



Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2018

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

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

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**GUYANA GOLDSTRIKE INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(Expressed in Canadian Dollars)**

	Note	December 31, 2018	June 30, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 93,581	\$ 1,497,778
Prepaid expenses	4	466,725	445,825
Receivables		10,359	13,298
Total current assets		570,665	1,956,901
<b>Non-current assets</b>			
Advance		31,662	30,742
Exploration and evaluation assets	5	4,539,076	3,594,246
Equipment	6	344,745	388,132
<b>Total assets</b>		<b>\$ 5,486,148</b>	<b>\$ 5,970,021</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 194,746	\$ 73,957
Due to related parties	8	334,863	200,739
Loans payable	7	176,000	-
Total liabilities		705,609	274,696
<b>Shareholders' equity</b>			
Share capital	10	11,397,563	11,361,153
Shares subscribed	10	38,750	-
Share subscriptions receivable	10	(1,000)	-
Equity reserves	10	2,020,277	1,688,164
Deficit		(8,675,051)	(7,353,992)
Total shareholders' equity		4,780,539	5,695,325
<b>Total liabilities and shareholders' equity</b>		<b>\$ 5,486,148</b>	<b>\$ 5,970,021</b>

**Nature and continuance of operations and going concern** (Note 1)

**Commitment** (Note 9)

**Subsequent events** (Note 14)

**Authorized and approved by the Board of Directors on March 1, 2019**

“Peter Berdusco”

Director

“Scott Davis”

Director

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

**GUYANA GOLDSTRIKE INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(Expressed in Canadian Dollars)**

	Note	Three months ended December 31,		Six months ended December 31,	
		2018	2017	2018	2017
<b>OPERATING EXPENSES</b>					
Accounting and audit	8	\$ 39,830	\$ 55,290	\$ 62,330	\$ 80,290
Consulting		176,725	113,742	328,036	155,942
Filing and regulatory fees		3,653	750	3,142	750
Interest expense		16,000	-	16,000	-
Legal fees		6,980	4,920	6,980	16,982
Management fees	8	-	30,000	-	60,000
Marketing		224,294	45,254	321,244	114,285
Office and administration	8	11,268	27,402	43,020	37,258
Office management services	8	45,000	-	105,000	-
Rent	8	-	6,000	-	8,000
Share-based payments	10	323,867	-	332,113	-
Transfer agent		2,550	4,623	5,106	23,089
		(850,167)	(287,981)	(1,222,971)	(496,596)
Foreign exchange loss		(8,315)	(153,275)	(98,088)	(36,882)
<b>Loss and comprehensive loss for the period</b>		<b>\$ (858,482)</b>	<b>\$ (441,256)</b>	<b>\$ (1,321,059)</b>	<b>\$ (533,478)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>52,457,822</b>	<b>37,591,505</b>	<b>52,449,247</b>	<b>34,809,977</b>

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

**GUYANA GOLDSTRIKE INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(Expressed in Canadian Dollars)**

	<b>Six months ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,321,059)	\$ (533,478)
Items not involving cash:		
Share based payments	332,113	-
Interest expense	16,000	-
Changes in non-cash working capital:		
Receivables	2,019	(14,086)
Prepaid expenses	(20,900)	35,244
Due to related parties	134,124	(63,059)
Accounts payable and accrued liabilities	75,691	110,699
Net cash used in operating activities	<u>(782,012)</u>	<u>(464,680)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(988,245)	(289,441)
Advance	-	(4,180)
Artisanal mining royalty	131,900	88,615
Purchase of equipment	-	(46,926)
Cost recoveries	-	55,237
Net cash used in investing activities	<u>(856,345)</u>	<u>(196,695)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of warrants	35,410	604,317
Proceeds from issuance of shares	-	200,000
Share issuance costs	-	(12,303)
Share subscriptions received in advance	38,750	101,000
Proceeds from loans payable	160,000	40,000
Net cash provided by financing activities	<u>234,160</u>	<u>933,014</u>
<b>Change in cash</b>	<b>(1,404,197)</b>	<b>271,639</b>
<b>Cash, beginning of period</b>	<b>1,497,778</b>	<b>208,273</b>
<b>Cash, end of period</b>	<b>\$ 93,581</b>	<b>\$ 479,912</b>

