



Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Guyana Goldstrike Inc.

We have audited the accompanying consolidated financial statements of Guyana Goldstrike Inc., which comprise the consolidated statements of financial position as at June 30, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Guyana Goldstrike Inc. as at June 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Guyana Goldstrike Inc.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

October 29, 2018

GUYANA GOLDSTRIKE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	June 30, 2018	June 30, 2017
ASSETS			
Current assets			
Cash		\$ 1,497,778	\$ 208,273
Prepaid expenses	4	445,825	47,391
Receivables		13,298	4,661
Total current assets		1,956,901	260,325
Non-current assets			
Advance		30,742	25,313
Exploration and evaluation assets	6	3,594,246	2,093,567
Equipment	7	388,132	363,108
Total assets		\$ 5,970,021	\$ 2,742,313
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 73,957	\$ 130,879
Due to related parties	8	200,739	207,246
Total liabilities		274,696	338,125
Shareholders' equity			
Share capital	11	11,361,153	6,971,714
Share subscriptions received in advance		-	24,000
Equity reserves	11	1,688,164	1,423,849
Deficit		(7,353,992)	(6,015,375)
Total shareholders' equity		5,695,325	2,404,188
Total liabilities and shareholders' equity		\$ 5,970,021	\$ 2,742,313

Nature and continuance of operations and going concern (Note 1)
Commitment (Note 9)

Authorized and approved by the Board of Directors on October 25, 2018

"Peter Berdusco"

Director

"Scott Davis"

Director

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

GUYANA GOLDSTRIKE INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Years ended June 30,	
		2018	2017
OPERATING EXPENSES			
Accounting and audit	8	\$ 128,540	\$ 43,740
Consulting		272,225	92,494
Filing and regulatory fees		11,766	6,756
Legal fees		31,886	20,525
Management fees	8	120,000	96,000
Marketing		275,164	30,399
Office and administration	8	110,102	14,629
Project evaluation costs		-	84,268
Rent	8	20,000	7,550
Share-based payments	11	260,227	755,862
Transfer agent		32,558	10,355
		(1,262,468)	(1,162,578)
Foreign exchange loss		(76,149)	(45,343)
Recovery of flow-through provision		-	84,351
Gain on extinguishment of accounts payable		-	5,481
Loss and comprehensive loss for the year		\$ (1,338,617)	\$ (1,118,089)
Basic and diluted loss per share		\$ (0.03)	\$ (0.06)
Weighted average number of common shares outstanding – basic and diluted		41,354,198	17,860,499

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

GUYANA GOLDSTRIKE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Years ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,338,617)	\$ (1,118,089)
Items not involving cash:		
Share based payments	260,227	755,862
Foreign exchange	(6,507)	-
Recovery of flow-through provision	-	(84,351)
Gain on extinguishment of accounts payable	-	(5,481)
Changes in non-cash working capital:		
Receivables	(8,637)	(1,648)
Prepaid expenses	(398,434)	(46,514)
Due to related parties	-	113,845
Accounts payable and accrued liabilities	(69,571)	(603,605)
Net cash used in operating activities	<u>(1,561,539)</u>	<u>(989,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired upon acquisition of Romanex	-	272
Transaction costs for Romanex	-	(57,076)
Exploration and evaluation assets	(1,644,698)	(466,506)
Advance	(5,429)	(25,313)
Artisanal mining royalty	175,683	136,891
Purchase of equipment	(92,609)	(76,643)
Cost recoveries	55,558	-
Net cash used in investing activities	<u>(1,511,495)</u>	<u>(488,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	3,776,000	1,457,283
Share issuance costs	(41,778)	(60,279)
Share subscriptions received in advance	-	24,000
Proceeds from exercise of warrants	628,317	-
Proceeds from loans payable	40,000	370,000
Repayment of loans payable	(40,000)	(110,000)
Net cash provided by financing activities	<u>4,362,539</u>	<u>1,681,004</u>
Change in cash	1,289,505	202,648
Cash, beginning of year	208,273	5,625
Cash, end of year	\$ 1,497,778	\$ 208,273

