

# **Precipitate Gold Corp.**

## **Condensed Interim Financial Statements**

**Three and six months ended May 31, 2019 and 2018**

Unaudited – Expressed in Canadian Dollars

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED 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 interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

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

**Precipitate Gold Corp.**  
**Consolidated Statements of Financial Position**  
*Unaudited – Prepared by Management*  
*In Canadian Dollars*

<b>ASSETS</b>	<b>May 31, 2019</b>	<b>November 30, 2018</b>
<b>Current</b>		
Cash	\$ 244,661	\$ 838,900
Amounts receivable	15,693	18,534
Prepaid expenses	1,519	5,871
Investments (Note 5)	212,500	-
	<u>474,373</u>	<u>863,305</u>
<b>Mineral Property Interests</b> (Note 4)	1,803,998	903,998
	<u>\$ 2,278,371</u>	<u>\$ 1,767,303</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 25,273	\$ 70,260
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 6)	12,748,485	11,873,485
<b>Reserves</b> (Note 6)	2,864,738	2,864,738
<b>Deficit</b>	<u>(13,360,125)</u>	<u>(13,041,180)</u>
	<u>2,253,098</u>	<u>1,697,043</u>
	<u>\$ 2,278,371</u>	<u>\$ 1,767,303</u>

**Nature of Operations and Going Concern** (Note 1)  
**Subsequent Events** (Note 11)

Approved by the Board of Directors:

"Jeffrey Wilson"

Jeffrey Wilson, Director

"Lon Shaver"

Lon Shaver, Director

**Precipitate Gold Corp.**

**Consolidated Interim Statements of Loss and Comprehensive Loss  
For the Three and Six Months Ended May 31, 2019 and 2018**

*Unaudited – Prepared by Management  
In Canadian Dollars*

	<b>Three months ended May 31, 2019</b>	<b>Three months ended May 31, 2018</b>	<b>Six Months Ended May 31, 2019</b>	<b>Six Months Ended May 31, 2018</b>
<b>Expenses</b>				
Audit and accounting	\$ 13,899	\$ 16,384	\$ 24,802	\$ 27,261
Exploration and evaluation (Note 4(g))	188,225	96,414	328,777	272,775
Foreign exchange loss (gain)	(56)	(712)	598	136
Insurance	1,186	1,186	2,374	2,374
Investor relations	6,538	5,250	14,205	12,490
Legal	20,622	7,086	20,718	8,015
Marketing, conferences and shareholder relations	7,070	7,037	11,816	16,225
Office and administrative	10,740	9,117	22,150	19,213
Property investigation costs	1,050	20,250	5,215	20,250
Rent	3,750	3,750	7,500	7,500
Salaries and wages	41,584	42,058	82,512	82,818
Transfer agent and filing fees	5,307	5,425	13,840	12,084
<b>Total expenses</b>	<b>(299,915)</b>	<b>(213,245)</b>	<b>(534,507)</b>	<b>(481,141)</b>
Interest income	1,090	4,337	3,062	8,600
Gain on sale of mineral property interest	277,500	-	277,500	241,000
Unrealized gain (loss) on investments	(67,000)	(53,000)	(65,000)	(47,000)
Write-off of mineral property interests	-	-	-	(10,000)
<b>Net loss for the period</b>	<b>\$ (88,325)</b>	<b>\$ (261,908)</b>	<b>\$ (318,945)</b>	<b>\$ (288,541)</b>
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding	82,692,575	75,692,575	80,923,344	75,692,575

– See Accompanying Notes –

## Precipitate Gold Corp.

### Consolidated Interim Statements of Cash Flows For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management  
In Canadian Dollars

<b>Cash Provided By (Used In):</b>	<b>2019</b>	<b>2018</b>
<b>Operating activities:</b>		
Loss for the period	\$ (318,945)	\$ (26,633)
Items not affecting cash:		
Gain on sale of mineral property interests	(277,500)	(241,000)
Unrealized gain on investments	65,000	(6,000)
Write-off of mineral property interests	-	10,000
Change in non-cash working capital:		
Accounts receivable	2,841	(4)
Prepaid expenses	4,352	960
Accounts payable and accrued liabilities	(44,987)	5,556
	<u>(569,239)</u>	<u>(257,121)</u>
<b>Investing activities:</b>		
Mineral property acquisition costs	(25,000)	-
Proceeds from sale of mineral property interests	-	150,000
	<u>(25,000)</u>	<u>150,000</u>
<b>Net decrease in cash</b>	<b>(594,239)</b>	<b>(107,121)</b>
<b>Cash - beginning of period</b>	<b>838,900</b>	<b>1,551,992</b>
<b>Cash - end of period</b>	<b>\$ 244,661</b>	<b>\$ 1,444,871</b>

