RATHDOWNEY RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(Expressed in Canadian dollar, unless otherwise stated)

(Unaudited)

Notice to Reader

In accordance with subsection 4.3(3) of National Instrument 51-102, management of the Company advises that the Company's auditors have not performed a review of these interim financial statements.

Rathdowney Resources Ltd.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollar)

		June 30, 2019 (Unaudited)		December 31, 2018
ASSETS				
Current assets				
Cash (note 4)	$	14,679	$	35,855
Amounts receivable and other assets (note 5)		179,825		140,878
Total current assets		194,504		176,733
Non-current assets				
Equipment (note 3)		9,406		10,680
Mineral property interest (note 7)		3,000		3,000
Available-for-sale financial assets (note 6)		550,000		330,000
Total non-current assets		562,406		343,680
Total assets	$	756,910	$	520,413
LIABILITIES AND SHAREHOLDERS' EQUITY / DEFICIENCY				
Current liabilities				
Amounts payable and other liabilities	$	360,151	$	191,087
Balance payable to related parties (note 11)		6,448,342		5,394,795
Total current liabilities		6,808,493		5,585,882
Non-current liabilities				
Loans payable (note 8)		1,657,830		753,509
Total non-current liabilities		1,657,830		753,509
Total liabilities		8,466,323		6,339,391
Shareholders' deficiency				
Share capital (note 9)		57,111,483		57,111,483
Reserves		3,466,761		3,186,052
Accumulated deficit		(68,287,657)		(66,116,513)
Total shareholders' deficiency		(7,709,413)		(5,818,978)
Total liabilities and shareholders' deficiency	$	756,910	$	520,413

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

/s/ Rene Carrier

Rene Carrier
Director

/s/ David Copeland

David Copeland
Director

Rathdowney Resources Ltd.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian dollar)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Expenses				
Exploration	$ 713,764	$ 844,462	$ 1,419,820	$ 1,502,974
Engineering	25,207	188,762	72,889	385,910
Geological	114,796	46,627	189,053	110,344
Site activities	288,999	344,584	453,462	548,693
Sustainability	273,500	240,914	678,550	409,781
Travel	11,262	23,575	25,866	48,246
Administration	253,548	412,239	615,291	908,957
Legal, accounting and audit	79,238	103,525	149,168	178,654
Office and administration	66,678	90,479	158,236	283,544
Shareholder communications	68,394	203,936	191,379	383,865
Travel	39,238	11,049	109,708	44,118
Trust and filing	–	3,250	6,800	18,776
Share-based payments (note 10)	35,867	24,301	69,284	52,533
Administration	35,867	24,301	69,284	52,533
Loss before the following:	1,003,179	1,281,002	2,104,395	2,464,464
Interest income	(260)	(1,509)	(365)	(3,068)
Finance expenses (note 8)	16,213	1,284	46,557	1,284
Foreign exchange loss (gain)	11,524	13,833	20,557	11,187
Loss before income tax	1,030,656	1,294,610	2,171,144	2,473,867
Income tax expense	–	–	–	–
Loss for the period	$ 1,030,656	$ 1,294,610	$ 2,171,144	$ 2,473,867
Other comprehensive loss (income)				
Items that will not be reclassified to profit or loss:				
Net change in fair value of AFS financial assets (note 6)	$ –	$ 330,000	$ (220,000)	$ 660,000
Foreign currency translation adjustment	14,354	11,449	8,575	11,449
Total other comprehensive loss (income)	$ 14,354	$ 341,449	$ (211,425)	$ 671,449
Total comprehensive loss	$ 1,045,010	$ 1,636,059	$ 1,959,719	$ 3,145,316
Basic and diluted loss per share	$ 0.01	$ 0.01	$ 0.01	$ 0.02
Weighted average number of common shares outstanding	161,701,178	161,701,178	161,701,178	161,701,178

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Rathdowney Resources Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian dollar)

