statements of RT Minerals Corp. which comprise the consolidated statements of financial position as at November 30, 2014 and 2013 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended November 30, 2014 and 2013 and the related notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of RT Minerals Corp. as at November 30, 2014 and 2013 and its financial performance and its cash flows for the years ended November 30, 2014 and 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of RT Minerals Corp. to continue as a going concern.

*Manning Elliott LLP*

CHARTERED ACCOUNTANTS  
Vancouver, British Columbia  
March 30, 2015

**RT MINERALS CORP.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

|                                   | Note | 2014<br>\$   | 2013<br>\$   |
|-----------------------------------|------|--------------|--------------|
| <b>Assets</b>                     |      |              |              |
| <b>Current assets</b>             |      |              |              |
| Cash                              |      | 1,391        | 1,204        |
| Amounts receivable                |      | 76           | 6,476        |
| Prepaid expenses                  |      | 3,404        | 6,636        |
|                                   |      | 4,871        | 14,316       |
| <b>Non-current assets</b>         |      |              |              |
| Deferred share issuance costs     |      | -            | 257          |
| Exploration and evaluation assets | 5    | 87,190       | 50,000       |
|                                   |      | 87,190       | 50,257       |
|                                   |      | 92,061       | 64,573       |
| <b>Liabilities</b>                |      |              |              |
| <b>Current liabilities</b>        |      |              |              |
| Trade and other payables          | 6    | 182,070      | 311,570      |
| Due to related parties            | 11   | 63,361       | 76,685       |
| <b>Total</b>                      |      | 245,431      | 388,255      |
| <b>Shareholders' deficiency</b>   |      |              |              |
| Share capital                     | 7    | 10,121,402   | 9,044,344    |
| Contributed surplus               | 7    | 1,279,807    | 1,210,562    |
| Accumulated deficit               |      | (11,554,579) | (10,578,588) |
|                                   |      | (153,370)    | (323,682)    |
|                                   |      | 92,061       | 64,573       |

Nature of operations and going concern (Note 1)

Commitments (Note 12)

Subsequent events (Note 16)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 30, 2015 and are signed on its behalf by:

/s/ "Paul Antoniazzi"

Director

/s/ "Fred Kiernicki"

Director

The accompanying notes form an integral part of these consolidated financial statements.

**RT MINERALS CORP.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**  
(Expressed in Canadian Dollars)

|                                                             | <b>Note</b> | <b>2014</b><br><b>\$</b> | <b>2013</b><br><b>\$</b> |
|-------------------------------------------------------------|-------------|--------------------------|--------------------------|
| <b>Expenses</b>                                             |             |                          |                          |
| Depreciation                                                |             | -                        | 1,148                    |
| Employee costs                                              | 9           | 306,067                  | 169,390                  |
| Finance expense (recovery)                                  | 9           | 55,808                   | (64,021)                 |
| General and administrative expenses                         | 9           | 278,961                  | 137,910                  |
| Impairment of exploration and evaluation assets             | 5           | 329,551                  | 3,003,929                |
| <b>Total expenses</b>                                       |             | <b>(970,387)</b>         | <b>(3,248,356)</b>       |
| <b>Other income and expenses</b>                            | 9           | <b>(5,604)</b>           | <b>361,085</b>           |
| <b>Net loss and comprehensive loss for the year</b>         |             | <b>(975,991)</b>         | <b>(2,887,271)</b>       |
| <b>Loss per common share, basic and diluted</b>             |             | <b>(0.05)</b>            | <b>(0.49)</b>            |
| <b>Weighted average number of common shares outstanding</b> |             | <b>19,383,092</b>        | <b>5,838,806</b>         |

The accompanying notes form an integral part of these consolidated financial statements.

**RT MINERALS CORP.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

|                                     | <b>Number of Shares<br/>(post-consolidation<br/>Note 7 (a))</b> | <b>Share Capital<br/>\$</b> | <b>Contributed Surplus<br/>\$</b> | <b>Accumulated Deficit<br/>\$</b> | <b>Total<br/>\$</b> |
|-------------------------------------|-----------------------------------------------------------------|-----------------------------|-----------------------------------|-----------------------------------|---------------------|
| Balance at November 30, 2012        | 5,838,806                                                       | 9,044,344                   | 1,210,562                         | (7,691,317)                       | 2,563,589           |
| Net loss for the year               | -                                                               | -                           | -                                 | (2,887,271)                       | (2,887,271)         |
| Balance at November 30, 2013        | 5,838,806                                                       | 9,044,344                   | 1,210,562                         | (10,578,588)                      | (323,682)           |
| Net loss for the year               | -                                                               | -                           | -                                 | (975,991)                         | (975,991)           |
| Shares issued for private placement | 10,000,000                                                      | 500,000                     | -                                 | -                                 | 500,000             |
| Shares issued for warrant exercise  | 8,195,000                                                       | 491,700                     | -                                 | -                                 | 491,700             |
| Shares issued for Matachewan        | 1,000,000                                                       | 75,000                      | -                                 | -                                 | 75,000              |
| Shares issued for debt settlement   | 304,260                                                         | 18,256                      | -                                 | -                                 | 18,256              |
| Share-based payments                | -                                                               | -                           | 69,245                            | -                                 | 69,245              |
| Share issue costs                   | -                                                               | (7,898)                     | -                                 | -                                 | (7,898)             |
| Balance at November 30, 2014        | 25,338,066                                                      | 10,121,402                  | 1,279,807                         | (11,554,579)                      | (153,370)           |

