



INTERIM QUARTERLY HIGHLIGHTS

MARCH 31, 2018

Rizal Resources Corporation.

Quarterly Highlights

Three months ended March 31, 2018

Introduction

This Interim Quarterly Highlights Report has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of Rizal Resources Corporation and its subsidiaries (“Rizal” or the “Company”).

The information provided herein should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2018, and the Annual MD&A for the year ending December 31, 2017.

The statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Rizal is listed on the TSX Venture Exchange under the symbol “RZL” The Company is engaged in the development and deployment of innovative mining technologies and the exploration, acquisition and development of mineral properties. For the purposes of this report, Rizal is classified as a “venture issuer” for the purposes of National Instrument 51-102.

Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. The effective date of this report is May 30, 2018.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See “Forward-Looking Information and Statements” herein.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Corporate Overview

The Company is engaged in mineral exploration at its T’Boli gold mine and exploration of precious and base metals at its other project areas located in the Philippines. The company has also commenced trial mining activities in parts of the north veins. Trial mining activities are still at a preliminary stage with results from the reconciliation of this work anticipated in the second half of 2018. The Company’s corporate objective is to develop the T’Boli project, with a second priority being to complete the systematic exploration of its brownfield project areas. The T’Boli project does not have a current mineral resource estimate or mineral reserves and that production in the absence of a feasibility study of mineral reserves demonstrating economic and technical viability is associated with an increased risk of failure of the mining operations due to increased uncertainty of results. Rizal’s current work program at the T’Boli Project is constrained within a relatively small section of the T’Boli Property and of the greater potential mineralized region. This ongoing work program is critical to understanding the key controls of the gold and silver mineralization at the Project, Rizal expects to continue this approach up to the point that the understanding of the controls on the gold mineralization will allow for a greater confidence in the interpretation and estimation of a Mineral Resource from future drilling programs.

Surface exploration at the Batoto-Tarale gold prospect, located in East Mindanao, remains at minimum levels of expenditure and there has been no expenditure required at the Comval project which is subject to the commercial arrangement with Kopore Metals Limited (previously Metallum) (ASX: KMT) (“Kopore”).

Directors & Management

Mr. Peter Main Director, President / Chief Executive Officer/ Interim Chief Financial Officer

Mr. Neil Grimes Non-Executive Chairman

Mr, Paul Hogan Director

Ms. Richelle L. Singson Michael Director

Mr. Steve Woods Director

Summary of Quarterly Results

The Company released an exploration stage technical report and exploration update news release on the the 28th March outlining recent exploration activities at T’Boli for the purpose of defining the geological controls and the continuity of the gold mineralization that exists at the Project. This work focused on the exploration of two defined vein systems known as the north veins and south veins, via a series of exploration development tunnel’s. Which identified a number of high grade mineralized zones from the exploration development.

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Based on this review, over 457m of high grade gold mineralization has now been defined (see Table 1), including the following highlights:

South Vein FW2 – 22m long with average thickness (true width) of 0.51m and gold grade of 57.7g/t

South Vein FW1 – 18m long with average thickness (true width) of 0.47m and gold grade of 29.7g/t

South Vein V3 – 32m long with average thickness (true width) of 0.68m and gold grade of 23.8g/t

South Vein V4 – 50m long with average thickness (true width) of 1.2m and gold grade of 21g/t

North Vein V1 – 53m long with average thickness (true width) of 1.3m and gold grade of 18.8g/t

The Company plans to access and commence exploration drives on the south veins in the second quarter of 2018. The exploration development on the south veins is planned to come in close proximity to some of the more significant drill intercepts recorded in the T'Boli database including drill hole TG038 which returned an intersection of 8m (true width) @ 14.2g/t gold (uncut).

Since the beginning of 2018 to the end of March 2018 the Company has processed from trial mining 13,552 tonnes producing 685oz Au for total revenue of CAD\$1,098,568.

Metal sales in Philippine Pesos and converted to Canadian dollars at the end of each month:

PRODUCTION AND SALES SUMMARY - GOLD

March 2018 Quarter

Month	Grams	oz.	Tons Milled	Ave. grade (grams/ton)	Total Proceeds	
					PHP	CAD
January	5,991.21	192.62	3,178.00	4.13	12,476,759.50	299,004.25
February	7,422.15	238.63	3,608.00	3.12	15,766,187.00	386,746.54
March	7,879.50	253.33	6,766.00	2.12	16,731,550.00	412,816.86
Total 2018	21,292.86	684.58	13,552.00	2.86	44,974,496.50	1,098,567.65

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	Three Months ended March 31, 2018 (000's)	Three Months ended December 31, 2017 (000's)	Nine Months ended September 30, 2017 (000's)	Three Months ended June 30, 2017 (000's)	Three Months ended March 31, 2017 (000's)	Three Months ended December 31, 2016 (000's)	Three Months ended September 30, 2016 (000's)	Three Months ended June 30, 2016 (000's)
Total Assets	21,732	18,478	13,233	12,085	10,402	9,622	6,980	6,448
Working Capital (deficiency)	(25,224)	(24,431)	(24,900)	(22,999)	(20,222)	(17,967)	(16,480)	(15,539)
Net Income profit/(loss)	(2,140)	2,048	(2,185)	(1,122)	(1,224)	(770)	(110)	(1,548)
Other Comprehensive Income (loss)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Basic and diluted Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration and development activities

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and general corporate operations, and the timing of share-based payments and write-down of certain exploration and evaluation assets.