	Six months ended June 30, 2019	2018
Cash flows from (used in) operating activities:		
Loss for the period	$ (2,171,144)	$ (2,473,867)
Adjustments for:		
Amortization (note 3)	1,274	11,558
Equity-settled share based payments	69,284	52,533
Finance expenses	46,557	1,284
Interest income	(365)	(3,068)
	(2,054,394)	(2,411,560)
Amounts receivable and other assets	(38,947)	4,759
Amounts payable and other liabilities	169,064	114,513
Balance payable to related parties	1,053,547	1,330,965
	(870,730)	(961,323)
Income taxes paid	–	–
Cash used in operating activities	(870,730)	(961,323)
Cash flows from investing activities:		
Interest received	365	3,068
Cash provided by investing activities	365	3,068
Cash flows from financing activities:		
Loan (repayments) and proceeds (note 8)	857,764	130,500
Cash provided by financing activities	857,764	130,500
Increase (decrease) in cash	(12,601)	(827,755)
Effect of exchange rate fluctuations	(8,575)	11,449
	(21,176)	(816,306)
Cash, beginning of period	35,855	981,572
Cash, end of period	$ 14,679	$ 165,266

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Rathdowney Resources Ltd.
Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
(Unaudited – Expressed in Canadian dollar)

	Notes	Share capital			Reserves				
		Number of shares	Amount	Accumulated deficit	Investment revaluation reserve	Foreign currency translation reserve	Share purchase warrants reserve	Equity settled employees benefits reserve	Total shareholders' equity (Deficiency)
Balance at January 1, 2018		161,701,178	$ 57,111,483	$ (66,082,631)	$ 1,120,000	$ 149,173	$ 2,594,061	$ 4,419,288	$ (688,626)
Equity settled share-based payments	10	–	–	–	–	–	–	52,533	52,533
Other comprehensive income for the period		–	–	–	(660,000)	11,449	–	–	(648,551)
Loss for the period		–	–	(2,473,867)	–	–	–	–	(2,473,867)
Balance at June 30, 2018		161,701,178	$ 57,111,483	$ (68,556,498)	$ 460,000	$ 160,622	$ 2,594,061	$ 4,471,821	$ (3,758,511)
Balance at January 1, 2019		161,701,178	57,111,483	(66,116,513)	(4,070,000)	165,871	2,594,061	4,496,120	(5,818,978)
Equity settled share-based payments	10	–	–	–	–	–	–	69,284	69,284
Other comprehensive income for the period		–	–	–	220,000	(8,575)	–	–	211,425
Loss for the period		–	–	(2,171,144)	–	–	–	–	(2,171,144)
Balance at June 30, 2019		161,701,178	57,111,483	(68,287,657)	(3,850,000)	157,296	2,594,061	4,565,404	(7,709,413)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature of Operations and Going Concern

Rathdowney Resources Ltd. ("Rathdowney" or the "Company") is a public company incorporated on April 3, 2008 under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 15th Floor, 1040 West Georgia Street, Vancouver, BC, Canada V6E 4H1.

The condensed consolidated interim financial statements (the "Interim Financial Statements") of the Company as at and for the three and six months ended June 30, 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Rathdowney Resources Ltd. is the ultimate legal parent entity of the Group.

The Group is in the process of advancing its mineral property interests but has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The Group's continuing operations are entirely dependent upon the ability of the Group to obtain the necessary financing to continue the exploration and development of its mineral property interests, to prove the existence of economically recoverable mineral reserves, and to obtain the permits necessary to mine, and on future profitable production or proceeds from the disposition of its mineral property interests. General market conditions for junior exploration companies continue to result in depressed equity prices for junior mining and exploration companies.

These Interim Financial Statements have been prepared on a going concern basis which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As at June 30, 2019, the Group had cash of $14,679 (December 31, 2018 – $35,855), a working capital deficiency and a shareholders' deficiency. Of the total current liabilities of the Group at June 30, 2019 $6,448,342 (December 31, 2018 – $5,394,795) is payable to related parties (note 11).