On December 17, 2013, the Company completed a twelve-for-one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and loss per share have been restated to give effect to the twelve-for-one share consolidation (Note7(a)).

The accompanying notes form an integral part of these consolidated financial statements.

**RT MINERALS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**  
(Expressed in Canadian Dollars)

|                                                          | <b>2014</b>      | <b>2013</b>      |
|----------------------------------------------------------|------------------|------------------|
|                                                          | <b>\$</b>        | <b>\$</b>        |
| <b>Operating activities</b>                              |                  |                  |
| Net loss for the year                                    | (975,991)        | (2,887,271)      |
| Items not involving cash:                                |                  |                  |
| Depreciation                                             | -                | 1,148            |
| Flow-through share premium                               | -                | (121,421)        |
| Flow-through commitment recovery                         | -                | (64,021)         |
| Gain on disposal of exploration and evaluation assets    | -                | (241,231)        |
| Impairment of exploration and evaluation assets          | 329,551          | 3,003,929        |
| Share-based payments                                     | 69,245           | -                |
| Changes in non-cash working capital accounts:            |                  |                  |
| Amounts receivable                                       | 6,400            | 32,100           |
| Prepaid expenses                                         | 3,232            | 2,252            |
| Trade and other payables                                 | (184,894)        | 135,939          |
| <b>Total cash used in operating activities</b>           | <b>(752,457)</b> | <b>(138,576)</b> |
| <b>Investing activities</b>                              |                  |                  |
| Expenditures on exploration and evaluation assets        | (193,896)        | (39,561)         |
| Proceeds from sale of equipment                          | -                | 6,698            |
| <b>Total cash flows used in investing activities</b>     | <b>(193,896)</b> | <b>(32,863)</b>  |
| <b>Financing activities</b>                              |                  |                  |
| Proceeds from share issuances                            | 991,700          | -                |
| Share issuance costs                                     | (7,641)          | (257)            |
| Advances from (repayments to) related parties            | (37,519)         | 63,453           |
| <b>Total cash flows provided by financing activities</b> | <b>946,540</b>   | <b>63,196</b>    |
| <b>Total increase (decrease) in cash during the year</b> | <b>187</b>       | <b>(108,243)</b> |
| <b>Cash, beginning of year</b>                           | <b>1,204</b>     | <b>109,447</b>   |
| <b>Cash, end of year</b>                                 | <b>1,391</b>     | <b>1,204</b>     |
| <b>Supplemental information</b>                          |                  |                  |
| Interest paid                                            | 1,271            | -                |
| Income taxes paid                                        | -                | -                |

Refer to Note 15 for non-cash transactions incurred during the years ended November 30, 2014 and 2013.

The accompanying notes form an integral part of these consolidated financial statements.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 1**

### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

RT Minerals Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 9, 2007. The Company’s business activity is the exploration and evaluation of mineral properties in Canada and Guyana, South America. The Company is listed on the TSX Venture Exchange (“TSXV”), having the symbol RTM-V, as a Tier 2 mining issuer.

The address of the Company’s corporate office and principal place of business is 300 - 555 West Georgia Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has a working capital deficiency of \$240,560 as at November 30, 2014, incurred a net loss of \$975,991 during the year ended November 30, 2014, has accumulated losses of \$11,554,579 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

#### **2. BASIS OF PREPARATION**

##### **Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2015.

##### **Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as described in Note 3.

The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

##### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, RT Minerals Corp (Guyana) Inc. (“RTMG”). RTMG was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 2** **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013** (Expressed in Canadian Dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Mineral Exploration and Evaluation Assets**

All costs related to the acquisition, exploration and development of resource properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain in the consolidated statement of comprehensive loss.

#### **b) Impairment of Non-Financial Assets**

Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.



# RT MINERALS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 3

### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### c) Financial Instruments

##### *Financial Assets*

The Company's financial assets are classified into various categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

##### *Loans and Receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Certain amounts receivable are classified as loans and receivables.

##### *Fair Value Through Profit or Loss*

A financial asset is classified as fair value through profit or loss ("FVTPL") if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of a portfolio of identified financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash is classified as FVTPL.