- See Accompanying Notes -

**Precipitate Gold Corp.**  
**Consolidated Interim Statements of Changes in Equity**  
**For the Six Months Ended May 31, 2019 and 2018**  
*Unaudited – Prepared by Management*  
*In Canadian Dollars*

	Share Capital		Reserves			Total \$
	Shares	Amount \$	Warrants \$	Options \$	Deficit \$	
Balance, November 30, 2017	75,692,575	11,873,485	1,462,291	1,211,972	(12,100,296)	2,447,452
Loss and comprehensive loss	-	-	-	-	(288,541)	(288,541)
Balance, May 31, 2018	75,692,575	11,873,485	1,462,291	1,211,972	(12,388,837)	2,158,911
Comprehensive loss	-	-	-	-	(652,343)	(652,343)
Share-based compensation	-	-	-	190,475	-	190,475
Balance, November 30, 2018	75,692,575	11,873,485	1,462,291	1,402,447	(13,041,180)	1,697,043
Loss and comprehensive loss	-	-	-	-	(318,945)	(318,945)
Shares issued for mineral property interests	7,000,000	875,000	-	-	-	875,000
Balance, May 31, 2019	82,692,575	12,748,485	1,462,291	1,402,447	(13,360,125)	2,253,098

– See Accompanying Notes –

# Precipitate Gold Corp.

## Notes to the Condensed Interim Financial Statements

### For the Six Months Ended May 31, 2019 and 2018

*Unaudited – Prepared by Management*

*In Canadian Dollars*

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#### **1. Nature of Operations and Going Concern**

Precipitate Gold Corp. (the “Company”) was incorporated on January 31, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the Dominican Republic. The head office, principal address, and records office of the Company are located at 625 Howe Street, Suite 1020, Vancouver, British Columbia, V6C 2T6, Canada.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At May 31, 2019, the Company had not achieved profitable operations had an accumulated deficit and had a working capital of \$449,100. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

#### **2. Basis of Presentation**

##### **a) Statement of compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

##### **b) Approval of the Financial Statements**

These consolidated condensed interim financial statements were approved and authorized for issue by the Board of Directors on July 29, 2019.

## **Precipitate Gold Corp.**

### **Notes to the Condensed Interim Financial Statements**

#### **For the Six Months Ended May 31, 2019 and 2018**

*Unaudited – Prepared by Management*

*In Canadian Dollars*

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## **2. Basis of Presentation - Continued**

### **c) Basis of Consolidation**

These consolidated financial statements include the financial statements of the Company and its five wholly-owned subsidiaries: 1) 0945044 BC Ltd., incorporated in British Columbia, Canada, which owns 100% of Corporacion Minera San Juan, S.R.L. located in the Dominican Republic; 2) Minera Pendiente S.A. de C.V., incorporated and located in Mexico; 3) Precipitate Gold (USA) Corp. incorporated and located in the United States; and 4) Precipitate Dominicana S.R.L. located in the Dominican Republic.

### **d) Functional and Presentation Currency**

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated interim financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. The functional currencies of the Company's subsidiaries do not differ from that of the parent company.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

### **e) Significant Accounting Policies**

These unaudited condensed interim financial statements do not include all of the significant accounting policies required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read together with the audited financial statements for the year ended November 30, 2018 which in Note 3 detail all significant accounting policies adopted by the Company.

The Company's accounting policies have been applied consistently to all periods presented in these unaudited condensed interim financial statements.



# Precipitate Gold Corp.

## Notes to the Condensed Interim Financial Statements

### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

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#### 2. Basis of Presentation – Continued

##### f) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: recoverability and impairment of mineral properties and valuation of share-based payments.

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

##### Recoverability of capitalized mineral property costs

The Company uses the cost model and the value of the mineral property interests is based on expenditures incurred, less any recoveries or impairment. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts and circumstances exist that suggests the carrying amount exceeds the recoverable amount.

##### Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value stock options and of common share purchase warrants issued. The model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The assumptions and models used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 5.

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is included in the following notes:

Note 1 – going concern assessment

Note 3 – functional currency

Note 4 – impairment of exploration and evaluation assets

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

### 3. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB. The following standards have not yet been adopted by the Company:

IFRS 9 *Financial Instruments* – New standard that replaces IAS 39, *Financial instruments: recognition and measurement*, for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers* – New standard to establish principles for reporting nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.