Supplemental disclosure with respect to cash flows (Note 13)

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

**GUYANA GOLDSTRIKE INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(Expressed in Canadian Dollars)**

	Number of Shares	Share Capital	Share Subscriptions Received in Advance	Share Subscriptions Receivable	Equity Reserves	Deficit	Total
<b>Balance – June 30, 2017</b>	<b>29,047,272</b>	<b>\$ 6,971,714</b>	<b>\$ 24,000</b>	<b>\$ -</b>	<b>\$ 1,423,849</b>	<b>\$ (6,015,375)</b>	<b>\$ 2,404,188</b>
Exercise of warrants	8,377,566	628,317	(24,000)	-	-	-	604,317
Shares issued for private placements	666,667	200,000	-	-	-	-	200,000
Share issuance costs	-	(15,554)	-	-	3,251	-	(12,303)
Share subscriptions received in advance	-	-	101,000	-	-	-	101,000
Loss for the period	-	-	-	-	-	(533,478)	(533,478)
<b>Balance – December 31, 2017</b>	<b>38,091,505</b>	<b>\$ 7,784,477</b>	<b>\$ 101,000</b>	<b>\$ -</b>	<b>\$ 1,427,100</b>	<b>\$ (6,548,853)</b>	<b>\$ 2,763,724</b>
<b>Balance – June 30, 2018</b>	<b>52,440,672</b>	<b>\$ 11,361,153</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,688,164</b>	<b>\$ (7,353,992)</b>	<b>\$ 5,695,325</b>
Exercise of warrants	121,366	36,410	-	(1,000)	-	-	35,410
Share subscriptions received in advance	-	-	38,750	-	-	-	38,750
Share-based payments	-	-	-	-	332,113	-	332,113
Loss for the period	-	-	-	-	-	(1,321,059)	(1,321,059)
<b>Balance – December 31, 2018</b>	<b>52,562,038</b>	<b>\$ 11,397,563</b>	<b>\$ 38,750</b>	<b>\$ (1,000)</b>	<b>\$ 2,020,277</b>	<b>\$ (8,675,051)</b>	<b>\$ 4,780,539</b>

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

**GUYANA GOLDSTRIKE INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Unaudited – Prepared by Management**  
**Six months ended December 31, 2018**  
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**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 condensed 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 condensed 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 condensed 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”) and in accordance with the International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

**GUYANA GOLDSTRIKE INC.**  
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**2. BASIS OF PREPARATION (cont'd)**

The condensed 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 condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

*Basis of consolidation*

These condensed 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 condensed 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 December 31, 2018 are as follows:

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Place of Incorporation</b>	<b>Ownership Interest December 31, 2018</b>	<b>Ownership Interest June 30, 2018</b>
Romanex Guyana Exploration Ltd. ("Romanex")	Mineral property exploration	Guyana	100%	100%

*Critical Judgments and Sources of Estimation Uncertainty*

The preparation of these condensed 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 condensed consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed 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.



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**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 condensed 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.

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**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**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at June 30, 2018. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2018.

**New accounting standards issued but not yet effective**

**IFRS 16 – Leases**

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15. The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its condensed consolidated interim financial statements, or whether to early adopt this new requirement.

**New accounting standards adopted during the period**

**IFRS 9 – Financial Instruments ("IFRS 9")**

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The Company adopted IFRS 9 on July 1, 2018 retrospectively and 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")**

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on July 1, 2018 and did not have an impact on the condensed consolidated interim financial statements.

**GUYANA GOLDSTRIKE INC.**  
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**4. PREPAID EXPENSES**

	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Advances	\$ 241,381	\$ 249,357
Consulting fees	210,939	89,133
Marketing	10,000	99,054
Other prepaid expenses	4,405	8,281
	<b>\$ 466,725</b>	<b>\$ 445,825</b>

**5. 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.

	<b>Marudi Gold Project</b>
<b>Balance - June 30, 2017</b>	<b>\$ 2,093,567</b>
<b>Acquisition costs</b>	133,138
<b>Exploration expenditures</b>	
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
	<b>1,598,782</b>
Artisanal mining royalty*	(175,683)
Cost recoveries	(55,558)
<b>Balance – June 30, 2018</b>	<b>\$ 3,594,246</b>

