



ONE WORLD  
MINERALS

# One World Minerals Inc.

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(Formerly One World Investments Inc.)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017**

**In Canadian Dollars**

**(Unaudited – Prepared by Management)**

#### **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of One World Minerals Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Canadian Institute of Professional Accountants for a review of interim financial statements by an entity's auditor.

**ONE WORLD MINERALS INC.**  
**(formerly One World Investments Inc.)**  
Condensed Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

|  | Note | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) |
|--|------|------------------------|---------------------------|
| <b>Assets</b>                                  |      |                        |                           |
| <b>Current Assets</b>                          |      |                        |                           |
| Cash   |      | 52                     | 1,362                     |
| Prepaid expenses                               |      | -                      | 7,518                     |
| Receivables                                    |      | 133,273                | -                         |
|  |      | <u>133,325</u>         | <u>8,880</u>              |
| <b>Non - Current Assets</b>                    |      |                        |                           |
| Exploration and evaluation assets              | 5    | 562,740                | 25,000                    |
| Exploration and evaluation assets advance      | 5    | 21,543                 | -                         |
|  |      | <u>717,608</u>         | <u>33,880</u>             |
| <b>Liabilities &amp; Shareholders' Deficit</b> |      |                        |                           |
| <b>Current Liabilities</b>                     |      |                        |                           |
| Accounts payable and accrued liabilities       | 6    | 541,498                | 638,705                   |
| Loans payable                                  | 7    | -                      | 886,035                   |
| Promissory notes payable                       | 8    | -                      | 610,693                   |
|  |      | <u>541,498</u>         | <u>2,135,433</u>          |
| <b>Long -Term Liabilities</b>                  |      |                        |                           |
| Credit facility                                | 9    | 81,878                 | -                         |
|  |      | <u>81,878</u>          | <u>-</u>                  |
| <b>Shareholders' Deficit</b>                   |      |                        |                           |
| Share capital                                  | 10   | 10,765,994             | 8,430,700                 |
| Share-based payments reserve                   | 10   | 201,055                | 10,340                    |
| Reserve- warrants                              | 10   | 19,606                 | -                         |
| Deficit  |      | (10,892,423)           | (10,542,593)              |
|  |      | <u>94,232</u>          | <u>(2,101,553)</u>        |
|  |      | <u>717,608</u>         | <u>33,880</u>             |

The accompanying notes are an integral part of the financial statements  
Nature of operations and going concern (Note 1)  
Subsequent events (Note 12)

Approved on behalf of the Board by:

"Douglas Fulcher"  
Douglas Fulcher, Director

"Alan Williams"  
Alan Williams, Director

**ONE WORLD MINERALS INC.****(formerly One World Investments Inc.)**

## Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

|  | Note  | Three months ended March 31 |                  |
|--|-------|-----------------------------|------------------|
|  |       | 2017                        | 2016             |
|  |       | (\$)                        | (\$)             |
| <b>EXPENSES</b>  |       |                             |                  |
| Consulting fees  |       | 59,340                      | -                |
| Foreign exchange loss (gain)                                 |       | -                           | 37,582           |
| Interest and financing costs                                 | 7,8,9 | 3,839                       | 22,654           |
| Investor relations   |       | 3,000                       | -                |
| Legal  |       | 26,246                      | -                |
| Management and director fees                                 | 11    | 15,000                      | 15,000           |
| Office, rent and phone                                       |       | 15,509                      | 5,605            |
| Professional fees  |       | 24,225                      | 18,083           |
| Share based payments   | 10c   | 190,715                     | -                |
| Transfer agent and filing fees                               |       | 11,956                      | 1,879            |
|  |       | 349,830                     | 100,804          |
| <b>Net Loss and Comprehensive Loss</b>                       |       | <b>(349,830)</b>            | <b>(100,804)</b> |
| <b>Basic and Diluted Loss per Common Share</b>               |       | <b>(0.02)</b>               | <b>(0.02)</b>    |
| <b>Weighted Average Number of Shares Outstanding (units)</b> |       | <b>21,487,530</b>           | <b>5,055,506</b> |