The Company expects the impact of these new pronouncements on its financial statements to be limited to disclosure.

IFRS 16 *Leases* – New standards to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is assessing the impact of this standard on its financial statements.

### 4. Mineral Properties

#### Acquisition Costs Summary

	Juan de Hererra and Escalibur Properties	Island Zinc Property	Pueblo Grande and Artur Properties	Total
Balance – November 30, 2017	\$ 898,068	\$ 10,000	\$ 652	\$ 908,720
Acquisition costs	-	-	5,278	5,278
Write-off	-	(10,000)	-	(10,000)
Balance – November 30, 2018	898,068	-	5,930	903,998
Acquisition costs - cash	-	-	25,000	25,000
Acquisition costs - shares	-	-	875,000	875,000
Balance – May 31, 2019	\$ 898,068	\$ -	\$ 905,930	\$ 1,803,998

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

#### 4. Mineral Properties – Continued

##### Exploration and Evaluation Expenditures Summary

For the Six Months Ended May 31, 2019	Island Zinc Property	Juan de Hererra and Escalibur Properties	Pueblo Grande and Artur Properties	Total
Assay	\$ -	\$ -	\$ 35,815	\$ 35,815
Camp and general	-	295	9,291	9,586
Consulting	-	9,225	19,478	28,703
Field equipment and supplies	-	43	5,177	5,220
Foreign sales tax	-	3,558	3,145	6,703
Fuel	-	166	1,978	2,144
Geological consulting	-	9,339	111,723	121,062
Geophysics	-	-	2,400	2,400
Maps, orthophotos, and reports	-	148	43,582	43,730
Office	-	18,586	29,807	48,393
Salaries and benefit	-	3,132	795	3,927
Transportation	-	9,335	3,108	12,443
Travel, meals, and accommodation	-	935	7,716	8,651
Total exploration and evaluation costs	\$ -	\$ 54,762	\$ 274,015	\$ 328,777

For the Six Months Ended May 31, 2018	Island Zinc Property	Juan de Hererra and Escalibur Properties	Pueblo Grande and Artur Properties	Total
Assay	\$ 254	\$ 129	\$ 1,111	\$ 1,494
Camp and general	-	2,709	-	2,709
Consulting	-	22,923	-	22,923
Field equipment and supplies	1,593	19,778	-	21,371
Foreign sales tax	-	3,169	-	3,169
Fuel	-	1,126	-	1,126
Geological consulting	8,400	110,781	-	119,181
Geophysics	41,792	-	-	41,792
Maps, orthophotos, and reports	-	4,250	-	4,250
Office	-	40,672	711	41,383
Salaries and benefit	-	3,126	-	3,126
Transportation	-	3,819	-	3,819
Travel, meals, and accommodation	1,925	4,508	-	6,433
Total exploration and evaluation costs	\$ 53,964	\$ 216,990	\$ 1,822	\$ 272,776

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

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#### 4. Mineral Properties – Continued

##### a) Reef Property, Yukon

The Reef property is composed of mineral claims in the Yukon.

Effective March 25, 2019, the Company and Golden Predator Mining Corp. (“Golden Predator”) agreed to amend the terms of the Option Agreement by way of an amending agreement (the “Amending Agreement”). Under the terms of the Amending Agreement, to earn a 100% interest in the Reef Property Golden Predator must, among other things, complete staged cash payments, issuances of common shares and warrants as follows:

- a) Cash payments totalling \$600,000:
  - \$400,000 on February 9, 2017 (received)
  - \$150,000 on February 9, 2018 (received)
  - \$50,000 on or before June 30, 2019 (received subsequent to May 31, 2019)
- b) Common shares of Golden Predator:
  - 100,000 common shares on February 9, 2017 (received at a value of \$143,000)
  - 100,000 common shares on February 9, 2018 (received at a value of \$66,000)
  - 950,000 common shares on or before April 1, 2019 (received at a value of \$180,500)
- c) Warrants of Golden Predator:
  - 100,000 warrants on February 9, 2017 at exercise price of \$1.59 per share with a 3 year term (received)
  - 100,000 warrants on February 9, 2018 at an exercise price of \$2.00 per share with a 3 year term (received)
  - 450,000 warrants on or before April 1, 2019 at an exercise price of \$0.40 per share with a 4 year term (received)

Golden Predator will grant the Company a 2% net smelter return (“NSR”) royalty on the claims that are not subject to a pre-existing royalty, and a 1% NSR royalty on claims that are subject to a pre-existing royalty. Golden Predator may purchase 25% of the Company’s NSR royalty at any time for \$1,000,000 and an additional 25% of the Company’s NSR royalty at any time for \$1,500,000.

