OCEANUS
RESOURCES CORPORATION

Interim Unaudited Condensed
Consolidated Financial Statements

September 30, 2018

November 29, 2018

Management's Report

The accompanying interim unaudited condensed consolidated financial statements of **Oceanus Resources Corporation** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's consolidated financial statements and recommended their approval by the Board of Directors.

These consolidated financial statements have not been reviewed by the external auditors of the Company.

(signed) "*Glenn Jessome*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"
Chief Financial Officer
Halifax, Nova Scotia

Unaudited Condensed Consolidated Statements of Financial Position

As at September 30, 2018 and March 31, 2018

	September 30, 2018 $	March 31, 2018 $
Assets		
Current assets		
Cash and cash equivalents	200,548	17,844
Sales tax recoverable (note 2 (c))	33,350	37,603
Prepaid expenses	18,217	44,118
	252,115	99,565
Resource properties (note 5)	17,125,623	16,731,855
	17,377,738	16,831,420
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	1,781,351	1,470,610
Equity (note 8)	15,596,387	15,360,810
	17,377,738	16,831,420

Nature of operations and going concern (note 1)

The accompanying notes form an integral part of these unaudited consolidated financial statements.

Approved on behalf of the Board of Directors

(signed) "*Keith Abriel*", Director

(signed) "Wade Anderson", Director

OCEANUS RESOURCES CORPORATION

Unaudited Condensed Consolidated Statements of Changes in Equity

For the periods ended September 30, 2018 and 2017

	Number of shares	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance – March 31, 2017	125,267,773	27,425,942	2,248,017	379,400	(16,638,243)	13,415,116
Net loss and comprehensive loss for the period	–	–	–	–	(625,401)	(625,401)
Shares issued for cash, net of issue costs	9,583,333	2,856,002	–	–	–	2,856,002
Shares issued for cash, exercise of Broker Warrants	242,957	95,890		(40,100)	–	55,880
Shares issued for cash, exercise of finder's warrants	193,750	61,200		(14,700)		46,500
Shares issued for cash, exercise of stock options	85,000	25,250	(10,800)			14,450
Balance – September 30, 2017	135,372,813	30,464,374	2,237,217	324,600	(17,263,644)	15,762,547
Balance – March 31, 2018	136,388,798	30,760,267	2,257,417	288,100	(17,944,974)	15,360,810
Net loss and comprehensive loss for the period	–	–	–	–	(587,152)	(587,152)
Shares issued for cash, net of issue costs	3,061,535	392,729				392,729
Shares issued for cash, exercise of stock options	100,000	19,000	(9,000)			10,000
Shares issued for cash, exercise of warrants	1,658,332	398,000	–	–	–	398,000
Expiration of Broker Warrants and warrants	–	–	288,100	(288,100)	–	–
Stock-based compensation	–	–	22,000	–	–	22,000
Balance – September 30, 2018	141,208,665	31,569,996	2,558,517	–	(18,532,126)	15,596,387

The accompanying notes form an integral part of these consolidated financial statements.

OCEANUS RESOURCES CORPORATION

Unaudited Condensed Consolidated Statements of Loss and Comprehensive Loss

For the periods ended September 30, 2018 and 2017

	Three months ended Sept 30, 2018 $	Three months ended Sept 30, 2017 $	Six months ended Sept 30, 2018 $	Six months ended Sept 30, 2017 $
Operating expenses				
Consulting fees	168,850	142,652	279,050	276,087
Dues and fees	11,320	29,160	18,929	32,706
Foreign exchange (gain) loss	28,312	17,031	(11,547)	41,420
Insurance	31,047	13,175	35,651	27,167
Office and other	24,636	36,080	68,026	65,354
Professional fees	7,163	16,677	13,762	33,507
Shareholder communication	6,713	58,699	33,473	84,607
Stock-based compensation	11,000	–	22,000	–
Travel	5,812	31,590	18,865	41,045
Wages and benefits	56,601	17,784	108,943	33,026
	(351,454)	(362,848)	(587,152)	(634,919)
Other income				
Interest income	–	1,493	–	9,518
Net loss and comprehensive loss for the period	(351,454)	(361,355)	(587,152)	(625,401)
Loss per share – basic and diluted	(0.003)	(0.003)	(0.004)	(0.005)
Weighted average outstanding common shares – basic and diluted	138,509,504	131,556,339	138,092,968	128,438,187

The accompanying notes form an integral part of these consolidated financial statements.

