Royal Coal Corp.

Condensed Interim Consolidated Financial Statements

June 30, 2019

(expressed in US dollars)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Royal Coal Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Royal Coal Corp.
Consolidated Statements of Financial Position

(expressed in US dollars)
(unaudited)

	Notes	As at June 30, 2019 $	As at December 31, 2018 $
Liabilities			
Current			
Accounts payable and accrued liabilities		16,500	16,500
Shareholders' deficit			
Share capital	4	41,827,068	41,827,068
Contributed surplus		2,578,486	2,578,486
Deficit		(44,422,054)	(44,422,054)
		(16,500)	(16,500)
Total liabilities and shareholders' deficit		-	-
Going concern	2		

Approved by the Board:

A.T. Griffis
Director

Elia Crespo
Director

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

Royal Coal Corp.
Consolidated Statements of Loss and Comprehensive Loss
(expressed in US dollars)
(unaudited)

	3 months ended June 30,		6 months ended June 30,	
	2019	2018	2019	2018
	$	$	$	$
Loss and comprehensive loss	-	-	-	-
Loss per common share-basic and diluted	-	-	-	-
Weighted average number of common shares-basic and diluted	256,740,671	256,740,671	256,740,671	256,740,671

Royal Coal Corp.
Consolidated Statements of Changes in Equity
(expressed in US dollars)
(unaudited)

	Share capital	Contributed surplus	Deficit	Total
	$	$	$	$
Balance, December 31, 2018	41,827,068	2,578,486	(44,422,054)	(16,500)
Loss	-	-	-	-
Balance, June 30, 2019	41,827,068	2,578,486	(44,422,054)	(16,500)

Royal Coal Corp.
Consolidated Statements of Cash Flows
(expressed in US dollars)
(unaudited)

	6 months ended June 30,	
	2019	2018
	$	$
Cash, December 31, 2018	-	-
Loss	-	-
Cash, June 30, 2019	-	-
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

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

1. Nature of operations

Royal Coal Corp. (the "Company") is a public company which has been inactive since 2012. The Company is incorporated under the laws of Ontario and its registered office is located at 145 King Street West, Suite 210, Toronto, Ontario, M5H 1J8.

2. Going concern

As at June 30, 2019, the Company had a working capital deficit of $16,500 (December 31, 2018- $16,500). The lack of working capital limits the Company's ability to identify, evaluate and complete a business acquisition, meet its existing obligations and fund its operations. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to identify, evaluate and complete a business acquisition, meet its existing obligations and fund its operations. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future.

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended December 31,2018.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on March 16, 2020.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Change in accounting standards

IFRS 16, Leases ("IFRS 16")

On January 31, 2019, the Company adopted IFRS 16. This standard replaces *IAS 17, Leases*. IFRS 16 provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17.

As the Company is not a party to any leases, the adoption of IFRS 16 had no effect on its financial statements.

4. Share capital

Authorized
An unlimited number of special shares issuable in series
An unlimited number of common shares.

Issued

	Number of common shares	$
Balance, December 31, 2018 and June 30, 2019	256,740,671	41,827,068

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities
The fair value of accounts payable and accrued liabilities approximated their carrying value due to the short term to maturity.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:
Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data

The Company had no assets or liabilities classified as Level 1.

6. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its operations and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As the Company has no financial assets, the Company had no exposure to credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company’s ability to secure equity to identify, evaluate and acquire assets, properties or businesses, meet its existing obligations and fund its operations

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments. As the Company has no financial instruments subject to changes in market prices, the Company has no exposure to market risk.

Capital management

Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is inactive and has no revenues, its principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.