
**WESTERN TROY CAPITAL RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
AUGUST 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Western Troy Capital Resources Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Western Troy Capital Resources Inc.**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian dollars)****Unaudited**

	As at August 31, 2019	As at November 30, 2018
ASSETS		
Current assets		
Cash	\$ 9,926	\$ 58,878
Amounts receivable and other assets (note 3)	1,059	10,975
Total assets	\$ 10,985	\$ 69,853
DEFICIENCY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 10 and 11)	\$ 58,725	\$ 165,893
Total liabilities	58,725	165,893
Deficiency		
Share capital (note 5)	12,317,720	12,317,720
Reserves (notes 6 and 7)	94,032	94,032
Accumulated deficit	(12,459,492)	(12,507,792)
Total deficiency	(47,740)	(96,040)
Total deficiency and liabilities	\$ 10,985	\$ 69,853

Nature of operations and going concern (note 1)

Contingencies and commitments (note 11)

Approved on behalf of the Board:"Rex Loesby", Director
_____"John Archibald", Director

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

Western Troy Capital Resources Inc.

Condensed Interim Consolidated Statements of Profit / (Loss) and Comprehensive Profit / (Loss)

(Expressed in Canadian dollars)

Unaudited

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2019	2018	2019	2018
Operating expenses				
Exploration and evaluation expenditures (note 4)	\$ -	\$ 4,652	\$ -	\$ 527,527
General and administrative (note 9)	10,300	77,424	112,246	275,228
Total operating expenses	(10,300)	(82,076)	(112,246)	(802,755)
Other income	20,291	-	20,291	-
Foreign exchange gain	932	1,446	1,722	10,538
Flow-through indemnification reversal (note 11)	-	-	138,533	-
Gain from the forgiveness of debt (note 10)	-	61,760	-	325,867
Net profit / (loss) and comprehensive profit / (loss) for the period	\$ 10,923	\$ (18,870)	\$ 48,300	\$ (466,350)
Net profit / (loss) per share-Basic and diluted (note 8)	\$ 0.00	\$ (0.00)	\$ 0.01	\$ (0.06)
Weighted average number of common shares outstanding - Basic and diluted	8,182,994	8,182,994	8,182,994	8,109,410

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

Western Troy Capital Resources Inc.**Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)****Unaudited**

	Nine Months Ended August 31,	
	2019	2018
Operating activities		
Net profit / (loss) for the period	\$ 48,300	\$ (466,350)
Adjustments for:		
Share-based payments (note 7)	-	68,300
Warrants issued for property	-	52,900
Changes in non-cash working capital items:		
Amounts receivable and other assets	9,916	494,364
Amounts payable and other liabilities	(107,168)	(476,496)
Net cash (used in) provided by operating activities	(48,952)	(327,282)
Financing activities		
Advances from (repayment to) related party	-	(12,413)
Shares issued	-	366,250
Share issue cost	-	(8,310)
Net cash provided by financing activities	-	345,527
Net change in cash	(48,952)	18,245
Cash, beginning of period	58,878	80,533
Cash, end of period	\$ 9,926	\$ 98,778

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

Western Troy Capital Resources Inc.

Condensed Interim Consolidated Statements of Changes in Deficiency

(Expressed in Canadian dollars)

Unaudited

	Share capital	Reserves			Total
		Equity settled share-based payments reserve	Warrant reserve	Accumulated deficit	
Balance, November 30, 2018	\$ 12,317,720	\$ 65,977	\$ 28,055	\$(12,507,792)	\$ (96,040)
Net loss for the period	-	-	-	48,300	48,300
Balance, August 31, 2019	\$ 12,317,720	\$ 65,977	\$ 28,055	\$(12,459,492)	\$ (47,740)
Balance, November 30, 2017	\$ 11,959,780	\$ 3,750	\$ -	\$(12,024,439)	\$ (60,909)
Shares issued (note 5)	357,940	-	-	-	357,940
Share-based payments (note 7)	-	68,300	-	-	68,300
Warrants issued on property (note 6)	-	-	52,900	-	52,900
Warrants expired (note 6)	-	-	(20,100)	20,100	-
Stock options expired (note 7)	-	(3,750)	-	3,750	-
Net loss for the period	-	-	-	(466,350)	(466,350)
Balance, August 31, 2018	\$ 12,317,720	\$ 68,300	\$ 32,800	\$(12,466,939)	\$ (48,119)

