



INTERIM QUARTERLY HIGHLIGHTS

JUNE 30, 2018

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 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 June 30, 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 Aug 29, 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 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

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 2018

Summary of Quarterly Results

During the June quarter continued underground exploration activities including detailed mapping and assaying, data collation and interpretation with the aim of further defining the geological controls and the continuity of the gold mineralization that exists at the Project. The work focused primarily on the north and south veins. Which identified a number of high grade mineralized zones from the exploration development. There has been a substantial improvement to the understanding of the high-grade gold locations at T'Boli in recent months which continues to build on the Company's ability to build up the information it requires to ultimately deliver a reliable Mineral Resource and subsequent Mine Plan.

Key Activities

- On the 29th May it was with great sadness Rizal announced a fatality had occurred at the mine on the 28th May, a rockfall occurred during rehabilitation work at the mine. The site was isolated, and the family of the deceased was notified, and all mine workers were accounted for. The company worked very closely with the deceased family to ensure all the necessary support and care was taken in dealing with this very sensitive matter. There was a full investigation by the Mines and Geosciences Bureau (MGB) and TMC has been cleared of any wrong doing. It was determined by the MGB the collapse was an accident and it was acknowledged in the MGB report that the company had met all safety standards and structural requirements in the affected area. Since the accident the area has been further reinforced to ensure there are no further failures. The matter is now closed and operations have returned to normal activity.
- During the quarter Rizal entered into Binding Term Sheets with a syndicate of existing lenders to restructure some of its existing debt and provide additional working capital for the T'Boli Project. The total debt facility totaled \$10.8m. In addition, the company settled debt for equity (shares) totaling \$110,781. As part of the transaction the company agreed to issue share purchase warrants at a price of \$0.05 for up to 3 years. The warrant issue has been approved by the TSX.
- On June 15th Rizal's President/CEO provided the company with a debt facility totaling \$1.1m in return will receive 12% interest and issued with 22m share purchase warrants convertible into one common share at \$0.05 for a period of 3 years. Rizal pursuant to its Stock Option Plan granted 6,000,000 stock options at a price of \$0.05 exercisable until June 13, 2023. The options and warrants have been approved by the TSX.
- Exploration development completed during the quarter totaled 202.7m, including capital development of 149.8m and exploration drive development of 119.2m. Capital spent on exploration development during the June quarter totaled \$394k
- Total Trial mining output for the June quarter was 449.68oz which is summarized in the table below. Since the beginning of 2018 to the end of June 2018 the Company has processed from trial mining 29,778 tonnes producing 1134.26oz Au for total revenue of \$1,822,752. Total revenue for the June quarter from trial mining was \$724k, whereas total operating cost for the period including processing was \$1.1M

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

PRODUCTION AND SALES SUMMARY - GOLD

June 2018 Quarter

	Grams	oz.	Tonnes Milled	Ave. grade (grams/ton)	Gross Proceeds	
					PHP	CAD
April	6,104.00	196.25	6,414.00	1.54	12,984,380.00	320,755.62
May	5,688.60	182.89	4,678.00	2.09	11,881,252.00	290,282.95
June	2,194.00	70.54	2,480.00	1.71	4,572,500.00	113,146.25
Total	13,986.60	449.68	13,572.00	1.76	29,438,132.00	724,184.81

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 2018

PRODUCTION AND SALES SUMMARY - GOLD

For the year 2018

	Grams	oz.	Tonnes Milled	Ave. grade (grams/ton)	Gross 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
April	6,104.00	196.25	6,414.00	1.54	12,984,380.00	320,755.62
May	5,688.60	182.89	4,678.00	2.09	11,881,252.00	290,282.95
June	2,194.00	70.54	2,480.00	1.71	4,572,500.00	113,146.25
Total	35,279.46	1,134.26	27,124.00	2.31	74,412,628.50	1,822,752.47

PRODUCTION AND SALES SUMMARY - SILVER

June 2018 Quarter

	Grams	oz.	Tons Milled	Gross Proceeds	
				PHP	CAD
April	6,000.00	192.90	6,414.00	120,000.00	2,964.38
May	12,143.00	390.41	4,678.00	242,860.00	5,933.56
June	14,177.00	455.80	2,480.00	283,540.00	7,016.18
Total	32,320.00	1,039.11	13,572.00	646,400.00	15,914.12