The accompanying notes are an integral part of the financial statements

**ONE WORLD MINERALS INC.**  
**(formerly One World Investments Inc.)**

Condensed Interim Statements of Changes in Shareholders' Deficit  
(Unaudited - Expressed in Canadian Dollars)

|  | Share Capital     |                   | Warrants<br>(\$) | Share-based<br>payments<br>reserve<br>(\$) | Deficit<br>(\$)     | Total shareholders'<br>deficit<br>(\$) |
|--|-------------------|-------------------|------------------|--|---------------------|--|
|  | Shares<br>(#)     | Amount<br>(\$)    |                  |  |                     |  |
| <b>Balance - December 31, 2015</b>         | <b>5,055,506</b>  | <b>8,430,700</b>  | -                | <b>10,340</b>                              | <b>(10,208,901)</b> | <b>(1,767,861)</b>                     |
| Net loss for the period                    | -                 | -                 | -                | -  | (100,804)           | (100,804)                              |
| <b>Balance - March 31, 2016</b>            | <b>5,055,506</b>  | <b>8,430,700</b>  | -                | <b>10,340</b>                              | <b>(10,309,705)</b> | <b>(1,868,665)</b>                     |
| Net loss for the period                    | -                 | -                 | -                | -  | (232,888)           | (232,888)                              |
| <b>Balance - December 31, 2016</b>         | <b>5,055,506</b>  | <b>8,430,700</b>  | -                | <b>10,340</b>                              | <b>(10,542,593)</b> | <b>(2,101,554)</b>                     |
| Common shares issued for debt              | 32,376,737        | 1,618,837         | -                | -  | -                   | 1,618,837                              |
| Common shares issued for option assignment | 5,000,000         | 200,000           | -                | -  | -                   | 200,000                                |
| Convertible debentures                     | 10,329,140        | 516,457           | -                | -  | -                   | 516,457                                |
| Warrants                                   | -                 | -                 | 19,606           | -  | -                   | 19,606                                 |
| Share based payments                       | -                 | -                 | -                | 190,715                                    | -                   | 190,715                                |
| Net loss for the period                    | -                 | -                 | -                | -  | (349,830)           | (349,830)                              |
| <b>Balance - March 31, 2017</b>            | <b>52,761,383</b> | <b>10,765,994</b> | <b>19,606</b>    | <b>201,055</b>                             | <b>(10,892,423)</b> | <b>94,232</b>                          |

The accompanying notes are an integral part of the financial statements

**ONE WORLD MINERALS INC.**  
**(formerly One World Investments Inc.)**  
Condensed Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian Dollars)

|  | Three months ended March 31 |                 |
|--|-----------------------------|-----------------|
|  | 2017                        | 2016            |
|  | (\$)                        | (\$)            |
| <b>OPERATING ACTIVITIES</b>                              |                             |                 |
| Net loss for the period                                  | (349,830)                   | (100,804)       |
| <b>Items not affecting cash:</b>                         |                             |                 |
| Interest and financing costs                             | 1,484                       | -               |
| Share based payments                                     | 190,715                     | -               |
| <b>Changes in non-cash working capital:</b>              |                             |                 |
| Receivables  | (133,273)                   | -               |
| Prepaid expenses   | 7,518                       | -               |
| Accounts payable and accrued liabilities                 | (97,207)                    | 33,081          |
|  | <u>(380,593)</u>            | <u>(67,723)</u> |
| <b>INVESTING ACTIVITY</b>                                |                             |                 |
| Exploration and evaluation expenditures                  | (337,740)                   | -               |
| Exploration and evaluation expenditures advance          | (21,543)                    | -               |
|  | <u>(359,283)</u>            | <u>-</u>        |
| <b>FINANCING ACTIVITIES</b>                              |                             |                 |
| Advances from related parties                            | -                           | 5,775           |
| Convertible debentures                                   | 516,457                     | -               |
| Loans payable  | (886,035)                   | 23,453          |
| Long-term loan   | 100,000                     | -               |
| Promissory notes payable                                 | (610,693)                   | 43,652          |
| Shares issued for debt                                   | 1,618,837                   | -               |
|  | <u>738,566</u>              | <u>72,880</u>   |
| <b>Increase (decrease) in cash for the period</b>        | (1,310)                     | 5,157           |
| <b>Cash - beginning of the period</b>                    | 1,362                       | 647             |
| <b>Cash - end of period</b>                              | <u>52</u>                   | <u>5,804</u>    |
| <b>Supplemental disclosures</b>                          |                             |                 |
| Fair value of warrants issued for credit facility        | 19,606                      | -               |
| Fair value of common shares issued for option assignment | 200,000                     | -               |

