

# **ROSCAN GOLD CORPORATION**

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## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the six months ended April 30, 2019**

**(unaudited)**

**EXPRESSED IN CANADIAN DOLLARS**

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### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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The accompanying unaudited condensed interim consolidated financial statements of Roscan Gold Corporation (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, RSM Canada LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

## ROSCAN GOLD CORPORATION

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in Canadian dollars)

As at	April 30 2019 <i>(unaudited)</i>	October 31 2018 <i>(audited)</i>
<b>ASSETS</b>		
Current		
Cash	\$ 3,419,396	\$ 1,050,780
Sales tax receivable	39,096	36,211
Prepaid expenses	53,799	137,598
	\$ 3,512,291	\$ 1,224,589
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (notes 6,11)	\$ 410,341	\$ 98,762
Loans due to related parties (note 11)	297,765	485,915
	708,106	584,677
<b>EQUITY (DEFICIENCY)</b>		
Share capital (note 7)	10,441,762	8,546,935
Contributed surplus	3,248,089	897,903
Warrants (note 8)	897,903	1,124,636
Deficit	(11,783,569)	(9,929,562)
	2,804,185	639,912
	\$ 3,512,291	\$ 1,224,589

Nature of operations and going concern (note 1)

Commitments and contingencies (note 14)

Subsequent events (note 16)

See accompanying notes.

## ROSCAN GOLD CORPORATION

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited, expressed in Canadian dollars)

	Three months ended		Six months ended	
	2019	April 30 2018	2019	April 30 2018
<b>Revenue</b>				
Interest income	\$ 2,877	\$ -	\$ 2,877	\$ -
<b>Expenses</b>				
Corporate and administrative (notes 9, 11)	251,739	134,925	380,095	221,352
Exploration and evaluation (note 10)	800,876	162,847	1,460,102	198,620
Foreign exchange loss	10,679	3,528	16,687	3,586
	1,063,294	301,300	1,856,884	423,558
<b>Net loss and comprehensive loss</b>	<b>\$ (1,060,417)</b>	<b>\$ (301,300)</b>	<b>\$ (1,854,007)</b>	<b>\$ (423,558)</b>
<b>Basic and diluted loss per share (note 13)</b>	<b>\$ (0.011)</b>	<b>\$ (0.006)</b>	<b>\$ (0.020)</b>	<b>\$ (0.009)</b>
<b>Weighted average number of common shares outstanding: Basic and diluted</b>	<b>100,724,438</b>	<b>47,093,488</b>	<b>93,238,093</b>	<b>47,059,223</b>

See accompanying notes.

## ROSCAN GOLD CORPORATION

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, expressed in Canadian dollars)

	Share capital		Contributed surplus	Warrants	Deficit	Total
	Number of shares	Amount				
Balance, October 31, 2017	47,026,073	\$ 7,582,065	\$ 475,611	\$ 194,792	\$ (8,324,987)	\$ (72,519)
Exercise of options (note 7)	100,000	8,367	(3,367)	-	-	5,000
Exercise of warrants (note 7)	400,000	40,943	-	(8,943)	-	32,000
Warrants expired	-	-	87,196	(87,196)	-	-
Net loss for the period	-	-	-	-	(423,558)	(423,558)
Balance, April 30, 2018	47,526,073	7,631,375	559,440	98,653	(8,748,545)	(459,077)
Units issued by private placement (note 7)	36,635,499	1,218,557	-	979,573	-	2,198,130
Broker compensation units (note 7)	1,584,295	52,585	-	42,473	-	95,058
Broker warrants (notes 7,8)	-	-	-	102,590	-	102,590
Shares issued for mineral property (notes 7,10)	250,000	17,500	-	-	-	17,500
Share issuance costs	-	(373,082)	-	-	-	(373,082)
Warrants expired	-	-	98,653	(98,653)	-	-
Share-based payments (note 7)	-	-	239,810	-	-	239,810
Net loss for the period	-	-	-	-	(1,181,017)	(1,181,017)
Balance, October 31, 2018	85,995,867	8,546,935	897,903	1,124,636	(9,929,562)	639,912
Units issued by private placement (note 7)	27,142,857	2,107,830	-	1,692,170	-	3,800,000
Broker compensation units (note 7)	1,402,286	108,897	-	87,423	-	196,320
Broker warrants (note 7)	-	-	-	427,037	-	427,037
Share issuance costs	-	(785,125)	-	-	-	(785,125)
Exercise of warrants	3,167,066	463,225	-	(83,177)	-	380,048
Net loss for the period	-	-	-	-	(1,854,007)	(1,854,007)
<b>Balance, April 30, 2019</b>	<b>117,708,076</b>	<b>\$ 10,441,762</b>	<b>\$ 897,903</b>	<b>\$ 3,248,089</b>	<b>\$ (11,783,569)</b>	<b>\$ 2,804,185</b>

