

**PINECREST RESOURCES LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**For the Nine Months Ended September 30, 2018**

**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51-102, the Company discloses that its independent auditors have not reviewed the condensed interim consolidated financial statements for the period ended September 30, 2018.

**Pinecrest Resources Ltd.**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in Canadian Funds - Unaudited)

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 406,434	\$ 901,456
Short-term investment	811,436	1,038,569
GST and other receivables	3,608	5,433
Prepaid expenses	9,453	25,478
	<u>1,230,931</u>	<u>1,970,936</u>
<b>Non-current assets</b>		
Property and equipment	71,727	70,797
Exploration and evaluation assets (Note 4)	13,335,473	12,581,924
	<u>\$ 14,638,131</u>	<u>\$ 14,623,657</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade and other payables (Note 6(a))	\$ 43,974	\$ 55,232
<b>Non-current liability</b>		
Provision for bonus payment	112,457	112,457
	<u>156,431</u>	<u>167,689</u>
<b>Shareholders' equity</b>		
Share capital	11,681,023	11,681,023
Share-based payments reserve	1,729,604	1,541,344
Warrants reserve	2,460,252	2,460,252
Accumulated other comprehensive income	2,772,940	2,482,198
Accumulated deficit	(4,162,119)	(3,708,850)
	<u>14,481,700</u>	<u>14,455,968</u>
	<u>\$ 14,638,131</u>	<u>\$ 14,623,657</u>

**On behalf of the Audit Committee:**

"Douglas Forster"

Director

"Edward Farrauto"

Director

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

**Pinecrest Resources Ltd.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2018**

	Common shares		Share-based payments reserve	Warrants reserves	Accum. other comprehensive income (loss)	Accum. deficit	Total
	Number	Amount					
Balance – January 1, 2017	54,916,547	\$ 10,063,165	\$ 828,143	\$ 2,466,622	\$ 3,222,259	\$ (2,700,543)	\$ 13,879,647
Issued for cash	7,150,000	1,490,487	-	-	-	-	1,490,487
Issued on exercise of warrants	100,000	36,370	-	(6,370)	-	-	30,000
Share-based compensation	-	-	643,390	-	-	-	643,390
Foreign currency translation	-	-	-	-	(808,394)	-	(808,394)
Net loss for the period	-	-	-	-	-	(722,177)	(722,177)
<b>Balance – September 30, 2017</b>	<b>62,166,547</b>	<b>\$ 11,590,022</b>	<b>\$ 1,471,533</b>	<b>\$ 2,460,252</b>	<b>\$ 2,413,865</b>	<b>\$ (3,422,720)</b>	<b>\$ 14,512,953</b>

	Common shares		Share-based payments reserve	Warrants reserves	Accum. other comprehensive income	Accum. deficit	Total
	Number	Amount					
Balance – January 1, 2018	62,566,547	\$ 11,681,023	\$ 1,541,344	\$ 2,460,252	\$ 2,482,198	\$ (3,708,850)	\$ 14,455,968
Share-based compensation	-	-	188,260	-	-	-	188,260
Foreign currency translation	-	-	-	-	290,742	-	290,742
Net loss for the period	-	-	-	-	-	(453,269)	(453,269)
<b>Balance – September 30, 2018</b>	<b>62,566,547</b>	<b>\$ 11,681,023</b>	<b>\$ 1,729,604</b>	<b>\$ 2,460,252</b>	<b>\$ 2,772,940</b>	<b>\$ (4,162,119)</b>	<b>\$ 14,481,700</b>

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

**Pinecrest Resources Ltd.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Funds - Unaudited)

	<b>For the Three Months Ended September 30, 2018</b>	For the Three Months Ended September 30, 2017	<b>For the Nine Months Ended September 30, 2018</b>	For the Nine Months Ended September 30, 2017
<b>EXPENSES</b>				
Accounting and audit fees	\$ 8,212	\$ 6,428	\$ 24,456	\$ 24,177
Amortization	148	237	541	876
Consultants	4,628	40,501	13,854	40,501
Foreign exchange loss (gain)	8,460	29,140	(7,458)	55,013
Insurance	7,001	6,454	20,991	19,350
Legal	-	791	5,193	6,307
Management fees (Note 6(b))	48,625	20,288	148,219	48,300
Office	9,098	8,096	43,475	21,235
Rent (Note 6(a))	3,767	2,481	11,302	13,790
Share-based compensation	35,268	167,571	170,753	483,118
Shareholder relations, marketing and conferences	312	4,226	20,090	7,689
Transfer agent and regulatory fees	2,644	1,989	13,100	13,708
	<u>\$ 128,163</u>	<u>\$ 288,203</u>	<u>\$ 464,516</u>	<u>\$ 734,064</u>
<b>OTHER INCOME</b>				
Interest income	(759)	(233)	(11,247)	(11,887)
	<u>\$ 127,404</u>	<u>\$ 287,970</u>	<u>\$ 453,269</u>	<u>\$ 722,177</u>
<b>OTHER COMPREHENSIVE LOSS (INCOME)</b>				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation	198,331	430,392	(290,742)	808,394
	<u>\$ 325,735</u>	<u>\$ 718,362</u>	<u>\$ 162,527</u>	<u>\$ 1,530,571</u>
<b>Comprehensive loss for the period</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
<b>Loss per share – basic and diluted</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
<b>Weighted average number of shares outstanding:</b>				
Basic and fully diluted	<u>62,166,547</u>	<u>62,166,547</u>	<u>62,166,547</u>	<u>59,635,595</u>

