

**RT MINERALS CORP.**

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

UNAUDITED

NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed interim consolidated financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

**RT MINERALS CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2016 AND 2015  
(UNAUDITED – SEE “NOTICE TO READER” BELOW)**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the periods ended August 31, 2016 and 2015.

**NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The condensed interim consolidated financial statements of RT Minerals Corp. and the accompanying condensed interim consolidated statements of financial position as at August 31, 2016 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the nine months ended August 31, 2016 and 2015 are the responsibility of the Company’s management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Manning Elliott LLP.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

*“Paul Antoniazzi”*

*“Sandra Wong”*

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Paul Antoniazzi  
Chief Executive Officer

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Sandra Wong  
Chief Financial Officer

October 28, 2016

October 28, 2016

**RT MINERALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

(Expressed in Canadian Dollars)

	Note	August 31, 2016 \$	November 30, 2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		219,179	78,160
Short-term investments		130,000	-
Amounts receivable		14,285	1,786
Prepaid expenses		1,808	507
		<u>365,272</u>	<u>80,453</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	257,122	169,136
		<u>257,122</u>	<u>169,136</u>
		622,394	249,589
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	65,051	84,655
Due to related parties	10	6,288	10,179
		<u>71,339</u>	<u>94,834</u>
<b>Equity (Deficiency)</b>			
Share capital	7	10,838,491	10,420,457
Contributed surplus	7	1,353,284	1,279,807
Accumulated deficit		(11,640,720)	(11,545,509)
		<u>551,055</u>	<u>154,755</u>
		622,394	249,589

Nature of operations and going concern (Note 1)

Commitments (Note 11)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on October 28, 2016 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.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)****FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015**

(Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
		August 31,	August 31,	August 31,	August 31,
		2016	2015	2016	2015
	Note	\$	\$	\$	\$
<b>Expenses</b>					
Employee costs	9	(76,911)	7,530	140,180	15,944
Finance expense	9	-	-	-	707
General and administrative expenses	9	20,209	9,940	85,827	52,958
Impairment of exploration and evaluation assets	5	-	(133)	-	(19,119)
<b>Total expenses</b>		56,702	(17,337)	(226,007)	(50,490)
<b>Other income and (expenses)</b>	9	130,408	8,959	130,796	13,666
<b>Net income (loss) and comprehensive income (loss) for the period</b>		187,110	(8,378)	(95,211)	(36,824)
<b>Income (loss) per common share, basic and diluted</b>		0.01	0.00	(0.01)	(0.01)
<b>Weighted average number of common shares outstanding</b>		12,987,626	4,487,624	7,794,899	3,570,691

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

**RT MINERALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

(Expressed in Canadian Dollars)

	<b>Number of Shares</b>	<b>Share Capital</b> <b>\$</b>	<b>Contributed Surplus</b> <b>\$</b>	<b>Accumulated Deficit</b> <b>\$</b>	<b>Total</b> <b>\$</b>
Balance at November 30, 2014	2,533,808	10,121,402	1,279,807	(11,554,579)	(153,370)
Net loss for the period	-	-	-	(36,824)	(36,824)
Shares issued for private placement	1,533,818	230,073	-	-	230,073
Shares issued for Ballard Lake	400,000	80,000	-	-	80,000
Shares issued for debt settlement	20,000	4,000	-	-	4,000
Share issue costs	-	(15,018)	-	-	(15,018)
Balance at August 31, 2015	4,487,626	10,420,457	1,279,807	(11,591,403)	108,861
Balance at November 30, 2015	4,487,626	10,420,457	1,279,807	(11,545,509)	154,755
Net loss for the period	-	-	-	(95,211)	(95,211)
Shares issued for private placement	8,500,000	425,000	-	-	425,000
Share-based payments	-	-	73,477	-	73,477
Share issue costs	-	(6,966)	-	-	(6,966)
Balance at August 31, 2016	12,987,626	10,838,491	1,353,284	(11,640,720)	551,055

On May 6, 2016, the Company completed a ten-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 ten-for-one share consolidation (Note 7 (a)).

