
ROCKSHIELD CAPITAL CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
FEBRUARY 28, 2018

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ROCKSHIELD CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	February 28, 2018 \$	November 30, 2017 \$
ASSETS			
Current assets			
Cash		1,272,573	802,973
Amounts receivable		-	2,190
GST receivable		2,335	2,493
Prepaid expenses		15,052	5,250
Investments	4	<u>8,838,714</u>	<u>7,949,236</u>
Total current assets		<u>10,128,674</u>	<u>8,762,142</u>
Non-current assets			
Investment in and advances to associated company	5	<u>1</u>	<u>1</u>
Total non-current assets		<u>1</u>	<u>1</u>
TOTAL ASSETS		<u>10,128,675</u>	<u>8,762,143</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	<u>22,586</u>	<u>97,317</u>
TOTAL LIABILITIES		<u>22,586</u>	<u>97,317</u>
SHAREHOLDERS' EQUITY			
Share capital	6	26,387,763	25,269,145
Share-based payments reserve		3,562,965	3,525,049
Deficit		<u>(19,844,639)</u>	<u>(20,129,368)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>10,106,089</u>	<u>8,664,826</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>10,128,675</u>	<u>8,762,143</u>

Nature of Operations - Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 27, 2018 and are signed on its behalf by:

/s/ Dave Doherty
 Dave Doherty
 Director

/s/ Nick DeMare
 Nick DeMare
 Director

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

ROCKSHIELD CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended	
		February 28, 2018 \$	February 28, 2017 \$
Expenses			
Accounting and administration	7(b)	13,600	10,136
Audit		-	32,500
Corporate development		11,846	-
Directors and officers compensation	7(a)	26,701	39,371
Insurance		2,625	2,625
Legal		1,601	-
Office		6,364	3,391
Professional fees		630	650
Regulatory		1,950	1,611
Share-based compensation	6(e)	37,916	-
Shareholder costs		2,960	149
Transfer agent		1,224	821
Travel		847	417
		<u>108,264</u>	<u>91,671</u>
Loss before other items		<u>(108,264)</u>	<u>(91,671)</u>
Other items			
Realized gain on sale of investments	4	289,509	1,216,734
Unrealized gain on investments held	4	278,791	1,973,367
Equity gain in associated company	5	-	66,091
Impairment provision in associated company	5	(179,207)	
Interest income		1,987	39,689
Foreign exchange loss		1,913	(102)
		<u>392,993</u>	<u>3,295,779</u>
Net income and comprehensive income for the period		<u>284,729</u>	<u>3,204,108</u>
Income per share - basic and diluted		<u>\$0.01</u>	<u>\$0.07</u>
Weighted average number of common shares outstanding - basic and diluted		<u>46,489,888</u>	<u>45,527,855</u>

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ROCKSHIELD CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three Months Ended February 28, 2018					
Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$	
Number of Shares	Amount \$				
Balance at November 30, 2017	45,912,855	25,269,145	3,525,049	(20,129,368)	8,664,826
Common shares issued for cash:					
- private placement	2,472,999	1,187,040	-	-	1,187,040
Share issue costs	-	(68,422)	-	-	(68,422)
Share-based compensation	-	-	37,916	-	37,916
Net income for the period	-	-	-	284,729	284,729
Balance at February 28, 2018	48,385,854	26,387,763	3,562,965	(19,844,639)	10,106,089

Three Months Ended February 28, 2017					
Share Capital		Share-Based Payments Reserve \$	Deficit \$	Total Equity \$	
Number of Shares	Amount \$				
Balance at November 30, 2016	45,527,855	25,226,795	3,525,049	(21,914,198)	6,837,646
Net income for the period	-	-	-	3,204,108	3,204,108
Balance at February 28, 2017	45,527,855	25,226,795	3,525,049	(18,710,090)	10,041,754

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

ROCKSHIELD CAPITAL CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended	
	February 28, 2018 \$	February 28, 2017 \$
Operating activities		
Comprehensive income for the period	284,729	3,204,108
Adjustments for:		
Realized gain on sale of investments	(289,509)	(1,216,734)
Unrealized gain loss on investments held	(278,791)	(1,973,367)
Equity gain in associated company	-	(66,091)
Interest income	-	(36,859)
Impairment provision	179,207	-
Share-based compensation	37,916	-
Changes in non-cash working capital items:		
Amounts receivable	2,190	(7,387)
GST receivable	158	(2,682)
Prepaid expenses	(9,802)	2,625
Accounts payable and accrued liabilities	(74,731)	34,012
Net cash used in operating activities	<u>(148,633)</u>	<u>(62,375)</u>
Investing activities		
Proceeds from sale of investments	940,233	2,060,874
Investment purchases	(1,261,411)	(631,294)
Advances to associated company	(179,207)	-
Net cash (used in) provided by investing activities	<u>(500,385)</u>	<u>1,429,580</u>
Financing activities		
Issuance of common shares	1,187,040	-
Share issue costs	(68,422)	-
Net cash provided by financing activities	<u>1,118,618</u>	<u>-</u>
Net change in cash	469,600	1,367,205
Cash at beginning of period	<u>802,973</u>	<u>701,987</u>
Cash at end of period	<u>1,272,573</u>	<u>2,069,192</u>
Cash comprises:		
Cash	1,272,573	1,426,113
Demand deposits	-	643,079
	<u>1,272,573</u>	<u>2,069,192</u>