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

**Pinecrest Resources Ltd.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30**

	<b>2018</b>	<b>2017</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Cash flows from operating activities:</b>		
Loss for the period	\$ (453,269)	\$ (722,177)
Non-cash items:		
Share-based compensation	170,753	483,118
Unrealized foreign exchange	(19,874)	13,736
Amortization	541	876
Changes in non-cash working capital:		
Trade and other receivables	1,826	(3,130)
Prepaid expenses	16,024	15,714
Trade and other payables	(14,509)	(21,705)
	<u>(298,508)</u>	<u>(233,567)</u>
<b>Cash flows from investing activities:</b>		
Redemption of short-term investment	227,133	68,346
Exploration and evaluation costs	(442,050)	(140,676)
	<u>(214,917)</u>	<u>(72,330)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of shares, net of share issuance costs	-	1,490,487
Exercise of warrants	-	30,000
	<u>-</u>	<u>1,520,487</u>
Effect of exchange rate on cash	18,403	(8,279)
Increase (decrease) in cash	(495,022)	1,206,312
Cash – beginning of period	901,456	25,899
<b>Cash – end of period</b>	<b>\$ 406,434</b>	<b>\$ 1,232,211</b>

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

## **Pinecrest Resources Ltd.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

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#### **1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Pinecrest Resources Ltd. and its subsidiary (collectively, “Pinecrest or the “Company”) engage principally in the acquisition, advancement and development of precious mineral properties particularly its Enchi Gold Project in Ghana. Pinecrest Resources Ltd., the parent, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2010. Pinecrest is a public company listed on the TSX Venture Exchange (the “Exchange”) (TSX-V: PCR) and its head office is located at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information and footnotes required by the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board for full annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2017. The same accounting policies and methods of computation are used in the preparation of these unaudited condensed interim consolidated financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS for the interim periods presented.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Audit Committee on November 13, 2018.

#### **2. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The areas that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

##### *Impairment of exploration and evaluation assets*

Management assesses its exploration and evaluation assets for impairment indicators at the end of each reporting period. Such assessment is based on the facts and circumstances for each project, which considers the Company’s intentions for a property. If any impairment indicator exists, an estimate of the recoverable amount is undertaken. If the asset’s carrying amount exceeds its recoverable amount, an impairment loss is recognized in the statement of loss and comprehensive loss.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding its projects.

## **Pinecrest Resources Ltd.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

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#### **2. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd.)**

##### *Fair value of warrants and share-based payments*

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and warrants issued, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting period. Proceeds from the issuance of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, wherein the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model. In determining the fair value of the options or warrants, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

#### **3. CHANGES IN ACCOUNTING POLICIES**

A number of new standards and amendments to standards and interpretations have not been applied in preparing these consolidated financial statements. Those standards with the potential to impact the Company are as follows:

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes six primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL. The standard was adopted by the Company effective January 1, 2018. The adoption of this standard did not have a significant measurement impact on the Company's financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**Pinecrest Resources Ltd.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018****4. EXPLORATION AND EVALUATION ASSETS**

	<b>September 30, 2018</b>	December 31, 2017
<b>Acquisition costs</b>		
Balance, beginning of period	\$ <b>8,356,926</b>	\$ 8,356,926
Balance, end of period	\$ <b>8,356,926</b>	\$ 8,356,926
<b>Exploration and evaluation costs</b>		
Balance, beginning of period	\$ <b>1,729,722</b>	\$ 1,228,062
Assays	<b>54,004</b>	18,380
Camp costs	<b>18,871</b>	18,260
Drilling	<b>235,052</b>	215,128
Geological	<b>79,858</b>	81,587
General and administration	<b>1,320</b>	834
Management fees	-	53,241
Mining permits and licenses	<b>539</b>	-
Salaries and wages	<b>17,601</b>	9,859
Share-based compensation	<b>17,507</b>	75,847
Vehicle rental	<b>43,600</b>	28,524
Balance, end of period	\$ <b>2,198,074</b>	\$ 1,729,722
Foreign exchange impact	<b>2,780,473</b>	2,495,276
Total exploration and evaluation assets	\$ <b>13,335,473</b>	\$ 12,581,924

**5. SHARE CAPITAL**

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

(a) Stock Options

The total fair value of share-based compensation that vested during the period ending September 30, 2018 was \$188,260 (2017 - \$643,390) of which \$170,753 was expensed and \$17,507 was capitalized into exploration and evaluation assets.

