

**PARALLEL MINING CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED AUGUST 31, 2019**

**(Expressed in Canadian dollars)**

## **NOTICE TO READER**

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Public Accountants for a review of interim financial statements by an entity's auditor.

VANCOUVER, BC  
October 23, 2019

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**PARALLEL MINING CORP.**

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

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	Notes	August 31, 2019	May 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 3,192	\$ 4,642
Prepays and advances		4,000	8,724
Receivables		4,691	3,516
<b>Total current assets</b>		<b>11,883</b>	<b>16,882</b>
<b>Exploration and evaluation assets</b>	4	123,394	123,394
<b>TOTAL ASSETS</b>		<b>\$ 135,277</b>	<b>\$ 140,276</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	3	\$ 226,062	\$ 183,026
<b>Total liabilities</b>		<b>226,062</b>	<b>183,026</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	5	6,479,321	6,479,321
Subscriptions receivable	5	(50,000)	(50,000)
Share-based payment reserve	5, 6	79,263	79,263
Deficit		(6,599,369)	(6,551,334)
<b>Total deficiency</b>		<b>(90,785)</b>	<b>(42,750)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 135,277</b>	<b>\$ 55,206</b>

Nature and continuance of operations 1

Approved on behalf of the Board:

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*"John David Anderson"*  
(Director)

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*"Allan John Fabbro"*  
(Director)

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

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**PARALLEL MINING CORP.**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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		<b>Three months ended</b>	
	<b>Notes</b>	<b>August 31, 2019</b>	<b>August 31, 2018</b>
<b>EXPENSES</b>			
Consulting fees		\$ 16,560	\$ 27,505
Investor relations		-	15,000
Management fees	7	21,000	19,500
Office and miscellaneous	7	2,134	4,914
Professional fees		-	943
Property investigation		4,912	684
Rent	7	3,000	3,000
Transfer and regulatory		429	2,411
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (48,035)</b>	<b>\$ (73,958)</b>
<b>Loss per share - basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>66,702,737</b>	<b>55,051,630</b>

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

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**PARALLEL MINING CORP.**Consolidated Statements of Changes in Shareholders' Deficiency  
(Expressed in Canadian dollars)

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	<u>Share Capital</u>		Subscriptions Received	Subscriptions Receivable	Share-based Payment Reserve	Deficit	Total
	Shares	Amount					
<b>Balance, May 31, 2018</b>	53,556,521	\$ 5,826,061	\$ 56,050	\$ -	\$ 75,813	\$ (6,210,750)	\$ (252,826)
Private placement	2,751,000	137,550	(56,050)	-	-	-	81,500
Share issuance costs	-	(600)	-	-	-	-	(600)
Loss for the period	-	-	-	-	-	(73,957)	(73,957)
<b>Balance, August 31, 2018</b>	56,307,521	5,963,011	-	-	75,813	(6,284,707)	(245,883)
Private placements	10,395,216	519,760	-	(50,000)	-	-	469,760
Share issuance costs	-	(3,450)	-	-	3,450	-	-
Loss for the period	-	-	-	-	-	(266,627)	(266,627)
<b>Balance, May 31, 2019</b>	66,702,737	6,479,321	-	(50,000)	79,263	(6,551,334)	(42,750)
Loss for the period	-	-	-	-	-	(48,035)	(48,035)
<b>Balance, August 31, 2019</b>	<b>66,702,737</b>	<b>\$ 6,479,321</b>	<b>\$ -</b>	<b>\$ (50,000)</b>	<b>\$ 79,263</b>	<b>\$ (6,599,369)</b>	<b>\$ (90,785)</b>

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See Note 5.

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

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**PARALLEL MINING CORP.**

Condensed Consolidated Interim Statements of Cash Flows

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

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	<b>Three months ended</b>	
	<b>August 31, 2019</b>	<b>August 31, 2018</b>
<b>Operating activities</b>		
Net loss	\$ (48,035)	\$ (73,957)
Changes in non-cash working capital items:		
Receivables	(1,175)	(1,541)
Prepays	4,724	(23,641)
Accounts payable and accrued liabilities	43,036	(907)
<b>Net cash flows used in operating activities</b>	<b>(1,450)</b>	<b>(100,046)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	-	(6,609)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(6,609)</b>
<b>Financing activities</b>		
Obligation to issue shares	-	15,000
Shares issued for cash, net	-	80,900
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>95,900</b>
<b>Decrease in cash</b>	<b>(1,450)</b>	<b>(10,755)</b>
<b>Cash, beginning</b>	<b>4,642</b>	<b>53,253</b>
<b>Cash, ending</b>	<b>\$ 3,192</b>	<b>\$ 42,498</b>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

There were no non-cash transactions during the period ended August 31, 2019.