Financial results

For the three months ended March 31, 2018, the Company reported consolidated net loss of \$2,140,250 (March 31, 2017 - \$1,223,893) an unfavourable variance of \$916,357. The unfavourable variance is primarily the result of increased expenditure on operations at the T'boli site and share based payments for issued shares and warrants. This was partially offset by higher incidental revenues from processing of trial mining material and favourable foreign exchange rates. Further explanations of the variances are detailed below.

Operating expenses unfavourable variance \$521,526

- Bank charges and interest \$426,223 (March 31, 2017 - \$249,604) an unfavourable variance of \$176,619 primarily due to interest payable due to debt facilities.
- Repairs and maintenance \$1,194,228 (March 31, 2017 - \$211,536) an unfavourable variance of \$982,692 primarily due to increased work and upgrades on the processing plant and underground mine.
- Share-based payments \$1,897,920 (March 31, 2017 - \$0) an unfavourable variance of \$1,897,920 primarily due to shares and warrants issued to debt holders and equity investors.

Partially offset by:

- Incidental revenues \$1,181,308 (March 31, 2017 - \$26,322) a favourable variance of \$1,154,986 due to increase gold sales from processing trial mining material.
- Foreign exchange gains \$1,181,308 (March 31, 2017 - (\$245,936)) a favourable variance of \$1,427,244 due to weakening of the Philippine Peso during the quarter.

Liquidity and Capital Resources

At March 31, 2018, the Company had a working capital deficit of \$25,224,445 (March 31, 2017 - \$20,222,408), consisting of cash of \$752,180 (March 31, 2017 - \$500,539), amounts and advances receivable of \$427,861 (March 31, 2017 - \$366,775), prepaid expenses and other assets of \$2,484,937 (March 31, 2017 - \$1,276,504), accounts payable and accrued liabilities, due within three months, of \$12,063,444 (March 31, 2017 - \$0,655,734), loans payable of \$7,356,457 (March 31, 2017 - \$6,732,565), convertible notes of \$3,836,375 (March 31, 2017 - \$3,769,155), and due to related parties of \$5,741,747 (March 31, 2017 - \$5,526,053).

On August 18, 2017, the Company reached an agreement with Mighty River to extend the maturity date of the note to July 31, 2018. As at March 31, 2018, the Company had total principal, interest and royalties owing to Mighty River of \$5,741,747 (US\$ 4,452,347) (March 31, 2017 - \$5,562,411 (US\$ 4,142,706)).

As at December 31, 2016, the Company had received US\$2,300,000. Total principal and interest owing, recorded at fair value as at March 31, 2018 is \$3,102,249 (US\$ 2,405,590) (March 31, 2017 \$2,756,133 (US\$ 2,001,156)).

The Company will require further cash funding to conduct its exploration and development programs, meet its administrative overhead costs, repay the convertible notes, and maintain its resource interests over the next twelve months. This will require the Company to obtain additional financing. The Company invests surplus cash in guaranteed investment certificates with Bank of Montreal and faces no known liquidity issues.

On August 23, 2017, the Company entered into an agreement with Trade Finance Corporation for a 6 month US \$2 million transactional loan. The loan bears interest of 20% per annum. On December 13, 2017, the loan was restructured into a new agreement with an extra US \$800,000 added to the loan. This also adjusted the term to 18 months and the interest rate to 15% per annum. In February 2018 the Company drew down a further US \$ 700,000. Outstanding balance of principal and interest at March 31, 2018 was \$4,683,055, of which \$2,139,512 is classified as a non-current liability.

Throughout the year Gold Valley Holdings supplied with the Company with funding when required at an interest rate of 12% per annum. Advances under the credit facility were \$1,024,682, there was \$59,316 in interest accrued, and a repayment of \$495,155 (which included the payment of accrued interest of \$36,426) was made. In February 2018, further AU \$255,000 was provided in funding to the Company. The outstanding balance as at March 31, 2018 is \$869,669. There is no term on this loan as at March 31, 2018.

On July 27, 2017, the Company entered into an agreement with Accord Trading & Investment Ltd. to borrow US \$200,000, for a term of 3 months (due October 27, 2017), and with an interest rate of 40% per annum. The loan was not repaid on October 27, 2017 and is therefore in default. The outstanding balance as at March 31, 2018 is \$326,985 and consists of principal and accrued interest.

During the year ended December 31, 2017, the Company received proceeds of AU \$1,900,000 (\$1,874,160) related to convertible notes.