##### *Held-to-Maturity*

Held-to-maturity ("HTM") investments are recognized on a trade-date basis and are measured at amortized cost. The Company does not have any assets classified as HTM investments.

##### *Available-for-Sale*

Available-for-sale ("AFS") financial assets are initially recognized at fair value. Subsequently, gains and losses arising from changes in fair value are recognized in other comprehensive income. When an AFS financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the other comprehensive income is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 4** **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013** (Expressed in Canadian Dollars)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **c) Financial Instruments**

##### *Impairment of Financial Assets*

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

##### *Financial Liabilities*

The Company has the following non-derivative financial liabilities: trade payables and due to related parties.

Financial liabilities classified as other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition other financial liabilities are measured at amortized cost. Trade payables and amounts due to related parties are classified as other financial liabilities.

Transaction costs associated with financial assets classified at FVPTL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial liabilities are initially recorded at fair value and designated upon inception at FVPTL or other financial liabilities.

#### **d) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

#### **e) Deferred Income Taxes**

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities, and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 5**

### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **e) Deferred Income Taxes (continued)**

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent it is probable that future taxable profit will allow the deferred tax asset to be recovered.

##### **f) Share Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share warrants and flow-through shares are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants on a pro-rata basis based on relative fair values. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of common share purchase warrants is determined using the quoted market price or if the warrants are not traded, the Black-Scholes option pricing model. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### *Flow-Through Shares*

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The de-recognition of the liability is recorded as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. Any portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 6**

### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **g) Loss Per Share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

##### **h) Share-based Payments**

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense in the consolidated statement of comprehensive loss.

The Black-Scholes option pricing model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 7**

### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **i) Foreign Currency Translation**

The presentation currency and functional currency of the Company and its Guyana subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company's Guyana subsidiary is financially and operationally dependent on the Company. The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

##### **j) New Accounting Standards, Interpretations and Amendments to Existing Standards**

The IASB issued a number of new and revised standards which are effective for the Company's financial year beginning on December 1, 2013. The mandatory adoption of these standards did not have a significant impact on the Company's consolidated financial statements. Specifically, the Company has adopted all of the following new standards for the year ended November 30, 2014:

- (i) IFRS 10 'Consolidated Financial Statements', which replaces IAS 27 and SIC-12.
- (ii) IFRS 11 'Joint Arrangements', which replaces IAS 31 and SIC-13.
- (iii) IFRS 12 'Disclosure of Interests in Other Entities', which replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.  
  
IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- (iv) IFRS 13 'Fair Value Measurement', which replaces fair value measurement guidance in other IFRSs.
- (v) IAS 1 (Amendment) 'Presentation of Financial Statements', which includes amendments regarding presentation of items of other comprehensive income.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2014, and have not been applied in preparing these consolidated financial statements.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 8**

### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **j) New Accounting Standards, Interpretations and Amendments to Existing Standards (continued)**

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position:

###### **(vi) IFRS 9 'Financial Instruments'**

IFRS 9 is part of the IASB's wider project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

###### **(vii) IAS 36 'Impairment of Assets'**

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. These amendments are effective for annual periods beginning on or after January 1, 2014.

# **RT MINERALS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 9**

### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

##### **i) Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

##### **ii) Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

##### **iii) Income Taxes**

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

##### **iv) Going Concern**

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

# **RT MINERALS CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 10**

**FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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## **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**

### **v) Share-based Payment Transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. 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 the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 8.