During the period ended August 31, 2018, the Company reallocated \$56,050 from subscriptions received to share capital.

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

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## **PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Parallel Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (B.C.) on April 18, 2007 and its principal activity is the acquisition, exploration and development of exploration and evaluation assets. The Company is listed on the TSX-Venture Exchange (“TSX-V”) and trades under the symbol PAL.

The address of the Company’s registered records office, corporate and principal place of business is Suite 804 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuation as a going concern is dependent upon attaining profitable operations and generating funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company will require additional funding to maintain its expenditures and activities for the upcoming fiscal year. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were authorized for issue on October 15, 2019 by the Directors of the Company.

#### **Statement of compliance to International Financial Reporting Standards**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended May 31, 2019.

#### **Principles of consolidation**

These financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly-owned inactive Mexican subsidiary, Minera Parallel S.A. de C.V. (“Minera Parallel”) and 0909189 and its wholly-owned subsidiary Transburkina Mining, S.A.RL. All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiary, unless denominated otherwise.

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**PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****New accounting standards adopted**

IFRS 16 - Leases was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard was effective for reporting periods beginning on or after January 1, 2019. The adoption of this standard did not result in any impact to the Company's financial statements.

**Accounting standard issued but not yet effective**

Certain other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>August 31, 2019</b>	<b>May 31, 2019</b>
Trade payables	\$ 206,062	\$ 163,026
Accrued liabilities	20,000	20,000
	<b>\$ 226,062</b>	<b>\$ 183,026</b>

**4. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation expenditures for the period ended August 31, 2019 comprise:

	<b>Mane II</b>		
	<b>Property</b>		<b>Total</b>
<b>Acquisition:</b>			
As at May 31, 2018	\$	-	\$ -
Addition		26,250	26,250
As at May 31, 2019 and August 31, 2019	\$	26,250	\$ 26,250
<b>Exploration:</b>			
As at May 31, 2018	\$	-	\$ -
Consulting		4,004	4,004
Drilling		48,473	48,473
Geological		17,611	17,611
Other		27,056	27,056
As at May 31, 2019 and August 31, 2019	\$	97,144	\$ 97,144
<b>Balance, May 31, 2019</b>	\$	123,394	\$ 123,394
<b>Balance, August 31, 2019</b>	\$	123,394	\$ 123,394



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## PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### 4. EXPLORATION AND EVALUATION ASSETS (continued)

#### Mane II Property

On June 4, 2018, the Company entered into an option agreement to acquire a 100% interest in the Mane II Property located in Burkina Faso, West Africa. As consideration, the Company paid \$6,609 (US\$5,000) upon execution of the option agreement and will make staged payments totaling US\$465,000 as follows:

On or before September 2, 2018	A further US\$15,000 (\$19,641, paid)
On or before June 4, 2019	A further US\$25,000 (unpaid)
On or before June 4, 2020	A further US\$50,000
On or before June 4, 2021	A further US\$125,000
On or before June 4, 2022	A further US\$250,000

To August 31, 2019, the Company has not made the required option payment due on June 4, 2019 and is currently in the process of renegotiating the terms of the option agreement.

The property is subject to a 2% NSR, of which the Company has the option to purchase half of for a one-time payment of US\$500,000.

### 5. SHARE CAPITAL

#### Authorized:

The authorized share capital of the Company is comprised of unlimited common shares without par value.

#### Issued:

There were no share capital transactions during the period ended August 31, 2019.

For the year ended May 31, 2019:

On July 12, 2018, the Company completed a non-brokered private placement of 2,751,000 units at a price of \$0.05 per unit for gross proceeds of \$137,550, of which \$56,050 was received as at May 31, 2018. Each unit consists of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.05 per common share until July 12, 2023. The Company paid share issuance costs of \$600 relating to the private placement.

On October 12, 2018, the Company completed a non-brokered private placement of 9,895,216 units at a price of \$0.05 per unit for gross proceeds of \$494,760, of which \$30,000 was recorded in obligation to issue shares at May 31, 2018, \$40,000 was applied against accounts payable owing to a director and \$50,000 has been recorded in subscriptions receivable at May 31, 2019. Each unit consists of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.05 per common share until October 12, 2023. The Company also issued 92,000 finder warrants having the same terms as the warrants above. The fair value of the finder warrants was \$3,450 and was determined using the Black Scholes Option Pricing Model assuming an expected life of 5 years, a risk-free interest rate of 2.41%, expected volatility of 123% and a dividend yield of 0%.