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

**RT MINERALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015**

(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	August 31,	August 31,	August 31,	August 31,
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Operating activities</b>				
Income (loss) for the period	187,110	(8,378)	(95,211)	(36,824)
Items not involving cash:				
Gain on disposal of exploration and evaluation assets	-	(10,000)	-	(10,000)
Gain on disposal of investments	(120,000)	-	(120,000)	-
Gain on settlement of debt	-	-	(68)	(6,000)
Impairment of exploration and evaluation assets	-	167	-	365
Share-based payments	(97,412)	-	73,477	-
Unrealized gain on investments	(10,000)	-	(10,000)	-
Changes in non-cash working capital accounts:				
Amounts receivable	(11,565)	(422)	(12,499)	(1,059)
Prepaid expenses	1,300	1,298	(1,301)	1,595
Trade and other payables	(7,794)	10,398	(19,780)	(95,673)
Total cash used in operating activities	(58,361)	(6,937)	(185,382)	(147,596)
<b>Investing activities</b>				
Expenditures on exploration and evaluation assets	(81,817)	-	(86,395)	(198)
Sale of exploration and evaluation assets	-	10,000	-	10,000
Total cash flows provided by (used in) investing activities	(81,817)	10,000	(86,395)	9,802
<b>Financing activities</b>				
Proceeds from share issuances	-	-	425,000	230,073
Share issuance costs	-	(303)	(6,966)	(15,018)
Advances from (repayments to) related parties	189	300	(5,238)	(61,657)
Total cash flows provided by (used in) financing activities	189	(3)	412,796	153,398
<b>Total increase in cash during the period</b>	<b>(139,989)</b>	<b>3,060</b>	<b>141,019</b>	<b>15,604</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>359,168</b>	<b>13,935</b>	<b>78,160</b>	<b>1,391</b>
<b>Cash and cash equivalents, end of period</b>	<b>219,179</b>	<b>16,995</b>	<b>219,179</b>	<b>16,995</b>
<b>Supplemental information</b>				
Interest paid	-	-	-	707
Income taxes paid	-	-	-	-

Refer to Note 14 for non-cash transactions incurred during the periods ended August 31, 2016 and 2015.

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

# **RT MINERALS CORP.**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 1 FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015 (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. 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 surplus of \$293,933 as at August 31, 2016, has accumulated losses of \$11,640,720 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 AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements for the nine month period ended August 31, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2015 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2015 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2015. Note 2c) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on October 28, 2016.

The preparation of condensed interim consolidated financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

# RT MINERALS CORP.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 2

### FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian Dollars)

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## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a) 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.

### b) 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 consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in comprehensive income (loss).

### c) New Accounting Standards, Interpretations and Amendments to Existing Standards

The following new standards, amendments and interpretations are effective for annual periods beginning on or after January 1, 2018, 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:

**IFRS 15 Revenue from Contracts with Customers** – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

**IFRS 9 Financial Instruments** - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There has been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company’s 2015 annual financial statements.



# RT MINERALS CORP.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 3

### FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian Dollars)

#### 4. SHORT-TERM INVESTMENTS

Pursuant to a property sale agreement described in Note 5(d) below, the Company received 1,000,000 common shares of Investissements Gema Inc. (“Gema”), a private company incorporated in Canada, on October 28, 2015, which have been recorded at a nominal value. Pursuant to a letter agreement dated February 25, 2016, the Company and Gema agreed to exchange the 1,000,000 common shares of Gema into 1,000,000 common shares (the “Shares”) of Opawica Explorations Inc. (“OPW”), a company with directors in common with the Company. The exchange of the Shares was completed on June 28, 2016, resulting in the recognition of a gain of \$120,000.