In addition, if Golden Predator at any time after the exercising the right to a 100% interest in Reef, elects to abandon any one or more of the claims, Golden Predator must provide the Company 30 days advanced written notice of its intention to abandon the claims. Upon receipt of such notice the Company may, within 30 days of receipt of notice, request assignment of such claims and Golden Predator will re-transfer such title to the Company at Golden Predator’s expense. For greater certainty, any NSR Royalty payable by Golden Predator to the Company with respect to such abandoned claims will be void and no longer payable.

During the six months ended May 31, 2019, the Company recorded \$277,500 (2018: \$241,000) of gain on sale of the Reef property.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management  
In Canadian Dollars

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#### 4. Mineral Properties – Continued

##### b) Juan de Herrera Property, Dominican Republic

The Company, through 0945044 BC Ltd., owns a 100% interest in the Juan de Herrera concession and the Los Pinalitos concession application (previously Hato Nuevo) (“Dominican Republic properties”) in the Dominican Republic through Corporacion Minera San Juan, S.R.L. (“CMSJ”), its wholly-owned subsidiary. The purchase was completed as follows:

- Paid cash totaling \$300,000
- Issued 3,517,242 common shares valued at \$550,000
- Incurred exploration expenditures of \$1,000,000

The properties are subject to a 3% NSR royalty from any base and precious metal commercial production. The Company may acquire 50% of the NSR royalty by paying \$2,000,000.

##### c) Pueblo Grande and Artur Properties, Dominican Republic

On October 24, 2018, the Company entered into a Purchase and Sale Agreement with Everton Resources Inc. and Everton Minera Dominican A SRL (“Everton”) to acquire a 100% interest in the Pueblo Grande property. To acquire 100% interest, the Company paid \$25,000 in cash and issued 7,000,000 common shares of the Company subject to resale restrictions for up to 3 years expiring as follows:

Number of shares	Restriction expiry dates	Restriction removal on volume weighted average price (“VWAP”) achievement
700,000	July 15, 2019	\$0.20 per share for 10 consecutive days
700,000	January 15, 2020	\$0.20 per share for 10 consecutive days
700,000	July 15, 2020	\$0.20 per share for 10 consecutive days
1,050,000	January 15, 2021	\$0.40 per share for 10 consecutive days
1,050,000	July 15, 2021	\$0.40 per share for 10 consecutive days
2,800,000	January 15, 2022	\$0.60 per share for 10 consecutive days

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

#### 4. Mineral Properties – Continued

##### c) Pueblo Grande and Artur Properties, Dominican Republic – Continued

Pre-existing advanced stage or mining-related commitments to a third party include (i) a sliding scale NSR royalty ranging from 1%, where gold is under US\$1,000/oz, to 2%, where gold is over US \$1,400/oz and (ii) sum of cash or shares valued at the greater of \$5,000,000 or the value of 5,000,000 common shares based on a 20 day VWAP, in the event a resource of 1,000,000 gold equivalent ounces or greater are delineated at certain grades and in various indicated and inferred categories.

##### d) Island Zinc Property, British Columbia

On April 18, 2017, the Company entered into an Option Agreement to earn a 100% interest in the Island Zinc Property. On April 16, 2018, the Company terminated the agreement. As a result, the Company wrote off \$10,000 of mineral property interests as at November 30, 2018.

#### 5. Investments

Management has determined it appropriate to record the common shares and warrants of Golden Predator (see Note 4) as financial assets at fair value through profit or loss. The initial investment of common shares was recorded at cost and the initial investment of warrants was recorded using the Black-Scholes option pricing model. The Company revalues the common shares and warrants at each reporting period. Any changes in the fair value of the common shares and warrants is recorded as unrealized gain or loss on investments until the common shares or warrants are sold or impaired for an extended period, at which point any gains and losses recorded to date will be recognized as gain or loss on investments.

	Common shares	Warrants	Total
Balance as at November 30, 2017	\$ -	\$ 22,000	\$ 22,000
Acquisition	66,000	25,000	91,000
Change in fair value	-	(47,000)	(47,000)
Loss on sale of investments	(24,684)	-	(24,684)
Sale of common shares	(41,316)	-	(41,316)
Balance as at November 30, 2018	-	-	-
Acquisition	218,500	59,000	277,500
Change in fair value	(38,000)	(27,000)	(65,000)
Balance as at May 31, 2019	\$ 180,500	\$ 32,000	\$ 212,500

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

#### 5. Investments – Continued

The fair value of the warrants was based on the Black-Scholes valuation model using the following inputs:

	Six months ended May 31, 2019	Year ended November 30, 2018
Risk-free interest rate	1.48 - 1.78%	1.94%
Expected life of options	0.81 – 3.84 years	1.31 – 3.00 years
Expected annualized volatility	67.37 – 108.45%	71.06 – 94.54%
Expected dividend rate	0%	0%

#### 6. Shareholders' Equity

##### a) Authorized

Unlimited number of common shares without par value

##### b) Issued Share Capital

On January 15, 2019, the Company issued 7,000,000 common shares for the Pueblo Grande property (Note 4).