# RT MINERALS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 11

### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

#### 5. EXPLORATION AND EVALUATION ASSETS

|                              | Canada<br>Bazooka<br>\$ | Canada<br>McWatters<br>\$ | Canada<br>Golden Stock<br>\$ | Guyana<br>Mahdia<br>\$ | Guyana<br>Demerara<br>River<br>\$ | Guyana<br>Tiger<br>River<br>\$ | Guyana<br>Konawaruk<br>\$ | Total<br>\$ |
|------------------------------|-------------------------|---------------------------|------------------------------|------------------------|-----------------------------------|--------------------------------|---------------------------|-------------|
| Balance at November 30, 2012 | 2,798,467               | 223,010                   | -                            | -                      | -                                 | -                              | -                         | 3,021,477   |
| Exploration costs            |                         |                           |                              |                        |                                   |                                |                           |             |
| Administration               | 1,000                   | -                         | -                            | -                      | -                                 | -                              | -                         | 1,000       |
| Data, drafting, reporting    | 615                     | 510                       | -                            | -                      | -                                 | -                              | -                         | 1,125       |
| Facility rental              | 14,400                  | -                         | -                            | -                      | -                                 | -                              | -                         | 14,400      |
| Mineral claims               | 519                     | 305                       | -                            | -                      | -                                 | -                              | -                         | 824         |
| Project management           | 11,369                  | 3,600                     | -                            | -                      | -                                 | -                              | -                         | 14,969      |
| Site meals, lodging, travel  | 135                     | -                         | -                            | -                      | -                                 | -                              | -                         | 135         |
|                              | 28,038                  | 4,415                     | -                            | -                      | -                                 | -                              | -                         | 32,453      |
| Impairment                   | (2,801,505)             | (202,425)                 | -                            | -                      | -                                 | -                              | -                         | (3,003,930) |
| Balance at November 30, 2013 | 25,000                  | 25,000                    | -                            | -                      | -                                 | -                              | -                         | 50,000      |
| Exploration costs            |                         |                           |                              |                        |                                   |                                |                           |             |
| Administration               | 2,250                   | -                         | 15                           | 587                    | 75                                | -                              | -                         | 2,927       |
| Data, drafting, reporting    | 405                     | -                         | 1,898                        | 7,432                  | 5,576                             | 3,949                          | 813                       | 20,073      |
| Facility rental              | 11,350                  | -                         | -                            | -                      | -                                 | -                              | -                         | 11,350      |
| Field crew expenses          | -                       | -                         | -                            | 1,174                  | 371                               | -                              | -                         | 1,545       |
| Geology                      | -                       | -                         | -                            | 4,008                  | 22,707                            | 1,497                          | -                         | 28,212      |
| Permitting                   | -                       | 737                       | -                            | -                      | -                                 | -                              | -                         | 737         |
| Project management           | 3,200                   | 3,200                     | 7,127                        | 32,194                 | 21,506                            | 23,386                         | -                         | 90,613      |
| Road access                  | -                       | -                         | 1,250                        | -                      | -                                 | -                              | -                         | 1,250       |
| Sampling                     | -                       | -                         | -                            | 9,851                  | 70,676                            | 20,305                         | -                         | 100,832     |
| Site meals, lodging, travel  | -                       | -                         | 648                          | 20,747                 | 11,087                            | 470                            | -                         | 32,952      |
| Stripping/trenching          | -                       | -                         | 1,250                        | -                      | -                                 | -                              | -                         | 1,250       |
|                              | 17,205                  | 3,937                     | 12,188                       | 75,993                 | 131,998                           | 49,607                         | 813                       | 291,741     |
| Acquisition of property      | -                       | -                         | 75,000                       | -                      | -                                 | -                              | -                         | 75,000      |
| Impairment                   | (42,204)                | (28,936)                  | -                            | (75,993)               | (131,998)                         | (49,607)                       | (813)                     | (329,551)   |
| Balance at November 30, 2014 | 1                       | 1                         | 87,188                       | -                      | -                                 | -                              | -                         | 87,190      |

## **RT MINERALS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 13**

#### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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#### **5. EXPLORATION AND EVALUATION ASSETS (continued)**

##### **a) Bazooka and McWatters Properties (Rouyn Noranda, Quebec)**

By an agreement dated December 10, 2010, the Company acquired a 100% interest in the Bazooka and McWatters gold properties in Quebec from Lake Shore Gold Corp. (“LSG”), the Company’s largest shareholder at the time. Pursuant to the transaction, which was approved by the shareholders of the Company at a meeting held on December 30, 2010, the Company issued 833,333 common shares to LSG, and transferred its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company’s earned interest in the Meunier JV property to LSG in consideration for the transfer to the Company by LSG of a 100% interest in the advanced stage Bazooka gold property in Quebec and the McWatters gold property in Quebec, as well as a \$500,000 cash payment (paid) to the Company by LSG upon the Company’s exercise of the first option to earn an initial 25% interest on the Meunier JV property.

The Company made the decision to discontinue work on the properties and has recorded a write-down of \$71,140 for the year ended November 30, 2014 and \$3,003,930 for the year ended November 30, 2013 for the difference between the estimated recoverable amount as at November 30, 2014 of \$2 (November 30, 2013: \$50,000) and the carrying value of the properties.

##### **b) Golden Stock Property (Matachewan, Ontario)**

On September 30, 2013, the Company signed an Agreement (the “Property Agreement”) with an arms-length vendor to acquire the Golden Stock gold property located near the Cairo Township in Matachewan, Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to a 2% retained royalty, in the property and as consideration would issue 1,000,000 shares of the Company to the vendor. The shares were issued on December 27, 2013 and had a fair value of \$75,000.

##### **c) Mahdia Property (Guyana, South America)**

By an agreement (the “Mahdia Agreement”) dated March 31, 2014, the Company acquired the right to conduct exploration and mining operations on three mining permits (the “Claims”) located in the Potaro-Siparuni region of north eastern Guyana, South America. The Company had the exclusive right to explore and develop the most northerly Claim comprised of 1,165 acres, and non-exclusive rights to the remaining two Claims of 1,200 acres each, over the next five years by carrying out a Phase One surface alluvial exploration program and a Phase Two bulk sampling program within three months of signing the Mahdia Agreement. The Company had the option to extend the period for completing the work programs to up to six months by paying the Vendor USD \$100,000 for each month beyond the initial three-month period. To maintain its rights to the Claims and to advance the development of the Claims to commercial production, the Company is required to incur USD \$4,000,000 annually in all costs related to the Claims. The Vendor is entitled to 15% of any gold or other minerals produced from the Claims.