These material uncertainties cast significant doubt on the ability of the Group to continue as a going concern.

Management believes that it is able to maintain its core mineral rights in good standing for the next 12 month period. The Group is continually seeking opportunities for additional funding and has reasonable expectation that it will succeed in raising additional funds when necessary. However, there can be no assurance that the Group will obtain the required additional financial resources to continue its current operational base. If the Group is unable to obtain adequate additional financing, it will need to curtail its expenditures further, until additional funds can be raised through financing activities.

These Interim Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Group be unable to continue as a going concern.

2. Significant Accounting Policies

These Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, these Interim Financial Statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. These Interim Financial Statements should be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2018 which were prepared in accordance with IFRS and are publicly available at www.sedar.com. Results for the period ended June 30, 2019, are not necessarily indicative of future results.

The preparation of Interim Financial Statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from such estimates. There was no change in the use of estimates and judgments during the current period as compared to those described in note 2 of the Company's Consolidated Financial Statements for the year ended December 31, 2018.

These Interim Financial Statements were authorized by the Audit Committee of the Company on August 28, 2019 for issuance.

The accounting policies used in the preparation of these Interim Financial Statements are consistent with those used in the audited consolidated financial statements of the Company for the year ended December 31, 2018, except for the adoption of the amendments, interpretations, revised and new standards.

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period.

(a) Changes in Significant Accounting Policy

IFRS 16, Leases ("IFRS 16")

The Group adopted IFRS 16 effective January 1, 2019, using the modified retrospective approach and therefore comparative information for the 2018 reporting period has not been restated and continues to be reported under IAS 17, *Leases*, and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result a lessee would recognized a right-of-use assets ("ROU Assets"), representing its rights to use the underlying assets, and lease liabilities, representing its obligation to make lease payments.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Group recognizes the lease payments as an expense in loss (income) on a straight-line basis over the term of the lease.

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

The Group do not have long term leases and have not recognized a lease liability and a right-of-use asset.

3. Equipment

Six months ended June 30, 2019	Computer Equipment	Fittings & Equipment	Total
Cost			
Balance and ending balance	$ 79,095	$ 20,665	$ 99,760
Accumulated depreciation			
Balance at January 1, 2019	$ 77,405	$ 11,675	$ 89,080
Charge for the period	524	750	1,274
Balance at June 30, 2019	77,929	12,425	90,354
Carrying amount			
Balance at June 30, 2019	$ 1,166	$ 8,240	$ 9,406

Year ended December 31, 2018	Computer Equipment	Fittings & Equipment	Total
Cost			
Beginning and ending balance	$ 79,095	$ 20,665	$ 99,760
Accumulated depreciation			
Balance at January 1, 2018	$ 66,073	$ 10,176	$ 76,249
Charge for the period	11,332	1,499	12,831
Balance at December 31, 2018	$ 77,405	$ 11,675	$ 89,080
Carrying amount			
Balance at December 31, 2018	$ 1,690	$ 8,990	$ 10,680

Depreciation has been included in the loss for the period and has been classified as exploration expenses – site activities.

4. Cash

The components of cash are as follows:

	June 30, 2019	December 31, 2018
Cash held in business accounts	$ 14,679	$ 35,855

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

5. Amounts Receivable and Other Assets

	June 30, 2019	December 31, 2018
Value-added taxes refundable	$ 164,937	$ 121,785
Deposits and advances	(10,872)	2,011
Prepaid expenses	25,760	17,082
Total	$ 179,825	$ 140,878

6. Available-For-Sale Financial Assets

	June 30, 2019	December 31, 2018
Common shares in Heatherdale Resources Ltd.	$ 550,000	$ 330,000

At June 30, 2019 and December 31, 2018, the Group's available-for-sale financial assets consist of common shares of Heatherdale Resources Ltd. ("Heatherdale"), a Canadian public company.