See accompanying notes.

## ROSCAN GOLD CORPORATION

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, expressed in Canadian dollars)

	Three months ended		Six months ended	
	2019	April 30 2018	2019	April 30 2018
<b>Operating activities</b>				
Loss for the period	\$ (1,060,417)	\$ (301,300)	\$ (1,854,007)	\$ (423,558)
Adjustments to reconcile loss to net cash used:				
Unrealized foreign exchange	47,772	-	47,772	-
	(1,012,645)	(301,300)	(1,806,235)	(423,558)
Changes in non-cash working capital items				
Sales tax receivable	25,261	(14,319)	(2,885)	(17,588)
Prepaid expenses	(3,577)	(2,231)	83,533	(5,192)
Accounts payable and accrued liabilities	80,420	129,836	265,174	217,742
	(910,541)	(188,014)	(1,460,413)	(228,596)
<b>Financing activities</b>				
Loans from related party (note x)	-	219,745	-	245,745
Loan repayments to related parties (note x)	(138,105)	-	(188,150)	-
Units issued by private placement	3,800,000	-	3,800,000	-
Shares issued on exercise of options	-	5,000	-	5,000
Shares issued on exercise of warrants	380,048	32,000	380,048	32,000
Share issuance costs	(161,768)	-	(161,768)	-
	3,880,175	256,745	3,830,130	282,745
<b>Net change in cash</b>	<b>2,969,634</b>	<b>68,731</b>	<b>2,369,717</b>	<b>54,149</b>
Cash, beginning of period	502,731	3,599	1,050,780	18,181
Effect of exchange rate changes on cash	(52,969)	-	(1,101)	-
<b>Cash, end of period</b>	<b>\$ 3,419,396</b>	<b>\$ 72,330</b>	<b>\$ 3,419,396</b>	<b>\$ 72,330</b>

See accompanying notes.

# ROSCAN GOLD CORPORATION

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2019

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

RosCan Gold Corporation (the “Company”) is an exploration stage company involved in the business of acquiring, exploring and developing mineral properties in West Africa. The Company’s mineral projects are located in Mali. The Company’s shares are listed on the TSX Venture Exchange under trading symbol “ROS” and the address of the Company’s registered office is 365 Bay St., Suite 400, Toronto, Ontario, M5H 2V1.

#### Political and other risks

The Company’s mineral properties are in Mali and may potentially expose the Company to risks and different considerations not normally associated with companies or exploration activities in North America. The Company’s ability to retain its mineral properties, raise and deploy capital may be adversely affected by changes in governing regimes, policies, laws and regulations, all of which are beyond the Company’s control.

#### Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company’s ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

At April 30, 2019, the Company had working capital \$2,804,185 (October 31, 2018 - \$639,912), incurred losses for the current six month period of \$1,854,007 (2018 - \$423,558), and, has an accumulated deficit of \$11,783,569 (October 31, 2018 - \$9,929,562). To recapitalize the Company, on March 21, 2019, the Company completed a \$3.8 million private placement (Note 7).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### **Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

# ROSCAN GOLD CORPORATION

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2019

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### BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of presentation and consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Roscan Gold Mali SARL, a Malian company incorporated on October 26, 2018. All significant inter-company transactions and balances have been eliminated on consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of Roscan Gold Mali SARL is the Canadian dollar.

These interim financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company's 2018 audited annual consolidated financial statements. These interim results are not necessarily indicative of the results that may be anticipated for the entire fiscal year.

#### (b) Estimates and judgements

The preparation of financial statements, in conformity with IFRS, requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:

- measurement of share-based payments and warrant valuation;
- measurement of shares issued to acquire mineral properties;
- establishment of provisions; and,
- recognition of deferred tax assets.

Significant judgements relate to:

- ability to continue as a going concern;
- functional currency of the Company and its subsidiary; and,
- exploration and evaluation accounting policy.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies, as described in Note 4 of the Company's audited consolidated financial statements for the year ended October 31, 2018, have been applied consistently to all periods presented in these financial statements, unless otherwise noted. During 2019 the Company adopted the following policy:

# ROSCAN GOLD CORPORATION

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2019

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### SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Adoption of IFRIC 22 – Foreign Currency Transactions and Advanced Consideration

IFRIC 22, was issued on December 2016 and clarifies the accounting for transactions that include the receipt or payment of advanced consideration in a foreign currency. For purposes of determining the exchange rate to use on initial recognition, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The Company adopted IFRIC 22, effective Nov 1, 2018. There was no material impact from its adoption.

#### 4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following standards have been issued but are not yet effective:

##### IFRS 2 Share-Based Payments

In June 2016, the IASB issued an amendment to IFRS 2 addressing (i) certain issues related to the accounting for cash-settled awards, and (ii) the accounting for equity-settled awards that include a "net settlement" feature in respect of employee withholding taxes. This amendment is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures, but expects that such impact would not be material.

##### IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, although early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same time as IFRS16.

The Company is currently evaluating the impact of the above standards on its financial performance and financial statement disclosures and expects that such impact, if any, would not be material.

#### 5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not established quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company's management of its capital during the period. The Company is not subject to any externally imposed capital requirements.



## ROSCAN GOLD CORPORATION

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2019

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30 2019	October 31 2018
Trade payables	\$ 216,717	\$ 26,021
Accrued liabilities	164,625	52,241
Related parties (note 11)	28,999	20,500
	<b>\$ 410,341</b>	<b>\$ 98,762</b>

#### 7. SHARE CAPITAL

##### Authorized

Unlimited common shares

	Number	Amount
Balance, October 31, 2017	47,026,073	\$ 7,582,065
Shares issued on exercise of options (i)	100,000	8,367
Shares issued on exercise of warrants (ii)	400,000	40,943
Shares issued for mineral property (iii)	250,000	17,500
Shares issued by private placement (iv)	36,635,499	2,198,130
Shares issued for broker compensation (iv)	1,584,295	95,058
Value attributed to private placement warrants (iv)	-	(979,573)
Value attributed to broker compensation warrants (iv)	-	(42,473)
Share issuance costs - broker compensation warrants (iv)	-	(95,058)
Share issuance costs - broker warrants (iv)	-	(102,590)
Share issuance costs	-	(175,434)
Balance, October 31, 2018	85,995,867	\$ 8,546,935
Shares issued on exercise of warrants (v)	3,167,066	463,225
Shares issued by private placement (vi)	27,142,857	3,800,000
Shares issued for broker compensation (vi)	1,402,286	196,320
Value attributed to private placement warrants (vi)	-	(1,692,170)
Value attributed to broker compensation warrants (vi)	-	(87,423)
Share issuance costs - broker compensation warrants (vi)	-	(196,320)
Share issuance costs - broker warrants (vi)	-	(427,037)
Share issuance costs	-	(161,768)
<b>Balance, April 30, 2019</b>	<b>117,708,076</b>	<b>\$ 10,441,762</b>