The accompanying notes are an integral part of the financial statements

# ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE THREE MONTHS ENDED MARCH 31, 2017

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

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#### 1. Nature of operations and going concern

One World Minerals Inc. (the "Company"), formerly One World Investments Inc. was incorporated under the laws of the province of British Columbia on November 9, 1982 and is engaged in the acquisition and exploration of exploration and evaluation assets. The Company's head office and records offices are located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. On February 28, 2017, the Company voluntarily delisted its common shares from the NEX Board of the TSX Venture Exchange ("Exchange"). One World Minerals Inc. began trading on the Canadian Securities Exchange ("CSE") at market open under the trading symbol OWM.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and discharge liabilities at their carrying values in the ordinary course of operations for the foreseeable future rather than through the process of forced liquidation. The condensed interim financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, as well as the successful results from exploration activities, and its ability to attain profitable operations and generate funds therefrom, and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities, it is uncertain whether it will be successful in doing so in the future. Management continues to actively pursue the necessary capital and financing to meet its funding requirements and has implemented available cost control measures.

#### 2. Basis of presentation, statement of compliance

##### *Statement of Compliance*

These condensed interim financial statements, including comparatives, 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 condensed interim financial statements, including IAS 34, Interim Financial Reporting and interpretations of the IFRS Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

These condensed interim financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's most recent annual financial statements as at and for the year ended December 31, 2016. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in notes of these condensed interim financial statements.

These condensed interim financial statements were authorized for issue by the Board of Directors on May 30, 2017.

# ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE THREE MONTHS ENDED MARCH 31, 2017

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

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#### Use of estimates, assumptions and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that the judgment, assumptions and estimates made are reasonable, actual results could differ from those estimates, and could impact future results of comprehensive income and cash flows. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Management of the Company assesses the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

#### Adoption of new IFRS pronouncements

The Company has adopted the following new standard, along with any consequential amendments, prior to or effective January 1, 2017. These changes were made in accordance with the applicable transitional provisions, and did not impact the Company's condensed interim financial statements.

- IAS 7, "Statement of Cash Flows" (amended standard): is effective for annual periods beginning on or after January 1, 2017,
- IAS 12, "Income Taxes" (amended standard): is effective for annual periods beginning on or after January 1, 2017.

#### Accounting Standards Issued but not yet in Effect

- IFRS 2, "Share-based payment" (amended standard) is effective for annual periods beginning on or after January 1, 2018.
- IFRS 9, "Financial Instruments: Classification and Measurement": is effective for annual periods beginning on or after January 1, 2018.
- IFRS 15, "Revenue from Contracts and Customers": the effective date of adoption has been deferred to January 1, 2018 (with earlier application permitted).
- IFRS 16, "Leases": is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations of the Company.

### **3. Financial instruments**

The Company has classified its cash as Fair Value Through Profit and Loss ("FVTPL") (using level 1 of the fair value hierarchy); prepaid expenses and receivables and accounts payable and accrued liabilities, loans payable, promissory notes payables, due to related parties, convertible debentures and the credit facility as other financial liabilities.



# ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE THREE MONTHS ENDED MARCH 31, 2017

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

The carrying values of cash, prepaid expenses and receivables, and accounts payable and accrued liabilities, loans payable, promissory notes payables and due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

The Company's financial instruments as at March 31, 2017 and December 31, 2016 are as follows:

|  | March 31, 2017 | December 31, 2016 |
|--|----------------|-------------------|
|  | (\$)           | (\$)              |
| <b>Financial Assets</b>                  |                |                   |
| Cash                                     | 52             | 647               |
| Prepaid expenses                         | -              | -                 |
|  | <b>52</b>      | <b>647</b>        |
| <b>Financial liabilities</b>             |                |                   |
| Accounts payable and accrued liabilities | 541,498        | 467,252           |
| Loans payable                            | -              | 435,275           |
| Promissory notes payable                 | -              | 579,083           |
| Due to a former related party            | -              | 286,898           |
| Long term liabilities                    |                |                   |
| Credit facility                          | 81,878         | -                 |
|  | <b>623,376</b> | <b>1,768,508</b>  |

#### 4. Financial risk management

##### (a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash. The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

##### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk as it relates to its accounts payable and loans payable.