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

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended August 31, 2019

(Expressed in Canadian dollars)

Unaudited

1. Nature of operations and going concern

Western Troy Capital Resources Inc. (the "Company" or "Western Troy") was incorporated under the laws of the Province of Ontario, Canada, by Articles of Incorporation dated November 8, 1989. The Company pursues interests in business opportunities in, primarily in the resource sector, but will consider opportunities outside that sector. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. Western Troy investigates mineral property and other business opportunities worldwide. The primary office of the Company is located at The Canadian Venture Building, 82 Richmond St. East, Suite 200, Toronto, Ontario, Canada, M5C 1P1.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company has incurred losses in the prior periods, with a profit of \$48,300 for the nine months ended August 31, 2019 (nine months ended August 31, 2018 - loss of \$466,350), and as at August 31, 2019 has an accumulated deficit of \$12,459,492 (November 30, 2018 - \$12,507,792) and working capital deficiency of \$47,740 (November 30, 2018 deficiency of \$96,040).

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Based on current projections and operating plans, the Company may be required to raise additional funds through equity financing. There is, however, no assurance that any such initiatives will be successful and, as a result, there exists material uncertainty casting significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

2. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual consolidated financial statements required by IFRS as issued by the IASB and interpretations issued by IFRIC.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended August 31, 2019

(Expressed in Canadian dollars)

Unaudited

2. Significant accounting policies (continued)

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of October 23, 2019. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended November 30, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

New accounting standards and interpretations

IFRS 9 – Financial Instruments (“IFRS 9”)

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on December 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on December 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- ◆ It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- ◆ Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash	Loans and receivables (amortized cost)	Amortized cost
Restricted cash	Loans and receivables (amortized cost)	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and other liabilities	Other financial liabilities (amortized cost)	Amortized cost
Advances from related party	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended August 31, 2019

(Expressed in Canadian dollars)

Unaudited

2. Significant accounting policies (continued)

New accounting standards not yet adopted and interpretations (continued)

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard had no impact on the unaudited condensed interim consolidated financial statements as at August 31, 2019.

3. Amounts receivable and other assets

	As at August 31, 2019	As at November 30, 2018
Sales tax receivable - (Canada)	\$ 667	\$ 10,975
Other amounts receivable	392	-
	\$ 1,059	\$ 10,975

4. Exploration and evaluation expenditures

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2019	2018	2019	2018
<u>Willow Creek</u>				
Acquisition costs				
Staking claims	\$ -	\$ 4	\$ -	\$ 433
Option agreement	-	-	-	52,900
	-	4	-	53,333
Exploration expenditures				
Geologists fees and costs	-	470	-	47,146
Drilling	-	3,783	-	379,702
Water and environmental	-	32	-	3,207
Meals, travel and accommodation	-	-	-	5,057
Equipment rental, supplies and services	-	50	-	2,367
Storage cost	-	24	-	-
Permits and licences	-	-	-	28,927
Sampling and assay	-	289	-	-
Insurance	-	-	-	7,788
	-	4,648	-	474,194
Total	-	4,652	-	527,527
Total exploration and evaluation expenditures	\$ -	\$ 4,652	\$ -	\$ 527,527

Western Troy Capital Resources Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended August 31, 2019
(Expressed in Canadian dollars)
Unaudited

5. Share capital

a) Authorized share capital

Unlimited number of common shares, no par value
 Unlimited number of Class A shares, no par value

b) Shares issued

As at August 31, 2019, the issued share capital amounted to \$12,317,720.

Effective January 18, 2019, the Company consolidated its shares on the basis of one new, post-consolidated share for every five old, pre-consolidated shares. All share and per share amounts in these financial statements are presented on a post-consolidation basis.

	Number of common shares	Amount
Balance, November 30, 2017,	6,717,994	\$ 11,959,780
Shares issued (i)	1,465,000	366,250
Share issue costs	-	(8,310)
Balance, August 31, 2018, November 30, 2018 and August 31, 2019	8,182,994	\$ 12,317,720

(i) On December 13, 2017, the Company closed a non-brokered private placement pursuant to which it issued 1,465,000 common shares at a price of \$0.25 per common share to raise aggregate gross proceeds of \$366,250. The Company incurred share issuance costs of \$8,310 in relation to this issuance.

