



ONE WORLD  
MINERALS

## ONE WORLD MINERALS INC.

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(Formerly One World Investments Inc.)

### FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Canadian Dollars)



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## Independent Auditor's Report

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### To the Shareholders of One World Minerals Inc.

We have audited the accompanying consolidated financial statements of One World Minerals Inc. (formerly One World Investments Inc.) which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated 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 Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the financial position of One World Minerals Inc. (formerly One World Investments Inc.) as at December 31, 2017 and December 31, 2016 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 consolidated financial statements, which indicates that the Company has incurred operating losses since inception and has an accumulated deficit of \$12,828,029 as at December 31, 2017. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants  
Vancouver, British Columbia  
June 14, 2018

**ONE WORLD MINERALS INC.**  
**(formerly One World Investments Inc.)**  
Consolidated Statement of Financial Position  
(Expressed in Canadian Dollars)

	Note	As at December 31, 2017 (\$)	As at December 31, 2016 (\$)
<b>Assets</b>			
<b>Current Assets</b>			
Cash		46,409	1,362
Prepaid expenses		-	7,518
Receivables		9,464	-
		<u>55,873</u>	<u>8,880</u>
<b>Non - Current Assets</b>			
Exploration and evaluation assets	5	2,810,664	25,000
Exploration and evaluation assets advance	5	264,703	-
		<u>3,131,240</u>	<u>33,880</u>
<b>Liabilities &amp; Shareholders' Equity (Deficit)</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	6	775,005	638,705
Loans payable	7	56,425	886,035
Share subscriptions	10	668,200	-
Promissory notes payable	8	-	610,693
		<u>1,499,630</u>	<u>2,135,433</u>
<b>Long -Term Liabilities</b>			
Credit facility	9	74,350	-
		<u>1,573,980</u>	<u>2,135,433</u>
<b>Shareholders' Equity (Deficit)</b>			
Share capital	10	13,350,994	8,430,700
Share-based payments reserve	10	978,740	10,340
Reserve- warrants	10	55,555	-
Accumulated deficit		(12,828,029)	(10,542,593)
		<u>1,557,260</u>	<u>(2,101,553)</u>
		<u>3,131,240</u>	<u>33,880</u>

The accompanying notes are an integral part of the consolidated financial statements.

Nature of operations and going concern (Note 1)  
Subsequent Events (Note 15)

Approved on behalf of the Board by:

"Douglas Fulcher"  
Douglas Fulcher, Director

"Allan Williams"  
Allan Williams, Director

**ONE WORLD MINERALS INC.**  
**(formerly One World Investments Inc.)**  
Consolidated Statement of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

	Note	For the Years Ended	
		December 31, 2017	December 31, 2016
		(\$)	(\$)
<b>EXPENSES</b>			
Consulting fees		223,865	-
Exploration and evaluation expense and impairment	5	716,538	-
Foreign exchange gain		(8,297)	(3,062)
Gain on debt settlement	10	(14,571)	-
Interest and financing costs	7,8,9	63,639	103,656
Investor relations		3,775	-
Legal		39,509	11,832
Management fees	11	60,000	52,500
Office, rent and phone	11	81,759	50,112
Professional fees		115,409	98,089
Share based payments	10c	968,400	-
Transfer agent and filing fees		35,410	16,055
Write off unrecoverable tax		-	4,510
		2,285,436	333,692
<b>Net Loss and Comprehensive Loss</b>		<b>(2,285,436)</b>	<b>(333,692)</b>
<b>Basic and Diluted Loss per Share</b>		<b>(0.05)</b>	<b>(0.07)</b>
<b>Weighted Average Number of Shares Outstanding</b>		<b>47,521,255</b>	<b>5,055,506</b>