Supplemental disclosure with respect to cash flows (Note 14)

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

GUYANA GOLDSTRIKE INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Received in Advance	Equity Reserves	Deficit	Total
Balance – June 30, 2016	6,561,034	\$ 3,826,505	\$ 31,000	\$ 549,684	\$ (4,897,286)	\$ (490,097)
Shares issued for private placements	17,262,801	2,195,926	(31,000)	-	-	2,164,926
Share issuance costs	-	(95,404)	-	35,125	-	(60,279)
Shares issued for share purchase agreement	5,223,437	1,044,687	-	83,178	-	1,127,865
Shares-based payments	-	-	-	755,862	-	755,862
Shares subscribed	-	-	24,000	-	-	24,000
Loss for the year	-	-	-	-	(1,118,089)	(1,118,089)
Balance – June 30, 2017	29,047,272	6,971,714	24,000	1,423,849	(6,015,375)	2,404,188
Exercise of warrants	8,377,566	628,317	(24,000)	-	-	604,317
Shares issued for private placements	14,983,334	3,800,000	-	-	-	3,800,000
Share issuance costs	-	(45,866)	-	4,088	-	(41,778)
Shares issued for finder's fee	32,500	6,988	-	-	-	6,988
Share-based payments	-	-	-	260,227	-	260,227
Loss for the year	-	-	-	-	(1,338,617)	(1,338,617)
Balance – June 30, 2018	52,440,672	\$ 11,361,153	\$ -	\$ 1,688,164	\$ (7,353,992)	\$ 5,695,325

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

GUYANA GOLDSTRIKE INC.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Guyana Goldstrike Inc. (the “Company”) is an exploration company focused on acquiring, exploring and developing mineral resource properties.

The Company was incorporated on September 21, 2006 under the Laws of British Columbia. The Company’s head office address is Suite 510 – 580 Hornby Street, Vancouver, British Columbia V6C 3B6 and registered office address is 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8. The Company is listed on the TSX Venture Exchange under the symbol “GYA”.

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

In March, 2017, the Company entered into an agreement to acquire Romanex Guyana Exploration Ltd. (“Romanex”) (the “Transaction”). Romanex is a privately held mineral exploration company incorporated under the laws of the Republic of Guyana. Romanex holds a one hundred percent interest in the Marudi mining license located in Guyana.

Going concern of operations

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends on its ability to raise adequate financing and to develop profitable operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the property. The Company has financed its activities through the issuance of equity securities and debt financing. The Company expects to use similar financing techniques in the future and is pursuing such additional sources of financing as estimated to be required to sufficiently support its operations until such time that its operations become self-sustaining. To date, the Company has not earned any revenues. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The significant accounting policies applied in these consolidated financial statements are based on the IFRS issued and effective as of June 30, 2018.

GUYANA GOLDSTRIKE INC.
Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd)

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of June 30, 2018 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest June 30, 2018	Ownership Interest June 30, 2017
Romanex Guyana Exploration Ltd. ("Romanex")	Mineral property exploration	Guyana	100%	100%

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

GUYANA GOLDSTRIKE INC.
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(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd)

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy, which involves judgments or assessments made by management.
- (ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- (iii) Classification of investments requires judgment on whether the Company controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The Company has classified its investments in Romanex as a subsidiary based on management's judgment that the Company has control, based on its power over Romanex, has exposure or rights to the variable returns from its involvement with Romanex and the ability to use its power over Romanex to affect the amount of its returns.
- (iv) Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

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

2. BASIS OF PREPARATION (cont'd)

- (ii) The assessment of any impairment of evaluation and exploration assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets.
- (iii) The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of the subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's net loss and share-based payment reserve.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such costs will flow to the Company and cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to operations and comprehensive loss during the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equipment (cont'd)

The major categories of equipment are amortized as follows:

Field equipment - 30% straight line basis

Motor vehicles - 20% straight line basis

Office furniture and equipment - 20% straight line basis

The Company allocates the amount initially recognized in respect of an item of equipment to its significant parts and amortizes separately each such part. Residual values, method of depreciation and useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of loss and comprehensive loss.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods and services rendered.