##### c) Warrants

Details of warrant activity for the years ended November 30, 2018 and 2017 are as follows:

November 30, 2017	Expired Unexercised	November 30, 2018 and May 31, 2019	Exercise Price	Expiry Date
10,380,000	(10,380,000)	-	\$0.35	December 15, 2017

##### d) Share Options

The Company has a rolling share option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's shares calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's share option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule at its discretion.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

#### 6. Shareholders' Equity – Continued

##### d) Share Options – Continued

November 30, 2017	Expired Unexercised	Issued	November 30, 2018 and May 31, 2019	Exercise Price	Expiry Date
150,000	(150,000)	-	-	\$0.25	December 3, 2017
150,000	(150,000)	-	-	\$0.25	January 7, 2018
510,000	(510,000)	-	-	\$0.20	April 14, 2019
1,200,000	-	-	1,200,000	\$0.12	March 4, 2021
1,170,000	-	-	1,170,000	\$0.25	October 13, 2021
-	-	3,075,000	3,075,000	\$0.08	November 20, 2023
3,180,000	(300,000)	3,075,000	5,445,000	\$0.13	

#### 7. Segmented Information

##### a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and the Dominican Republic.

##### b) Geographic Segments

The Company's geographic information as at May 31, 2019 and November 30, 2018 are as follows:

As at May 31, 2019	Canada	Dominican Republic	Mexico	Total
<u>Assets</u>				
Mineral properties	\$ -	\$ 1,803,998	\$ -	\$ 1,803,998
Other assets	456,494	9,369	8,510	474,373
Total	\$ 456,494	\$ 1,813,367	\$ 8,510	\$ 2,278,371
<u>As at November 30, 2018</u>				
<u>Assets</u>				
Mineral properties	\$ -	\$ 903,998	\$ -	\$ 903,998
Other assets	825,462	31,873	5,970	863,305
Total	\$ 825,462	\$ 935,871	\$ 5,970	\$ 1,767,303



## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

Unaudited – Prepared by Management

In Canadian Dollars

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#### 8. Related Party Transactions

Key management personnel consist of directors, former directors, and senior management including the President, Chief Executive Officer and Vice President of Exploration and Chief Financial Officer. Key management personnel compensation for the six months ended May 31, 2019 and 2018 includes:

	2019	2018
Salaries and wages	\$ 77,500	\$ 77,500
Geological consulting	50,200	80,400
Property investigation costs	4,800	-
Accounting and office and administration expense	9,000	33,000
	\$ 141,500	\$ 190,900

The accounts payable and accrued liabilities of the Company as at May 31, 2019 and as at November 30, 2018 include the following amounts due to related parties:

	May 31, 2019	November 30, 2018
Key management personnel	\$ -	\$ 4,725

#### 9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

## Precipitate Gold Corp.

### Notes to the Condensed Interim Financial Statements

#### For the Six Months Ended May 31, 2019 and 2018

*Unaudited – Prepared by Management*

*In Canadian Dollars*

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#### 10. Financial Instruments

##### a) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity. Cash and investments are measured using level one of the fair value hierarchy. Warrants are measured using level three of the fair value hierarchy.

##### b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

##### c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. Cash is held with a major Canadian financial institution and the receivables are from Government entities. Management is of the view that all amounts are fully collectible.

##### d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

## **Precipitate Gold Corp.**

### **Notes to the Condensed Interim Financial Statements**

#### **For the Six Months Ended May 31, 2019 and 2018**

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#### **10. Financial Instruments – Continued**

e) Political Risk

The Company has subsidiaries in the Dominican Republic and the United States. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

f) Foreign Currency Fluctuation Risk

The Company has vendors in Canada, the United States and the Dominican Republic; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions. The Company's exposure to foreign currency fluctuations is minimal.

#### **11. Subsequent Event**

Subsequent to May 31, 2019, the Company received \$50,000 from Golden Predator as per the Option Agreement relating to the Reef Property (Note 4a)).