A summary of the Company's stock options as at September 30, 2018 is as follows:

Exercise price	January 1, 2018	Forfeited	September 30, 2018	Expiry date	Remaining contractual life in years	Number of options vested
\$0.22	2,900,000	(100,000)	<b>2,800,000</b>	December 4, 2019	1.18	2,800,000
\$0.10	2,600,000	(50,000)	<b>2,550,000</b>	December 21, 2020	2.23	2,550,000
\$0.45	2,350,000	-	<b>2,350,000</b>	April 13, 2022	3.54	1,762,500
\$0.53	250,000	-	<b>250,000</b>	May 24, 2022	3.65	187,500
	8,100,000	(150,000)	<b>7,950,000</b>			7,300,000
	\$0.26	\$0.18	<b>\$0.26</b>	Weighted average exercise price		

**Pinecrest Resources Ltd.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018****5. SHARE CAPITAL (cont'd.)**(b) Warrants

A summary of the Company's share purchase warrants as at September 30, 2018 is as follows:

Exercise price	January 1, 2018	September 30, 2018	Expiry date	Remaining contractual life in years
\$0.30	5,000,000	<b>5,000,000</b>	December 4, 2019	1.18
\$0.30	17,900,000	<b>17,900,000</b>	December 4, 2019	1.18
	22,900,000	<b>22,900,000</b>		
\$0.30		<b>\$0.30</b>	Weighted average exercise price	

**6. RELATED PARTY TRANSACTIONS**(a) Trading transactions

The Company shares office space with related parties in order to minimize operational costs. During the period ending September 30, 2018, the Company paid or accrued \$11,302 (2017 - \$13,790) for office rent to a related company.

The Company had a payable balance to related parties of \$16,424 as at September 30, 2018 (December 31, 2017 - \$10,835). These payable amounts relate to office rent and consulting fees. All related party transactions were recorded at the amount agreed upon by the related parties. There are no ongoing contractual or other commitments resulting from the above transactions.

(b) Compensation of key management personnel

Key management personnel include directors and officers that provide management and consulting services to the Company. Remuneration of key management personnel during the period was as follows:

Related Party	Relationship	September 30, 2018	September 30, 2017
Gladstone Capital Ltd.	Chief Executive Officer	\$ <b>94,219</b>	\$ 26,250
Pacific Court Capital Corp.	Chief Financial Officer	<b>27,000</b>	27,000
Sail View Capital Ltd.	Director	<b>27,000</b>	27,000
		<b>\$ 148,219</b>	\$ 80,250

Share-based payments to key management personnel of the Company amounted to \$154,059 during the period ending September 30, 2018 (2017 - \$545,779).

## **Pinecrest Resources Ltd.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

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#### **7. FAIR VALUE OF FINANCIAL INSTRUMENTS**

(a) Financial Instruments by Category

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GST and other receivables and trade and other payables are the same as or approximately equal to their respective fair values due to their short-term maturity or capacity of prompt liquidation. The carrying values of financial assets and financial liabilities are approximately equal to their fair values.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short-term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of the Company's assets, liabilities, and cash flows. The Company's cash are held as cash deposits which are available on demand to fund the Company's short-term financial obligations.

(c) Credit Risk and Concentration Risk

The Company's credit risk is primarily attributable to its cash, short-term investments, and GST and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash and short-term investments are held with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments. Concentration risk exists in cash and short-term investments because significant balances are maintained with one financial institution. The risk is mitigated because the instruments are maintained with a large Canadian financial institution.

(d) Market Risks

The significant market risk to which the Company is exposed is interest rate risk. The Company's interest rate risk arises primarily from the interest earned on cash and short-term investments. Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's short-term investments reflect funds invested in GIC's. Other financial assets and liabilities of the Company are not subject to interest rate risk since they do not bear interest.

**Pinecrest Resources Ltd.****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Funds - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018****8. SEGMENTED INFORMATION**

The Company's business is the acquisition, exploration, evaluation, and development of mineral resource properties, which is currently conducted principally in Ghana. The Company is in the exploration stage and accordingly, has no reportable segment revenues for any of the periods presented in these condensed interim consolidated financial statements.

	<b>September 30, 2018</b>	December 31, 2017
<hr/>		
Assets by geographic segment, at cost		
<i>Canada</i>		
Total assets	\$ 1,146,125	\$ 1,909,569
Total liabilities	\$ 153,181	\$ 165,052
 <i>Ghana</i>		
Total assets	\$ 13,492,006	\$ 12,714,088
Total liabilities	\$ 3,250	\$ 2,638

The following geographic data denotes net losses based on their country of origin for the nine months ended September 30:

	<b>2018</b>	2017
Canada	\$ 442,313	\$ 714,404
Ghana	10,956	7,773
<b>Loss for the period</b>	<b>\$ 453,269</b>	<b>\$ 722,177</b>