##### (c) Market risk

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

##### (i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and

# ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE THREE MONTHS ENDED MARCH 31, 2017

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

## 5. Exploration and evaluation assets

### Acquisition of the Mogollon Project

On February 28, 2017, the Company entered into an assignment agreement (the "Assignment Agreement"), pursuant to which the Company was assigned all rights and obligations of an option agreement (the "Option Agreement") dated December 22, 2015, between SUI and a third party ("Third Party").

Under the terms of the Option Agreement, SUI has the option to acquire a 100% interest in the Mogollon silver-gold project located in New Mexico, US, by making staged annual payments totalling US\$1,000,000 to Third Party as follows:

| <u>On or before<br/>(Date)</u> | <u>Pay to Third Party<br/>(US\$)</u> |
|--------------------------------|--------------------------------------|
| January 31, 2016               | 50,000 (Paid by SUI)                 |
| December 31, 2016              | 200,000 (Paid by SUI)                |
| December 31, 2017              | 200,000                              |
| December 31, 2018              | 275,000                              |
| December 31, 2019              | 275,000                              |
|                                | <u>1,000,000</u>                     |

Pursuant to the Assignment Agreement, the Company is required to assume the remaining payments to the Third Party as follows:

**ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2017**

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

| <u>On or before<br/>(Date)</u> | <u>Pay to Third Party<br/>(US\$)</u> |
|--------------------------------|--------------------------------------|
| December 31, 2017              | 200,000                              |
| December 31, 2018              | 275,000                              |
| December 31, 2019              | 275,000                              |
|                                | <u>750,000</u>                       |

The Company is required to reimburse to SUI the amount of US\$200,000 paid by SUI to the Third Party on January 30, 2017, and in consideration for the assignment of the Option Agreement by SUI to the Company, make payments and issue common shares in the capital of the Company as follows:

| <u>On or before<br/>(Date)</u> | <u>Pay to SUI<br/>(CDN\$)</u> | <u>Issue to SUI<br/>(# of shares of OWM)</u> |
|--------------------------------|-------------------------------|--|
| February 28, 2017              | 25,000 (Paid)                 |  |
| February 28, 2017              | 75,000 (Paid) <sup>(1)</sup>  | 5,000,000 (Issued)                           |
| April 1, 2018                  | 200,000                       | 5,000,000                                    |
| April 1, 2019                  | -                             | 5,000,000                                    |
|                                | <u>300,000</u>                | <u>15,000,000</u>                            |

<sup>(1)</sup> SUI elected to convert the amount of \$75,000 into 1,500,000 shares in the capital of One World Minerals Inc. at February 28, 2017. The 5,000,000 shares were valued at \$200,000.

In addition, the Company has granted to SUI a 1% net smelter return royalty (“NSR”) upon commencement of commercial production.

The following table shows the activity by category of exploration expenditures for the periods ended March 31, 2017 and December 31, 2016:

|   | <u>March 31, 2017</u> | <u>December 31, 2016</u> |
|---|-----------------------|--------------------------|
| Balance at the beginning of the period  | \$ 25,000             | \$ -                     |
| Additions during the period:            |                       |                          |
| Acquisition costs                       | 537,740               | 25,000                   |
| <b>Balance at the end of the period</b> | <b>\$ 562,740</b>     | <b>\$ 25,000</b>         |

In connection with the Mogollon property, the Company, during the period ended March 31, 2017, advanced \$21,543 in respect of geological mapping and historical work compilation to be completed.