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

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	<u>Share Capital</u>			Share-based	Accumulated	Total shareholders'
	Shares	Amount	Warrants	payments	deficit	equity (deficit)
	(#)	(\$)	(\$)	reserve	(\$)	(\$)
				(\$)		
<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 year	-	-	-	-	(333,692)	(333,692)
<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>(2,101,553)</b>
Common shares issued for debt	30,876,737	1,543,837	-	-	-	1,543,837
Common shares issued for Mogollon option assignment	1,500,000	75,000	-	-	-	75,000
Common shares issued for option assignment	5,000,000	200,000	-	-	-	200,000
Common shares issued for option and joint venture assignment	11,000,000	2,585,000	-	-	-	2,585,000
Convertible debentures	10,329,140	516,457	-	-	-	516,457
Warrants	-	-	55,555	-	-	55,555
Share based payments	-	-	-	968,400	-	968,400
Net loss for the year	-	-	-	-	(2,285,436)	(2,285,436)
<b>Balance - December 31, 2017</b>	<b>63,761,383</b>	<b>13,350,994</b>	<b>55,555</b>	<b>978,740</b>	<b>(12,828,029)</b>	<b>1,557,260</b>

**ONE WORLD MINERALS INC.**  
**(formerly One World Investments Inc.)**  
Consolidated Statement of Cash Flows  
(Expressed in Canadian Dollars)

	For the Years Ended	
	December 31, 2017	December 31, 2016
	(\$)	(\$)
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(2,285,436)	(333,692)
<b>Items not affecting cash:</b>		
Foreign exchange gain	(8,297)	(3,062)
Interest and financing costs	29,905	103,656
Share based payments	968,400	-
Gain on debt settlement	(14,571)	-
Impairment of Mogollon Property	604,880	-
<b>Changes in non-cash working capital:</b>		
Receivables	(9,464)	-
Prepaid expenses	7,518	(7,518)
Accounts payable and accrued liabilities	737,428	162,031
	<u>30,363</u>	<u>(78,585)</u>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation expenditures	(543,813)	(25,000)
Exploration and evaluation expenditures advance	(264,703)	-
	<u>(808,516)</u>	<u>(25,000)</u>
<b>FINANCING ACTIVITIES</b>		
Loans payable	-	104,300
Loan proceeds	55,000	-
Credit facility	100,000	-
Share subscriptions	668,200	-
	<u>823,200</u>	<u>104,300</u>
<b>Increase in cash for the year</b>	45,047	715
<b>Cash - beginning of the year</b>	1,362	647
<b>Cash - end of year</b>	<u>46,409</u>	<u>1,362</u>
<b>Supplemental disclosures</b>		
Warrants issued for credit facility	55,555	-
Common shares issued for option and joint venture assignment	2,585,000	-
Common shares issued for option agreement - Mogollon	200,000	-
Common shares issued to settle debt and accounts payable	1,543,837	-
Common shares issued for option agreement assignment - Mogollon	75,000	-
Common shares issued on conversion of convertible debt	516,457	-

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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### 1. Nature of operations and going concern

One World Minerals Inc., together with its subsidiary (collectively referred to as the "Company") was incorporated under the laws of the province of British Columbia on November 9, 1982. The Company is focused on the acquisition, exploration and development of resource properties in Mexico and the United States. The Company is considered to be in the exploration stage. 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"). On February 28, 2018, One World Minerals Inc. began trading on the Canadian Securities Exchange ("CSE") at market open under the trading symbol OWM. Subsequent to year end, the Company changed its name to One World Lithium Inc. to align with its primary exploration and evaluation asset.

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2017, the Company has a working capital deficit of \$1,443,757, and had an accumulated deficit of \$12,828,029 and expects to incur further losses, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds at December 31, 2017 are \$46,409 and are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be successful in doing so in the future.

### 2. Statement of compliance

#### *Basis of preparation*

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated.

#### *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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Entity	Place of Incorporation	Ownership Percentage
Lithium Investments Ltd.	Canada	100%

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### *Foreign currencies*

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

These consolidated financial statements were authorized for issuance by the Board of Directors on June 14, 2018.

### 3. Significant accounting policies

The consolidated financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value.

#### (a) Critical accounting judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Impairment of mineral properties - Expenditures on mineral properties are expensed. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. The recoverability of amounts shown as mineral properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mineral properties may not be recoverable and there is a risk that these costs may be written down in future periods. Due to uncertainty in the Company making certain option payments under the Mogollon Property (Note 5), management has recorded an impairment provision of \$604,880 against the carrying amount of the property.