## **RT MINERALS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 13** **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013** (Expressed in Canadian Dollars)

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#### **5. EXPLORATION AND EVALUATION ASSETS (continued)**

##### **c) Mahdia Property (Guyana, South America) (continued)**

During the term of the agreement, the Company was unable to carry out exploration activities on the property due to the existence of force majeure conditions, which included inclement weather conditions and inability to access the property. The Company did not extend the option and accordingly \$75,993 in exploration costs were written off during the current year.

##### **d) Demerara River Property (Guyana, South America)**

By an agreement dated June 30, 2014, the Company acquired the exclusive exploration rights to 51 mining claims (the “Demerara River” property) consisting of 1,100 acres located in north eastern Guyana, South America. The Company had the exclusive exploration rights on this property to November 30, 2014 whereupon the Company may elect to commence alluvial operations on the property by paying USD \$20,000 per month. The Company did not extend the option and accordingly \$131,998 in exploration costs were written off during the current year.

##### **e) Tiger River Property (Guyana, South America)**

By an agreement dated June 28, 2014, the Company acquired the exclusive exploration rights to one mining claim (the “Tiger River” property) consisting of 1,200 acres located in north eastern Guyana, South America. The Company had the exclusive exploration rights on this property to November 30, 2014 whereupon the Company may elect to commence alluvial operations on the property by paying USD \$10,000 per year and 15% of all gold produced from the alluvial operations. The Company did not extend the option and accordingly \$49,607 in exploration costs were written off during the current year.

##### **f) Konawaruk Property (Guyana, South America)**

By an agreement dated June 28, 2014, the Company acquired the exclusive exploration rights to two mining claims (the “Konawaruk” property) consisting of 2,400 acres located in north eastern Guyana, South America. The Company had the exclusive exploration rights on this property to November 30, 2014 whereupon the Company may elect to commence alluvial operations on the property by paying USD \$20,000 per year and 15% of all gold produced from the alluvial operations. The Company did not extend the option and accordingly \$813 in exploration costs were written off during the current year.

#### **6. DEMAND LOAN**

- i) On June 4, 2014, the Company received a demand loan of \$100,000 from an arm’s length party, bearing interest at 8% per annum and with a loan fee payable of 10%. The demand loan was repaid on June 26, 2014 along with interest of \$482 and loan fee of \$10,000.
- ii) On July 9, 2014, the Company received a demand loan of \$25,000 from an arm’s length party, bearing interest at 8% per annum and with a loan fee payable of 10%. The amounts owing are included in trade and other payables.

## **RT MINERALS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 14**

#### **FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

(Expressed in Canadian Dollars)

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## **7. SHARE CAPITAL AND RESERVES**

### **a) Common Shares**

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On December 12, 2013, the Company received shareholders' approval of its proposed consolidation of the Company's issued and outstanding common shares on the basis of one (1) post-consolidation common share for every twelve (12) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). The Share Consolidation was approved by the TSXV with an effective date of December 17, 2013.

As a result of the Share Consolidation, the number of shares, warrants, options presented in these consolidated financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all years presented.

During the year ended November 30, 2014:

- i) On December 27, 2013, the Company completed a non-brokered private placement consisting of 2,000,000 flow-through units (the "FT Units") and 8,000,000 non flow-through units (the "NFT Units"), for aggregate gross proceeds of \$500,000. Each FT Unit and NFT Unit is priced at \$0.05 and is comprised of a share and a warrant exercisable at \$0.06 for a term of two years (in the case of the FT Units) and five years (in the case of the NFT Units). All securities were subject to a hold period expiring April 28, 2014.
- ii) On December 27, 2013, the Company issued 1,000,000 common shares pursuant to the Golden Stock property acquisition described in Note 5(b).
- iii) On January 22, 2014, the Company issued 304,260 common shares with a fair value of \$0.06 per share to settle \$18,256 in amounts payable to a company with common directors. The shares were subject to a hold period and restricted from trading until May 23, 2014.
- iv) On June 30, 2014, 5,245,000 common share purchase warrants were exercised at \$0.06 per share for gross proceeds of \$314,700.
- v) On July 28, 2014, 1,050,000 common share purchase warrants were exercised at \$0.06 per share for gross proceeds of \$63,000.
- vi) On August 15, 2014, 1,450,000 common share purchase warrants were exercised at \$0.06 per share for gross proceeds of \$87,000.
- vii) On August 29, 2014, 450,000 common share purchase warrants were exercised at \$0.06 per share for gross proceeds of \$27,000.