- (i) On April 19, 2018, the Company issued 100,000 shares in connection to the exercise of stock options for net proceeds of \$5,000. The fair value of these stock options was \$3,367, which was transferred from contributed surplus to capital stock. The share price on the date of exercise was \$0.07.
- (ii) In April 2018, the Company issued 400,000 shares in connection to the exercise of warrants for net proceeds of \$32,000. The fair value of these warrants was \$8,943, which was transferred from the warrant reserve account.

## ROSCAN GOLD CORPORATION

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

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#### SHARE CAPITAL (continued)

- (iii) On June 21, 2018, the Company issued 250,000 common shares at \$0.07 per share in accordance with the option agreement made with Minex SARL for the Kandiole Project's Mankouke permit (Note 10).
- (iv) On July 26, 2018, pursuant to a brokered and non-brokered private placement, the Company issued 34,598,799 units at \$0.06 per unit for gross proceeds of \$2,075,928. Each unit was comprised of one common share and common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.12 for a period of 24 months, expiring on July 26, 2020. If at any time, after November 26, 2018, the daily volume weighted average trading price of the common shares of the Company, as traded on the TSX Venture Exchange, equals or exceeds \$0.24 for 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants to a date which is 10 days following the date of the Company provides notice of the accelerated expiry. The value of the warrants was estimated at \$927,539 using the relative fair value method. As consideration for the services of the broker, the Company issued: 1,584,295 compensation units on the same terms as the private placement units; and, 1,584,295 broker warrants having an exercise price of \$0.06 with a 24 month term. The value of the compensation unit warrants was estimated at \$42,473 using the relative fair value method and the value of the broker warrants was estimated at \$102,590 using the Black-Scholes option pricing model. The units issued as broker compensation were estimated to have a fair value of \$95,058.

On August 20, 2018, pursuant to the private placement completed on July 26, 2018, the Company completed a non-brokered second tranche by issuing an additional 2,036,700 units at \$0.06 per unit for gross proceeds of \$122,202. Each unit was comprised of one common share and common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.12 for a period of approximately 23 months, expiring on July 26, 2020. If at any time, after December 20, 2018, the daily volume weighted average trading price of the common shares of the Company, as traded on the TSX Venture Exchange, equals or exceeds \$0.24 for 20 consecutive trading days, the Company has the right to accelerate the expiry date of the warrants to a date which is 10 days following the date of the Company provides notice of the accelerated expiry. The value of the warrants was estimated at \$52,034 using the relative fair value method.

Cash share issuance costs relating to these private placements was \$175,434.

- (v) During the current six month period, the Company issued 3,167,066 shares in connection to the exercise of warrants for net proceeds of \$380,048. The fair value of these warrants was \$83,177, which was transferred from the warrant reserve account.
- (vi) On March 21, 2019, pursuant to a brokered and non-brokered private placement, the Company issued 27,142,857 units at \$0.14 per unit for gross proceeds of \$3,800,000. Each unit was comprised of one common share and common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.22 for a period of 24 months, expiring on March 21, 2021. The value of the warrants was estimated at \$1,692,170 using the relative fair value method. As consideration for the services of the broker, the Company issued: 1,402,286 compensation units on the same terms as the private placement units; and, 1,869,714 broker warrants having an exercise price of \$0.14 with a 24 month term. Each broker warrant entitles the holder to purchase one broker unit consisting of one common share and one share purchase warrant that entitles the holder to purchase one additional common share at an exercise price of \$0.22 for a period of 24 months, expiring March 21, 2021.