6. Warrants

The following table reflects the continuity of warrants for nine months ended August 31, 2019 and August 31, 2018:

	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)
Balance, November 30, 2017	-	-	-
Issued (i)	600,000	0.25	40,010
Expired	(400,000)	0.25	(11,955)
Balance, August 31, 2018, November 30, 2018 and August 31, 2019	200,000	0.25	28,055

(i) Pursuant to the lease agreement, the Company issued to MEMC 200,000 Series A common share purchase warrants, each Series A warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$0.25, exercisable for a period of two years. The Company also issued 400,000 Series B common share purchase warrants, each Series B warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.25, exercisable for a period of 120 days from the date of issuance of the warrants. The weighted average fair value of the warrants of \$40,010 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 103% - 194%; risk-free interest rate of 1.13% - 1.95%; and an expected average life of 0.53 - 2 years.

On April 16, 2018, the 400,000 Series B common share purchase warrants issued to MMEC expired unexercised.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended August 31, 2019

(Expressed in Canadian dollars)

Unaudited

6. Warrants (continued)

The following table reflects the warrants issued and outstanding as of August 31, 2019:

Number of warrants outstanding	Exercise price (\$)	Expiry date
200,000	0.25	December 9, 2019

7. Stock options

Under the Company's stock option plan (the "Plan"), the directors of the Company can grant options to acquire common shares of the Company to qualified directors, officers, employees and persons providing ongoing services to the Company. The stock options are non-transferable and have no maximum term of grant. The exercise price of the stock options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant. The aggregate number of common shares reserved for issuance under this plan is limited to 10% of the aggregate number of common shares of the Company that are issued and outstanding.

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, November 30, 2017	30,000	0.50
Granted (i)	400,000	0.25
Balance, August 31, 2018	430,000	0.27
Balance, November 30, 2018 and August 31, 2019	400,000	0.25

(i) On December 18, 2017, the Company granted a total of 400,000 stock options to officers and directors of the Company. All options are exercisable at a price of \$0.25 per common share. The options vested immediately and expire in five years. The grant date fair value of \$65,977 or \$0.171 per option was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 175% which is based on historical volatility of the Company's share price, risk-free rate of return of 1.70% and an expected life of 5 years.

The following table reflects the actual stock options issued and outstanding as of August 31, 2019:

Expiry date	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
December 18, 2022	0.25	3.55	400,000	400,000

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended August 31, 2019

(Expressed in Canadian dollars)

Unaudited

8. Net profit / (loss) per common share

The weighted average number of common shares outstanding and loss per share figures have been adjusted to reflect the share consolidation effected on January 19, 2019.

The calculation of basic and diluted profit / (loss) per share for the three and nine months ended August 31, 2019 was based on the profit / (loss) attributable to common shareholders of \$10,923 and \$48,300, respectively (three and nine months ended August 31, 2018 - profit / (loss) of \$(18,870) and \$(466,350), respectively) and the weighted average number of common shares outstanding of 8,182,994 and 8,182,994, respectively (three and nine months ended August 31, 2018 - 8,182,994 and 8,109,410, respectively).

9. General and administrative

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2019	2018	2019	2018
Management and consulting fees (note 10)	\$ 12,009	\$ 12,045	\$ 36,323	\$ 35,162
Shareholder relations	808	27,865	27,774	44,252
Accounting and corporate	5,922	5,736	16,814	17,921
Professional fees	(19,053)	18,501	6,291	63,974
Office, travel and general	7,464	10,127	15,594	33,019
Share-based payments (note 7)	-	-	-	68,300
Directors' fees (note 10(b))	3,150	3,150	9,450	12,600
	\$ 10,300	\$ 77,424	\$ 112,246	\$ 275,228

10. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties:

(i) During the three and nine months ended August 31, 2019, the Company expensed consulting fees of \$11,884 and \$36,831, respectively, (three and nine months ended August 31, 2018 - \$12,045 and \$35,162, respectively) to a corporation controlled by the President, Chief Executive Officer and director of the Company.

(ii) During the three and nine months ended August 31, 2019, the Company expensed directors fees totaling \$3,150 and \$9,450, respectively, (three and nine months ended August 31, 2018 - \$3,150 and \$12,600, respectively) to directors and a company controlled by a director of the Company.

(iii) During the three and nine months ended August 31, 2019, the balance of accrued consulting fee due to the CEO has been forgiven, which resulted a gain of totaling \$nil (three and nine months ended August 31, 2018 - \$61,760 and \$325,867).