The Company did not issue any common shares during the year ended November 30, 2013.

# RT MINERALS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 15

### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

#### 7. SHARE CAPITAL AND RESERVES (CONTINUED)

##### b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares. No preferred shares have been issued since the Company's inception.

##### c) Contributed Surplus

|                                               | 2014<br>\$ | 2013<br>\$ |
|-----------------------------------------------|------------|------------|
| Fair value of warrants issued                 | 284,725    | 284,725    |
| Fair value of stock options granted or vested | 995,082    | 925,837    |
| Contributed surplus                           | 1,279,807  | 1,210,562  |

##### d) Share Purchase Warrants

The following is a summary of changes in warrants from November 30, 2012 to November 30, 2014:

|                              | Number of<br>Warrants | Weighted<br>Average<br>Exercise<br>Price |
|------------------------------|-----------------------|------------------------------------------|
| Balance at November 30, 2012 | 861,443               | \$2.40                                   |
| Expiry of warrants           | (861,443)             | \$2.40                                   |
| Balance at November 30, 2013 | -                     | -                                        |
| Issue of warrants            | 10,000,000            | \$0.06                                   |
| Exercise of warrants         | (8,195,000)           | \$0.06                                   |
| Balance at November 30, 2014 | 1,805,000             | \$0.06                                   |

As at November 30, 2014, the Company had outstanding and exercisable warrants as follows:

| Number of Warrants Outstanding and<br>Exercisable |                      |                             |                               |
|---------------------------------------------------|----------------------|-----------------------------|-------------------------------|
| November 30,<br>2014                              | November 30,<br>2013 | Exercise Price<br>per Share | Contractual Life<br>Remaining |
| 1,805,000                                         | -                    | \$0.06                      | 4.08                          |

## RT MINERALS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 16

#### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

#### 8. SHARE-BASED PAYMENTS

##### a) Option Plan Details

The Company has an incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The Plan was approved by the Board on March 21, 2011, was approved by the Company’s shareholders on April 29, 2011, and came into effect on August 5, 2011 upon acceptance by the TSXV of the Company’s listing application and commencement of trading on the TSXV. The Plan provides for the issuance of options to acquire shares of the Company up to 10% of the then issued and outstanding shares of the Company. It incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares.

A summary of the Company’s stock options at November 30, 2014 and 2013 and the changes for the periods then ended on those dates is presented below:

|                     | November 30, 2014      |                                       | November 30, 2013      |                                       |
|---------------------|------------------------|---------------------------------------|------------------------|---------------------------------------|
|                     | Options<br>Outstanding | Weighted<br>Average<br>Exercise Price | Options<br>Outstanding | Weighted<br>Average<br>Exercise Price |
| Opening balance     | -                      | -                                     | 566,666                | \$1.20                                |
| Granted             | 1,700,000              | \$0.10                                | -                      | -                                     |
| Forfeited/cancelled | (450,000)              | \$0.10                                | (566,666)              | \$1.20                                |
| Ending balance      | 1,250,000              | \$0.10                                | -                      | -                                     |

In May 2014, the Company granted 1,700,000 stock options with an exercise price of \$0.10 per share expiring May 22, 2016 to directors, employees and consultants. All options vested immediately with the exception of 200,000 options granted to a consultant conducting investor relations activities, that, as such, will vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting. During the year, 450,000 stock options were forfeited and cancelled, including the unvested options.

Details of stock options outstanding and exercisable as at November 30, 2014 and 2013 are as follow:

| Expiry Date  | Exercise Price | November 30,<br>2014 | November 30,<br>2013 |
|--------------|----------------|----------------------|----------------------|
| May 22, 2016 | \$0.10         | 1,250,000            | -                    |
|              |                | 1,250,000            | -                    |

The weighted average remaining contractual life of stock options outstanding at November 30, 2014 was 1.48 years (November 30, 2013: nil years).

# RT MINERALS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 17

### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

#### 8. SHARE-BASED PAYMENTS (CONTINUED)

##### b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the year ended November 30, 2014 was \$0.056 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

|                                   | 2014    | 2013 |
|-----------------------------------|---------|------|
| Expected stock price volatility   | 138%    | -    |
| Risk-free interest rate           | 1.04%   | -    |
| Dividend yield                    | -       | -    |
| Expected life of options          | 2 years | -    |
| Fair value price on date of grant | \$0.07  | -    |
| Forfeiture rate                   | -       | -    |