PRODUCTION AND SALES SUMMARY - SILVER

For the year 2018

	Grams	oz.	Tons Milled	Gross Proceeds	
				PHP	CAD
January	-	-	3,178.00	-	-
February	-	-	3,608.00	-	-
March	12,064.00	387.87	6,766.00	241,280.00	5,953.09
April	6,000.00	192.90	6,414.00	120,000.00	2,964.38
May	12,143.00	390.41	4,678.00	242,860.00	5,933.56
June	14,177.00	455.80	2,480.00	283,540.00	7,016.18
Total	44,384.00	1,426.98	27,124.00	887,680.00	21,867.21

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 2018

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

	Three Months ended June 30, 2018 (000's)	Three Months ended March 31, 2018 (000's)	Three Months ended December 31, 2017 (000's)	Three 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)
Total Assets	24,176	21,732	18,478	13,233	12,085	10,402	9,622	6,980
Working Capital (deficiency)	(24,255)	(25,224)	(24,431)	(24,900)	(22,999)	(20,222)	(17,967)	(16,480)
Net Income profit/(loss)	(1,642)	(2,480)	2,048	(2,185)	(1,122)	(1,224)	(770)	(110)
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)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration and development activities 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 June 30, 2018, the Company reported consolidated net loss of \$1,642,740 (June 30, 2017 - \$1,122,328) an unfavourable variance of \$520,953. 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 \$363,116

- Bank charges and interest \$836,746 (June 30, 2017 - \$555,881) an unfavourable variance of \$280,865 primarily due to interest payable due to debt facilities.
- Repairs and maintenance \$1,086,136 (June 30, 2017 - \$835,045) an unfavourable variance of \$251,091 primarily due to increased work and upgrades on the processing plant and underground mine.
- Share-based payments \$(101,676) (June 30, 2017 - \$0) a favourable variance of \$101,676 primarily due to shares and warrants issued to debt holders and equity purchases.

Partially offset by:

- Incidental revenues \$660,519 (June 30, 2017 - \$511,483) a favourable variance of \$149,036 due to increase gold sales from processing trial mining material.
- Foreign exchange gains \$363,839 (June 30, 2017 - 672,383) an unfavourable variance of \$308,544 due to weakening of the Philippine Peso during the quarter.

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 2018

Liquidity and Capital Resources

At June 30, 2018, the Company had a working capital deficit of \$24,255,060 (December 31, 2017 - \$24,431,089), consisting of cash of \$1,772,633 (December 31, 2017 - \$500,539), amounts and advances receivable of \$423,025 (December 31, 2017 - \$366,775), prepaid expenses and other assets of \$3,065,031 (December 31, 2017 - \$1,276,504), accounts payable and accrued liabilities, due within three months, of \$10,869,080 (December 31, 2017 - \$10,655,734), loans payable of \$7,490,370 (December 31, 2017 - \$6,732,565), convertible notes of \$4,185,608 (December 31, 2017 - \$3,769,155), and due to related parties of \$7,047,778 (December 31, 2017 - \$5,562,053).

Due to related parties are primarily advances from Mighty River International Ltd. ("Mighty River"), a related party, being a company that owns over 10% of the issued and outstanding shares of Rizal. On May 2, 2013, the Company entered into an agreement with Mighty River. Mighty River agreed to provide the Company with up to a US\$5 million loan facility. Amounts drawn bear interest at a rate of 8% per annum and were repayable in 12 months from the draw date. In connection with the loan agreement, Rizal provided Mighty River with security over all its assets and Rizal, Mighty River and Rizal's Philippine affiliate, TMC, entered into royalty agreements pursuant to which Mighty River is entitled to receive a 1% production royalty on the T'Boli mine located in the Philippines for each US\$1 million advanced to Rizal. On January 11, 2016 when the Company entered into a debt facility agreement with Claymore Capital Pty Ltd. the production royalty was adjusted to a flat 1.5%. On May 27, 2014, the Company and Mighty River amended the agreement extending the Final Maturity Date and Repayment Date to December 31, 2015. The Company reached an agreement with Mighty River to extend the maturity date of the note to September 30, 2016 and refinance \$904,000 (US\$800,000), being a portion of the amounts owed on the Credit Facility for interest and royalties and issued 18,080,000 units at \$0.05 each with each unit consisting of a common share and a warrant to purchase a common share for 12 months at \$0.10. On September 7, 2016, the Company reached an agreement with Mighty River to refinance \$400,000 (US\$307,500), being a portion of the amounts owed on the Credit Facility for interest and issued 8,000,000 units at \$0.05 each with each unit consisting of a common share and a warrant to purchase a common share for one year at \$0.10. The warrants are subject to an acceleration provision, in the event the closing price of the Corporation's common shares on the TSX Venture Exchange equals or exceeds \$0.25 for a period of 15 consecutive trading days, the Corporation may accelerate the expiry date of the Warrants by giving notice to the holders thereof and the Warrants will thereafter expire on the date that is thirty days after the after the date of the notice to the holders. On August 18, 2017, the Company reached an agreement with Mighty River to extend the maturity date of the note to July 31, 2018. On June 30, 2018, the outstanding interest up to March 31, 2018 was capitalised into the principle of the loan totalling US \$309,641. As at June 30, 2018, the Company had total principal, interest and royalties owing to Mighty River of \$5,959,409 (US \$4,534,974) (December 31, 2017 - \$5,495,192 (US \$4,142,706), which is included in amount due to related parties.