Warrants issued in equity financing transactions

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reported period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories based on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified as at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

GUYANA GOLDSTRIKE INC.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Available for sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company has classified its financial assets as follows:

- Cash is classified as FVTPL.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

The Company has classified its financial liabilities which consisted of accounts payable and accrued liabilities and due to related parties as other liabilities, all of which are recognized at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account.

When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

New accounting standards and interpretations not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards.

Effective (proposed) for annual years beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. The Company will adopt IFRS 9 on July 1, 2018 retrospectively and has determined that no differences of any significance have been noted in relation to the adoption of the standard.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. The amended standard will be adopted on July 1, 2018 and the Company has determined it will not have an impact on the consolidated financial statements.

GUYANA GOLDSTRIKE INC.
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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New accounting standards and interpretations not yet effective (cont'd)

Effective (proposed) for annual years beginning on or after January 1, 2019:

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single leases accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its consolidated financial statements, or whether to early adopt this new requirement.

4. PREPAID EXPENSES

	June 30, 2018	June 30, 2017
Advances	\$ 249,357	\$ -
Consulting fees	89,133	5,832
Marketing	99,054	41,250
Other prepaid expenses	8,281	309
	<u>\$ 445,825</u>	<u>\$ 47,391</u>

5. PURCHASE OF MINERAL PROPERTIES

Marudi Gold Project, Guyana

On March 9, 2017 (the "Closing Date"), the Company completed the acquisition of Romanex (Note 6).

The acquisition of Romanex was treated as an asset acquisition. The fair value of the assets acquired and liabilities assumed as at date of acquisition were as follows:

Consideration	
Value of 4,781,250 common shares issued	\$ 956,250
Value of 442,187 common shares issued for finder's fee	88,437
Fair value of 468,750 warrants	83,178
Transaction costs	57,076
Total consideration value:	<u>\$ 1,184,941</u>
Net assets acquired	
Cash	\$ 272
Prepaid expenses	877
Prepayment for equipment	128,260
Equipment	126,684
Exploration and evaluation assets	1,747,095
Accounts payable	(818,247)
Net assets acquired:	<u>\$ 1,184,941</u>

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5. PURCHASE OF MINERAL PROPERTIES (cont'd)

In addition, the Company agreed to make the following cash payments totaling USD \$875,000 (which are to be applied to the amounts owing to companies owned by the vendor of Romanex):

- a) USD \$125,000 on or before the date which is ten days following the Closing Date (paid);
- b) USD \$100,000 reimbursement of expenses on or before the date which is ten days following the Closing Date (paid);
- c) USD \$100,000 on or before the one year anniversary of completion of the payment in (a) (paid);
- d) USD \$250,000 on or before the two year anniversary of completion of the payment in (a); and
- e) USD \$300,000 on or before the three year anniversary of completion of the payment (a).

Excess of payments over the amounts payable at the time will be recorded as acquisition costs as they are paid.

The Company is subject to pay Finders' shares of 653,437 common shares of the Company as follows:

- a) 442,187 Finders' shares on or before the date which are ten business days following the Closing Date (issued at a fair value of \$88,437 based on the date of issuance);
- b) 32,500 Finders' shares on or before the date which are ten business days following the date in (c) above (issued at a fair value of \$6,988 based on the date of issuance);
- c) 81,250 Finders' shares on or before the date which are ten business days following the date in (d) above; and
- d) 97,500 Finders' shares on or before the date which are ten business days following the date in (e) above.