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ROCKSHIELD CAPITAL CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2018
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

Rockshield Capital Corp. (the “Company”) is a publicly-traded Canadian based venture capital firm focused on investments in early stage companies with high growth potential. The Company also holds a strategic investment in a private company. The Company’s common shares trade on the Canadian Securities Exchange (“CSE”) under the trading symbol “RKS”. The Company’s principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. During the three months ended February 28, 2018 the Company recorded comprehensive income of \$284,729 and, as at February 28, 2018, had working capital of \$8,816,128. The Company believes that it has adequate financial resources to cover current levels of corporate operations and expected investment purchases for the next twelve months. However, as a junior venture capital firm, the Company is subject to risks and challenges similar to other companies in a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, illiquid securities and the ability to maintain adequate cash flows and continuing as a going concern.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern or be unable to realize its assets or discharge its liabilities in the normal course of business. Such adjustments can be material.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company’s audited consolidated financial statements for the year ended November 30, 2017.

Basis of Measurement and Presentation

The Company’s condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

3. Subsidiaries

The wholly-owned subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Principal Activity</u>
Rockshield Plywood Corp. (“Rockshield Plywood”)	Canada	Holding company
Pelaya Copper Corporation	Canada	Inactive holding company

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4. Investments

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB.

Management has designated its investments in common shares and warrants of companies as "investments in equity instruments" with the change in fair value recognized in profit or loss. The carrying values of the listed common shares and warrants have been directly referenced to published price quotations in an active market. The carrying values of unlisted private companies are valued at fair value using non-observable market inputs based on specific company information and general market conditions. The carrying values of the unlisted warrants are valued at fair value using the Black-Scholes option pricing model.

During the three months ended February 28, 2018 the Company recorded an unrealized gain of \$278,791 (2017 - \$1,973,367) on investments held.

During the three months ended February 28, 2018 the Company sold certain of its investments for proceeds totalling \$940,233 (2017 - \$2,060,874) and recognized a gain of \$289,509 (2017 - \$1,216,734).

5. Investment in and Advances to Associated Company

The Company owns approximately 32% of the outstanding share capital of Rockshield Engineered Wood Products ULC ("REWP") and the investment in REWP has been accounted for under the equity method. Over the past years REWP has incurred significant losses. During fiscal 2017 the Company recorded an equity loss of \$192,521, reflecting the full impairment of its remaining investment in REWP. As at November 30, 2016 the Company had recorded equity losses in REWP totalling \$1,307,479. The Company had also made significant advances to REWP and, at November 30, 2017, determined to record an impairment provision of \$1,675,425 for the advances made and accrued interest to reduce the carrying amount to a nominal amount of \$1.

In February 2018 the Company advanced a further \$179,207 to REWP and the Company has made an impairment provision of \$179,207.

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

- (i) During the three months ended February 28, 2018 the Company completed a non-brokered private placement of 2,472,999 units of the Company at \$0.48 per unit for gross proceeds of \$1,187,040 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.80 for a period of two years, expiring February 8, 2020. The Company paid a finder's fee of \$67,486 on a portion of the private placement.

The Company incurred \$936 for legal and filing costs associated with the private placement.

- (ii) No financings were conducted by the Company during fiscal 2017.

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6. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at February 28, 2018 and 2017 and the changes for the three months ended on those dates is as follows:

	2018		2017	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	-	-	15,000,000	0.11
Issued	1,236,499	0.80	-	-
Balance, end of period	1,236,499	0.80	15,000,000	0.11

As at February 28, 2018 there were 1,236,499 warrants outstanding and exercisable at an exercise price of \$0.80 per share, expiring February 8, 2020.

(d) *Share Option Plan*

On October 24, 2016 a fixed share option plan (the "Fixed Share Option Plan") was approved by the Company's Board of directors and later ratified by the Company's shareholders. Under the Fixed Share Option Plan a total of 4,552,785 common shares have been reserved for issuance. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of directors and have a maximum term of ten years.

During the three months ended February 28, 2018 and 2017 the Company did not grant any share options under the Fixed Share Option Plan.

