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**ROCKSHIELD CAPITAL CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
AUGUST 31, 2019

*(Unaudited - Expressed in Canadian Dollars)*

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**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	August 31, 2019 \$	November 30, 2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		3,720,422	2,278,777
Amounts receivable	8(b)	27,500	97,410
Prepaid expenses		7,046	13,667
Investments	5	<u>3,205,009</u>	<u>8,429,047</u>
<b>Total current assets</b>		<u>6,959,977</u>	<u>10,818,901</u>
<b>Non-current assets</b>			
Investment in and advances to REWP	6	<u>1</u>	<u>1</u>
<b>Total non-current assets</b>		<u>1</u>	<u>1</u>
<b>TOTAL ASSETS</b>		<u>6,959,978</u>	<u>10,818,902</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>22,124</u>	<u>8,513</u>
<b>TOTAL LIABILITIES</b>		<u>22,124</u>	<u>8,513</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	24,898,109	26,003,283
Share-based payments reserve		4,065,338	3,900,933
Deficit		<u>(22,025,593)</u>	<u>(19,093,827)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>6,937,854</u>	<u>10,810,389</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>6,959,978</u>	<u>10,818,902</u>

**Nature of Operations** - Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on October 23, 2019 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 NET INCOME (LOSS) AND**  
**COMPREHENSIVE INCOME (LOSS)**  
*(Unaudited - Expressed in Canadian Dollars)*

	Note	Three Months Ended		Nine Months Ended	
		August 31, 2019 \$	August 31, 2018 \$	August 31, 2019 \$	August 31, 2018 \$
<b>Expenses</b>					
Accounting and administration	8(a)	7,800	8,100	37,450	37,700
Audit		-	-	27,836	28,050
Corporate development		2,525	6,214	2,525	24,273
Director and officer compensation	8(a)	27,654	27,255	129,954	81,416
Insurance		2,917	3,213	11,667	8,463
Legal		-	18,995	-	31,831
Office		1,294	4,580	4,080	12,649
Professional fees		3,575	-	8,250	-
Regulatory		2,450	1,950	9,423	10,751
Share-based compensation	7(e)	47,468	105,110	164,405	271,916
Shareholder costs		135	3,651	2,597	15,097
Transfer agent		3,062	930	4,390	10,303
Travel		4,673	2,013	16,183	2,860
Website		660	630	1,980	12,840
		<u>104,213</u>	<u>182,641</u>	<u>420,740</u>	<u>548,149</u>
<b>Loss before other items</b>		<u>(104,213)</u>	<u>(182,641)</u>	<u>(420,740)</u>	<u>(548,149)</u>
<b>Other items</b>					
Realized gain on sale of investments	5	797,562	30,927	1,473,467	439,100
Unrealized (loss) gain on investments	5	(1,740,868)	(535,653)	(5,142,792)	962,010
Gain on spin-out of investments	4	-	181,862	-	181,862
Impairment provision in associated company	6	-	-	-	(179,207)
Interest income		10,244	4,155	25,043	10,581
Other income	8(b)	27,000	-	207,000	-
Foreign exchange		(815)	(2,059)	1,709	578
		<u>(906,877)</u>	<u>(320,768)</u>	<u>(3,435,573)</u>	<u>1,414,924</u>
<b>Net (loss) income and comprehensive (loss) income for the period</b>		<u>(1,011,090)</u>	<u>(503,409)</u>	<u>(3,856,313)</u>	<u>866,775</u>
<b>(Loss) income per share - basic and diluted</b>		<u>\$(0.02)</u>	<u>\$(0.01)</u>	<u>\$(0.08)</u>	<u>\$0.02</u>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<u>46,054,021</u>	<u>48,385,584</u>	<u>46,538,550</u>	<u>47,790,502</u>

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

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

<b>Nine Months Ended August 31, 2019</b>					
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at November 30, 2018</b>	47,680,854	26,003,283	3,900,933	(19,093,827)	10,810,389
Repurchase of common shares	(2,026,500)	(1,105,174)	-	924,547	(180,627)
Share-based compensation	-	-	164,405	-	164,405
Net loss for the period	-	-	-	(3,856,313)	(3,856,313)
<b>Balance at August 31, 2019</b>	<b>45,654,354</b>	<b>24,898,109</b>	<b>4,065,338</b>	<b>(22,025,593)</b>	<b>6,937,854</b>