7. Mineral Property Interests

The Company holds interests in mineral exploration concessions in the Republic of Poland and in the Republic of Ireland.

	June 30, 2019	December 31, 2018
Acquisition costs of Irish exploration properties	$ 3,000	$ 3,000

(a) Poland

In 2010, through its wholly-owned subsidiary, Rathdowney acquired the contiguous Zawiercie and Rokitno exploration concessions, collectively named "Project Olza", in the Upper Silesian zinc-lead mining district in the Republic of Poland.

The Rokitno concession was issued to Rathdowney Polska by the Ministry for the Environment in May 2010. It covers exploration for zinc and lead for a period of five years. The permits and the associated usufruct agreements grant right of surface access to the permit holder; however, this must be undertaken by arrangement with individual landowners, who must be informed in writing in advance of any drilling activity on their land. In November 2014, the Rokitno concession was renewed to May 2020.

The Zawiercie concession was issued to Rathdowney Polska by the Ministry for the Environment in July 2010. It covers exploration for a period of five years. In November 2014, the Zawiercie concession was renewed to July 2020.

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

In September 2012, the Company was granted a third exploration concession in Poland, named the Chechlo concession, for a period of five years. This concession is contiguous to the south with the currently held properties, and is included in Project Olza. In November 2014, the Chechlo concession was renewed to September 2022. The Company relinquished the Chechlo concession in July 2019.

To maintain these properties in good standing, the following payments are required.

Year	Polish Zloty
2016	PLN 179,286
2017	329,777
2018	329,777
2019	375,189
2020	124,883
2021	124,883
Total	PLN 1,463,795

(b) *Ireland*

As at June 30, 2019 and December 31, 2018, the Company held a portfolio of prospecting licenses issued by the Department of Communications, Energy and Natural Resources of the Republic of Ireland.

Option Agreement on Irish Properties

In September 2012, the Company signed an agreement with Teck Ireland Ltd. ("Teck Ireland"), a subsidiary of Teck Resources Limited, to option thirty-one (31) Prospecting Licenses that comprise the Westmeath South, Westmeath North, Galway, Laois, Longford and Meath properties (the "Prospecting Licenses") to Teck Ireland.

Teck Ireland has the option (the "Option") to acquire a 100% interest in the Prospecting Licenses by incurring expenditures on the Prospecting Licenses totaling € 3.5 million on or before December 31, 2016. Upon exercise of the Option by Teck Ireland, the Company will retain a 2% net smelter returns royalty on minerals extracted from the areas covered by the Prospecting Licenses.

In 2014 and 2015, Teck relinquished 6 and 13 Prospecting Licenses. The Option continued as described above on the remaining 12 properties. On August 17, 2016, Rathdowney and Teck Ireland agreed to amend the Option agreement and confirmed that the Option had been exercised by Teck Ireland. Rathdowney retains a 2% NSR royalty on minerals extracted from the remaining Prospecting Licenses.

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

8. Loans Payable

(a) Loans 2019

During the period ended June 30, 2019, the Company entered into certain unsecured loan agreements with certain of its directors for an aggregate value of $857,764, bearing interest at 15% per annum for a two-year term. The aforementioned loan agreements were amended on April 1, 2019 to decrease the interest rate from 15% per annum to 5% per annum, applied on a prospective basis. Subsequent to June 30, 2019, pursuant to the aforementioned loan agreements, the Company received additional cash advances increasing the aggregate principal sum by $136,662 (note 14).

(b) Loans 2018

In 2018, the Company entered into unsecured loan agreements with certain of its directors for an aggregate principal sum of $624,200. The loans are repayable in 2 years and bear interest at a rate of 15% per annum. The aforementioned loan agreements were amended on April 1, 2019, decreasing the interest rate from 15% per annum to 5% per annum.