\*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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**5. EXPLORATION AND EVALUATION ASSETS (cont'd)**

	<b>Marudi</b>
	<b>Gold Project</b>
<b>Balance - June 30, 2018</b>	<b>\$ 3,594,246</b>
<b>Exploration expenditures</b>	
Camp and field costs	304,260
Consulting and technical fees	85,300
Depreciation	43,387
Environmental engineering	66,792
Geology	65,217
Maintenance	47,839
Management fees	55,345
Office and miscellaneous	36,283
Salaries	214,919
Travel and accommodation	157,388
	1,076,730
Artisanal mining royalty*	(131,900)
<b>Balance – December 31, 2018</b>	<b>\$ 4,539,076</b>

\*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 (see below). The share certificates in Romanex are in escrow and have not been transferred to the Company. The share certificates will be released when the US\$300,000 payment below 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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**5. EXPLORATION AND EVALUATION ASSETS (cont'd)**

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.

**6. EQUIPMENT**

	Field Equipment	Motor Vehicles	Office Furniture and Equipment	Total
<b>Cost</b>				
Balance as 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 and December 31, 2018	<b>\$ 294,204</b>	<b>\$ 166,405</b>	<b>\$ 11,965</b>	<b>\$ 472,574</b>
<b>Amortization</b>				
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
Amortization for the period	20,769	21,409	1,209	43,387
Balance at December 31, 2018	<b>\$ 62,419</b>	<b>\$ 61,102</b>	<b>\$ 4,308</b>	<b>\$ 127,829</b>
<b>Carrying amounts</b>				
Balance at June 30, 2018	\$ 252,554	\$ 126,712	\$ 8,866	\$ 388,132
Balance at December 31, 2018	<b>\$ 231,785</b>	<b>\$ 105,303</b>	<b>\$ 7,657</b>	<b>\$ 344,745</b>

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**7. LOANS PAYABLE**

During the period ended December 31, 2018, the Company received loans from two third parties for \$160,000. The loans are non-interest bearing, unsecured, and have no specific terms of repayment. The loans are subject to a service charge of 10% (\$16,000).

**8. RELATED PARTY TRANSACTIONS**

During the period ended December 31, 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:

- a) Incurred management and administration fees including employer contributions and rent of \$105,000 (2017 - \$Nil) to a company controlled by a director and officer of the Company. In the period ended December 31, 2017, the Company incurred \$60,000 of management fees and \$15,000 of corporate administrative fees to the same company.
- b) Incurred accounting fees of \$45,000 (2017 - \$30,000) and rent of \$Nil (2017 - \$8,000) to a firm where a director and officer of the Company is a partner.
- c) Incurred management fees of \$165,758 (2017 - \$Nil) which are capitalized to exploration and evaluation assets to a company owned by the operations manager of the Company's subsidiary.
- d) Share-based compensation includes stock options granted to directors and officers recorded at a fair value of \$143,681 (2017 - \$Nil).

At December 31, 2018, the Company owed \$25,875 (June 30, 2018 - \$Nil) to a company controlled by a director and officer of the Company; \$23,100 (June 30, 2018 - \$Nil) to a firm where a director and officer of the Company is a partner and \$285,888 (June 30, 2018 - \$200,739) to a company owned by the operations manager of the Company's subsidiary. During the year ended June 30, 2018, loans of \$40,000 were received from a related party and repaid during the year. The loans were non-interest bearing, unsecured and payable on demand.

**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. SHARE CAPITAL**

Authorized: Unlimited common shares without par value

During the period ended December 31, 2018 the Company:

- a) Issued 121,366 common shares on the exercise of warrants for proceeds of \$36,410 of which \$1,000 was receivable at December 31, 2018.
- b) Received share subscriptions of \$38,750 towards the exercise of warrants and stock options of which the common shares were issued subsequent to December 31, 2018.

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**10. SHARE CAPITAL (cont'd)**

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.
- 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).

**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.

A summary of the Company’s outstanding share purchase options as at December 31, 2018 and the changes during the period are presented below:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance - June 30, 2017	2,700,000	\$ 0.25
Granted	1,000,000	0.25
Balance – June 30, 2018	3,700,000	0.25
Granted	1,500,000	0.30
Cancelled	(150,000)	0.25
Balance – December 31, 2018	5,050,000	\$ 0.26
Exercisable – December 31, 2018	4,768,750	\$ 0.26

The weighted average remaining life of the options outstanding at December 31, 2018 was 3.91 years (2017 – 4.32 years).