<b>Nine Months Ended August 31, 2018</b>					
<b>Share Capital</b>		<b>Share-Based Payments Reserve \$</b>	<b>Deficit \$</b>	<b>Total Equity \$</b>	
<b>Number of Shares</b>	<b>Amount \$</b>				
<b>Balance at November 30, 2017</b>	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	-	-	271,916	-	271,916
Distribution to shareholders per Arrangement	-	-	-	(379,600)	(379,600)
Net income for the period	-	-	-	866,775	866,775
<b>Balance at August 31, 2018</b>	<b>48,385,854</b>	<b>26,387,763</b>	<b>3,796,965</b>	<b>(19,642,193)</b>	<b>10,542,535</b>

*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)*

	Nine Months Ended	
	August 31	
	2019	2018
	\$	\$
<b>Operating activities</b>		
Net (loss) income for the period	(3,856,313)	866,775
Adjustments for:		
Realized gain on sale of investments	(1,473,467)	(439,100)
Unrealized loss (gain) on investments held	5,142,792	(962,010)
Gain on spin-out of investments	-	(181,862)
Impairment provision	-	179,207
Share-based compensation	164,405	271,916
Changes in non-cash working capital items:		
Amounts receivable	69,910	(8,220)
GST receivable	-	(5,072)
Prepaid expenses	6,621	(12,792)
Accounts payable and accrued liabilities	13,611	(51,961)
<b>Net cash provided by (used in) operating activities</b>	<u>67,559</u>	<u>(343,119)</u>
<b>Investing activities</b>		
Proceeds from sale of investments	3,417,610	2,632,481
Investment purchases	(1,862,897)	(2,812,449)
Advances to associated company	-	(179,207)
<b>Net cash provided by (used in) provided by investing activities</b>	<u>1,554,713</u>	<u>(359,175)</u>
<b>Financing activities</b>		
Issuance of common shares	-	1,187,040
Share issue costs	-	(68,422)
Repurchase of common shares	(180,627)	-
<b>Net cash (used in) provided by financing activities</b>	<u>(180,627)</u>	<u>1,118,618</u>
<b>Net change in cash</b>	1,441,645	416,324
<b>Cash at beginning of period</b>	<u>2,278,777</u>	<u>802,973</u>
<b>Cash at end of period</b>	<u>3,720,422</u>	<u>1,219,297</u>

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

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2019**  
*(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’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 nine months ended August 31, 2019 the Company recorded a net loss of \$3,856,313 and, as at August 31, 2019, had working capital of \$6,937,853. 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, 2018, 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, 2018 other than the Company’s adoption of IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*.

(i) **IFRS 9 - *Financial Instruments* (“IFRS 9”)**

The Company adopted all of the requirements of IFRS 9 as of December 1, 2018. IFRS 9 replaces IAS 39 - *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9 management has changed its accounting policy for financial assets retrospectively for assets that continued to be recognized at the date of initial application.

	Original Under IAS 39		New Under IFRS 9	
	Classification	Carrying Amount \$	Classification	Carrying Amount \$
Cash	FVTPL	2,278,777	FVTPL	2,278,777
Amounts receivable	Loans and receivables	97,410	Amortized cost	97,410
Investments	FVTPL	8,429,047	FVTPL	8,429,047
Investment and advances to REWP	Loans and receivables	1	Amortized cost	1
Accounts payable and accrued liabilities	Other financial liabilities	(8,513)	Amortized cost	(8,513)

**ROCKSHIELD CAPITAL CORP.**  
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**FOR THE NINE MONTHS ENDED AUGUST 31, 2019**  
*(Unaudited - Expressed in Canadian Dollars)*

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**2. Basis of Preparation** (continued)

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit or to the opening deficit on December 1, 2018.

(ii) IFRS 15 - *Revenue from Contracts with Customers* (“IFRS 15”)

The Company adopted all of the requirements of IFRS 15 as of December 1, 2018. This new accounting pronouncement establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

There was no impact on the Company’s condensed consolidated interim financial statements upon the adoption of IFRS 15, as the Company does not have any revenue from contracts with customers.

***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	Inactive holding company
Pelaya Copper Corporation	Canada	Inactive holding company

**4. Plan of Arrangement**

On March 13, 2018 the Company entered into an arrangement agreement (the “Arrangement”) with Rockshield Acquisition Corp. (“AcquiCo”) and Rockshield Opportunities Corp. (“OppCo”), private British Columbia companies incorporated on December 12, 2017 as wholly-owned subsidiaries of the Company, whereby the Company would distribute AcquiCo shares and OppCo shares, respectively, to Company shareholders. Each Company shareholder would hold one Company share and its pro-rata share of each of the AcquiCo shares and the OppCo shares, respectively, to be distributed under the Arrangement for each Company share held.