## ROSCAN GOLD CORPORATION

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

#### SHARE CAPITAL (continued)

The value of the compensation unit warrants was estimated at \$87,423 using the relative fair value method and the value of the broker warrants was estimated at \$427,037 using the Black-Scholes option pricing model. The units issued as broker compensation were estimated to have a fair value of \$196,320. Cash share issuance costs relating to this private placements was \$161,768.

#### Stock options

Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period that is not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Board of Directors at the time of grant. All issued stock options were granted in accordance with the terms of the Plan.

Stock option transactions and the number of stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, October 31, 2017	1,850,000	\$0.05
Granted (i)	3,300,000	0.10
Exercised	(100,000)	0.05
Expired	(250,000)	0.05
<b>Balance, October 31, 2018 and April 30, 2019</b>	<b>4,800,000</b>	<b>\$0.09</b>

- (i) On August 1, 2018, the Company granted 3,300,000 stock options to directors, officers and consultants. These options had a fair value of \$239,810, vested immediately and were issued with an exercise price of \$0.10 and a three year term.

Fair value of the options issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2018
Dividend yield	Nil
Expected volatility (based on historical prices)	199%
Risk-free rate of return	2.12%
Expected life	3 Years
Share price	\$0.080

# ROSCAN GOLD CORPORATION

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

### SHARE CAPITAL (continued)

The following summarizes information on the outstanding stock options:

Expiry Date	Number	Weighted average exercise price	Exercisable	Weighted average remaining life (years)
September 18, 2019	1,200,000	\$0.05	1,200,000	0.38
August 1, 2021	3,300,000	0.10	3,300,000	2.88
March 15, 2022	300,000	0.06	300,000	2.25
	4,800,000	\$0.09	4,800,000	1.82

### 8. WARRANTS

	Number	Weighted average exercise price
Balance, October 31, 2017	8,740,000	\$0.08
Issued	39,804,089	0.12
Exercised	(400,000)	0.08
Expired	(8,340,000)	0.08
Balance, October 31, 2018	39,804,089	\$0.12
Issued	30,414,857	0.22
Exercised	(3,167,066)	0.12
<b>Balance, April 30, 2019</b>	<b>67,051,880</b>	<b>\$0.16</b>

Relative fair value of the warrants were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2019	2018
Dividend yield	Nil	Nil
Expected volatility (based on historical prices)	172%	199%
Risk-free rate of return	1.60%	2.05%
Expected life	2 Years	2 Years
Share price	\$0.270	\$0.075

## ROSCAN GOLD CORPORATION

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

#### WARRANTS (continued)

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
July 26, 2020	35,052,728	\$0.12	1.24	\$ 938,869
July 26, 2020 (i)	1,584,295	0.06	1.24	102,590
March 21, 2021	28,545,143	0.22	1.89	1,779,593
March 21, 2021 (ii)	1,869,714	0.14	1.89	427,037
	<b>67,051,880</b>	<b>\$0.16</b>	<b>1.53</b>	<b>\$ 3,248,089</b>

(i) Broker warrants that entitle the holder to purchase one additional common share for each warrant held.

(ii) Broker warrants that entitle the holder to purchase one broker unit for each warrant held. Each broker unit consists of one common share and one share purchase warrant that entitles the holder to purchase one additional common share at an exercise price of \$0.22 for a period of 24 months, expiring March 21, 2021.

#### 9. CORPORATE AND ADMINISTRATIVE

	Three months ended		Six months ended	
	2019	April 30 2018	2019	April 30 2018
Consulting	\$ 12,175	\$ -	\$ 21,175	\$ -
Management fees (note 11)	55,500	55,500	111,000	111,000
Office and general	11,721	5,934	19,311	6,765
Premises (note 11)	5,550	1,050	11,100	2,100
Professional fees (note 11)	11,332	21,817	22,527	28,255
Listing and share transfer	17,894	8,930	24,205	10,006
Shareholder relations and promotions	126,898	33,972	152,506	55,504
Travel	10,669	7,722	18,271	7,722
	<b>\$ 251,739</b>	<b>\$ 134,925</b>	<b>\$ 380,095</b>	<b>\$ 221,352</b>