#### 9. NATURE OF INCOME AND EXPENSES

|                                                       | 2014<br>\$ | 2013<br>\$ |
|-------------------------------------------------------|------------|------------|
| Other income and expenses include:                    |            |            |
| Flow-through share premium                            | -          | 121,421    |
| Gain on disposal of exploration and evaluation assets | -          | 241,231    |
| Interest income                                       | -          | 71         |
| Loss on foreign exchange                              | (5,604)    | (1,638)    |
|                                                       | (5,604)    | 361,085    |
| Employee costs include:                               |            |            |
| Administrative and consulting fees                    | 217,035    | 122,112    |
| Management salaries                                   | 19,787     | 47,278     |
| Share-based payments                                  | 69,245     | -          |
|                                                       | 306,067    | 169,390    |
| Finance expense includes:                             |            |            |
| Financing cost                                        | 12,997     | -          |
| Flow-through commitment (recovery) to investors       | 41,466     | (64,021)   |
| Loan interest expense                                 | 1,271      | -          |
| Part XII.6 tax                                        | 74         | -          |
|                                                       | 55,808     | (64,021)   |
| General and administrative expense include:           |            |            |
| Accounting and audit fees                             | 11,515     | 29,411     |
| Filing fees                                           | 19,978     | 8,680      |
| Investor communications                               | 19,670     | 2,147      |
| Legal fees                                            | 49,692     | 26,943     |
| Office expenses                                       | 84,343     | 55,996     |
| Transfer agent                                        | 7,461      | 3,193      |
| Travel and automobile                                 | 86,302     | 11,539     |
|                                                       | 278,961    | 137,909    |

## RT MINERALS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 18

#### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

#### 10. INCOME TAXES

There is no current or deferred income tax expenses in the current year due to the losses incurred for tax purposes. At November 30, 2014, the Company had non-capital losses of approximately \$3,359,000 to reduce future taxable income in Canada expiring between 2027 to 2034. At November 30, 2014, the Company had non-capital losses of approximately \$455,000 to reduce future taxable income in Guyana with an indefinite expiry period.

No deferred tax asset has been recognized in respect of the losses due to the uncertainty of future profits. A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

|                                                          | 2014      | 2013      |
|----------------------------------------------------------|-----------|-----------|
|                                                          |           |           |
| Combined statutory rate                                  | 26%       | 26%       |
|                                                          | \$        | \$        |
| Income tax recovery at statutory rates                   | 136,000   | 741,000   |
| Non-deductible items for tax purposes and other items    | (30,000)  | 47,200    |
| Change in tax rates                                      | -         | 43,100    |
| Adjustments related to exploration and evaluation assets | (3,000)   | -         |
| Change in unrecognized deferred tax assets               | (103,000) | (831,300) |
| Deferred income tax recovery                             | -         | -         |

Given that in Guyana, all exploration and evaluation costs are recorded as expenses for tax purposes, and are therefore included in the net loss for the year, the rate reconciliation above only includes the amounts related to the Canadian entity.

The significant components of the Company's deferred income tax assets and liabilities are as follows:

|                                                 | 2014        | 2013        |
|-------------------------------------------------|-------------|-------------|
|                                                 | \$          | \$          |
| Deferred income tax assets                      |             |             |
| Mineral properties                              | 870,000     | 769,900     |
| Non-capital losses available for future periods | 1,015,000   | 854,300     |
| Share issuance costs and other                  | 1,000       | 37,100      |
| Deferred income tax assets                      | 1,886,000   | 1,661,300   |
| Unrecognized deferred tax assets                | (1,886,000) | (1,661,300) |
| Net deferred income tax assets                  | -           | -           |



# RT MINERALS CORP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 19

### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

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#### 11. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

##### a) Shares for Debt

Pursuant to an agreement dated January 6, 2014, the Company agreed to settle \$18,256 in indebtedness payable to a company with common directors that is a co-tenant to the Company's office premises lease, with the issuance of 304,260 common shares of the Company with a fair value of \$0.06 per share (Note 7(a)(iii)).

##### b) Office Expenses

Office expenses of \$24,708 (2013: \$21,133) were charged by a company with common directors that is a co-tenant to the Company's office premises lease. At November 30, 2014, \$20,907 (November 30, 2013: \$15,220) in amounts owing to the co-tenant were included in due to related parties.

##### c) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

|                                                | 2014<br>\$     | 2013<br>\$    |
|------------------------------------------------|----------------|---------------|
| Short-term employee benefits and director fees | 171,156        | 73,152        |
| Share-based payments                           | 51,074         | -             |
|                                                | <u>222,230</u> | <u>73,152</u> |

Due to related parties at November 30, 2014 includes \$42,454 (November 30, 2013: \$61,465) in amounts owing to directors, officers, and companies with common directors for unpaid project management services and expenses.

#### 12. COMMITMENTS

- i) On November 25, 2013, the Company extended its office lease until July 31, 2016 ("Office Lease"). Under the terms of the Office Lease, there are operating costs which the Company estimates to be \$14.50 per square foot for the year ended November 30, 2014. The operating costs will be adjusted annually. The Company and its co-tenant have agreed to each pay for 50% of the rent due and owing. The Company is committed to the following gross rental amounts for its share excluding operating costs per financial year under the new lease:

2015 - \$19,937

2016 - \$13,542

## RT MINERALS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 20

#### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

(Expressed in Canadian Dollars)

#### 12. COMMITMENTS (CONTINUED)

Subsequent to year-end, the Company and its co-tenant opted for the early termination of its Office Lease, as described in Note 16(c).