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6. EXPLORATION AND EVALUATION ASSETS

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

	Marudi
	Gold Project
Balance - June 30, 2016	\$ -
Acquisition costs	
Exploration and evaluation assets acquired (Note 5)	1,747,095
	1,747,095
Exploration expenditures	
Assays, staking and mapping	1,063
Camp and field costs	92,339
Consulting and technical fees	2,133
Depreciation	16,857
Environmental engineering	50,651
License fee	71,293
Maintenance	29,030
Management fees	41,121
Office and miscellaneous	17,616
Salaries	116,396
Travel and accommodation	44,864
	483,363
Artisanal mining royalty*	(136,891)
Balance - June 30, 2017	\$ 2,093,567

*Under a cooperative agreement between Romanex and artisanal miners, the artisanal miners pay Romanex an in-kind royalty equal to 10% of all gold produced.

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

	Marudi
	Gold Project
Balance - June 30, 2017	\$ 2,093,567
Acquisition costs	133,138
Exploration expenditures	
Assays, staking and mapping	2,125
Camp and field costs	253,275
Consulting and technical fees	170,894
Depreciation	67,585
Environmental engineering	356,127
Geology	162,244
Maintenance	53,745
Management fees	8,503
Office and miscellaneous	133,801
Salaries	298,998
Travel and accommodation	89,505
Trenching and sampling	1,980
	1,598,782
Artisanal mining royalty*	(175,683)
Cost recoveries	(55,558)
Balance – June 30, 2018	\$ 3,594,246

*Under a cooperative agreement between Romanex and artisanal miners, the artisanal miners pay Romanex an in-kind royalty equal to 10% of all gold produced.

Marudi Gold Project, Guyana

During the year ended June 30, 2017, the Company entered into a definitive purchase agreement (the “Definitive Agreement”), pursuant to which the Company has acquired the right to earn in all of the outstanding share capital of Romanex, an arm’s length party (the “Transaction”). Romanex is a privately held mineral exploration company incorporated under the laws of the Republic of Guyana. Romanex holds a one hundred percent interest in the Marudi Mining License (the “Property”) located in Guyana. In consideration for the outstanding share capital of Romanex, the Company agreed to complete cash payments totaling US\$875,000 over a period of three years (Note 5). The share certificates in Romanex are in escrow and have not been transferred to the Company as at June 30, 2018. The share certificates will be released when the US\$300,000 payment in Note 5 is completed. The Definitive Agreement granted the Company the full right, power and authority to determine the manner of operations of Romanex and the exploration of the Marudi property including the right and power to nominate directors and officers of Romanex and remove any minerals from the Marudi property as may be permitted pursuant to the mining license. Accordingly, the Company has control over Romanex pursuant to the definition of control under IFRS 10 Consolidated Financial Statements.

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7. EQUIPMENT

	Field Equipment	Motor Vehicles	Office Furniture and Equipment	Total
Cost				
Balance as at June 30, 2016	\$ -	\$ -	\$ -	\$ -
Assets acquired (Note 5)	18,395	102,602	5,687	126,684
Additions for the year	229,711	19,251	4,319	253,281
Balance at June 30, 2017	248,106	121,853	10,006	379,965
Additions for the year	46,098	44,552	1,959	92,609
Balance at June 30, 2018	\$ 294,204	\$ 166,405	\$ 11,965	\$ 472,574
Amortization				
Balance at June 30, 2016	\$ -	\$ -	\$ -	\$ -
Amortization for the year	5,255	10,959	643	16,857
Balance at June 30, 2017	5,255	10,959	643	16,857
Amortization for the year	36,395	28,734	2,456	67,585
Balance at June 30, 2018	\$ 41,650	\$ 39,693	\$ 3,099	\$ 84,442
Carrying amounts				
Balance at June 30, 2017	\$ 242,851	\$ 110,894	\$ 9,363	\$ 363,108
Balance at June 30, 2018	\$ 252,554	\$ 126,712	\$ 8,866	\$ 388,132

8. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2018, the Company incurred the following charges with related parties that include officers, directors, key management or companies with common directors of the Company as follows:

- Incurred management fees of \$120,000 (2017 - \$96,000) and corporate administrative fees of \$30,000 (2017 - \$5,000) to a company controlled by a director and officer of the Company.
- Incurred accounting fees of \$60,000 (2017 - \$40,000) and rent of \$20,000 (2017 - \$7,550) to a firm where a director and officer of the Company is a partner.
- Incurred management fees of \$8,503 (2017 - \$41,121) which are capitalized to exploration and evaluation assets to a company owned by the operations manager of the Company's subsidiary.
- Share-based compensation includes stock options granted to directors and officers recorded at a fair value of \$Nil (2017 - \$489,911).

At June 30, 2018, the Company owed \$200,739 (2017 - \$207,246) to a company owned by the operations manager of the Company's subsidiary for management fees and expenses. During the year ended June 30, 2018, loans of \$40,000 (2017 - \$177,875) were received from a related party (Note 10) and repaid during the year. The loans were non-interest bearing, unsecured and payable on demand. During the year ended June 30, 2017, a company controlled by a related party assigned \$284,975 of debt to various third parties and the loans payable were settled in the private placements (Note 11).

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9. COMMITMENT

On October 1, 2016 and prior to the acquisition outlined in Note 5, Romanex, entered into a management services agreement (the "Agreement") with a company owned by an officer of Romanex for the provision of management services at a fee of US\$8,500 per month. The Agreement expired on June 30, 2017 and is subject to negotiations between the Company and this company.

10. LOANS PAYABLE

During the year ended June 30, 2015, the Company received a loan from a company controlled by a former director of the Company for \$9,422. The loan was non-interest bearing, unsecured, and had no specific terms of repayment. During the year ended June 30, 2017, the loan was settled by way of share subscriptions in two private placements (Note 11).

During the year ended June 30, 2015, the Company received a loan from a third party for \$7,000. During the year ended June 30, 2017 the Company received loans for \$65,967 and during the year ended June 30, 2018, the Company received and repaid loans for \$16,506 from the same third party. The loans are non-interest bearing, unsecured, and had no specific terms of repayment. During the year ended June 30, 2017, \$72,967 of the loans were settled by way of share subscriptions in two private placements (Note 11).

During the year ended June 30, 2017, the Company received loans from a third party for \$25,500. The loans were non-interest bearing, unsecured, and had no specific terms of repayment. During the year ended June 30, 2017, the loans were settled by way of share subscriptions in a private placement (Note 11).

During the year ended June 30, 2018, the Company received and repaid loans from a company controlled by a director and officer of the company for \$40,000 (2017 - \$212,875). The loans were non-interest bearing, unsecured and had no specific terms of repayment. During the year ended June 30, 2018, \$40,000 was repaid. During the year ended June 30, 2017, \$35,000 was repaid and \$177,875 was assigned to a third party and settled by way of share subscriptions in a private placement (Note 11).

During the year ended June 30, 2017, the Company received loans from a third party for \$60,000. The loans were non-interest bearing, unsecured, and had no specific terms of repayment. During the year ended June 30, 2017, the loan was settled by way of share subscriptions in a private placement (Note 11).

During the year ended June 30, 2017, the Company received a loan from a director of the Company for \$75,000. The loan was non-interest bearing, unsecured, and had no specific terms of repayment. During the year ended June 30, 2017, the loan was repaid in full.

11. SHARE CAPITAL

Authorized: Unlimited common shares without par value

During the year ended June 30, 2018 the Company:

- a) Issued 8,377,566 common shares on the exercise of warrants for proceeds of \$628,317.
- b) Completed a non-brokered private placement of 1,083,334 units (each, a "Unit"), at a price of \$0.30 per Unit, for total consideration of \$325,000. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company at a price of \$0.40 per share for a period of two years. The Company paid \$13,504 of cash share issuance costs and issued 19,000 finder's warrants on the same terms with a fair value of \$4,088 in relation to the private placement.

