

OPUS ONE RESOURCES INC.
ANNUAL FINANCIAL STATEMENTS

For the years ended August 31, 2018 and 2017
(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Opus One Resources Inc.

We have audited the accompanying financial statements of Opus One Resources Inc., which comprise the statements of financial position as at August 31, 2018 and 2017 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Opus One Resources Inc. as at August 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Opus One Resources Inc.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

December 12, 2018

OPUS ONE RESOURCES INC.
ANNUAL FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2018 AND 2017

<u>INDEX</u>	<u>Page</u>
Financial Statements	
Statements of Financial Position	1
Statements of Loss and Comprehensive Loss	2
Statements of Cash Flows	3
Statements of Changes in Equity	4
Notes to the Financial Statements	5 - 23

OPUS ONE RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31
(Expressed in Canadian Dollars)

	2018	2017
ASSETS		
Current		
Cash	\$ 72,192	\$ 932,497
Receivables (Note 4)	415,300	452,462
Prepaid expenses	<u>3,667</u>	<u>3,724</u>
	491,159	1,388,683
Exploration and evaluation assets (Note 5)	<u>2,392,263</u>	<u>1,910,346</u>
	<u>\$ 2,883,422</u>	<u>\$ 3,299,029</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 61,199	\$ 114,257
Due to related parties (Note 10)	118,304	37,293
Flow-through share premium liability (Note 7)	<u>-</u>	<u>88,694</u>
	<u>179,503</u>	<u>240,244</u>
Shareholders' equity		
Share capital (Note 7)	17,110,058	17,134,313
Share-based payments reserve (Note 8)	565,979	532,645
Deficit	<u>(14,972,118)</u>	<u>(14,608,173)</u>
	<u>2,703,919</u>	<u>3,058,785</u>
	<u>\$ 2,883,422</u>	<u>\$ 3,299,029</u>

Nature of operations and going concern (Note 1)

Subsequent event (Note 16)

On behalf of the Board:

"Louis Morin"
Director

"Michael Kinley"
Director

The accompanying notes are an integral part of these financial statements

OPUS ONE RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED AUGUST 31
(Expressed in Canadian Dollars)

	2018	2017
EXPENSES		
Consulting fees (Note 10)	\$ 207,407	\$ 129,868
Insurance	11,158	10,801
Investor relations	-	374
Office and administration	28,313	18,663
Professional fees (Note 10)	49,669	55,694
Shareholder communications	49,595	12,087
Share-based payments (Note 8)	33,334	-
Transfer agent and filing fees	31,433	31,888
Travel	<u>41,730</u>	<u>16,432</u>
	(452,639)	(275,807)
Reversal of flow through share premium liability (Note 7)	<u>88,694</u>	<u>22,756</u>
Loss and comprehensive loss for the year	\$ (363,945)	\$ (253,051)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	63,354,373	49,114,207

The accompanying notes are an integral part of these financial statements

OPUS ONE RESOURCES INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31
(Expressed in Canadian Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (363,945)	\$ (253,051)
Items not affecting cash:		
Reversal of flow through share premium liability	(88,694)	(22,756)
Share based payments	33,334	-
Changes in non-cash working capital items:		
Receivables	115,447	(92,150)
Prepaid expenses	57	(34)
Due to related parties	81,011	28,691
Accounts payable and accrued liabilities	<u>(36,668)</u>	<u>(11,314)</u>
Net cash used in operating activities	<u>(259,458)</u>	<u>(350,614)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	<u>(576,592)</u>	<u>(1,038,778)</u>
Net cash used in investing activities	<u>(576,592)</u>	<u>(1,038,778)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of shares for cash	-	2,395,950
Share issue costs	<u>(24,255)</u>	<u>(243,403)</u>
Net cash provided by (used in) financing activities	<u>(24,255)</u>	<u>2,152,547</u>
Increase (decrease) in cash during the year	(860,305)	763,155
Cash, beginning of year	<u>932,497</u>	<u>169,342</u>
Cash, end of year	<u>\$ 72,192</u>	<u>\$ 932,497</u>