**Acquisition of the Rico Lito Property:**

On March 10 2017, the Company entered into a binding letter agreement with Lithium Investments Ltd. (“LIL”) to acquire all of the shares of LIL from the shareholders thereof (the “Transaction”), in consideration for the following:

**ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2017**

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

| <b>On or before<br/>(Date)</b>     | <b>Pay to LIL<br/>(CDN\$) (# of shares of OWM)</b> | <b>Pay to LIL</b> |
|------------------------------------|--|-------------------|
| Closing of Transaction ("Closing") | -  | 10,000,000        |
| 30 days after Closing              | 100,000  | -                 |
| 1st Anniversary of Closing         | 200,000  | 12,500,000        |
| 2nd Anniversary of Closing         | 300,000  | -                 |
| 3rd Anniversary of Closing         | 400,000  | -                 |
|                                    | <b>1,000,000</b>                                   | <b>22,500,000</b> |

The principal assets of LIL consist of the rights and interests under an option and joint venture agreement (the "Option Agreement") with third parties to acquire up to a 90% interest in the Rico Lito Property in Mexico (the "Rico Lito Property"). In order to earn an 80% interest in the Rico Lito Property, LIL is required to issue 1,600,000 shares and make payment of US\$250,000 to the vendors, and incur minimum expenditures on the Rico Lito Property of US\$900,000 prior to the end of 2017. LIL has the option to acquire an additional 10% interest in the Rico Lito Property, for a total interest of 90%, in consideration for making a payment of US\$5,000,000 upon delivery of a feasibility report on the Rico Lito Property. Should the underlying owners dilute below a 10% equity interest, a 3% NSR royalty replaces the 10% equity interest and LIL has an option to purchase one half of the NSR for US\$2,500,000. The Company will assume all share issuance obligations of LIL on closing of the Transaction.

**6. Accounts payable and accrued liabilities**

|                                  | <b>March 31, 2017</b> | <b>December 31, 2016</b> |
|----------------------------------|-----------------------|--------------------------|
|                                  | <b>(\$)</b>           | <b>(\$)</b>              |
| Accounts payable                 | 240,197               | 240,959                  |
| Accrued liabilities              | 28,700                | 142,500                  |
| Part XII.6 tax payable           | 197,511               | 195,156                  |
| Due to related parties (note 11) | 75,090                | 60,090                   |
|                                  | <b>541,498</b>        | <b>638,705</b>           |

# ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### FOR THE THREE MONTHS ENDED MARCH 31, 2017

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

#### 7. Loans Payable

|                                | Loan #1                |                           | Loan #2                |                           | Loan #3                |                           | Loan #4                |                           |
|--------------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
|                                | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) |
| Balance - beginning            | 118,000                | 108,400                   | 353,025                | 326,875                   | 50,000                 | -                         | 5,000                  | -                         |
| Additions                      | -                      | -                         | -                      | -                         | -                      | 50,000                    | -                      | 5,000                     |
| Interest                       | -                      | 9,600                     | -                      | 26,150                    | -                      | -                         | -                      | -                         |
| Transferred to shares for debt | (118,000)              | -                         | (353,025)              | -                         | (50,000)               | -                         | (5,000)                | -                         |
| <b>Balance - end</b>           | <b>-</b>               | <b>118,000</b>            | <b>-</b>               | <b>353,025</b>            | <b>-</b>               | <b>50,000</b>             | <b>5,000</b>           | <b>5,000</b>              |

  

|                                | Loan #5                |                           | Loan #6                |                           | Loan #7                |                           | Loan #8                |                           |
|--------------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
|                                | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) |
| Balance - beginning            | 5,000                  | -                         | 25,000                 | -                         | 1,800                  | -                         | 6,000                  | -                         |
| Additions                      | -                      | 5,000                     | -                      | 25,000                    | -                      | 1,800                     | -                      | 6,000                     |
| Interest                       | -                      | -                         | -                      | -                         | -                      | -                         | -                      | -                         |
| Transferred to shares for debt | (5,000)                | -                         | (25,000)               | -                         | (1,800)                | -                         | (6,000)                | -                         |
| <b>Balance - end</b>           | <b>-</b>               | <b>5,000</b>              | <b>-</b>               | <b>25,000</b>             | <b>-</b>               | <b>1,800</b>              | <b>-</b>               | <b>6,000</b>              |

  

|                                | Loan #9                |                           | Loan #10               |                           | Loan #11               |                           | Loan #12               |                           |
|--------------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
|                                | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) |
| Balance - beginning            | 1,500                  | -                         | 5,000                  | -                         | 5,000                  | -                         | 310,710                | -                         |
| Additions                      | -                      | 1,500                     | -                      | 5,000                     | -                      | 5,000                     | -                      | 310,710                   |
| Interest                       | -                      | -                         | -                      | -                         | -                      | -                         | -                      | -                         |
| Transferred to shares for debt | (1,500)                | -                         | (5,000)                | -                         | (5,000)                | -                         | (310,710)              | -                         |
| <b>Balance - end</b>           | <b>-</b>               | <b>1,500</b>              | <b>-</b>               | <b>5,000</b>              | <b>-</b>               | <b>5,000</b>              | <b>-</b>               | <b>310,710</b>            |

