

**PARALLEL MINING CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED AUGUST 31, 2018**

**(Expressed in Canadian dollars)**

## **NOTICE TO READER**

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 consolidated financial statements have been prepared by and are the responsibility of the management.

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

VANCOUVER, BC  
October 29, 2018

**PARALLEL MINING CORP.**

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Notes	August 31, 2018	May 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 42,498	\$ 53,253
Prepays and advances		23,641	-
Receivables		3,494	1,953
<b>Total current assets</b>		69,633	55,206
<b>Exploration and evaluation assets</b>	4	6,609	-
<b>TOTAL ASSETS</b>		\$ 76,242	\$ 55,206
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	3	\$ 277,125	\$ 278,032
Obligation to issue shares	5	45,000	30,000
<b>Total liabilities</b>		322,125	308,032
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	5,963,011	5,826,061
Subscriptions received	5	-	56,050
Share-based payment reserve	5, 6	75,813	75,813
Deficit		(6,284,707)	(6,210,750)
<b>Total equity (deficiency)</b>		(245,883)	(252,826)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		\$ 76,242	\$ 55,206

Nature and continuance of operations 1  
Subsequent event 11

Approved on behalf of the Board:-

---

*"John David Anderson"*

Director

---

*"Allan John Fabbro"*

Director

---

**PARALLEL MINING CORP.**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

---

		<b>Three months ended</b>	
	<b>Notes</b>	<b>August 31, 2018</b>	<b>August 31, 2017</b>
<b>EXPENSES</b>			
Consulting fees		\$ 27,505	\$ 50,065
Investor relations		15,000	-
Management fees	7	19,500	19,500
Office and miscellaneous	7	4,914	6,254
Professional fees		943	257
Property investigation		684	6,000
Rent	7	3,000	3,000
Transfer and regulatory		2,411	887
		<hr/> 73,957	<hr/> 85,963
<b>OTHER</b>			
Write-off of accounts payable		-	( 12,005)
		<hr/> -	<hr/> ( 12,005)
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (73,957)</b>	<b>\$ (73,958)</b>
		<hr/>	<hr/>
<b>Loss per share - basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
		<hr/>	<hr/>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>55,051,630</b>	<b>53,556,521</b>

---

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

**PARALLEL MINING CORP.**

Condensed Consolidated Interim Statements of Changes In Shareholder's Equity (Deficiency)

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Share Capital		Subscriptions received	Share-based payment reserve	Deficit	Total
	Shares	Amount				
<b>Balance, May 31, 2017</b>	53,556,521	\$ 5,826,061	\$ -	\$ 75,813	\$ (3,127,435)	\$ 2,774,439
Loss for the period	-	-	-	-	(73,958)	(73,958)
<b>Balance, August 31, 2017</b>	53,556,521	5,826,061	-	75,813	(3,201,393)	2,700,481
Subscriptions received	-	-	56,050	-	-	56,050
Loss for the year	-	-	-	-	(3,009,357)	(3,009,357)
<b>Balance, May 31, 2018</b>	53,556,521	5,826,061	56,050	75,813	(6,210,750)	(252,826)
Private placement	2,751,000	137,550	(56,050)	-	-	81,500
Share issuance costs	-	(600)	-	-	-	(600)
Loss for the year	-	-	-	-	(73,957)	(73,957)
<b>Balance, August 31, 2018</b>	56,307,521	\$ 5,963,011	\$ -	\$ 75,813	\$ (6,284,707)	\$ (245,883)

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

---

**PARALLEL MINING CORP.**

Condensed Consolidated Interim Statements of Cash Flows

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

---

	<b>Three months ended</b>	
	<b>August 31, 2018</b>	<b>August 31, 2017</b>
<b>Operating activities</b>		
Net loss	\$ (73,957)	\$ (73,958)
Write-off of accounts payable	-	(12,005)
Changes in non-cash working capital items:		
Receivables	(1,541)	(1,990)
Prepays	(23,641)	37,500
Accounts payable and accrued liabilities	(907)	(21,408)
<b>Net cash flows used in operating activities</b>	<b>(100,046)</b>	<b>(357,528)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(6,609)	(190,981)
<b>Net cash flows used in investing activities</b>	<b>(6,609)</b>	<b>(190,981)</b>
<b>Financing activities</b>		
Obligation to issue shares	15,000	-
Shares issued for cash, net	80,900	-
Net cash flows from financing activities	95,900	-
<b>Decrease in cash</b>	<b>(10,755)</b>	<b>(262,842)</b>
<b>Cash, beginning</b>	<b>53,253</b>	<b>562,467</b>
<b>Cash, ending</b>	<b>\$ 42,498</b>	<b>\$ 299,625</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

During the period ended August 31, 2018, the Company reallocated \$56,050 from subscriptions received to share capital.

There were no non-cash transactions during the period ended August 31, 2017.

---

## **PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

---

### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Parallel Mining Corp (the “Company”) was incorporated under the Business Corporations Act (B.C.) on April 18, 2007 and its principal activity is the acquisition, exploration and development of exploration and evaluation assets.