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11. SHARE CAPITAL (cont'd)

- c) Completed a non-brokered private placement of 13,900,000 units (each, a "Unit"), at a price of \$0.25 per Unit, for total consideration of \$3,475,000. Each Unit consists of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company at a price of \$0.35 per share for a period of two years. The Company paid \$28,274 of cash share issuance costs.
- d) Issued 32,500 common shares valued at \$6,988 in relation to finder's fees in a share purchase agreement (Note 5).

During the year ended June 30, 2017 the Company:

- a) Completed a non-brokered private placement of 8,885,235 units (each, a "Unit"), at a price of \$0.20 per Unit, for total consideration of \$1,777,047. In exchange for the units, the Company settled \$25,422 in accounts payable, \$329,342 in loans payable and received \$1,422,283 in cash. Each Unit consists of one common share of the Company, and one-half of one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company at a price of \$0.30 per share for a period of two years. The Company issued 203,600 finder's warrants with a fair value of \$35,125 and paid \$52,720 of share issuance costs in relation to the private placement. The weighted average fair value of each finder's warrant granted in the private placement was \$0.17, calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions: risk-free interest rate of 0.82%; expected life of finder's warrant of two years; expected dividend yield of 0%; and expected stock price volatility of 224%.
- b) Completed a non-brokered private placement of 8,377,566 units (each, a "Unit"), at a price of \$0.05 per Unit, for total consideration of \$418,878. In exchange for the units, the Company settled \$341,878 in accounts payable, \$11,000 in loans payable, \$31,000 in shares subscribed and received \$35,000 in cash. Each Unit consists of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company at a price of \$0.075 per share for a period of twelve months. The Company paid \$7,559 of share issuance costs in relation to the private placement.
- c) Issued 5,223,437 common shares valued at \$1,044,687 in relation to a share purchase agreement (Note 5).

Share purchase options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option shall not be less than the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of ten years and vest as determined by the board of directors.

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11. SHARE CAPITAL (cont'd)

A summary of the Company's outstanding share purchase options as at June 30, 2018 and the changes during the year are presented below:

	Number of Options	Weighted Average Exercise Price
Balance - June 30, 2016	48,000	\$ 1.00
Granted	2,700,000	0.25
Expired	(48,000)	1.00
Balance - June 30, 2017	2,700,000	\$ 0.25
Granted	1,000,000	0.25
Balance – June 30, 2018	3,700,000	\$ 0.25
Exercisable – June 30, 2018	3,606,250	\$ 0.25

The weighted average remaining life of the options outstanding at June 30, 2018 was 4.01 years (2017 – 4.82 years).

Additional information regarding stock options outstanding as at June 30, 2018 is as follows:

Number of Options	Exercise Price (\$)	Expiry Date
2,700,000	0.25	April 24, 2022
1,000,000	0.25	January 12, 2023
3,700,000		

The weighted average fair value of each stock option granted during the year ended June 30, 2018 was \$0.27 (2017 - \$0.28), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	<u>Year ended June 30, 2018</u>	<u>Year ended June 30, 2017</u>
Risk-free interest rate	1.97%	1.03%
Expected life of option	5 years	5 years
Expected dividend yield	0%	0%
Expected stock price volatility	193.09%	209.05%

Share-based payments

Total share-based payments recognized for stock options granted during the year ended June 30, 2018 was \$260,227 (2017 - \$755,862).

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11. SHARE CAPITAL (cont'd)

Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at June 30, 2018 and the changes during the year are presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance – June 30, 2016	-	\$ -
Granted	13,492,534	0.16
Outstanding – June 30, 2017	13,492,534	\$ 0.16
Exercised	(8,377,566)	0.075
Granted	14,460,668	0.35
Outstanding – June 30, 2018	19,575,636	\$ 0.34

The weighted average remaining life of the warrants outstanding at June 30, 2018 was 1.40 years (2017 – 0.75 years).