  

|                                | Total                  |                           |
|--------------------------------|------------------------|---------------------------|
|                                | March 31, 2017<br>(\$) | December 31, 2016<br>(\$) |
| Balance - beginning            | 886,035                | 435,275                   |
| Additions                      | -                      | 415,010                   |
| Interest                       | -                      | 35,750                    |
| Transferred to shares for debt | (886,035)              | -                         |
| <b>Balance - end</b>           | <b>-</b>               | <b>886,035</b>            |

- Loan #1: Matured on October 1, 2014, and bears interest at 12% per annum, calculated on a monthly basis. The loan was settled on February 28, 2017.
- Loan #2: Matured on December 31, 2014, and bears an effective interest rate of 8% per annum. The loan was settled on February 28, 2017.
- Loan #3: On April 11, 2016, the Company received \$50,000 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #4: On June 2, 2016, the Company received \$5,000 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #5: On June 16, 2016, the Company received \$5,000 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #6: On June 16, 2016, the Company received \$25,000 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #7: On August 29, 2016, the Company received \$1,800 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #8: On September 12, 2016, the Company received \$6,000 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #9: On September 29, 2016, the Company received \$1,500 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #10: On October 11, 2016, the Company received \$5,000 in respect of a loan. The loan was settled on February 28, 2017.
- Loan #11: On November 10, 2016, the Company received \$5,000 in respect of a loan. The loan was settled on February 28, 2017.

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Loan #12 During the year ended December 31, 2016, amounts owing to a formerly related party were transferred to an unrelated party. The loan was settled on February 28, 2017.

All of the loans ceased accruing interest on December 31, 2016.

## 8. Promissory notes payable

|                                | Promissory Note #1 |                   | Promissory Note #2 |                   | Promissory Note #3 |              | Promissory Note #4 |                   | Total          |                   |
|--------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------|--------------------|-------------------|----------------|-------------------|
|                                | March 31, 2017     | December 31, 2016 | March 31, 2017     | December 31, 2016 | December 31,       |              | March 31, 2017     | December 31, 2016 | March 31, 2017 | December 31, 2016 |
|                                | (\$)               | (\$)              | (\$)               | (\$)              | (\$)               | 2016<br>(\$) | (\$)               | (\$)              | (\$)           | (\$)              |
| Balance - beginning            | 579,149            | 550,228           | 17,852             | 16,348            | 11,677             | 10,674       | 2,015              | 1,833             | 610,693        | 579,083           |
| Additions                      | -                  | -                 | -                  | -                 | -                  | -            | -                  | -                 | -              | -                 |
| Interest                       | -                  | 31,983            | -                  | 1,504             | -                  | 1,003        | -                  | 182               | -              | 34,671            |
| Foreign exchange               | -                  | 3,062             | -                  | -                 | -                  | -            | -                  | -                 | -              | 3,062             |
| Transferred to shares for debt | (579,149)          | -                 | (17,852)           | -                 | (11,677)           | -            | (2,015)            | -                 | (610,693)      | -                 |
| Balance - end                  | -                  | 579,149           | -                  | 17,852            | -                  | 11,677       | -                  | 2,015             | -              | 610,693           |

Promissory Note #1: The note is unsecured, bears interest at 8% per annum on principal of US\$370,184 (CDN \$429,448) and matured on December 31, 2014. The promissory note was settled on February 28, 2017.

Promissory Note #2: Funds were received on February 5, 2015. The note is unsecured, bears interest at 10% per annum and matured on December 31, 2015. The promissory note was settled on February 28, 2017.

Promissory Note #3: Funds were received on April 28, 2015. The note is unsecured, bears interest at 10% per annum and matured on December 31, 2015. The promissory note was settled on February 28, 2017.

Promissory Note #4: Funds were received on November 9, 2015. The note is unsecured, bears interest at 10% per annum and matured on December 31, 2015. The promissory note was settled on February 28, 2017.