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended August 31, 2019

(Expressed in Canadian dollars)

Unaudited

10. Related party balances and transactions (continued)

(b) Remuneration of directors and key management personnel (including the Chief Executive Officer (note 10(i)), Chief Financial Officer and directors) of the Company was as follows:

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2019	2018	2019	2018
Salaries and benefits ⁽¹⁾	\$ 15,034	\$ 15,194	\$ 46,281	\$ 44,611
Share-based payments	\$ -	\$ -	\$ -	\$ 68,300
Gain from the forgiveness of debt - consulting fees	\$ -	\$ (61,760)	\$ -	\$ (325,867)

⁽¹⁾ Salaries and benefits include director fees. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

11. Contingencies and commitments

Management agreements

The Company is party to management severance agreements which require that additional payments of up to US\$144,000 (\$194,789) be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these unaudited condensed interim consolidated financial statements.

Environmental contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through and other tax matters

During 2015, the Company received the results of an audit by the Canada Revenue Agency (the "CRA") related to its 2011 flow-through forms filed. The reassessment resulted in certain expenditures being denied by the CRA and a liability of Part XII.6 tax and interest. During the year ended November 30, 2018, CRA and the Company settled, and subsequently paid the balance in full. As at August 31, 2019, a liability of \$nil (November 30, 2018 - \$48,130) is recorded in amounts payable.

In addition, as a consequence of the denied expenditures, the Company will reimburse certain investors for income taxes owing as a result of the reduced tax deduction by the investors. On July 5, 2017, the Company paid \$300,000 to an investor so that the investor could pay his potential lost tax benefit to the Canada Revenue Agency (CRA). Due to the settlement with CRA, the amount of the investor's potential lost tax benefit is estimated at approximately \$160,000. The Company has requested that the investor to refund a portion of the \$300,000 and the amount will be recognized as recovery in the statement of loss and comprehensive loss upon refund or when the recovery becomes certain. The Company received a refund of \$138,533 from the investor during the nine months ended August 31, 2019.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended August 31, 2019

(Expressed in Canadian dollars)

Unaudited

12. Other events

MASGLAS Peru S.A.C

On June 29, 2018, the Company executed a binding Letter of Intent ("LOI") with MASGLAS Peru S.A.C. (MASGLAS), a private company. MASGLAS is acquiring approximately 94 percent of the shares of Compañía Minera San Nicolas S.A. a company that controls certain concession rights and assets, 80 road kilometres north of the city of Cajamarca, Peru, and near Gold Fields' Cerro Corona Gold Mine and Buenaventura's Tantahuatay Gold Mine. Terms of the LOI included the following:

- 1) A Reverse Take-Over ("RTO") once the required exchange and shareholder approvals were gained, and the Company would obtain 100 percent of the shares of MASGLAS and the Company will convey 32,731,976 shares to MASGLAS after a one for five share consolidation. Current Western Troy shareholders would then hold 8,182,994 shares after the share consolidation.
- 2) Upon execution of the LOI, Western Troy paid \$25,000 to MASGLAS and the Company was to commission and fund an NI43-101 Technical Report on the San Nicolas properties.
- 3) The Company would initiate a private placement to raise a minimum of \$500,000.
- 4) The Company share trading was halted during the exchange review process (halted on June 28, 2018).

During the year ended November 30, 2018, the Company incurred total cost of \$65,180 in relation to this transaction. On December 4, 2018, the Company and MASGLAS agreed to terminate the LOI.

Cultivation Technologies, Inc.

On February 20, 2019, the Company and Cultivation Technologies, Inc. ("CTI") entered into a Letter of Intent ("LOI") dated February 20, 2019, to complete an arm's length Reverse Takeover ("RTO") Transaction. The shares of Western Troy have been halted pending completion of the RTO. Western Troy and CTI intend to complete a business combination that will result in CTI becoming a wholly-owned subsidiary of Western Troy ("Resulting Issuer"). The Resulting Issuer would undergo a name change to SCARAB CO. ("SCARAB"). The RTO and other terms of the transaction will require Western Troy shareholder approval. It is anticipated that the transaction will be on the agenda at the regular Annual General Meeting ("AGM") of the shareholders of Western Troy to be held on a date to be determined.

On August 29, 2019, the Company announced that CTI and the Company agreed to terminate the LOI they announced on February 26, 2019. CTI paid US\$15,000 of the US\$30,000 termination fee to the Company. The balance of the termination fee is outstanding and CTI has committed to paying the balance at a date to be determined.