- ii) In relation to the December 27, 2013 flow-through financing described in Note 7(a), the Company is committed to incur \$99,800 in Canadian exploration expenditures by December 31, 2014 under Canada Revenue Agency's look-back rule.

During the year ended November 30, 2014, the Company incurred an aggregate of \$22,720 in exploration expenditures in relation to the December 27, 2013 flow-through financing. The Company amended its Income Tax Act (Canada) filings to reduce the expenses renounced under the look-back rule by \$77,080. During the year, the Company recorded \$74 in Part XII.6 tax, and \$41,466 in estimated liability to indemnify shareholders for shortfall of flow-through tax credits.

- iii) Pursuant to an agreement dated October 16, 2013, the Company had reached the principal terms of a settlement with certain subscribers to one of the Company's December 2010 Private Placements to settle the issues arising from the estimated sundry shortfall of certain flow-through tax credits. Under the terms of the settlement, the Company paid the subscribers the amount of \$116,245 and the subscribers executed releases of liability to the Company in January and February 2014.

#### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### *Fair values*

The Company's financial instruments include cash, amounts receivable, trade and other payables, and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

|                  | November 30, 2014 |                | November 30, 2013 |                |
|------------------|-------------------|----------------|-------------------|----------------|
|                  | Fair Value        | Carrying Value | Fair Value        | Carrying Value |
|                  | \$                | \$             | \$                | \$             |
| FVTPL assets (i) | 1,391             | 1,391          | 1,204             | 1,204          |

- (i) Cash

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities  
Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and  
Level 3 - Inputs for the asset or liability that are not based on observable market data.

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(Expressed in Canadian Dollars)

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### *Fair values (continued)*

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

| As at November 30, 2014 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|---------|---------|---------|-------|
|                         | \$      | \$      | \$      | \$    |
| Cash                    | 1,391   | -       | -       | 1,391 |

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

The Company's financial instruments are exposed to certain financial risks: credit risk, liquidity risk, market risk and currency risk.

#### *Credit risk*

Credit risk is the risk of an unexpected loss associated with counterparty's inability to fulfil its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at November 30, 2014, the Company has no financial assets that are past due or impaired due to credit risk defaults.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 14. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at November 30, 2014:

|                        | Carrying Amount | Contractual Cash Flows | Within 1 year | Within 2 years | Within 3 years | Over 3 years |
|------------------------|-----------------|------------------------|---------------|----------------|----------------|--------------|
|                        | \$              | \$                     | \$            | \$             | \$             | \$           |
| Trade payables         | 182,070         | 182,070                | 182,070       | -              | -              | -            |
| Due to related parties | 63,361          | 63,361                 | 63,361        | -              | -              | -            |
| Total                  | 245,431         | 245,431                | 245,431       | -              | -              | -            |

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 22

#### FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

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#### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

##### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no fluctuating interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

##### *Currency risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company's Guyana subsidiary is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

#### 14. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in shareholders' equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash and cash equivalents.

#### 15. NON-CASH TRANSACTIONS

| Non-cash Financing and Investing Activities | 2014<br>\$ | 2013<br>\$ |
|---------------------------------------------|------------|------------|
| Shares issued for Golden stock property     | 75,000     | -          |
| Shares for debt                             | 18,256     | -          |

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 23**

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#### **16. SUBSEQUENT EVENTS**

##### **a) Ballard Lake Gold Property**

On February 6, 2015, as amended March 25, 2015, the Company signed an Agreement (the “Property Agreement”) with an arms-length vendor to acquire the Ballard Lake gold property located approximately 50 km northeast of Wawa, Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to a 2% retained royalty, in the property and as consideration would issue 4,000,000 common shares of the Company to the vendor. The completion of the acquisition is subject to the Company raising a minimum of \$200,000 in a private placement offering, and the receipt of TSXV regulatory approval of the Property Agreement by April 30, 2015.

##### **b) Office Lease**

Subsequent to year-end, the Company and its co-tenant settled the early termination of its Office Lease effective January 14, 2015 by agreeing to incur \$11,905 in transaction costs for incoming tenant improvements and realtors’ fees, and rent of \$6,019 for the month of January 2015. The Company’s 50% portion of these costs under its co-tenant agreement is \$8,962.

##### **c) Debt settlement**

Pursuant to an agreement dated February 23, 2015, the Company has reached the principal terms of a settlement to settle trade payables in the amount of \$10,000. The Company intends to settle the trade payable by allotting and issuing 200,000 shares in the capital of the Company to the creditor.