On April 17, 2018 the Company held a special meeting of the shareholders of the Company and the shareholders approved the Arrangement. Pursuant to the Arrangement the Company agreed to capitalize AcquiCo with 130,000 common shares in Plus Products Holdings Inc. (“Plus Products”), at a fair value of \$201,500, and OppCo with 13,000 common shares in Helius Medical Technologies Inc. (“Helius”), at a fair value of \$178,100, resulting in a gain of \$181,862 on the disposition. Additionally, on April 19, 2018, the Company obtained the final order of the Supreme Court of British Columbia approving the Arrangement. On June 6, 2018 the Company closed on the Arrangement and the Company capitalized each of AcquiCo and OppCo in return for common shares of each company and the Company distributed on a pro rata basis, without cost as a return of capital, all of its 1,800,001 shares in AcquiCo and 789,898 shares in OppCo to the Company’s shareholders. The Arrangement resulted in each of AcquiCo and OppCo being stand-alone corporations owned by the same shareholders that owned the Company.

On November 6, 2018 the Company repurchased the 130,000 common shares of Plus Products from AcquiCo at a fair value of \$422,500.



**ROCKSHIELD CAPITAL CORP.**  
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**5. 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 nine months ended August 31, 2019 the Company sold certain of its investments for proceeds totalling \$3,417,610 (2018 - \$2,632,481) and recognized a gain of \$1,473,467 (2018 - \$439,100). In addition, the Company recorded an unrealized loss of \$5,142,792 (2018 - gain of \$962,010) on investments.

**6. Investment in and Advances to REWP**

Prior to fiscal 2018 the Company held an ownership interest of 33.72% in REWP and had made substantial loans and advances. At that time the Company considered that it had significant influence of REWP and, accordingly, the investment had been accounted for under the equity method. During fiscal 2017 the Company had recognized cumulative equity losses to reduce its net carrying value in REWP to \$nil and impaired the loans, advances and accrued interest to a nominal amount of \$1.

In fiscal 2018 the Company advanced a further \$179,207 to REWP. This amount was fully impaired. REWP has made further cash calls to its shareholders in which the Company declined to participate. The Company's ownership interest in REWP has now been effectively diluted to 18.47%, and further dilution will continue as REWP obtains additional funding from its other shareholders. In addition, the Company no longer has effective board representation. Due to these factors, the Company considers that it no longer has significant influence of REWP and that the equity method is no longer appropriate.

**7. 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*

No financings were conducted by the Company during the nine months ended August 31, 2019.

During fiscal 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.

**ROCKSHIELD CAPITAL CORP.**  
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**7. Share Capital (continued)**

(c) *Normal Course Issuer Bid*

On October 22, 2018 the Company filed a normal course issuer bid (the “NCIB”) which authorizes the Company to repurchase for cancellation up to 4,693,610 common shares until October 22, 2019 or the date by which the Company has acquired the maximum number of common shares under the NCIB. During the nine months ended August 31, 2019 the Company repurchased a total of 2,026,500 common shares for \$180,622 cash consideration. The difference between the purchase price and the carrying value of the common shares was \$924,547. As at August 31, 2019 a total of 2,731,500 common shares have been repurchased under the NCIB.

(d) *Warrants*

A summary of the number of common shares reserved pursuant to the Company’s outstanding warrants at August 31, 2019 and 2018 and the changes for the nine months ended on those dates is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	1,236,499	0.80	-	-
Issued	-	-	1,236,499	0.80
Balance, end of period	1,236,499	0.80	1,236,499	0.80

As at August 31, 2019 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 nine months ended August 31, 2019 and 2018 the Company did not grant any share options under the Fixed Share Option Plan. As at August 31, 2019 no share 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 nine months ended August 31, 2019 the Company recognized \$116,937 (2018 - \$166,806) and, as the Company intends to settle the DSUs through equity settlement, recorded a corresponding credit to share-based payments reserve. On January 5, 2019, 500,000 DSUs vested and are issuable to the grantee upon departure from the Company.

**ROCKSHIELD CAPITAL CORP.**  
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**8. Related Party Disclosures**

(a) 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.