OCEANUS RESOURCES CORPORATION

Unaudited Consolidated Statements of Cash Flows
For the periods ended September 30, 2018 and 2017

	2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Net loss for the periods	(587,152)	(625,401)
Charges to income not affecting cash		
Stock-based compensation	22,000	–
	(565,152)	(625,401)
Net changes in non-cash working capital balances related to operations		
Decrease in sales tax recoverable	4,253	42,329
Decrease in prepaid expenses	25,901	20,161
Decrease in accounts payable and accrued liabilities	(3,986)	(392,287)
Net cash used in operating activities	(538,984)	(955,198)
Investing activities		
Purchase of and expenditures on resource properties	(79,041)	(1,916,882)
Financing activities		
Proceeds from issuance of units	398,000	2,875,000
Share issue costs paid	(5,271)	(18,988)
Proceeds from exercise of stock options and warrants	408,000	116,830
	800,729	2,972,832
Net change in cash and cash equivalents for the periods	182,704	100,752
Cash and cash equivalents – Beginning of periods	17,844	1,277,527
Cash and cash equivalents – End of periods	200,548	1,378,279
Cash and cash equivalents is comprised of:		
Cash	200,548	351,979
Short-term investments	–	1,026,300
	200,548	1,378,279

The accompanying notes form an integral part of these consolidated financial statements.

1 Nature of operations and going concern

Nature of operations

Oceanus Resources Corporation (the "Company") was incorporated under the Canada Business Corporations Act on June 14, 2010 and its common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OCN. The Company's registered office is located at Suite 2108, 1969 Upper Water Street, Halifax, Nova Scotia. The Company has one reportable and one geographic segment, is a mineral exploration company engaged in locating and acquiring high quality projects and exploring for gold and base metals and has not yet determined whether its exploration property interests contain mineral reserves that are economically recoverable.

Going concern

These consolidated financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. For the six month period ended September 30, 2018, the Company incurred a loss of $587,152 (September 30, 2017 - $625,401). The Company has no income or cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. In September 2018 the Company completed a private placement units financing for gross proceeds of $750,000 of which $398,000 was received at closing and $352,000 was received after September 30, 2018 and is accordingly not recorded as an asset at September 30, 2018. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of properties. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate and these adjustments could be material.

2 Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook").

These consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain

2 Basis of presentation (continued)

a) Statement of compliance (continued)

critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 2 of the Company's financial statements for the year ended March 31, 2018. These financial statements should be read in conjunction with the Company financial statements for the year ended March 31, 2018.

These consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

The Board of Directors approved the consolidated financial statements for issue on November 29, 2018.

b) Basis of measurement

These consolidated financial statements have been prepared under a historical cost basis.

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

Recoverability of resource properties

At the end of each reporting period, the Company assesses its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using

2 Basis of presentation (continued)

c) Use of estimates and judgments (continued)

assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

Recoverability of sales tax

Management's assumptions regarding the recoverability of Value Added Tax ("VAT") receivable in Mexico, at the end of each reporting period, is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. Collection of the amount receivable depends on processing and payment of the claims by the government in Mexico. While the Company is still pursuing collection, with the delay in processing and collection, management determined that it was appropriate to reclassify this amount to the resource property to which the VAT paid related. The timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements.

Share-based payments

The Company issues equity-settled share-based payments to certain employees and third parties outside the Company. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market based vesting conditions, at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities which are based on information available at the time the fair value is measured.

3 Significant accounting policies

These financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended March 31, 2018. Refer to note 3 – Significant Accounting Policies, of the Company's annual consolidated financial statements for the year ended March 31, 2018 for information on accounting policies, as well as, new accounting standards not yet effective.

4 Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be total equity, which at September 30, 2018 totaled $15,596,387 (March 31, 2018 - $15,360,810). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

5 Resource properties

	Total $
Balance - March 31, 2017	13,965,854
Property costs incurred	442,812
Exploration costs incurred	1,197,534
Balance – September 30, 2017	15,606,200
Balance – March 31, 2018	16,731,855
Property costs incurred	320,600
Exploration costs incurred	73,168
Balance – September 30, 2018	17,125,623

On September 15, 2015 the Company entered into an arrangement agreement with El Tigre Silver Corp. ("El Tigre") to combine the respective companies by way of a statutory plan of arrangement pursuant to the Business Corporations Act (British Columbia), under which the Company acquired all of the outstanding common shares of El Tigre in exchange for common shares of Oceanus on the basis of 0.2839 of one Oceanus share for every one El Tigre share (the "Transaction"). The Transaction was completed on November 13, 2015.