# ROSCAN GOLD CORPORATION

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

### 10. EXPLORATION AND EVALUATION

	Three months ended		Six months ended	
	2019	April 30 2018	2019	April 30 2018
Acquisition costs	\$ 120,739	\$ 46,477	\$ 150,739	\$ 71,477
Property costs	345	47,202	345	48,202
Assaying	84,940	-	189,055	-
Consulting/Contracting	58,800	23,733	92,016	31,033
Drilling	246,607	-	441,771	-
Field expenses and equipment	128,081	21,368	274,168	21,368
Field office	130,427	9,139	253,685	9,139
General and administrative	4,816	4,062	9,247	5,033
Professional fees	5,509	-	21,648	-
Reports	-	8,866	-	8,866
Travel/Transportation	20,612	2,000	27,428	3,502
	\$ 800,876	\$ 162,847	\$ 1,460,102	\$ 198,620

#### Kandiole Project – Mali

The Company entered into five option agreements to acquire a 100% interest in six contiguous gold prospective permits, encompassing 271 sq. kilometres, in Mali, West Africa. In order to earn a 100% interest in each of the permits, the Company shall:

A) Kandiole North Option Agreement\*\* (40 sq. kms.) effective November 3, 2017, permit expiring February 28, 2021

(a) Pay Touba Mining SARL (“Touba”) an aggregate of \$80,000 over a three (3) year option period as follows:

- |                    |                   |                    |          |
|--------------------|-------------------|--------------------|----------|
| • May 3, 2018      | \$20,000 (paid)   | • November 3, 2019 | \$10,000 |
| • November 3, 2018 | \$20,000 (paid)   | • May 3, 2020      | \$10,000 |
| • May 3, 2019      | \$10,000 (paid *) | • November 3, 2020 | \$10,000 |

\* Paid subsequent to April 30 2019

(b) Pay permitting fees of 10,000,000 CFA francs (paid) to the Malian government’s Direction Nationale de la Geologie et des Mines (“DNGM”).

(c) Touba shall retain a 5% net profit interest (“NPI”) and a 2% net smelter return royalty (“NSR”) on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for \$1,000,000.

\*\* Touba has assigned its option rights under its agreement with Oauni-Or SARL to the Company.

# ROSCAN GOLD CORPORATION

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

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### EXPLORATION AND EVALUATION (continued)

B) Kandiole West Option Agreement\*\* (25 sq. kms.) effective November 3, 2017, permit expiring June 12, 2021

(a) Pay Touba an aggregate of \$80,000 as follows:

(i) \$5,000 on signing (paid); and,

(ii) \$75,000 over a three (3) year option period as follows:

- |                    |                   |                    |          |
|--------------------|-------------------|--------------------|----------|
| • May 3, 2018      | \$5,000 (paid)    | • November 3, 2019 | \$10,000 |
| • November 3, 2018 | \$10,000 (paid)   | • May 3, 2020      | \$20,000 |
| • May 3, 2019      | \$10,000 (paid *) | • November 3, 2020 | \$20,000 |

\* Paid subsequent to April 30, 2019

(b) Pay permitting fees of 10,000,000 CFA francs (paid) to the DNGM.

(c) Touba shall retain a 5% net profit interest (“NPI”) and a 2% NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for \$1,000,000.

\*\* Touba has assigned its option rights under its agreement with Kara Mining SARL to the Company.