The address of the Company’s registered records office, corporate and principal place of business is Suite 804 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

On March 8, 2017, the Company completed the acquisition of 0909189 B.C. Ltd. (“0909189”), a company related by common directors. The Company acquired all of the issued and outstanding common shares of 0909189.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuation as a going concern is dependent upon attaining profitable operations and generating funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company will require additional funding to maintain its expenditures and activities for the upcoming fiscal year. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

### **2. BASIS OF PRESENTATION**

The financial statements were authorized for issue on October 29, 2018 by the directors of the Company.

#### **Statement of compliance to International Financial Reporting Standards**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended May 31, 2018.

#### **Principles of consolidation**

These financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly-owned inactive Mexican subsidiary, Minera Parallel S.A. de C.V. (“Minera Parallel”) and 0909189 and its wholly-owned subsidiary Transburkina Mining, S.A.RL. All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiary, unless denominated otherwise.

---

**PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

---

**2. BASIS OF PRESENTATION** (continued)**New accounting standard adopted**

On June 1, 2018, the Company adopted IFRS 9 and this adoption did not result in a material impact to the Company's consolidated financial statements.

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IFRS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities.

**Accounting standard issued but not yet effective**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after June 1, 2018 or later periods. The following new standard has not been early adopted in these consolidated financial statements and is not expected to have a material effect on the Company's future results and financial position:

- (i) IFRS 16 "Leases" is to be effective for fiscal periods beginning on or after January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>August 31, 2018</b>	<b>May 31, 2018</b>
Trade payables	\$ 257,125	\$ 258,032
Accrued liabilities	20,000	20,000
	<b>\$ 277,125</b>	<b>\$ 278,032</b>

**4. EXPLORATION AND EVALUATION ASSETS**

## (a) Garsay Permit

Pursuant to the acquisition of 0909189, the Company acquired 0909189's underlying option to earn a 100% interest in an exploration permit, known as the Garsay Permit, located in Burkina Faso, West Africa. During the year ended May 31, 2018, the Company elected to discontinue its option on the Garsay Permit and, accordingly, all acquisition and exploration costs were written-off.



## PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

### 4. EXPLORATION AND EVALUATION ASSETS (continued)

#### (b) Sebedougou Property

On March 20, 2017, the Company entered into an option agreement to acquire a 100% interest in the Sebedougou Property, subject to a 2% net smelter royalty (“NSR”), located in Burkina Faso, West Africa. Subsequent to May 31, 2018, the Company elected to discontinue its option on the Sebedougou Property. Accordingly, all acquisition and exploration costs were written-off in fiscal 2018.

#### (c) On June 4, 2018, the Company entered into an option agreement to acquire a 100% interest in the Mane II Property located in Burkina Faso, West Africa. As consideration, the Company paid \$6,609 (US\$5,000) upon execution of the option agreement and will make staged payments totaling US\$465,000 as follows:

On or before September 2, 2018	A further US\$15,000 (subsequently paid)
On or before June 4, 2019	A further US\$25,000
On or before June 4, 2020	A further US\$50,000
On or before June 4, 2021	A further US\$125,000
On or before June 4, 2022	A further US\$250,000

The property is subject to a 2% NSR, of which the Company has the option to purchase half of for a one-time payment of US\$500,000.

Exploration and evaluation expenditures for the period ended August 31, 2018 comprise:

	Garsay Permit	Sebedougou Property	Mane II Property	Total
<b>Acquisition:</b>				
As at May 31, 2017 and August 31, 2017	\$ 1,001,455	\$ 31,190	\$ -	\$ 1,032,645
Write-off	(1,001,455)	(31,190)	-	(1,032,645)
As at May 31, 2018	-	-	-	-
Addition	-	-	6,609	6,609
As at August 31, 2018	\$ -	\$ -	\$ 6,609	\$ 6,609
<b>Exploration:</b>				
As at May 31, 2017	\$ 811,966	\$ 295,916	\$ -	\$ 1,107,882
Consulting	92,836	87,973	-	180,809
Drilling	174,724	146,377	-	321,101
Other	1,472	24,695	-	27,150
Write-off	(1,080,998)	(554,961)	-	(1,635,959)
As at May 31, 2018	\$ -	\$ -	\$ -	\$ -
<b>Balance, May 31, 2018</b>	\$ -	\$ -	\$ -	\$ -
<b>Balance, August 31, 2018</b>	\$ -	\$ -	\$ 6,609	\$ 6,609

---

**PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

---

**5. SHARE CAPITAL****Authorized:**

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

**Issued:**

On July 12, 2018, the Company completed a non-brokered private placement of 2,751,000 units at a price of \$0.05 per unit for gross proceeds of \$137,550, of which \$56,050 was received as at May 31, 2018. Each unit consists of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.05 per common share until July 12, 2023. The Company paid share issuance costs of \$600 relating to the private placement.