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these financial statements

OPUS ONE RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share- based Payments Reserve	Deficit	Total
Balance, August 31, 2016	40,509,373	\$ 15,122,203	\$ 503,658	\$(14,355,122)	\$ 1,270,739
Shares issued for cash	22,845,000	2,395,950	-	-	2,395,950
Share issue costs	-	(243,403)	-	-	(243,403)
Warrants issued as finder's fees	-	(28,987)	28,987	-	-
Flow-through share premium liability	-	(111,450)	-	-	(111,450)
Loss and comprehensive loss for the year	-	-	-	(253,051)	(253,051)
Balance, August 31, 2017	63,354,373	\$ 17,134,313	\$ 532,645	\$(14,608,173)	\$ 3,058,785
Share based payments	-	-	33,334	-	33,334
Share issue costs	-	(24,255)	-	-	(24,255)
Loss and comprehensive loss for the year	-	-	-	(363,945)	(363,945)
Balance, August 31, 2018	63,354,373	\$ 17,110,058	\$ 565,979	\$(14,972,118)	\$ 2,703,919

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

The principal business activity of Opus One Resources Inc. (the "Company" or "Opus") is the acquisition and exploration of exploration and evaluation assets, primarily in Canada. The Company was incorporated in British Columbia on August 29, 1979 and was continued under the Canada Business Corporations Act on July 13, 2012. The Company's head office is located at 4710 Saint-Ambroise St., Suite 308, Montreal, Qc., Canada.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company does not generate sufficient cash flow from operations to adequately fund its activities and has therefore relied principally upon the support of creditors, related parties and issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations should the Company be unable to continue as a going concern.

The business of 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 no source of operating revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include 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 exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets do not reflect current or future values. The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. The Company estimates that additional funding could be required to continue operations over the next 12 months. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

	2018	2017
Deficit	\$ (14,972,118)	\$ (14,608,173)
Working capital	\$ 311,656	\$ 1,148,439

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations by the International Financial Reporting Interpretations Committee ("IFRIC").

The Board of Directors approved the financial statements on December 12, 2018.

Basis of presentation

These financial statements have been prepared on an accrual basis and are based on the historical costs, except for certain financial instruments which are measured at fair value. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

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

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation and other equity based payments, the recoverability, and the accrual of refundable mining tax credits.

Key estimates made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of estimates (cont'd)

Accrual of refundable mining tax credits

The provincial government of Quebec provides for a refundable tax on net qualified mining exploration expenditures incurred in Quebec. The credit is calculated as a percentage of qualified mining exploration expenses. Management has estimated and accrued the likely refundable amount arising from expenditures incurred.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment and then transferred to mining assets and amortized over the estimated useful life of the property following commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

The costs include the cash or other consideration and the assigned value of shares issued, if any, on the acquisition of exploration and evaluation assets. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. The Company does not accrue estimated future costs of maintaining its exploration and evaluation assets in good standing.

Capitalized costs as reported on the statements of financial position represent costs incurred to date and may not reflect actual, present, or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the exploration and evaluation property interests.

Management evaluates each mineral interest on a reporting period basis or as events and circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to which costs are capitalized or charged as impairment charges. Write-downs due to impairment in value are charged to profit or loss.

Exploration and evaluation assets, where future cash flows are not reasonably determinable, are evaluated for impairment based on results of exploration work, management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded. General exploration costs not related to specific properties and general administrative expenses are charged to profit or loss in the year in which they are incurred.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Restoration and environmental obligations (cont'd...)

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

For the years presented, there were no significant restoration and environmental obligations.

Mining and exploration tax recoveries

The Company recognizes mining and exploration tax recoveries in the period in which the related qualifying resource expenditures are incurred. The amount recoverable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation interests) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share purchase warrants, and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Valuation of equity units issued in private placements:

The Company uses a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing price on the issuance date, the balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded to reserves.

Share-based compensation

The Company uses the fair value-based method of accounting for stock options granted to directors and for compensatory warrants. Under this method, the fair value of the stock options and compensatory warrants are determined using the Black-Scholes option pricing model. The fair value of stock options is recognized to expense over the vesting period.

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss- This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Loans and receivables- These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies receivables as loans and receivables.

Held-to-maturity investments- These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale- Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial assets (cont'd...)

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss- This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method, and includes accounts payable and accrued liabilities and due to related parties.

For the years presented, the Company did not have any derivative financial assets and liabilities.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Newly adopted standards, interpretations and amendments

There were no new or amended standards that became effective for the Company's August 31, 2018 reporting period that had a significant effect on the financial statements.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2018, and have not been applied in preparing these financial statements.

Effective for annual periods beginning on or after January 1, 2018

IFRS 9, *Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. The adoption of this standard is not expected to have a material effect on the financial statements, other than disclosure.