A summary table of the Company’s investment in OPW is as follows:

	Number of shares	Amount \$
Balance, November 30, 2015	-	-
OPW shares received on June 28, 2016	1,000,000	120,000
Unrealized gain	-	10,000
Balance, August 31, 2016	1,000,000	130,000

#### 5. EXPLORATION AND EVALUATION ASSETS

	Bazooka \$	McWatters \$	Golden Stock \$	Ballard Lake \$	Lac Mica \$	Total \$
Balance at November 30, 2014	1	1	87,188	-	-	87,190
Exploration costs						
Sampling	-	-	-	1,440	-	1,440
Site meals, lodging, travel	-	-	-	508	-	508
	-	-	-	1,948	-	1,948
Acquisition of property	365	1,113	-	80,000	-	81,478
Impairment	(366)	(1,114)	-	-	-	(1,480)
Balance at November 30, 2015	-	-	87,188	81,948	-	169,136
Exploration costs						
Drilling	-	-	-	2,863	-	2,863
Geological survey	-	-	-	-	1,300	1,300
Property examination	-	-	72	16,872	-	16,944
Sampling	-	-	-	43,625	-	43,625
Technical assessment	-	-	648	17,032	-	17,680
	-	-	720	80,392	1,300	82,412
Acquisition of property	-	-	4,400	40	1,134	5,574
Balance at August 31, 2016	-	-	92,308	162,380	2,434	257,122

# **RT MINERALS CORP.**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 4**

### **FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015**

(Expressed in Canadian Dollars)

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

##### **a) 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 100,000 shares of the Company to the vendor. The shares were issued on December 27, 2013 and had a fair value of \$75,000.

##### **b) Ballard Lake Property (Wawa, Ontario)**

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 400,000 common shares of the Company to the vendor. The shares were issued on April 28, 2015 and had a fair value of \$80,000.

##### **c) Lac Mica (Saint-Michel-des-Saints, Quebec)**

In June 2016, the Company staked 19 claims in the Saint-Michel-des-Saints area, located approximately 130 km north of Montreal, Quebec, as a potential lithium property.

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

Pursuant to a property sale agreement dated August 19, 2015, the Company sold its 100% interests, subject to retained royalties, in the Bazooka and McWatters properties to Investissements Gema Inc., a private arm’s length company (the “Purchaser”), for consideration of \$100,000 in cash and the receipt of 1,000,000 common shares of the Purchaser (Note 4), in a transaction that closed on October 28, 2015. The Company will retain a 1% net smelter royalty in the McWatters property, which the Purchaser may acquire from the Company at any time for \$250,000.

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

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 demand loan was repaid on April 7, 2015 along with interest of \$1,496 and loan fee of \$2,500.

#### **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.

# RT MINERALS CORP.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 5

### FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian Dollars)

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

On May 6, 2016, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares then issued and outstanding (the “Share Consolidation”).

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.

The Company issued the following common shares during the nine months ended August 31, 2016:

- i) On May 16, 2016, the Company completed a non-brokered private placement consisting of 4,500,000 flow-through units and 4,000,000 non flow-through units at a price of \$0.05 per unit for total proceeds of \$425,000. Each unit consists of one common share and one warrant exercisable at \$0.05 for a term of five years.

The Company issued the following common shares during the year ended November 30, 2015:

- ii) On April 2, 2015, the Company completed a non-brokered private placement consisting of 1,533,818 units at a price of \$0.15 per unit for total proceeds of \$230,073. Each unit consists of one common share and one half of a warrant, with each whole warrant exercisable into a further common share at a price of \$0.50 for a term of two years.
- iii) On April 28, 2015, the Company issued 400,000 common shares pursuant to the Ballard Lake property acquisition described in Note 5(c).
- iv) On April 28, 2015, the Company issued 20,000 common shares with a fair value of \$0.20 per share to settle \$10,000 in trade payables to a creditor. The Company recorded a gain on debt settlement of \$6,000.