All of the promissory notes ceased accruing interest on December 31, 2016.

## 9. Credit facility

On February 22, 2017, the Company entered into a credit facility ("Credit Facility"), pursuant to which it can borrow from SUI an aggregate of up to \$250,000 in one or more tranches (each, a "Tranche"), at a rate of 8.0% per annum, with a maturity date for each Tranche of February 28, 2019. In consideration for the Credit Facility, the Company is also required to issue to SUI shares purchase warrants ("Warrants") allowing for the purchase of up to, in the aggregate, 1,250,000 shares, in proportion with each Tranche of the Credit Facility. Each Warrant allows for the purchase of one common share in the capital of the Company at \$0.20 per share for a period of 2 years from the date of the Tranche. On February 28, 2017, and under the terms of the Credit Facility, the Company borrowed \$100,000 from SUI, and issued Warrants allowing for the purchase of up to, in the aggregate, 500,000 common shares in the capital of the Company at \$0.20 per share until February 28, 2019. The warrants were valued at \$19,606 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 20.0%, expected life of 2 years, expected volatility of 127.26% and dividend yield of 0%. The value of the warrants will be allocated over the life of the credit facility.

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| Principal      | Value of        | Amortized  | Principal net of | Interest   | Total         |
|----------------|-----------------|------------|------------------|------------|---------------|
| (\$)           | warrants        | values of  | unamortized      | (\$)       | (\$)          |
|                | (\$)            | warrants   | value of         |            |               |
|                |                 | (\$)       | warrants         |            |               |
| 100,000        | (19,606)        | 817        | 81,211           | 667        | 81,878        |
| <b>100,000</b> | <b>(19,606)</b> | <b>817</b> | <b>81,211</b>    | <b>667</b> | <b>81,878</b> |

### 10. Share capital

#### a) Authorized

Unlimited common shares without par value.

On July 19, 2016, the Company announced it had applied for voluntary delisting of its common shares from the NEX, and is seeking a listing on the CSE. Delisting from the NEX was subject to receipt of approval from the NEX. The Company's proposed listing on the CSE was subject to satisfactory due diligence by the Company on the Property, the Company preparing a Technical Report on the Property in accordance with National Instrument 43-101. The delisting from NEX and the listing on CSE were approved on February 28, 2017.

#### b) Issued

During the three month period ended March 31, 2017 the Company issued the following:

- **Debt settlement:** The Company settled debt in the aggregate amount of \$1,618,837 with creditors of the Company, by way of issuance of an aggregate amount of 32,376,737 common shares in the capital of the Company (the "Debt Shares") at a fair value of \$0.05 per share. The Debt Shares are subject to hold periods and will be released in stages, as to 25% each on July 1, 2017, October 1, 2017, January 1, 2018 and April 1, 2018.
- **Convertible debentures:** The Company closed its previously announced non-brokered private placement of convertible debentures in the aggregate amount of \$516,457, by way of issuance, in the aggregate, of 10,329,140 common shares in the capital of the Company (the "Debenture Shares") at a price of \$0.05 share. The Debenture Shares are subject to hold periods and will be released in stages, as to 25% each on July 1, 2017, October 1, 2017, January 1, 2018 and April 1, 2018.
- **Option agreement:** In consideration for the assignment of the Option Agreement by SUI to the Company, The Company issued 5,000,000 common shares on February 28, 2017. SUI also elected to convert the payment amount of \$75,000 into 1,500,000 shares in the capital of One World Minerals Inc. on February 28, 2017 (Note 5). These shares are included in the common shares issued for debt. The shares issued under this option agreement are subject to a four (4) month one (1) day hold period from trading and will be released on July 01, 2017.

#### c) Stock options

On February 4, 2013, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants, which plan received regulatory approval in 2013. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is

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expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

On February 28, 2017, the company granted stock options allowing for the purchase of up to, in the aggregate, 1,700,000 shares, to directors, officers and consultants of One World Minerals. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 0.95%, expected life of five years, expected volatility of 232.71% and dividend yield of 0%. The total amount of share based payments expense, \$190,715 was recognized during the period ended March 31, 2017.