In July 2018, the Company entered into an unsecured loan agreement (the "Original Loan") with an unrelated party (the "Original Lender") amounting to $100,000. The Original Loan has a two-year term and bears interest at a rate of 15% per annum. In November 2018, The Original Lender transferred its rights under the loan, including all interest accrued thereto, to Hunter Dickinson Services Inc. (note 11), which modified the term of the loan whereby the loan was rendered interest free immediately following the assignment.

In connection with the Original Loan, the Company issued a loan bonus in the form of 833,333 share-purchase warrants, each entitling the holder to acquire one common share of the Company for two years at an exercise price of $0.12 per share.

The continuity of the Loans during the period ended June 30, 2019 is as follows:

	June 30, 2019	December 31, 2018
Balance at the beginning of the period	$ 753,509	$ –
Loans received	857,764	724,200
Interest accrued during the year	46,557	29,309
Total	$ 1,657,830	$ 753,509

9. Capital and Reserves

(a) Authorized share capital

At June 30, 2019 and December 31, 2018, the authorized share capital was comprised of an unlimited number of common shares without par value.

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

(b) Share purchase Warrants

The following summarizes share purchase warrants (each warrant redeemable for one common share) at the beginning and end of the period:

		Six months ended June 30, 2019				
Exercise price per common share ($)	Expiry date	Beginning balance	Issued	Exercised	Expired	Ending balance
Warrants issued pursuant to Loans [1]						
0.12	July 9, 2020	833,333	–	–	–	833,333
Warrants issued pursuant to financings						
0.24	January 13, 2019	5,263,159	–	–	(5,263,159)	–
0.24	February 11, 2019[2]	7,190,000	–	–	(7,190,000)	–
0.24	February 17, 2019	5,999,732	–	–	(5,999,732)	–
0.24	February 27, 2019	10,113,966	–	–	(10,113,966)	–
0.24	June 16, 2019	1,578,946	–	–	(1,578,946)	–
0.24	June 20, 2019	1,421,053	–	–	(1,421,053)	–
0.24	July 14, 2019	2,631,173	–	–	–	2,631,173
Total		34,198,029	–	–	(31,566,856)	2,631,173
Grand Total		35,031,362	–	–	(31,566,856)	3,464,506

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

Exercise price per common share ($)	Expiry date	Six months ended June 30, 2018 Beginning balance	Issued	Exercised	Expired	Ending balance
Warrants issued pursuant to financings						
0.24	August 11, 2018[2]	7,190,000	–	–	–	7,190,000
0.24	September 15, 2018	7,894,735	–	–	–	7,894,735
0.24	January 13, 2019	5,263,159	–	–	–	5,263,159
0.24	February 17, 2019	5,999,732	–	–	–	5,999,732
0.24	February 27, 2019	10,113,966	–	–	–	10,113,966
0.24	June 16, 2019	1,578,946	–	–	–	1,578,946
0.24	June 20, 2019	1,421,053	–	–	–	1,421,053
0.24	July 14, 2019	2,631,173	–	–	–	2,631,173
Total		42,092,764	–	–	–	42,092,764
Grand Total		42,092,764	–	–	–	42,092,764

Note to previous tables:

1. The Company issued Warrants to the Loans received in July 2018. (note 8)
2. In August 2018, the TSX Venture Exchange approved the extension in the expiry date of the warrants from August 11, 2018 to February 11, 2019.

After the end of the reporting period, all warrants issued pursuant to financing have expired.

10. Equity-Settled Share-Based Payments

The following reconciles the Group's share purchase options ("Options") issued pursuant to the Group's incentive plan outstanding for the six months ended June 30, 2019 and 2018:

	2019		2018	
Continuity of options	Number of options	Weighted average exercise price ($/option)	Number of options	Weighted average exercise price ($/option)
Beginning Balance	9,649,000	$ 0.32	9,713,000	$ 0.32
Granted	1,050,000	$ 0.12	–	–
Expired	(1,415,000)	$ 0.25	–	–
Cancelled	–	–	(16,000)	0.33
Ending Balance	9,284,000	$ 0.30	9,697,000	$ 0.32