Effective for annual periods beginning on or after January 1, 2019

IFRS 16, *Leases*

IFRS 16 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 is effective for annual period beginning on or on after January 1, 2019. The extent of the impact of adoption has not yet been determined.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash is determined using level 1 of the fair value hierarchy. The carrying values of receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the expected maturity of these financial instruments.

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company manages credit risk, in respect of cash, by placing its cash with a major Canadian financial institution in accordance with the Company's investment policy. In regards to the receivables, the Company has a significant estimate of an amount due from governmental agencies.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is considered minimal.

The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial instrument risk exposure and risk management (cont'd...)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

Liabilities at August 31, 2018, together with their expected payment were as follows:

	0 to 3 months	3 to 6 months	6 to 12 months	> 12 months	Total
Accounts payable and accrued liabilities	\$ 41,199	\$ 20,000	\$ -	\$ -	\$ 61,199

Liabilities at August 31, 2017, together with their expected payment were as follows:

	0 to 3 months	3 to 6 months	6 to 12 months	> 12 months	Total
Accounts payable and accrued liabilities	\$ 94,257	\$ 20,000	\$ -	\$ -	\$ 114,257

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and commodity price risk.

i. Interest rate risk

The Company has cash balances which earn interest subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade demand deposit certificates issued by its banking institutions. Management believes that interest rate risk is remote. A 1% change in the interest rate would have no significant impact on interest income reported at August 31, 2018.

ii. Foreign currency risk

The Company is not exposed to foreign currency risk as all monetary assets and liabilities are denominated in Canadian currency.

OPUS ONE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2018 AND 2017

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

(c) Market risk (cont'd)

iii. Commodity price risk

Commodity price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company actively monitors commodity price changes and stock market prices to determine the appropriate course of action to be taken by the Company.

4. RECEIVABLES

Receivables consist of:

	August 31, 2018	August 31, 2017
Input tax credits receivable	\$ 92,400	\$ 157,955
Refundable mining tax credits receivable	<u>322,900</u>	<u>294,507</u>
	<u>\$ 415,300</u>	<u>\$ 452,462</u>

OPUS ONE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2018 AND 2017

5. EXPLORATION AND EVALUATION ASSETS

The Company incurred property acquisition and deferred exploration costs, which are included in exploration and evaluation assets, as follows:

	Vezza North	Vezza Extension	Bachelor Extension	WinWin	Grizzly	Fecteau	Courville	Total
Balance, August 31, 2017	\$ 546,593	\$ 459,100	\$ 273,557	\$ 251,552	214,765	\$ 163,175	\$ 1,604	\$ 1,910,346
Deferred exploration costs:								
Drilling	-	-	-	400	-	208,046	-	208,446
Geophysical	-	-	-	-	-	21,788	-	21,788
Geological	-	1,170	3,763	46,460	43,852	102,654	213	198,110
General field expense	-	-	-	24,751	22,109	58,446	195	105,502
Claim management	2,056	4,019	795	3,551	6,543	9,394	-	26,357
Total expenditures	2,056	5,189	4,557	75,162	72,503	400,327	408	560,202
Refundable tax credits	248	1,242	(4,590)	(15,785)	(1,941)	(57,434)	(25)	(78,285)
Balance, August 31, 2018	\$ 548,897	\$ 465,531	\$ 273,525	\$ 310,929	\$ 285,327	\$ 506,068	\$ 1,987	\$ 2,392,263

OPUS ONE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2018 AND 2017

5. EXPLORATION AND EVALUATION ASSETS

The Company incurred property acquisition and deferred exploration costs, which are included in exploration and evaluation assets, as follows:

	Vezza North	Vezza Extension	Bachelor Extension	WinWin	Grizzly	Fecteau	Courville	Total
Balance, August 31, 2016	\$ 457,728	\$ 398,540	\$ 209,924	\$ 39,427	\$ 34,426	\$ 39,367	\$ 658	\$ 1,180,070
Deferred exploration costs:								
Drilling	97,934	64,605	51,549	114,169	-	-	-	328,257
Geophysical	-	-	-	41,059	76,482	39,259	-	156,800
Geological	8,755	7,049	10,314	23,780	54,396	41,226	-	145,520
General field expense	20,218	13,500	26,453	28,558	55,127	37,968	-	181,824
Claim management	4,166	3,144	2,209	1,558	10,066	4,886	946	26,975
	131,073	88,298	90,525	209,124	196,071	123,339	946	839,376
Acquisition costs								
Cash	-	-	-	60,000	40,000	31,855	-	131,855
	-	-	-	60,000	40,000	31,855	-	131,855
Total expenditures	131,073	88,298	90,525	269,124	236,071	155,194	946	971,231
Refundable tax credits	(42,208)	(27,738)	(26,892)	(56,999)	(55,732)	(31,386)	-	(240,955)
Balance, August 31, 2017	\$ 546,593	\$ 459,100	\$ 273,557	\$ 251,552	214,765	\$ 163,175	\$ 1,604	\$ 1,910,346