(i) During the nine months ended August 31, 2019 and 2018 the following amounts were incurred with respect to these positions:

	2019 \$	2018 \$
Directors and officers compensation	129,954	81,416
Share-based compensation on DSUs	<u>137,004</u>	<u>226,597</u>
	<u>266,958</u>	<u>308,013</u>

(ii) During the nine months ended August 31, 2019 the Company incurred a total of \$37,450 (2018 - \$37,700) by Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer ("CFO"), for accounting and administration services provided by Chase personnel, excluding the CFO. As at August 31, 2019, \$600 (November 30, 2018 - \$1,200) remained unpaid and has been included in accounts payable and accrued liabilities.

During the nine months ended August 31, 2019 the Company also recorded \$27,401 (2018 - \$45,319) share-based compensation for 250,000 DSUs granted to Chase.

(b) During the nine months ended August 31, 2019 the Company invoiced AcquiCo and OppCo a total of \$207,000 (2018 - \$nil) for management and administration services provided. As at August 31, 2019 \$27,000 (November 30, 2018 - \$86,500) remained unpaid and has been included in amounts receivable.

(c) See also Note 4.

**9. Segmented Information**

Information on reportable segments is as follows:

	August 31, 2019			
	Corporate \$	Investments \$	Investment in and Advances to REWP \$	Total \$
Interest income	25,043	-	-	25,043
Other income	207,000	-	-	207,000
Realized gain on sale of investments	-	1,473,467	-	1,473,467
Unrealized loss on investments	-	(5,142,792)	-	(5,142,792)
Segment loss	(186,988)	(3,669,325)	-	(3,856,313)
Segment assets	3,754,968	3,205,009	1	6,959,978

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**9. Segmented Information**

	November 30, 2018			
	Corporate \$	Investments \$	Investment in and Advances to REWP \$	Total \$
Interest income	21,705	-	-	21,705
Other income	251,500	-	-	251,500
Realized gain on sale of investments	-	1,625,219	-	1,625,219
Unrealized loss on investments	-	(73,216)	-	(73,216)
Impairment provision in REWP	-	-	(179,207)	(179,207)
Segment income (loss)	(435,024)	1,552,003	-	1,116,979
Segment assets	2,389,854	8,429,047	1	10,818,902

**10. Financial Instruments and Risk Management**

*Categories of Financial Assets and Financial Liabilities*

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); amortized cost; and fair value through other comprehensive income (“FVOCI”). The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	August 31 2019 \$	November 30, 2018 \$
Cash	FVTPL	3,720,422	2,278,777
Amounts receivable	Amortized cost	27,500	97,410
Investments	FVTPL	3,205,009	8,429,047
Investment and advances to REWP	Amortized cost	1	1
Accounts payable and accrued liabilities	Amortized cost	(22,124)	(8,513)

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.

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*(Unaudited - Expressed in Canadian Dollars)*

**10. Financial Instruments and Risk Management (continued)**

The following is an analysis of the Company's financial assets measured at fair value as at August 31, 2019 and November 30, 2018:

	August 31, 2019		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	3,720,422	-	-
Investments	3,135,043	2,466	67,500
	<u>6,855,465</u>	<u>2,466</u>	<u>67,500</u>
	November 30, 2018		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	2,278,777	-	-
Investments	8,240,341	121,206	67,500
	<u>10,519,118</u>	<u>121,206</u>	<u>67,500</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.

*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 August 31, 2019				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	3,720,422	-	-	-	3,720,422
Amounts receivable	27,500	-	-	-	27,500
Investments	3,205,009	-	-	-	3,205,009
Investment in and advances to REWP	-	-	1	-	1
Accounts payable and accrued liabilities	(22,124)	-	-	-	(22,124)
	Contractual Maturity Analysis at November 30, 2018				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	2,278,777	-	-	-	2,278,777
Amounts receivable	97,410	-	-	-	97,410
Investments	8,429,047	-	-	-	8,429,047
Investment in and advances to REWP	-	-	1	-	1
Accounts payable and accrued liabilities	(8,513)	-	-	-	(8,513)

**ROCKSHIELD CAPITAL CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2019**  
*(Unaudited - Expressed in Canadian Dollars)*

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**10. Financial Instruments and Risk Management (continued)**

*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 August 31, 2019, \$2,353,706 of the Company's portfolio of investments were held in four companies. These investments represents approximately 74% of the Company's investment portfolio and poor performance in the market price of these investments could adversely affect the Company's results.

*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. 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 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 nine months ended August 31, 2019 or fiscal 2018. The Company is not subject to any externally imposed capital requirements.