

PINECREST RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Funds - Unaudited)

For the Nine Months Ended September 30, 2019

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, 2019.

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

	September 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	\$ 113,756	\$ 379,657
Short-term investment	517,000	721,436
GST and other receivables	1,596	2,651
Prepaid expenses	39,295	26,965
	<u>671,647</u>	<u>1,130,709</u>
Non-current assets		
Property and equipment	73,810	75,987
Exploration and evaluation assets <i>(Note 4)</i>	13,907,668	14,024,993
	<u>14,653,125</u>	<u>15,231,689</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	\$ 42,535	\$ 62,794
Non-current liability		
Provision for bonus payment	112,457	112,457
	<u>154,992</u>	<u>175,251</u>
Shareholders' equity		
Share capital	11,681,023	11,681,023
Share-based payments reserve	1,738,250	1,738,250
Warrants reserve	2,460,252	2,460,252
Accumulated other comprehensive income	3,066,774	3,402,724
Accumulated deficit	(4,448,166)	(4,225,812)
	<u>14,498,133</u>	<u>15,056,438</u>
	<u>\$ 14,653,125</u>	<u>\$ 15,231,689</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, 2018 AND 2019

	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)
Balance – September 30, 2018	62,566,547	\$ 11,681,023	\$ 1,729,604	\$ 2,460,252	\$ 2,772,940	\$ (4,162,119)	\$ 14,481,700

	Common shares		Share-based payments reserve	Warrants reserves	Accum. other comprehensive income (loss)	Accum. deficit	Total
	Number	Amount					
Balance – January 1, 2019	62,566,547	\$ 11,681,023	\$ 1,738,250	\$ 2,460,252	\$ 3,402,724	\$ (4,225,812)	\$ 15,056,438
Foreign currency translation	-	-	-	-	(335,950)	-	(335,950)
Net loss for the period	-	-	-	-	-	(222,355)	(222,355)
Balance – September 30, 2019	62,566,547	\$ 11,681,023	\$ 1,738,250	\$ 2,460,252	\$ 3,066,774	\$ (4,448,166)	\$ 14,498,133

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 (INCOME)**

(Expressed in Canadian Funds - Unaudited)

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
EXPENSES				
Accounting and audit fees	\$ 8,193	\$ 8,212	\$ 23,953	\$ 24,456
Amortization	-	148	-	541
Consultants	4,701	4,628	13,941	13,854
Foreign exchange loss (gain)	1,090	8,460	18,440	(7,458)
Insurance	6,912	7,001	20,722	20,991
Legal	-	-	4,251	5,193
Management fees (Note 6(b))	21,125	48,625	94,625	148,219
Office	5,442	9,098	19,749	43,475
Rent (Note 6(a))	-	3,767	7,653	11,302
Share-based compensation	-	35,268	-	170,753
Shareholder relations, marketing and conferences	928	312	21,262	20,090
Transfer agent and regulatory fees	1,422	2,644	11,976	13,100
	<u>\$ 49,813</u>	<u>\$ 128,163</u>	<u>\$ 236,572</u>	<u>\$ 464,516</u>
OTHER INCOME				
Interest income	<u>(447)</u>	<u>(759)</u>	<u>(14,217)</u>	<u>(11,247)</u>
Loss for the period	<u>\$ 49,366</u>	<u>\$ 127,404</u>	<u>\$ 222,355</u>	<u>\$ 453,269</u>
OTHER COMPREHENSIVE LOSS (INCOME)				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation	<u>(133,736)</u>	<u>198,331</u>	<u>335,950</u>	<u>(290,742)</u>
Comprehensive loss (income) for the period	<u>\$ (84,370)</u>	<u>\$ 325,735</u>	<u>\$ 558,305</u>	<u>\$ 162,527</u>
Loss per share – basic and diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>
Weighted average number of shares outstanding:				
Basic and fully diluted	<u>62,166,547</u>	<u>62,166,547</u>	<u>62,166,547</u>	<u>62,166,547</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

	2019	2018
CASH PROVIDED BY (USED IN):		
Cash flows from operating activities:		
Loss for the period	\$ (222,355)	\$ (453,269)
Non-cash items:		
Share-based compensation	-	170,753
Unrealized foreign exchange	21,052	(19,874)
Amortization	-	541
Changes in non-cash working capital:		
Trade and other receivables	1,057	1,826
Prepaid expenses	(12,329)	16,024
Trade and other payables	(32,942)	(14,509)
	<u>(245,517)</u>	<u>(298,508)</u>
Cash flows from investing activities:		
Redemption of short-term investment	204,436	227,133
Exploration and evaluation costs	(205,944)	(442,050)
	<u>(1,508)</u>	<u>(214,917)</u>
Effect of exchange rate on cash	<u>(18,876)</u>	18,403
Decrease in cash	(265,901)	(495,022)
Cash – beginning of period	<u>379,657</u>	<u>901,456</u>
Cash – end of period	\$ 113,756	\$ 406,434

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, 2019

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 (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 as issued by the International Accounting Standards Board (“IFRS”) 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, 2018. 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 12, 2019.

2. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. Significant areas where management judgment is applied in these financial statements include the impairment of exploration and evaluation assets and the valuation of options and warrants (which are based upon expected useful lives and other relevant assumptions).

3. NEWLY ADOPTED ACCOUNTING STANDARDS

In January 2016, the IASB issued a new standard IFRS 16, *Leases* (“IFRS 16”). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company does not have any leases and as a result, the adoption of IFRS 16 did not have a material measurement or disclosure impact on its 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, 2019**4. EXPLORATION AND EVALUATION ASSETS**

	September 30, 2019	December 31, 2018
Acquisition costs		
Balance, beginning of period	\$ 8,356,926	\$ 8,356,926
Balance, end of period	\$ 8,356,926	\$ 8,356,926
Exploration and evaluation costs		
Balance, beginning of period	\$ 2,252,462	\$ 1,729,722
Assays	-	53,968
Camp costs	16,402	26,475
Drilling	-	236,652
Geological	65,470	95,045
General and administration	1,270	1,519
Mining permits and licenses	43,916	1,974
Professional fees	30,501	-
Salaries and wages	13,705	31,754
Share-based compensation	-	17,507
Travel and lodging	169	-
Vehicle rental	40,423	57,846
Balance, end of period	\$ 2,464,318	\$ 2,252,462
Foreign exchange impact	3,086,424	3,415,605
Total exploration and evaluation assets	\$ 13,907,668	\$ 14,024,993

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, 2019 was \$nil (2018 - \$188,260).

A summary of the Company's stock options as at September 30, 2019 is as follows:

Exercise price	January 1, 2019	September 30, 2019	Expiry date	Remaining contractual life in years	Number of options vested
\$0.22	2,800,000	2,800,000	December 4, 2019	0.18	2,800,000
\$0.10	2,550,000	2,550,000	December 21, 2020	1.23	2,550,000
\$0.45	2,350,000	2,350,000	April 13, 2022	2.54	2,350,000
\$0.53	250,000	250,000	May 24, 2022	2.65	250,000
	7,950,000	7,950,000			7,950,000
	\$0.26	\$0.26	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, 2019**5. SHARE CAPITAL – cont'd.****(b) Warrants**

A summary of the Company's share purchase warrants as at September 30, 2019 is as follows:

Exercise price	January 1, 2019	September 30, 2019	Expiry date	Remaining contractual life in years
\$0.30	5,000,000	5,000,000	December 4, 2019	0.18
\$0.30	17,900,000	17,900,000	December 4, 2019	0.18
	22,900,000	22,900,000		
	\$0.30	\$0.30	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, 2019, the Company paid or accrued \$7,653 (2018 - \$11,302) for office rent to a related company.

The Company had a payable balance to a related party of \$4,018 as at September 30, 2019 (December 31, 2018 - \$13,402). The payable relates to office rent. 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, 2019	September 30, 2018
Gladstone Capital Ltd.	Chief Executive Officer	\$ 40,625	\$ 94,219
Pacific Court Capital Corp.	Chief Financial Officer	27,000	27,000
Sail View Capital Ltd.	Director	27,000	27,000
		\$ 94,625	\$ 148,219

Share-based payments to key management personnel of the Company amounted to \$nil during the period ending September 30, 2019 (2018 - \$154,059).

Pinecrest Resources Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial Instruments by Classification

The Company's financial instruments consist of cash, receivables, short-term investment, and trade and other payables. The Company determines the classification of financial assets at initial recognition. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. All of the Company's financial instruments are held at amortized cost. Financial instruments held at amortized cost are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition such financial instruments are measured at amortized cost using the effective interest method.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss (income).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss (income).

(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 and short-term investment. 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.

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

(Expressed in Canadian Funds - Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**7. FAIR VALUE OF FINANCIAL INSTRUMENTS – cont'd.**(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 investment. 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.

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.

	September 30, 2019	December 31, 2018
<i>Canada</i>		
Total assets	\$ 604,490	\$ 1,019,340
Total liabilities	\$ 142,311	\$ 159,626
<i>Ghana</i>		
Total assets	\$ 14,048,635	\$ 14,212,349
Total liabilities	\$ 12,681	\$ 15,625

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

	2019	2018
Canada	\$ 208,082	\$ 442,313
Ghana	14,272	10,956
Loss for the period	\$ 222,355	\$ 453,269