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Chibougamau Projects

On June 20, 2016, the Company entered into three separate option agreements (the “Agreements”) with various Quebec based prospectors all dealing at arm’s length with the Company.

The claims are located in the Chibougamau-Chapais and Urban-Barry mining camps.

Under the terms of the Agreements, Opus has the option to acquire 100% interest in each property on the following terms and conditions:

WinWin

Cash payments over a 4-year period totalling \$500,000 (paid \$95,000), and incurring exploration expenditures totalling \$2,000,000 over a 4-year period (incurred \$284,286).

Grizzly

Cash payments over a 4-year period totalling \$400,000 (paid \$70,000), and incurring exploration expenditures totalling \$1,500,000 over a 4-year period (incurred \$268,574).

Fecteau

Cash payments over a 4-year period totalling \$355,000 (paid \$55,000), and incurring exploration expenditures totalling \$1,200,000 over a 4-year period (incurred \$538,674).

Each property is subject to a 2% net smelter royalty (“NSR”) of which 1% can be repurchased for a one-time cash payment of \$1,000,000 per property. The Agreements provided for cash payments totaling \$185,000 due June 10, 2018 which the Company has not completed. Negotiations with the optionors is ongoing in an effort to restore the Company’s compliance under the Agreements.

Courville

Pursuant to an option agreement dated April 30, 2005, the Company acquired a 100% interest in certain mineral claims in Courville Township, Quebec (the “Courville Property”), from a company controlled by common management. To acquire the interest, the Company issued to the vendor 1,000,000 common shares at a value of \$180,000 and was required to incur \$73,000 of expenditures (incurred by Wealth Minerals Ltd. (“Wealth”). The vendor will retain a 1.5% NSR.

On December 14, 2007, the Company entered into an option agreement with Wealth pursuant to which the Company granted Wealth the option to acquire up to an undivided 20% interest in the Courville Property by incurring expenditures on the property totaling \$375,000 by December 30, 2008 (additional 10% option not exercised). Wealth has earned a 10% interest in the property. The Company will retain a 1.5% NSR.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Northern Abitibi Projects (Casa Cameron)

Original option

Pursuant to an option agreement dated December 12, 2013 and superseded by a purchase agreement with a company with a former director in common, Probe Metals Inc. (“Probe”), the Company agreed to purchase three of the Casa-Cameron properties located in the Abitibi Greenstone Belt, Quebec (the “Properties”), being Vezza North, Vezza Extension and Bachelor Extension, in exchange for the issuance of a total 3,000,000 common shares valued at \$390,000 and payments of \$275,000 (paid).

The Properties are subject to a 2% NSR to Probe, 1% of which may be bought back by the Company for \$1,000,000, the assumption of certain existing royalty obligations and an agreement to pay \$1,000,000 to Probe for any of the Properties for which a pre-feasibility study is prepared and filed, payable in cash or shares at the discretion of the Company.

Refundable taxes

At August 31, 2018, the Company has estimated that \$322,900 (August 31, 2017 - \$294,507) of refundable mining tax credits were receivable from the province of Quebec based on exploration expenditures incurred.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2018	August 31, 2017
Accrued payable, trade	\$ 38,599	\$ 94,257
Accrued liabilities	<u>22,600</u>	<u>20,000</u>
	<u>\$ 61,199</u>	<u>\$ 114,257</u>

7. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value. All issued shares are fully paid.

2017 Transactions

On September 20, 2016, the Company completed a non-brokered private placement financing of 9,130,000 units at a price of \$0.10 per unit for gross proceeds of \$913,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.15 until March 19, 2018.

On June 22, 2017, the Company completed the first closing of a unit and flow-through share non-brokered private placement for total gross proceeds of \$1,167,200. The Company issued 7,200,000 units at a price of \$0.10 per unit (\$720,000) and 3,440,000 flow-through common shares at a price of \$0.13 per flow-through share (\$447,200). Each unit consisted of one common share of the Company and one common share purchase warrant, each warrant entitling the purchaser to acquire one additional common share of the Company at a price of \$0.15 per share until December 21, 2018.