#### 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

	August 31, 2016 \$	November 30, 2015 \$
Fair value of warrants issued	284,725	284,725
Fair value of stock options granted or vested	1,068,559	995,082
Contributed surplus	1,353,284	1,279,807

## RT MINERALS CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 6

#### FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL AND RESERVES (CONTINUED)

### d) Share Purchase Warrants

The following is a summary of changes in warrants from November 30, 2014 to August 31, 2016:

	Number of Warrants	Weighted Average Exercise Price
Balance at November 30, 2014	180,500	\$0.60
Issue of warrants	766,906	\$0.50
Balance at November 30, 2015	947,406	\$0.52
Issue of warrants	8,500,000	\$0.05
Expiry of warrants	(30,000)	\$0.60
Balance at August 31, 2016	9,417,406	\$0.10

As at August 31, 2016, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable		Exercise Price per Share	Expiry Date
August 31, 2016	November 30, 2015		
-	30,000	\$0.60	December 27, 2015
766,906	766,906	\$0.50	April 2, 2017
150,500	150,500	\$0.60	December 27, 2018
8,500,000	-	\$0.05	May 16, 2021
9,417,406	947,406		

## 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.

## RT MINERALS CORP.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 7

#### FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian Dollars)

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

A summary of the Company's stock options at August 31, 2016 and November 30, 2015 and the changes for the periods then ended on those dates is presented below:

	August 31, 2016		November 30, 2015	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	70,000	\$1.00	125,000	\$1.00
Granted	528,000	\$0.15	-	-
Forfeited/cancelled	(70,000)	\$1.00	(55,000)	\$1.00
Ending balance	528,000	\$0.15	70,000	\$1.00

In May 2016, the Company granted 528,000 stock options with an exercise price of \$0.15 per share expiring May 16, 2018 to directors and employees. All options vested immediately. During the nine months ended August 31, 2016, 70,000 stock options expired unexercised.

During the year ended November 30, 2015, 55,000 stock options were forfeited and cancelled.

Details of stock options outstanding and exercisable as at August 31, 2016 and November 30, 2015 are as follow:

Expiry Date	Exercise Price	August 31, 2016	November 30, 2015
May 22, 2016	\$1.00	-	70,000
May 16, 2018	\$0.15	528,000	-
		528,000	70,000

The weighted average remaining contractual life of stock options outstanding at August 31, 2016 was 1.71 years (November 30, 2015: 0.48 years).

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

The weighted average fair value at grant date of options granted during the nine months ended August 31, 2016 was \$0.139 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2016	2015
Expected stock price volatility	254%	-
Risk-free interest rate	0.53%	-
Dividend yield	-	-
Expected life of options	2 years	-
Fair value price on date of grant	\$0.15	-
Forfeiture rate	-	-

# RT MINERALS CORP.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 8

### FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian Dollars)

#### 9. NATURE OF INCOME AND EXPENSES

	2016	2015
	\$	\$
Other income and expenses include:		
Gain on disposal of exploration and evaluation assets	-	10,000
Gain on disposal of investments	120,000	-
Gain on settlement of debt	68	6,000
Gain (loss) on foreign exchange	251	(2,334)
Interest income	477	-
Unrealized gain on short-term investments	10,000	-
	<u>130,796</u>	<u>13,666</u>
Employee costs include:		
Administrative and consulting fees	46,439	11,175
Management salaries	20,264	4,769
Share-based payments	73,477	-
	<u>140,180</u>	<u>15,944</u>
Finance expense includes:		
Loan interest expense	-	707
	<u>-</u>	<u>707</u>
General and administrative expense include:		
Accounting and audit fees	660	5,000
Filing fees	13,928	12,958
Investor communications	1,842	-
Legal fees	12,191	1,786
Office expenses	31,075	23,908
Transfer agent	6,525	3,087
Travel and automobile	19,606	6,219
	<u>85,827</u>	<u>52,958</u>

#### 10. 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) Office Expenses

Office expenses of \$4,601 (2015: \$11,492) were charged by a company with common directors that is a co-tenant to the Company's office premises sublease. At August 31, 2016, \$1,313 (November 30, 2015: \$183) in amounts owing to the co-tenant were included in due to related parties.