On January 11, 2016 the Company entered into an agreement with Claymore Capital Pty Ltd. for a three-year US\$6.4 million debt facility. Amounts drawn bear interest at a rate of 12%. The funds are to be provided in stages as follows: Stage 1 – US\$600,000 within 6 weeks of signing the Binding Term Sheet. Completed February 24, 2016; Stage 2 – US\$600,000 – confirmation of sustainable production at 200 tonnes per day (tpd). Completed March 18, 2016; Stage 3 – US\$1.1m – subject to confirmation of planned increase in production to 400 tpd; Stage 4 – US\$4.25m – subject to confirmation of maintainable production at 400 tpd. The funds will be used for working capital for both the corporate and mine operations, repayment of a portion of existing notes, Capital to expand the T'Boli project to 400 tpd and grow/develop the existing asset base. As at December 31, 2016, the Company had received US\$2,300,000. On June 30, 2018, the outstanding interest and management fees up to March 31, 2018 were capitalised into the principle of the loan totalling US \$586,606. Total principal and interest owing as at June 30, 2018 is US \$2,752,960 (\$3,617,665) (December 31, 2017 - US \$2,280,103 (\$2,866,773)).

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 an additional US \$700,000 was drawn down. On June 26, 2018 an additional US \$2,022,000 was drawn down by the company. Outstanding balance of principal and interest at June 30, 2018 was \$7,490,370, of which \$ nil is classified as a non-current liability.

Throughout 2017, Gold Valley Holdings supplied 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 June 30, 2018 is \$889,278. There is no term on this loan as at June 30, 2018.

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 2018

On May 31, 2018, the company entered into an agreement with LSG Resources for a facility agreement of US \$600,000, with an interest rate of 15% per annum and a maturity of July 31, 2019. As at June 30, 2018, the company has drawn down US \$ 200,000. Total principal and interest owing as at June 30, 2018 is US \$203,781.

On June 15, 2018, the company reached an agreement with Peter Main to refinance the outstanding balance owed to him for consulting fees and expenses into a loan facility of \$ 1,088,370. The facility has an interest rate of 12% per annum and maturity of August 31, 2019.

On June 23, 2018, the company entered into an agreement with Gold Valley Holdings for a facility agreement of US \$1,000,000, with an interest rate of 15% per annum and a maturity of July 31, 2019. As at June 30, 2018, the company has drawn down US \$ 850,000. Total principal and interest owing as at June 30, 2018 is US \$865,760.

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

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.

Outstanding Share Data

Authorized share capital

Unlimited number of common shares without par value.

Common shares

At June 30, 2018, there were 240,534,492 issued and fully paid common shares.

Stock options

At June 30, 2018, there were 21,875,000 stock options outstanding and exercisable at weighted average price of \$0.05.

Warrants

At June 30, 2018, there were 163,217,467 warrants outstanding and exercisable at a weighted average exercise price of \$0.06. During the period no warrants expired.

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 2018

Off-Balance Sheet Arrangements

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

Events After the Reporting Date

On July 6, 2018, 2,000,000 shares and 215,632 units comprising one share and one share purchase warrant were issued to debt holders on conversion of debt to equity. The warrants have an exercise price of \$0.05 and expire 3 years after issue.

On July 27, 2018, the company issued 32,165,100 warrants to new debt holders. The warrants have an exercise price of \$0.05 and expire 3 years after issue.

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”, “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.

Rizal Resources Corporation.

Quarterly Highlights

Three months ended June 30, 2018

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

The Company’s principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company’s business. The risks and uncertainties below are not listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as other risks may apply: the risks associated with our dependence on the Sierra de Caurio and the Cehegín Iron Ore Concessions in Spain; geological exploration and development; changes in law, unrest and political instability; environmental permits for development of the Company’s properties cannot be obtained or renewed on terms satisfactory to the Company and other land title permitting and licensing risks; continued negative operating cash flow and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

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