The Company paid total finders' fees of \$28,160 in cash and issued 224,000 non-transferable share purchase warrants, each warrant entitling the holder thereof to purchase one common share of the Company at a price of \$0.10 per share until December 21, 2018.

On August 3, 2017, the Company completed the second and final closing 2,800,000 units at a price of \$0.10 per unit (\$280,000) and 275,000 flow-through common shares at a price of \$0.13 per share (\$35,750). Each unit consisted of one common share of the Company and one common share purchase warrant, each warrant entitling the purchaser to acquire one additional common share of the Company at a price of \$0.15 per share until February 3, 2019.

The Company paid with the final closing finders' fees of \$20,880 in cash and issued 204,000 non-transferable share purchase warrants, each warrant entitling the holder thereof to purchase one common share of the Company at a price of \$0.10 per share until February 3, 2019.

A flow through liability of \$111,450 was recorded on the above financings based on the premium paid for these shares. During fiscal 2017 related expenditures reduced the liability by \$22,756.

2018 transactions

There were no share issuances during fiscal 2018. During the year, flow through expenditures reduced the flow through liability by \$88,694.

8. SHARE-BASED PAYMENTS RESERVE

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The number of common shares which may be reserved under the stock option plan is limited to 10% of the aggregate number of common shares of the Company issued and outstanding at the time of the grant of the options.

8. SHARE-BASED PAYMENTS RESERVE (cont'd...)

Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest in accordance with TSX Venture Exchange policies.

Share-based compensation

At August 31, 2018, the Company had outstanding share purchase options as follows:

	Number of Options	Exercise Price	Expiry Date	Weighted Average Contractual Life Remaining
Granted February 14, 2014	375,000	\$ 0.30	February 14, 2019	0.46 years
Granted November 28, 2014	100,000	\$ 0.22	November 28, 2019	1.24 years
Granted June 29, 2016	300,000	\$ 0.20	June 29, 2021	2.83 years
Granted December 18, 2017	400,000	\$ 0.10	December 18, 2022	4.30 years
Balance, August 31, 2018	1,175,000			2.44 years

At August 31, 2017, the Company had outstanding share purchase options as follows:

	Number of Options	Exercise Price	Expiry Date	Weighted Average Contractual Life Remaining
Granted February 22, 2008	660,000	\$ 0.15	February 22, 2018	0.48 years
Granted February 14, 2014	375,000	\$ 0.30	February 14, 2019	1.46 years
Granted November 28, 2014	100,000	\$ 0.22	November 28, 2019	2.24 years
Granted June 29, 2016	300,000	\$ 0.20	June 29, 2021	3.83 years
Balance, August 31, 2017	1,435,000			1.56 years

Share purchase option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise price
Balance, August 31, 2016	1,535,000	\$ 0.21
Options expired	(100,000)	\$ 0.27
Balance, August 31, 2017	1,435,000	\$ 0.20
Options expired	(660,000)	\$ 0.15
Options granted	400,000	\$ 0.10
Balance, August 31, 2018	1,175,000	\$ 0.20
Number of options currently exercisable	1,175,000	\$ 0.20

OPUS ONE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2018 AND 2017

8. SHARE-BASED PAYMENTS RESERVE (cont'd...)

During the year ended August 31, 2018, the Company recognized \$33,334 (2017 - \$Nil) in share-based payments for the fair value of the vesting portion of the stock options that were granted. The fair value of options granted was estimated at the date of grant using the Black-Scholes option pricing model based on the following weighted average assumptions:

For the year ended	August 31, 2018	August 31, 2017
Risk free interest rate	1.7%	-
Expected life of options	5 years	-
Annualized volatility	160.19%	-
Dividend yield	0.0%	-
Exercise price	\$ 0.10	-
Fair value per option	\$0.083	-

9. WARRANTS

As of August 31, 2018, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Contractual Life Remaining
9,130,000	\$ 0.15	March 19, 2020	1.55 years
7,200,000	\$ 0.15	December 21, 2018 (note 16)	0.31 years
224,000	\$ 0.10	December 21, 2018	0.31 years
2,800,000	\$ 0.15	February 3, 2019 (note 16)	0.43 years
204,000	\$ 0.10	February 3, 2019	0.43 years
19,558,000	\$0.15		0.91 years