# RT MINERALS CORP.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Page 9

### FOR THE NINE MONTHS ENDED AUGUST 31, 2016 AND 2015

(Expressed in Canadian Dollars)

#### 10. RELATED PARTY TRANSACTIONS (CONTINUED)

##### b) 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:

	2016	2015
	\$	\$
Short-term employee benefits and director fees	40,120	4,500
Share-based payments	73,477	-
	<u>113,597</u>	<u>4,500</u>

Due to related parties at August 31, 2016 includes \$4,974 (November 30, 2015: \$9,997) in amounts owing to directors, officers, and companies with common directors for unpaid project management services and expenses.

#### 11. COMMITMENTS

- i) In relation to a December 2013 flow-through financing, the Company was committed to incur \$99,800 in Canadian exploration expenditures by December 31, 2014 under Canada Revenue Agency's look-back rule. The Company incurred an aggregate of \$22,720 in qualifying exploration expenditures in 2014 and amended its Income Tax Act (Canada) filings to reduce the expenses renounced under the look-back rule by \$77,080. The Company has recorded a provision of \$41,466 in estimated liability to indemnify shareholders for shortfall of flow-through tax credits. During the nine months ended August 31, 2016, the Company settled \$4,068 of the liability, leaving a balance of \$37,398 that is included in trade and other payables.
- ii) In relation to the May 2016 flow-through financing described in Note 7(a)(i), the Company is committed to incur \$225,000 in Canadian exploration expenditures by December 31, 2017 under the Canada Revenue Agency's look-back rule. During the nine months ended August 31, 2016, the Company incurred \$78,419 in qualifying exploration expenditures. The remaining commitment of Canadian exploration expenditures is \$146,536.

#### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### *Fair values*

The Company's financial instruments include cash, term deposits, short term investments, 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:

	August 31, 2016		November 30, 2015	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	349,179	349,179	78,160	78,160

- (i) Cash, term deposits and short-term investments

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

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.

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 August 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	4,179	-	-	4,179
Term deposit	215,000	-	-	215,000
Short-term investments	130,000	-	-	130,000

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 August 31, 2016, 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 13. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.



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

The following are the contractual maturities of financial liabilities as at August 31, 2016:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade payables	21,750	21,750	21,750	-	-	-
Due to related parties	6,288	6,288	6,288	-	-	-
Total	28,038	28,038	28,038	-	-	-

#### *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.

### 13. 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 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.

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#### 14. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	2016	2015
	\$	\$
Shares issued for mineral properties	-	80,000
Shares issued for debt settlement	-	4,000

#### 15. SUBSEQUENT EVENTS

##### a) Norwalk Property

On September 20, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% Net Smelter Royalty, in the Norwalk gold property (the “Property”) located several kilometres south of the town of Wawa, Ontario. The Company may earn its interest in the Property by paying an initial consideration of \$5,000 (paid) and issuing 200,000 common shares of the Company (issued) upon receipt of TSX Venture Exchange approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of \$15,000 and 100,000 common shares on the first anniversary of the Acceptance Date; \$25,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and \$45,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

##### b) Dill River Property

On September 23, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% Net Smelter Royalty, in the Dill River gold property (the “Property”) located several kilometres southeast of the town of Wawa, Ontario. The Company may earn its interest in the Property by paying an initial consideration of \$3,000 (paid) and issuing 200,000 common shares of the Company (issued) upon receipt of TSX Venture Exchange approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of \$10,000 and 100,000 common shares on the first anniversary of the Acceptance Date; \$17,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and \$20,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

##### c) Incentive Stock Options

In October 2016, the Company granted 1,000,000 stock options with an exercise price of \$0.10 per share expiring October 20, 2018 to directors and consultants. All options vested immediately.

##### d) Warrant Exercises

In September 2016, 1,165,000 share purchase warrants priced at \$0.05 per share were exercised for gross proceeds of \$58,250.

In October 2016, 5,375,000 share purchase warrants priced at \$0.05 per share were exercised for gross proceeds of \$268,750.