Number of Warrants	Exercise Price (\$)	Expiry Date
4,646,218	0.30	March 9, 2019
468,750	0.20	March 9, 2019
348,334	0.40	December 8, 2019
212,334	0.40	January 15, 2020
13,900,000	0.35	February 26, 2020
19,575,636		

The weighted average fair value of the finder's warrants granted during the year ended June 30, 2018 was \$0.22 (2017 - \$0.17), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	<u>Year ended June 30, 2018</u>	<u>Year ended June 30, 2017</u>
Risk-free interest rate	1.56%	0.82%
Expected life of warrant	2 years	2 years
Expected dividend yield	0%	0%
Expected stock price volatility	173.92%	223.70%

12. FINANCIAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in shareholders' equity (deficiency) as 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 the capital structure, the Company may issue new shares through short-term prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at June 30, 2018, the Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2018, the Company had cash balances of \$1,497,778 (2017 - \$208,273) and current liabilities of \$274,696 (2017 - \$338,125). The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset-backed commercial paper.

c) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions. The majority of the Company's cash is held with major Canadian based financial institutions. Receivables are comprised of goods and services tax from the Canadian government.

d) Currency risk

The Company is not exposed to significant foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and due to related parties that are denominated in United States dollars ("US\$") and Guyanese dollars ("GYD\$"). The Company does not use derivatives or other techniques to manage foreign currency risk.

e) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposit issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company does not hold any financial liabilities with variable interest rates.

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12. FINANCIAL RISK MANAGEMENT (cont'd)

f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its exploration and evaluation assets and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

g) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of the Company's financial instruments is equal to their carrying values due to the short-term nature of these instruments.

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets in Guyana. All capital assets and exploration and evaluation assets are located in Guyana.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended June 30, 2018 were as follows:

- a) Included in exploration and evaluation assets is a balance of \$67,585 of depreciation.
- b) Included in exploration and evaluation assets is a balance of \$12,649 included in accounts payable.
- c) Issued 32,500 finder's warrants valued at \$6,988 related to an exploration and evaluation asset.
- d) Issued 19,000 broker warrants valued at \$4,088 related to a private placement.
- e) Settled shares subscriptions received in advance of \$24,000 through the issuance of 80,000 common shares.

The significant non-cash transactions for the year ended June 30, 2017 were as follows:

- a) Received loans of \$99,342 which were paid on behalf of the Company directly in support of the Romanex Transaction (Note 5).
- b) A balance of \$48,378 included in property, plant and equipment relating to accounts payable and accrued liabilities.
- c) Included in exploration and evaluation assets is a balance of \$16,857 of depreciation.

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15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported tax is as follows:

	Year ended	
	June 30 2018	June 30, 2017
Loss before income taxes	\$ (1,338,617)	\$ (1,118,089)
Expected income tax recovery	\$ (357,000)	\$ (291,000)
Change in statutory, foreign tax, foreign exchange rates and other	(68,000)	(8,000)
Permanent differences	93,000	223,000
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(2,907,000)	(12,000)
Change in unrecognized deductible temporary differences	3,239,000	88,000
Total income tax expense (recovery)	\$ -	\$ -

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2018	2017
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 39,000	\$ 38,000
Property and equipment	(2,000)	-
Share issue costs	19,000	13,000
Non-capital losses available for future periods	4,050,000	816,000
	4,106,000	867,000
Unrecognized deferred tax assets	(4,106,000)	(867,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 145,000	No expiry date	\$ 145,000	No expiry date
Property and equipment	(8,000)	No expiry date	-	No expiry date
Share issue costs	70,000	2019 – 2022	48,000	2034 – 2037
Non-capital losses available for future period	14,802,000	2028 – 2038	3,137,000	2027 – 2037
Canada	4,196,000	2028 – 2038	3,133,000	2027 – 2037
Guyana	10,606,000	No expiry date	4,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.