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average price
Balance, August 31, 2016	-	\$ -
Warrants issued	19,558,000	0.15
Balance, August 31, 2018 and 2017	19,558,000	\$ 0.15

OPUS ONE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2018 AND 2017

9. WARRANTS (cont'd...)

During the year ended August 31, 2018, the Company granted Nil (2017 – 428,000) finders' warrants with a fair value of \$Nil (2017 - \$28,987). The fair value of warrants granted was estimated at the date of grant using the Black-Scholes option pricing model based on the following weighted average assumptions:

For the year ended	August 31, 2018	August 31, 2017
Risk free interest rate	-	0.75%
Expected life of options	-	1.5 years
Annualized volatility	-	130.45%
Dividend yield	-	0%
Exercise price	-	\$0.10
Fair value per warrant		\$0.068

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

Management compensation

The Company defines key management as its directors and officers. Key management personnel compensation comprised:

Years ended August 31:	2018	2017
Consulting fees (expensed and capitalized) paid to directors and officers	\$ 255,306	\$ 171,090
Professional fees	-	10,000
As at period end:		
Due to related parties	118,304	37,293

Amounts due to related parties are owed to directors and officers and/or to companies controlled by them, are non-interest bearing, unsecured, with no specific terms of repayment.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Years ended August 31:	2018	2017
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	-	-
Non-cash transactions:		
Finders' warrants	-	28,987
Flow through premium allocation	-	111,450
Accrued refundable mining tax credits, net of adjustments	78,285	240,955
Exploration and evaluation assets in accounts payable	34,456	50,846

OPUS ONE RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2018 AND 2017

12. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

For the year ended	August 31, 2018	August 31, 2017
Accounting loss before income taxes	\$ (363,945)	\$ (253,051)
Combined federal and provincial statutory income tax rate	27%	27%
Income tax recovery at the statutory rate	\$ (97,000)	\$ (68,000)
Permanent differences	(15,000)	6,000
Impact of future income tax rates applied versus current statutory rate and other	(8,000)	(24,000)
Impact of flow-through share	124,000	27,000
Share issue cost	(6,000)	(65,000)
Change in unrecognized temporary differences	2,000	124,000
Total	\$ -	\$ -

Significant components of deferred tax assets that have not been set up are as follows:

	August 31, 2018	August 31, 2017
Share issuance costs	\$ 44,000	\$ 52,000
Allowable capital losses	115,000	117,000
Non-capital losses	800,000	672,000
Exploration and evaluation assets	<u>1,555,000</u>	<u>1,671,000</u>
Total unrecognized deferred tax assets	\$ 2,514,000	\$ 2,512,000

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statements of financial position are as follows:

	August 31, 2018	August 31, 2017
	Expiry dates	Expiry dates
Share issuance costs	\$ 165,000 2038 to 2041	\$ 195,000 2037 - 2040
Allowable capital losses	433,000 Not applicable	433,000 Not applicable
Non-capital losses	3,017,000 2026 to 2038	2,499,000 2026 to 2036
Exploration & evaluation assets	5,856,000 Not applicable	6,200,000 Not applicable
ITC	5,000 2028 to 2030	5,000 2028 to 2030

Tax attributes are subject to review, and potential adjustment by tax authorities.

13. CAPITAL RISK MANAGEMENT

The Company manages common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

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 currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended August 31, 2018. The Company is not subject to externally imposed capital requirements.

14. SEGMENTED INFORMATION

The Company operates in Canada in one business segment being the acquisition and exploration of exploration and evaluation assets.

15. BASIC AND DILUTIVE LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended August 31, 2018, is based on the loss attributed to the common shareholders of \$363,945 (2017 - \$253,051) and a weighted average number of common shares outstanding of 63,354,373 (2017 – 49,114,207).

Diluted loss per share did not include the effect of 1,175,000 (2017 – 1,435,000) share purchase options or 19,558,000 share purchase warrants as they are anti-dilutive.

16. SUBSEQUENT EVENT

In November, 2018 the Company extended the expiry dates of a total of 10,000,000 common share purchase warrants issued under a non-brokered private placement completed by the Company in August 2017.

A total of 7,200,000 warrants issued on June 21, 2017 and 2,800,000 warrants issued on August 3, 2017, exercisable for common shares of the Company at a price of \$0.15 per common share, set to expire on December 21, 2018 and February 3, 2019, respectively, were extended by an additional 24 months, thereby expiring on December 21, 2020 and February 3, 2021, respectively.