C) Segando South and Moussala North Option Agreement (97 sq. kms.) effective March 31, 2018, permit renewal pending

(a) Pay K.L. Mining SARL and K.A. Gold Mining SARL (collectively, the “Optionor”) an aggregate of US\$400,000 as follows:

(i) US\$40,000 on signing (paid); and,

(ii) US\$360,000 over a three (3) year option period as follows:

- |                  |                   |
|------------------|-------------------|
| • March 31, 2019 | US\$60,000 (paid) |
| • March 31, 2020 | US\$120,000       |
| • March 31, 2021 | US\$180,000       |

(b) Incur an aggregate of US\$165,000 in exploration expenditures over the option period, as follows:

- |               |                        |
|---------------|------------------------|
| • First year  | US\$40,000 (completed) |
| • Second year | US\$60,000             |
| • Third year  | US\$65,000             |

(c) Pay permitting fees (paid) to the DNGM. The DNGM is in the process of formalizing the grant of these leases.

(d) The Optionor shall retain a 2% NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US\$1,200,000.

## ROSCAN GOLD CORPORATION

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

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#### EXPLORATION AND EVALUATION (continued)

D) Niala Option Agreement (93 sq. kms.) effective April 27, 2018, permit expiring May 22, 2021

- (a) Pay SOLF SARL ("SOLF") an aggregate of \$117,500 as follows:
- (i) \$12,500 on signing (paid); and
  - (ii) \$105,000 over a three (3) year option period as follows:
    - April 27, 2019 \$30,000 (paid)
    - April 27, 2020 \$35,000
    - April 27, 2021 \$40,000
- (b) Incur an aggregate of \$205,000 in exploration expenditures over the option period, as follows:
- First year \$50,000 (completed)
  - Second year \$75,000
  - Third year \$80,000
- (c) Pay permitting fees of \$5,000,000 CFA francs (paid) to the DNGM.
- (d) SOLF shall retain a 2% NSR on all ore mined from the property. The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for \$500,000.

E) Mankouke Option Agreement (16 sq. kms.) effective June 22, 2018, permit expiring April 2, 2020

- (a) Pay Minex SARL ("Minex") an aggregate of \$250,000 as follows:
- (i) \$40,000 on signing (paid); and
  - (ii) \$210,000 over a three (3) year option period as follows:
    - June 22, 2019 \$60,000 (paid subsequent to April 30, 2019)
    - June 22, 2020 \$70,000
    - June 22, 2021 \$80,000
- (b) Issue 1,000,000 common shares of the Company to Minex in four instalments as follows:
- On signing 250,000 (issued)
  - June 22, 2019 250,000 (issued subsequent to April 30, 2019)
  - June 22, 2020 250,000
  - June 22, 2021 250,000
- (c) Incur an aggregate of \$205,000 in exploration expenditures over the option period, as follows:
- First year \$50,000 (completed)
  - Second year \$75,000
  - Third year \$80,000
- (d) Minex shall retain a 3% NSR on all ore mined from the property. The Company has the right to purchase two-thirds of the NSR (equivalent to a 2% NSR) for US\$1,000,000.

During the option periods for all of the permits, the Company shall be responsible for keeping each permit in good standing and performing all obligations required by law.



## ROSCAN GOLD CORPORATION

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

#### 11. RELATED PARTY TRANSACTIONS AND BALANCES

A summary of the compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

	Three months ended		Six months ended	
	April 30		April 30	
	2019	2018	2019	2018
Management fees (i)	\$ 55,500	\$ 55,500	\$ 111,000	\$ 111,000
Premises (ii)	4,500	-	9,000	-
Professional fees (iii)	11,533	16,617	22,528	21,355
Share issuance costs (iii)	34,770	-	34,770	-
	\$ 106,303	\$ 72,117	\$ 177,298	\$ 132,355

- (i) Management fees were paid or became payable to a company controlled by a Company director/officer and to a company controlled by an associate of a Company director/officer.
- (ii) Rent was paid or became payable to a company controlled by a Company director/officer.
- (iii) Legal fees were paid or became payable to a law firm in which a Company director is a partner.