El Tigre holds nine Mexican Federal mining concessions, located in north-eastern Sonora State, of which eight are collectively referred to as the El Tigre Gold and Silver Property ("El Tigre Property"). The concessions are 100% held by El Tigre through its wholly owned subsidiary, Pacemaker Silver Mining SA de CV and its wholly owned subsidiary, Compãnia Minera Talaman SA de CV.

6 Accounts payable and accrued liabilities

	September 30, 2018 $	March 31, 2018 $
Accounts payable		
El Tigre Property fees	906,000	687,000
La Lajita termination payments	94,500	112,178
Other	639,411	531,242
Accrued liabilities	141,440	140,190
	1,781,351	1,470,610

As at September 30, 2018, $53,825 (March 31, 2018 - $9,975) of accounts payable and accrued liabilities is due to the Chief Executive Officer, Chief Financial Officer and Vice President Exploration.

7 Related party transactions

Administrative consulting services were provided during the six month period ended September 30, 2018 by a corporation owned by the Chief Executive Officer of the Company. The cost of these consulting services during the period was $125,000 (September 30, 2017 - $125,000). The Company recorded these costs to consulting fees.

Geological consulting services were provided during the six month period ended September 30, 2018 by a corporation owned by the Vice President Exploration of the Company. The cost of these consulting services during the period was $46,500 (September 30, 2017 - $37,500). The Company recorded these costs to resource properties.

Administrative consulting services were provided during the six month period ended September 30, 2018 by a corporation owned by the Chief Financial Officer of the Company. The cost of these consulting services during the period was $52,500 (September 30, 2017 - $45,000). The Company recorded these costs to consulting fees.

During the six month period ended September 30, 2018, officers and directors subscribed to an aggregate of 504,615 units (September 30, 2017 – 1,002,668 units) issued by the Company pursuant to equity financings for aggregate subscription proceeds of $65,600 (September 30, 2017 - $300,800).

8 Shareholders' equity

i) Capital stock

Authorized

Unlimited number of common shares, without nominal or par value

	Number of shares	Amount $
Balance – March 31, 2017	125,267,773	27,425,942
Shares issued for cash, net of issue costs	9,583,333	2,856,002
Shares issued for cash, exercise of broker warrants	242,957	95,980
Shares issued for cash, exercise of finder's warrants	193,750	61,200
Shares issued for cash, exercise of stock options	85,000	25,250
Balance – September 30, 2017	135,372,813	30,464,374
Balance – March 31, 2018	136,388,798	30,760,267
Shares issued for cash, net of issue costs	3,061,535	392,729
Shares issued for cash, exercise of warrants	1,658,332	398,000
Shares issued for cash, exercise of stock options	100,000	10,000
Balance – September 30, 2018	141,208,665	31,569,996

8 Shareholders' equity (continued)

i) Capital stock (continued)

Private placements

During the six month period ended September 30, 2017, the Company completed a non-brokered private placement financing and issued 10,000,000 units at a price of $0.30 per unit, for aggregate gross proceeds of $3,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for $0.40 for a period of 18 months from the closing date of the offering. The closing date of the private placement was August 1, 2017 and at September 30, 2017, the transfer of subscription proceeds aggregating $125,000 from subscribers' registered accounts remained outstanding. The 416,667 units relating to these subscriptions were held in trust at September 30, 2017 and for accounting purposes the shares relating to these units were excluded from the issued number of shares. Subsequent to September 30, 2017, the Company received subscription proceeds aggregating $75,000 and 250,000 units (250,000 shares and 125,000 warrants) were released from trust. The capital stock value of the common shares issued as at September 30, 2017 is net of share issue costs of $18,998.