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The notes were issued on January 1, 2017, have an interest rate of 12% per annum, and expire on December 31, 2017. On December 31, 2017, \$187,755 of the convertible notes were converted into 3,755,100 units, consisting of one common share and one common share purchase warrant. The units were not issued until 2018. \$254,021 of the convertible notes were extended until July 31, 2018. One holder of \$1,656,666 convertible notes did not agree to extend or convert. On January 1, 2018, the conversion feature for the \$1,656,666 convertible notes expired; these notes continue to remain outstanding and will continue to accrue interest at 12% per annum.

The Company refinanced \$1,930,873 of convertible notes that expired during the year ended December 31, 2017. The terms of the refinancing were as follows:

- \$1,105,125 of principle and accrued interest was refinanced into convertible notes with an interest rate of 12% per annum and an expiry date of June 30, 2018. The convertible note holders were also issued 22,102,500 common share purchase warrants with an exercise price of \$0.05 and an expiry of 3 years from the date of issuance.
- \$686,058 of principle and accrued interest was refinanced into convertible notes with an interest rate of 12% per annum and an expiry date of January 31, 2019. The convertible note holders were also issued 13,721,160 common share purchase warrants with an exercise price of \$0.05 and an expiry of 3 years from the date of issuance.
- \$139,690 of principle and accrued interest was refinanced into convertible notes with an interest rate of 12% per annum and an expiry date of January 31, 2019. The convertible note holders were also issued 2,793,800 common share purchase warrants with an exercise price of \$0.05 and an expiry of 3 years from the date of issuance.

Outstanding Share Data

Authorized share capital

Unlimited number of common shares without par value.

Common shares

At March 31, 2018, there were 240,534,492 issued and fully paid common shares.

Stock options

At March 31, 2018, there were 18,000,000 stock options outstanding and exercisable at weighted average price of \$0.05.

Warrants

At March 31, 2018, there were 158,217,467 warrants outstanding and exercisable at a weighted average exercise price of \$0.06. During the period no warrants expired.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Events After the Reporting Date

On May 28, 2018 a rockfall occurred at the T'Boli mine during access rehabilitation works. This killed one of our underground employees, the site of the rock fall was isolated, and all other personnel were accounted for. All relevant authorities have been informed and the Department of Mines and Geosciences Bureau of the Philippines (MGB) conducted their investigation and have exonerated the company of any fault. Our sympathies are with the family and we remain in close contact with them and are providing all necessary support in these difficult times.

Forward-Looking Information and Statements

This information contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected",

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“sustain”, “continues”, “strategy”, “potential”, “projects”, “grow”, “take advantage”, “estimate”, “well positioned” or similar words suggesting future outcomes. In particular, this information contains forward-looking statements relating to: the future opportunities for the Company; the business strategy of the Company; and the competitive advantage of the Company.

In addition, forward-looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of services, the ability to obtain financing on acceptable terms, the actual results of exploration projects being equivalent to or better than estimated results in technical reports or prior exploration results, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, these assumptions may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the Company’s beliefs, plans, objectives and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company’s control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management’s future course of action depends upon the Company’s assessment of all information available at that time.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included are made as of the date of this information and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

Disclosure of Technical Information on Mineral Projects

Steven Olsen, M AIG, has reviewed the technical information regarding exploration results contained within this news release MD&A. Steven Olsen, an Independent Consultant, is a “Qualified Person” as such term is defined in National Instrument 43-101 and he has verified and approved the contents of this news release.

Risk and Uncertainties

Mining and exploration involves a high degree of risk, and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has significant cash requirements to conduct its planned explorations, meet its administrative overhead and maintain its resource interests.

The Company’s ability to continue as a going concern is dependent on its ability to bring the Tribal Processing T’Boli gold processing plant to full production, and secure additional financing to fund the remaining development of the T’Boli mine and gold processing plant and planned exploration and development and fund its ongoing administrative expenditures. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The recoverability of the Company’s investment in, and expenditures on, resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations, and actions could cause additional expense, capital expenditures, restrictions, and delays in the

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activities of the Company, the extent of which cannot be predicted. The Company, as noted in item 5 above has made significant changes to address the underperformance of the milling and mining operations at T'Boli and with the cooperation of two new cornerstone investors it is implementing a plan that is expected will result in the T'Boli project recommencing operations in the second half of 2015. At BRC, we will continue the exploration and development of the projects in the Comval in eastern Mindanao at levels to ensure compliance with Philippine requirements to keep the permits in good standing. The Company must obtain approvals and or comply with regulatory and environmental regulations and there is no assurance that such approvals can be obtained on a timely basis. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's resource properties are located in the Philippines and, consequently, are subject to certain risks, including currency fluctuations and possible political and economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations to the mining industry.

Additional Information

The Company's publicly filed documents are available on SEDAR at www.sedar.com and more information is also available on Company's website at www.Rizalresources.com