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

Share purchase options outstanding at June 30, 2019 and 2018 are:

	June 30, 2019		
Exercise price	Number of share purchase options outstanding	Weighted average remaining contractual life (years)	Number exercisable
$ 0.12	1,050,000	4.71	250,000
$ 0.27	180,000	0.26	180,000
$ 0.32	200,000	0.26	200,000
$ 0.33	7,854,000	2.22	7,854,000

	June 30, 2018		
Exercise price	Number of share purchase options outstanding	Weighted average remaining contractual life (years)	Number exercisable
$ 0.25	1,415,000	0.78	1,415,000
$ 0.27	180,000	1.26	180,000
$ 0.32	200,000	1.26	200,000
$ 0.33	7,902,000	3.21	7,902,000
	9,697,000		9,697,000

(a) *Options subject to market performance vesting conditions*

During the period ended June 30, 2019, the Company granted to its Chief Executive Officer ("CEO") 250,000 options at $0.12 per option (2018 – Nil granted). The weighted average fair value was estimated at $0.08 per option and was based on the Black-Scholes option pricing model using the following weighted average assumptions:

Assumptions	**2019**
Risk-free interest rate	1.81%
Expected life	5.0 years
Expected volatility [1]	103.23%
Grant date share price	$0.11
Expected dividend yield	Nil

Note:
1. Expected volatility is based on the historical and implied volatility of the Company's share price on the TSX.V

(b) *Options subject to non-market performance vesting conditions*

During the period ended June 30, 2019, the Company granted to its CEO 800,000 options that are subject to certain non-market performance vesting conditions that require specified performance targets to be met before the options will vest. These options have an exercise price of $0.12 and an expiry term of 5 years if the vesting conditions are met before August 23, 2019. Due to a high level of uncertainty relating to the outcome of the vesting conditions, the Group has not recognized a share-based payment expense in respect of these performance-based options.

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

(c) Deferred Share Units ("DSUs")

The Company has a DSU plan which was approved by the Company's shareholders in November 2015 which allows the Board, at its discretion, to award DSUs to non-executive directors for services rendered to the Company and also provides that non-executive directors may elect to receive up to 100% of their annual compensation in DSUs. The aggregate number of DSUs outstanding pursuant to the Plan from time to time shall not exceed 2,000,000 Shares unless and until such number is increased in the manner provided for in the plan. The maximum number of Shares issuable pursuant to all Security Based Compensation Arrangements, at any time, including all Shares, options or other rights to purchase or otherwise acquire Shares that are granted to Insiders shall not exceed 10% of the total number of outstanding Shares. DSUs are payable when the non-executive director ceases to be a director including in the event of death. DSUs may be settled in Shares issued from treasury, by the delivery to the former director of Shares purchased by the Company in the open market, payment in cash, or any combination thereof, at the discretion of the Company.

During the six months ended June 30, 2019 the Company granted 454,564 DSUs with an aggregate fair market value of $48,600 at the date of grant that is recorded as share-based payment in the statement of loss with a corresponding increase in the equity-settled share payment reserve in equity. During the six months ended June 30, 2018, the Company granted 351,054 DSUs with an aggregate fair market value of $48,600 at the date of grant.

The following summarizes the changes in the Company's DSUs:

Number of DSUs	Six months ended June 30, 2019	Six months ended June 30, 2018
Outstanding – beginning balance	1,107,814	535,851
Granted	454,564	351,054
Outstanding – ending balance	1,562,378	886,905
Vested – ending balance	1,562,378	886,905

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

11. Related Party Transactions

The components of balance payable to related parties are as follows:

	June 30, 2019	December 31, 2018
Key management personnel (note 11(a))	$ 1,454,863	$ 1,225,113
Hunter Dickinson Services Inc. (note 11(b))	4,993,479	4,169,682
Total	$ 6,448,342	$ 5,394,795

(a) Key management personnel

Key management personnel ("KMP") consist of directors and officers of Rathdowney and its material subsidiaries.