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**PARALLEL MINING CORP.**

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Three months ended August 31, 2019 and 2018

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**5. SHARE CAPITAL (continued)****Issued (continued):**

On December 28, 2018, the Company completed a non-brokered private placement of 500,000 units at a price of \$0.05 per unit for gross proceeds of \$25,000. Each unit consists of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.05 per common share until December 28, 2023.

**Warrants:**

As at August 31, 2019, warrants were outstanding for the purchase of common shares as follows:

<b>Number of Warrants</b>	<b>Exercise Price per Warrant</b>	<b>Number of Warrants Exercisable</b>	<b>Expiry Date</b>
2,751,000	\$ 0.05	2,751,000	July 12, 2023
9,987,216	0.05	9,987,216	October 12, 2023
500,000	0.05	500,000	December 28, 2023
13,238,216		13,238,216	

A summary of changes in warrants for the period ended August 31, 2019 is presented below:

	<b>Period Ended August 31, 2019</b>		<b>Year Ended May 31, 2019</b>	
	<b>Number</b>	<b>Exercise Price</b>	<b>Number</b>	<b>Exercise price</b>
Balance, beginning of period	31,293,616	\$ 0.21	31,459,900	\$ 0.22
Expired	(18,055,400)	0.25	(13,404,500)	0.20
Granted	-	-	13,238,216	0.05
Balance, end of period	13,238,216	\$ 0.05	31,293,616	\$ 0.21

**6. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE****Stock options:**

The Company has a stock option plan that allows it to grant options to its directors, officers, employees and consultants, provided that the aggregate number of options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each option may not be less than the fair market price of the Company's shares as traded on a stock exchange at the time of grant. Options have a maximum term of five years and vesting of options is made at the discretion of the Board at the time the options are granted.

As at August 31, 2019 and May 31, 2019, there were no stock options outstanding.

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## **PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

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### **6. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE (continued)**

#### **Share-based payment reserve:**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

### **7. RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel. Except as disclosed elsewhere in these financial statements, related party transactions and balances are detailed below.

- a) At August 31, 2019, included in accounts payable and accrued liabilities are amounts owing to Directors and Officers or companies owned by Directors and Officers of \$101,864 (May 31, 2019 - \$76,210).
- b) During the period ended August 31, 2019, the Company incurred management fees of \$21,000 (2018 - \$19,500), rent of \$3,000 (2018 - \$3,000) and secretarial services of \$575 (2018 - \$3,138) with key management personnel or companies controlled by them.

Included in subscriptions receivable at August 31, 2019 is \$10,000 (May 31, 2019 - \$10,000) owing from a director of the Company.

### **8. CAPITAL DISCLOSURES**

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established a quantitative return on capital criteria for capital management.

The Company is dependent upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential, provided it has adequate financial resources to do so.

The Board reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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## **PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### **8. CAPITAL DISCLOSURES (continued)**

The Company considers the items included in the Shareholders' Deficiency as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

### **9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

#### Fair Value

The Company has various financial instruments comprised of cash, receivables and accounts payable and accrued liabilities.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company holds cash which is measured at fair value using Level 1 inputs.

Due to the relatively short term nature of receivables and accounts payable and accrued liabilities, the fair value of these instruments approximate their carrying values.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

#### (a) Credit Risk

The Company's credit risk is primarily attributable to cash and receivables. The cash is primarily held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to cash is minimal.

#### (b) Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash, and its ability to raise debt and/or equity financings. The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to pursue future mineral property interest acquisitions. Accounts payable and accrued liabilities are due in accordance with normal terms of trade and are payable within the current operating period.

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## PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### (c) Market Risk

##### i) Interest Rate Risk

The Company had cash balances, and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

##### ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN\$"). The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations and expenditures in Burkina Faso to minimize exposure to these risks, the Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

The Canadian dollar equivalent of the financial assets denominated in foreign currencies at August 31, 2019 consists of cash held in West African Francs ("XOF") of \$11 (2019 - \$199). Assuming all other variables remain constant, a 2% depreciation or appreciation of the XOF against the Canadian dollar would result in a nominal increase or decrease in the Company's loss and comprehensive loss.

The Company is not exposed to significant foreign currency risk.

##### iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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**PARALLEL MINING CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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**10. SEGMENT DISCLOSURES**

Operating segments:

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographical segments:

	<b>August 31, 2019</b>	<b>May 31, 2019</b>
Total assets		
Canada	\$ 11,872	\$ 11,959
Africa	123,405	128,317
	<b>\$ 135,277</b>	<b>\$ 140,276</b>
Exploration and evaluation assets		
Canada	\$ -	\$ -
Africa	123,394	123,394
	<b>\$ 123,394</b>	<b>\$ 123,394</b>