As at March 31, 2017, the Company had stock options outstanding to directors, officers and consultants for the purchase of up to, in the aggregate, 1,700,000 (December 31, 2016: Nil) common shares exercisable as follows:

| Number of stock options outstanding<br>(#) | Number of stock options exercisable<br>(#) | Exercise price<br>(\$) | Expiry date       |
|--|--|------------------------|-------------------|
| 1,700,000                                  | 1,700,000                                  | 0.05                   | February 28, 2022 |

The weighted average remaining contractual life of the stock options outstanding as at March 31, 2017 is 4.92 years (December 31, 2016: Nil).

A summary of the stock options outstanding at March 31, 2017 and December 31, 2016, and changes during the period then ended are as follows:

|                               | Number of options<br>(#) | Weighted average exercise price<br>(\$) |
|-------------------------------|--------------------------|---|
| Outstanding December 31, 2016 | -                        | -                                       |
| Granted                       | 1,700,000                | 0.05                                    |
| Outstanding March 31, 2017    | 1,700,000                | 0.05                                    |

Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

#### d) Warrants

During the period ended March 31, 2017, the Company, in connection with the Credit Facility (Note 9), issued 500,000 warrants, with each warrant entitling the holder to purchase one common share at a price of \$0.20 per share until on February 28, 2019. The warrants were valued at \$19,606 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 20.0%, expected life of 2 years, expected volatility of 127.26% and dividend yield of 0%.

A summary of the status of the warrants as at March 31, 2017 follows:

|   | Number of Warrants | Weighted Exercise Price | Expiry Date       |
|---|--------------------|-------------------------|-------------------|
| Outstanding and Exercisable December 31, 2016     | -                  |                         |                   |
| Issued  | 500,000            | \$0.20                  | February 28, 2019 |
| <b>Outstanding and Exercisable March 31, 2017</b> | <b>500,000</b>     | <b>\$0.20</b>           |                   |



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#### 11. Related party transactions

Compensation of key management personnel

Key management personnel consist of Directors and Executive Officers (“Officers”) of the Company. Fees incurred for services by key management personnel during the periods ended March 31, 2017 and 2016 were as follows:

| Services          | Party  | March 31, 2017 | March 31, 2016 |
|-------------------|--|----------------|----------------|
| Professional Fees | a company owned by an officer of the Company | 15,000         | 15,090         |

The following amounts were owed to related parties as at March 31, 2017 and December 31, 2016, and are included in accounts payable and accrued liabilities have no fixed terms of repayment, non-interest bearing and unsecured:

| Party  | March 31, 2017 | December 31, 2016 |
|--|----------------|-------------------|
|  | (\$)           | (\$)              |
| Venturex Consulting, a company owned by Jeannine Webb the CFO and Corporate Secretary of the Company | 75,090         | 60,090            |
|  | \$ 75,090      | \$ 60,090         |

#### 12. Subsequent events

- On April 4, 2017, The Company granted stock options to consultants allowing for the acquisition of up to, in the aggregate, 600,000 common shares in the capital of the Company at \$0.40 per share until April 4, 2018.
- On April 7, 2017, the Company announced it has arranged a non-brokered private placement (the “Placement”) of up to 2,500,000 units at \$0.40 each for gross proceeds of up to \$1000,000, comprising one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, with each full warrant entitling the holder to purchase one additional common share at a price of \$0.60 per share, for a period of 12 months from the closing of the Offering. On May 12, 2017, the Company announced that the Placement was being replaced by a non-brokered private placement of unsecured convertible notes (the “Convertible Notes”) of up to, in the aggregate, \$1,500,000 (the “Offering”). The principal amount of the Note will accrue interest at 18% per annum, and any accrued but unpaid interest, will mature on the date that is one year following the Closing Date (the “Maturity Date”). The principal amount and any accrued but unpaid interest thereon may be convertible prior to the date of Maturity at the option of the Subscriber into units of the Issuer (each, a “Unit”) at a price of \$0.40 per Unit. Each Unit is comprised of one common share in the capital of the Company (each, a “Share”) and one non-transferable common share purchase warrant (each, a “Warrant”). Each Warrant will entitle the holder thereof to acquire one additional Share (each a “Warrant Share”), at a price of \$0.60 per Warrant Share. The Company may pay a finder’s fee on the Offering, and the closing of the Offering is subject to regulatory approval.