Note 8 includes the details of certain loans from directors.

Transactions with key management personnel, other loans payable, were as follows:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Employee benefits:				
Amounts paid or payable to HDSI for services of KMP employed by HDSI	$ 175,154	$ 208,741	$ 373,749	$ 423,031
Amounts paid or payable to KMP or to an entity owned by a KMP	164,209	179,093	375,892	370,933
	339,363	387,834	749,641	793,964
Share-based payments	35,867	24,300	69,284	48,600
Total	$ 375,230	$ 412,134	$ 818,925	$ 842,564
Other amounts:				
Office rent paid	$ 751	$ 770	$ 1,506	$ 1,547

Short-term employee benefits include salaries, director's fees and amounts paid to HDSI (note 11 (b)) for services provided to the Company and its subsidiaries by HDSI personnel who serve as executive directors and officers for the Company. Certain key management personnel are paid through private companies controlled by them, which provide technical or administrative services to the Company at market rates.

(b) Entities with significant influence over the Group

The Company's management believes that certain entities have the power to participate in the financial or operating policies of the Group. Several directors and other key management personnel of those entities, who are close business associates, are also key management personnel of the Group.

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

Hunter Dickinson Services Inc. ("HDSI")

HDSI is a private company with certain directors and other key management personnel in common with the Company. David Copeland who is a director of the Company, is also a director of HDSI.

Pursuant to an agreement dated July 2, 2010, HDSI provides geological, corporate development, corporate communications, administrative and management services to the Company at annually agreed rates. HDSI also incurs third party costs on behalf of the Company.

Transactions with HDSI were as follows:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Services rendered by HDSI:				
Technical	$ 171,498	$ 247,178	$ 412,478	$ 557,896
Engineering	–	52,500	–	172,500
Environmental and community relations	61,015	57,447	109,945	122,234
Geological	25,228	28,728	65,132	40,384
Site activities	85,255	108,503	237,401	222,778
General and administrative	147,666	195,902	199,642	368,133
Management, financial & administration	132,556	106,556	151,640	221,674
Shareholder communication	15,110	89,346	48,003	146,459
Total	$ 319,164	$ 443,080	$ 612,120	$ 926,029
Reimbursement of third party expenses	$ 69,156	$ 53,906	$ 213,305	$ 146,878
Conferences and travel	31,923	13,999	107,228	37,034
Information technology	33,000	33,000	66,000	66,000
Insurance	–	–	30,459	29,643
Office supplies and other	4,233	6,907	9,618	14,201

(Unaudited – Expressed in Canadian dollar, unless otherwise stated)

(c) Other

Heatherdale Resources Ltd. ("Heatherdale")

Heatherdale is a public company listed on the TSX Venture Exchange, and has certain directors in common with the Company (note 6). As of June 30, 2019, David Copeland and Lena Brommeland, who are directors of the Company, are also directors of Heatherdale.

12. Employees Benefits Expenses

The amount of employees' salaries and benefits (including share-based payments) included within various expenses are:

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Exploration	$ 182,656	$ 248,982	$ 397,396	$ 580,729
Administration	336,519	428,910	679,929	876,551
Total	$ 519,175	$ 677,892	$ 1,077,324	$ 1,457,280

13. Fair Value

At June 30, 2019 and December 31, 2018, Company's available-for-sale financial assets were carried at fair value based on unadjusted quoted prices in active markets, which is level 1 of the fair value hierarchy (note 6).

At June 30, 2019 and December 31, 2018, the carrying values of the Company's financial assets and financial liabilities approximate their fair values.

14. Subsequent Event

After the end of the reporting period, the Company entered into certain unsecured loan agreements (together referred to as the "Subsequent Loans") with certain of its directors for an aggregate principal amount of $136,662. The Subsequent Loans have a maturity term of 2 years and bear interest at a rate of 5% per annum.