During the six month period ended September 30, 2018, the Company completed a non-brokered private placement financing and issued 5,769,227 units at a price of $0.13 per unit, for aggregate gross proceeds of $750,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for $0.17 for a period of 24 months from the closing date of the offering. The closing date of the private placement was September 18, 2018 and at September 30, 2018, the transfer of subscription proceeds aggregating $352,000 from subscribers' registered accounts remained outstanding. The 2,707,692 units relating to these subscriptions were held in trust at September 30, 2017 and for accounting purposes the shares relating to these units were excluded from the issued number of shares. Subsequent to September 30, 2018, the Company received subscription proceeds aggregating $352,000 and 2,707,692 units (2,707,692 shares and 1,353,846 warrants) were released from trust. The capital stock value of the common shares issued as at September 30, 2018 is net of share issue costs of $5,271.

ii) Stock options

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

8 Shareholders' equity (continued)

ii) Stock options (contined)

The following weighted average assumptions were used in the Black-Scholes option pricing model for the periods ended September 30, 2018 and 2017:

	2018	2017
Risk-free interest rate	2.0%	1.5%
Expected volatility	95%	100%
Expected dividend yield	–	–
Expected life	10 years	10 years

The following table summarizes the changes in the Company's stock options during the periods ended September 30, 2018 and 2017:

	Weighted average exercise price $	Number of Options	Weighted average remaining life (years)
Balance – March 31, 2017	0.22	11,725,000	7.3
Exercised during the period	0.17	(85,000)	
Balance – September 30, 2017	0.22	11,640,000	7.3
Balance – March 31, 2018	0.22	11,890,000	6.4
Exercised during the period	0.10	(100,000)	
Balance – September 30, 2018	0.22	11,790,000	6.4

As at September 30, 2018, 2,601,636 options remained available for future grants under the Plan. Options vested and exercisable at September 30, 2018 totaled 11,688,438 with an average exercise price of $0.22 per share.

iii) Contributed surplus

	$
Balance – March 31, 2017	2,248,017
Exercise of stock options	(10,800)
Balance – September 30, 2017	2,237,217
Balance – March 31, 2018	2,257,417
Expiration of Broker Warrants and warrants	288,100
Stock-based compensation	22,000
Exercise of stock options	(9,000)
Balance – September 30, 2018	2,558,517

8 Shareholders' equity (continued)

iv) Warrants

The following table summarizes the changes in the Company's warrants for the periods ended September 30, 2018 and 2017:

	Expiry date	Exercise price $	Number	Ascribed value $
Balance – March 31, 2017			30,544,250	379,400
Warrants issued pursuant to August 2017 private placement financing	January 31, 2019	0.40	5,000,000	–
Broker Warrants exercised during the period		0.23	(242,957)	(40,100)
Warrants issued pursuant to the exerice of Broker Warrants	June 21, 2018	0.39	121,478	–
Finder's warrants exercised during period		0.24	(193,750)	(14,700)
Balance – September 30, 2017			35,229,021	324,600
Balance – March 31, 2018			34,616,362	288,100
Warrants exercised during the period		0.24	(1,658,332)	–
Warrants expired during the period		0.39	(12,708,637)	(110,000)
Broker Warrants expired during the period		0.23	(1,082,725)	(178,100)
Warrants issued pursuant to September 2018 private placement financing	Sept 17, 2020	0.17	1,530,766	–
Balance – September 30, 2018			20,697,434	–

The fair value of warrants issued pursuant to the August 2017 and September 2018 private placement financings have an estimated value of $nil at the issue date using the residual method of valuation.

9 Supplemental cash flow information

At September 30, 2018, the Company's accounts payable included expenditures on resource properties of $1,425,667 (September 30, 2017 - $951,320) .

10 Financial instruments and other

Credit risk

The Company manages credit risk by holding its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low. The Company also has $812,000 of Mexican VAT receivable at September 30, 2018 (March 31, 2018 - $744,713). The Company has recorded the VAT to resource properties. While the Company is still pursuing collection, with the delay in processing and collection, management determined that it was appropriate to reclassify this amount to the resource property to which the VAT paid related. The timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements.

10 Financial instruments and other (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company does not have sufficient working capital to carry out all budgeted programs in fiscal 2019 and must obtain financing during fiscal 2019 to avoid disruption in planned expenditures (see note 1).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has no interest-bearing debt and is not exposed to any significant interest rate risk.

b) Foreign currency risk

The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company's exposure to this risk, cash is primarily held with high quality financial institutions in Canada.

As at September 30, 2018, the Company held the following financial instruments in foreign currencies:

	US$	Pesos
Cash	22,048	54,393
Accounts payable and accrued liabilities	188,448	16,312,716

c) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

11 Commitments

The minimum annual lease payments for the lease of office space are as follows:

	$
Year ending March 31, 2019	33,017
2020	33,017
2021	33,017
2022	16,509