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**10. SHARE CAPITAL (cont'd)**

Additional information regarding stock options outstanding as at December 31, 2018 is as follows:

Number of Options	Exercise Price (\$)	Expiry Date
2,550,000	0.25	April 24, 2022*
1,000,000	0.25	January 12, 2023
1,500,000	0.30	October 30, 2023
5,050,000		

\*Subsequent to December 31, 2018, 110,000 options were exercised for proceeds of \$27,500.

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

	Period ended <u>December 31, 2018</u>	Year ended <u>June 30, 2018</u>
Risk-free interest rate	2.38%	1.97%
Expected life of option	5 years	5 years
Expected dividend yield	0%	0%
Expected stock price volatility	157.64%	193.09%

**Share-based payments**

Total share-based payments recognized for stock options granted during the period ended December 31, 2018 was \$332,113 (2017 - \$Nil).

**Share purchase warrants**

A summary of the Company's outstanding share purchase warrants as at December 31, 2018 and the changes during the period are presented below:

	Number of Warrants	Weighted Average Exercise Price
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 and December 31, 2018	19,575,636	\$ 0.34



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**10. SHARE CAPITAL (cont'd)**

The weighted average remaining life of the warrants outstanding at December 31, 2018 was 0.90 years (2017 – 1.11 years).

<b>Number of Warrants</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
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		

\*Subsequent to December 31, 2018, the Company applied to have the expiry date of 4,752,502 warrants extended for an additional 2 years subject to TSXV approval.

\*\*Subsequent to December 31, 2018, 158,866 warrants were exercised for proceeds of \$47,660.

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

	<u>Period ended</u> <u>December 31, 2018</u>	<u>Year ended</u> <u>June 30, 2018</u>
Risk-free interest rate	-	1.56%
Expected life of warrant	-	2 years
Expected dividend yield	-	0%
Expected stock price volatility	-	173.92%

**11. 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 December 31, 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.

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**11. FINANCIAL RISK MANAGEMENT (cont'd)**

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 December 31, 2018, the Company had cash balances of \$93,581 (June 30, 2018 - \$1,497,778) and current liabilities of \$705,609 (June 30, 2018 - \$274,696). 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.

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.

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**11. FINANCIAL RISK MANAGEMENT (cont'd)**

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.

**12. 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.

**13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions for the period ended December 31, 2018 were as follows:

- a) Included in exploration and evaluation assets is a balance of \$43,387 of depreciation.
- b) Included in exploration and evaluation assets is a balance of \$57,747 accounts payable.

The significant non-cash transactions for the period ended December 31, 2017 were as follows:

- a) Included in exploration and evaluation assets is a balance of \$31,714 of depreciation.
- b) Received a loan of \$16,506, which was paid on behalf of the company directly to Romanex.
- c) Issued 15,000 finder's warrants valued at \$3,251 related to a private placement.
- d) Included in exploration and evaluation assets is a balance of \$225,427 accounts payable.

**14. SUBSEQUENT EVENTS**

Subsequent to December 31, 2018, the Company completed the offering of a debenture (the “Debenture”) in the principal amount of \$300,000 to an arms’-length lender. The Debenture has a term of thirty-six months, bears interest at a rate of fifteen percent per annum, payable quarterly, and is secured by a general charge over all the assets of the Company. At the option of the holder, the Debenture is also convertible into common shares of the Company at a price of \$0.20 per share. In connection with the issuance of the Debenture, the Company has also issued 1,500,000 detachable common share purchase warrants (each, a “Warrant”) to the lender. Each “Warrant” entitles the holder to acquire a common share of the Company at a price of \$0.30 for a period of thirty-six months. In connection with completion of the offering, the Company has reimbursed the lender for certain costs incurred in connection with completion of the offering, including the costs of their legal counsel. No advisory fee will be payable to any third-parties in connection with the offering. All securities issued in connection with the offering, including the Debenture and the Warrants, are subject to a four-month-and-one-day statutory hold period, in accordance with applicable securities laws.