Loans due to related parties balance of \$297,765 (October 31, 2018 - \$485,915) consisted of cash loans provided by a company controlled by a Company director/officer. These loans are non-interest bearing, unsecured and due on demand. The Company received cash loans of \$nil (2018 - \$245,745) and repaid \$188,150 (2018 - \$nil) of the cash loans during the six month period.

Included in accounts payable and accrued liabilities is \$28,999 (October 31, 2018 - \$20,500) payable to entities controlled by or associated with Company directors/officers.

#### 12. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

#### 13. COMMITMENTS AND CONTINGENCIES

The Company currently has management services agreements with two Company officers that contain the provision of termination and change of control benefits. The agreements provide that in the event that their services are terminated by the Company other than for cause, then each officer shall be entitled to a lump sum payment amount equal to 2 years of base remuneration plus 1 month of current compensation for each year of service, beginning November 1, 2017. If a change of control were to occur, the officers would be entitled to \$471,750. The Company has similar agreements with two consultants. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

# ROSCAN GOLD CORPORATION

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

### 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Fair Value

The carrying value of cash, accounts payable and accrued liabilities and loans due to related parties approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

IFRS 7 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

As at April 30, 2019 and October 31, 2018, cash was the only financial instrument classified within the fair value hierarchy and was classified as Level 1.

#### Classification of Financial Instruments

		April 30 2019	October 31 2018
Financial assets			
Cash	Fair value through profit and loss	\$ 3,419,396	\$ 1,050,780
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	\$ 410,341	\$ 98,762
Loans due to related parties	Amortized cost	\$ 297,765	\$ 485,915

#### Risk Management

The primary objectives of the Company's financial risk management procedures are to ensure that the outcome of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's financial position, from events that have the potential to materially impair its financial strength. These activities include the preservation of its capital by minimizing risk related to its cash.

The Company does not trade financial instruments for speculative purposes and does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

#### Credit Risk

Credit risk is the risk of financial loss to the Company, if one party to a financial instrument fails to discharge or meet their obligations. Financial instruments that potentially expose the Company to this risk relate to its cash, which is primarily held at Canadian banking institutions.

## ROSCAN GOLD CORPORATION

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

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#### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

##### Liquidity Risk

Liquidity risk management requires maintaining sufficient cash, liquid investments or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company does not have any income from operations or a regular source of income and is highly dependent on its working capital and equity funding to support its exploration and corporate activities. There can be no assurance that the Company will be successful in its fund raising activities.

As at April 30, 2019, the Company had cash of \$3,419,396 to settle current liabilities of \$708,106.

##### Currency Risk

The Company's operates in Canada and Mali and has potential future commitments in Mali that are denominated in the West African CFA franc (FCFA), Euros, and the United States dollar, giving rise to market risks from changes in foreign exchange rates. The Company monitors foreign exchange rates on an as needed basis. A 10% change in these currencies will impact profitability by approximately \$24,000.

##### Interest Rate Risk

The Company is not exposed to any significant interest rate risk, as the Company's only interest bearing financial instrument relates to its excess cash.

#### 15. SUBSEQUENT EVENTS

- (a) On May 14, 2019, the Company granted 4,800,000 stock options to directors, officers and consultants. These options were issued with an exercise price \$0.15 and a three year term. The options vested immediately with the exception of 150,000 options granted to an investor relations consultant, which vest in quarterly installments of 37,500.
- (b) On June 1, 2019, the Company granted 600,000 stock options to an investor relations consultant. These options were issued with an exercise price \$0.15 and a three year term. The options vest in quarterly installments of 150,500.
- (c) On June 7, 2019, the Company issued 250,000 common shares pursuant to the option agreement made with Minex SARL for the Kandiole Project's Mankouke permit (Note 10).
- (d) Subsequent to April 30, 2019, the Company repaid \$297,765 of cash loans provided by a Company director.
- (e) Subsequent to April 20, 2019, the Company received proceeds of \$108,000 from the exercise of 900,000 warrants.