As at February 28, 2018 no stock options were outstanding.

(e) *Deferred Share Unit ("DSU") Plan*

On October 24, 2016 the DSU Plan was also approved by the Company's Board of directors and subsequently ratified by the Company's shareholders. Under the DSU Plan, an eligible participant may elect to receive DSUs up to 100% of his or her annual base compensation. In addition, the Board may award additional DSUs to the participant. The maximum number of DSUs that may be granted pursuant to the DSU Plan is 4,552,785 DSUs.

On January 5, 2018 the Company granted 1,500,000 DSUs. The granted DSUs shall vest: one-third on the first anniversary; one-third on the second anniversary; and the remaining one-third on the third anniversary. During the three months ended February 28, 2018 the Company recognized \$37,916 as share-based compensation expense and, as the Company intends to settle the DSUs through equity settlement, a correspondingly credit to share-based payments reserve.

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Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

- (a) During the three months ended February 28, 2018 the Company incurred a total of \$26,701 (2017 - \$39,371) for compensation with key management personnel. As at February 28, 2018, \$4,100 (November 30, 2017 - \$76,440) remained unpaid and has been included in accounts payable and accrued liabilities.
- (b) During the three months ended February 28, 2018 the Company incurred a total of \$13,600 (2017 - \$8,250) by Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at February 28, 2018, \$13,000 (November 30, 2017 - \$8,300) remained unpaid and has been included in accounts payable and accrued liabilities.

8. Segmented Information

Information on reportable segments is as follows:

	February 28, 2018			
	Corporate \$	Investments \$	Investment in and Advances to Associated Company \$	Total \$
Interest and other income	1,987	-		1,987
Realized gain on sale of investments	-	289,509	-	289,509
Unrealized gain on investments	-	278,791	-	278,791
Impairment provision in associated company	-	-	(179,207)	(179,207)
Segment (loss) profit	(104,364)	568,300	(179,207)	284,729
Segment assets	1,289,960	8,838,714	1	10,128,675
	November 30, 2017			
	Corporate \$	Investments \$	Investment in and Advances to Associated Company \$	Total \$
Interest and other income	10,686	-	202,329	213,015
Gain on sale of investments	-	2,359,929	-	2,359,929
Unrealized gain on investments	-	1,432,974	-	1,432,974
Equity loss and impairment provision in associated company	-	-	(1,867,946)	(1,867,946)
Segment (loss) profit	(342,456)	3,792,903	(1,665,617)	1,784,830
Segment assets	812,906	7,949,236	1	8,762,143

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; AFS; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

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9. Financial Instruments and Risk Management (continued)

Financial Instrument	Category	February 28, 2018 \$	November 30, 2017 \$
Cash	FVTPL	1,272,573	802,973
Amounts receivable	Loans and receivables	-	2,190
Investments	FVTPL	8,838,714	7,949,236
Advances	Loans and receivables	1	1
Accounts payable and accrued liabilities	Other financial liabilities	(22,586)	(97,317)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Fair Value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at February 28, 2018 and November 30, 2017:

	February 28, 2018		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	1,272,573	-	-
Investments	<u>6,560,403</u>	<u>303,177</u>	<u>1,975,134</u>
	<u>7,832,976</u>	<u>303,177</u>	<u>1,975,134</u>
	November 30, 2017		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	802,973	-	-
Investments	<u>5,491,157</u>	<u>293,395</u>	<u>2,164,684</u>
	<u>6,294,130</u>	<u>293,395</u>	<u>2,164,684</u>

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

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9. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Contractual Maturity Analysis at February 28, 2018					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	1,272,573	-	-	-	1,272,573
Investments	8,838,714	-	-	-	8,838,714
Investment in and advances to associated company	-	-	1	-	1
Accounts payable and accrued liabilities	(22,586)	-	-	-	(22,586)
Contractual Maturity Analysis at November 30, 2017					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	802,973	-	-	-	802,973
Amounts receivable	2,190	-	-	-	2,190
Investments	7,949,236	-	-	-	7,949,236
Investment in and advances to associated company	-	-	1	-	1
Accounts payable and accrued liabilities	(97,317)	-	-	-	(97,317)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Equity Price Risk

The Company holds investments in publicly traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

(c) Concentration Risk

As at February 28, 2018, \$6,713,898 of the Company's portfolio of investments were held in five companies. These investments represents approximately 76% of the Company's investment portfolio and poor performance in the market price of these investments could adversely affect the Company's results.

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9. Financial Instruments and Risk Management (continued)

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investment and resource activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new investment and property acquisition opportunities as opportunities arise and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There have been no changes to the Company's approach to capital management during the three months ended February 2018 or fiscal 2017. The Company is not subject to any externally imposed capital requirements.