During the three month period ended August 31, 2018, the Company received \$15,000 in subscriptions towards a future financing.

During the year ended May 31, 2018, the Company received \$30,000 in subscriptions towards a future financing and \$56,050 in subscriptions towards the private placement which closed in July 2018.

**Warrants:**

As at August 31, 2018, warrants were outstanding for the purchase of common shares as follows:

<b>Number of Warrants</b>	<b>Exercise Price per Warrant</b>	<b>Number of Warrants Exercisable</b>	<b>Expiry Date</b>
1,840,000	\$ 0.25	1,840,000	February 16, 2019
1,364,000	0.20	1,364,000	March 6, 2019
3,060,000	0.25	3,060,000	March 18, 2019
170,000	0.20	170,000	April 3, 2019
13,392,400	0.20/0.25	13,392,400	June 2, 2019
1,188,000	0.20/0.25	1,188,000	June 13, 2019
3,475,000	0.20/0.25	3,475,000	July 18, 2019
6,970,500	0.20	6,970,500	February 27, 2019
2,751,000	0.05	2,751,000	July 12, 2023
<b>34,210,900</b>		<b>34,210,900</b>	

---

**PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

---

**5. SHARE CAPITAL** (continued)**Warrants:** (continued)

A summary of changes in warrants for the period ended August 31, 2018 is presented below:

	Period Ended August 31, 2018		Year Ended May 31, 2018	
	Number	Exercise Price	Number	Exercise price
Balance, beginning of period	31,459,900	\$ 0.22	31,459,900	\$ 0.22
Granted	2,751,000	0.05	-	-
Balance, end of period	34,210,900	\$ 0.22	31,459,900	\$ 0.22

**6. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE****Stock options:**

The Company has a stock option plan that allows it to grant options to its directors, officers, employees and consultants, provided that the aggregate number of options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each option may not be less than the fair market price of the Company's shares as traded on a stock exchange at the time of grant. Options have a maximum term of five years and vesting of options is made at the discretion of the Board at the time the options are granted.

As at August 31, 2018 and May 31, 2018, there were no stock options outstanding.

**Share-based payment reserve:**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**7. RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel. Except as disclosed elsewhere in these financial statements, related party transactions are detailed below.

- a) At August 31, 2018, included in accounts payable and accrued liabilities are amounts owing to Directors and Officers or companies owned by Directors and Officers of \$80,015 (May 31, 2018 - \$57,041).
- b) During the period ended August 31, 2018, the Company incurred management fees of \$19,500 (2017 - \$19,500), rent of \$3,000 (2017 - \$3,000) and secretarial services of \$3,138 (2017 - \$1,932) with key management personnel or companies controlled by them.

---

## **PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

---

### **8. CAPITAL DISCLOSURES**

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established a quantitative return on capital criteria for capital management.

The Company is dependent upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential, provided it has adequate financial resources to do so.

The Board reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the Shareholders' Equity 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 private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

### **9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Fair Value

IFRS 7 establishes a fair value hierarchy that priorities the input to valuation techniques used to measure fair value as follows:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company holds cash which is measured at fair value using Level 1 inputs.

Due to the relatively short term nature of receivables and accounts payable and accrued liabilities, the fair value of these instruments approximate their carrying values.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

---

## PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

---

### 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(a) Credit Risk

The Company's credit risk is primarily attributable to cash and receivables. The cash is primarily held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to cash is minimal.

(b) Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash, and its ability to raise debt and/or equity financings. The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to pursue future mineral property interest acquisitions. Accounts payable and accrued liabilities are due in accordance with normal terms of trade and are payable within the current operating period.

(c) Market Risk

i) Interest Rate Risk

The Company had cash balances, and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN\$"). The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations and expenditures in Burkina Faso to minimize exposure to these risks, the Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

The Canadian dollar equivalent of the financial assets denominated in foreign currencies at August 31, 2018 consists of cash held in West African Francs ("XOF") of \$776 (May 31, 2018 - \$1,459). Assuming all other variables remain constant, a 2% depreciation or appreciation of the XOF against the Canadian dollar would result in a nominal increase or decrease in the Company's loss and comprehensive loss.

The Company is not exposed to significant foreign currency risk.

iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company 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.

---

**PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2018 and 2017

(Unaudited – Prepared by Management)

---

**10. SEGMENT DISCLOSURES**

Operating segments: The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographical segments:

	August 31, 2018	May 31, 2018
Total assets		
Canada	\$ 68,857	\$ 53,747
Africa	7,385	1,459
	\$ 76,242	\$ 55,206
Exploration and evaluation assets		
Canada	\$ -	\$ -
Africa	6,609	-
	\$ 6,609	\$ -

All of the Company's exploration and evaluation assets are located in Africa.

**11. SUBSEQUENT EVENT**

On October 12, 2018, the Company completed a non-brokered private placement of 9,895,216 units at a price of \$0.05 per unit for gross proceeds of \$494,761. Each unit consisted of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.05 per common share until October 12, 2023.