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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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Determining if an acquisition is a business combination or an asset acquisition - With each acquisition, the Company has to determine whether it should be accounted for as a business combination or an asset acquisition. As dictated by IFRS 3, Business Combinations, the components of a business must include inputs, processes and outputs. Management has assessed its acquisition and has concluded that it did not include all the necessary components of a business. As such, it has been recorded as an asset acquisition, being the purchase of mineral properties and/or working capital.

Going Concern Assumption - The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

While management believes that these estimates, critical judgement and assumptions are reasonable, actual results could differ and could impact future results of operation and cash flows.

### (b) Cash

Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

### (c) Exploration and evaluation ("E&E") assets

Exploration and evaluation expenditures are expensed as incurred, until the property reaches development stage. The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable.

E&E acquisition costs: All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into intangible assets on a property by property basis. Expenditures made in connection with a right to acquire a property and or explore in an exploration area for a period in excess of one year, are capitalized. Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company and are recorded as mineral property acquisition costs upon payment.

E&E exploration expenditures: Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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### (d) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its former properties that may result in material liability to the Company. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

### (e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

### (f) Financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or 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).

#### i. Financial assets

##### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Financial assets include, cash receivables and prepaid expenses.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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Loans and receivables are held to maturity and are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

### ii. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, loans payable, promissory notes payable, shares subscriptions and other payables.

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

### (g) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

When applicable, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### (h) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to accumulated deficit.

#### (i) Flow-through shares and unit offerings

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through share premium") as follows:

- Share capital – the market value of non-flow-through share
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature based on the residual value method.
- Warrants – recorded as reserves based on the residual value method.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares.

For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

#### (j) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares for years presented at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions of convertible debt or exercise of options and warrants as they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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### (k) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Under the guidance of IFRS 10, Consolidated Financial Statements, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquiror's returns. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date. During the year ended December 31, 2017, the Company's acquisition of Lithium Investments Ltd. was recorded as an asset acquisitions given that it was not considered to be a business when applying the guidance within IFRS 3, Business Combinations ("IFRS 3").

### (l) Segmented information

The Company has one operating segment, mineral exploration and development and operates in three geographical segments, being Canada, United States and Mexico.

### (m) Adoption of new and revised standards and interpretations

The Company has adopted all new and revised standards and interpretations issued by the IASB or IFRIC effective January 1, 2017. The adoption of these standards did not have a material impact on the Company's consolidated financial statements.

### (n) Standards issued but not yet effective

The standards and interpretations that are issued up to the date of issuance of the Company's consolidated financial statements, but were not effective for the year ended December 31, 2017, are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### *IFRS 2 Share-based Payments*

The IASB issued amendments to IFRS 2 in relation to classification and measurement of share-based payment transactions. The amendments address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. This standard is not expected to significantly impact the consolidated financial statements.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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### *IFRS 9 Financial Instruments*

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. It also introduces a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. Based on current operations, the Company does not expect this standard to have significant financial reporting implications.

### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. Currently, no impact on the Company's consolidated financial statements is expected.

### *IFRS 16 Leases*

IFRS 16 will replace IAS 17 Leases. IFRS 16 specifies how to 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. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. The Company does not expect this new standard to have significant financial reporting implications, as currently, no lease agreements within the scope of IFRS 16 have been entered into.

### *IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after January 1, 2018. Currently, no impact on the Company's consolidated financial statements is expected.

## **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 not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

### **(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 and has disclosed a going concern uncertainty in Note 1 of the financial statements.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

The Company's current and expected remaining contractual maturities for its financial liabilities with agreed repayment periods are presented below. The table includes the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

<b>As at December 31, 2017</b>	<b>1 - 3 months</b>	<b>1 - 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts payable and accrued liabilities	775,005		775,005
Loans payable	56,425		56,425
Share subscriptions	668,200		668,200
Credit facility		74,350	74,350

### (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 two types of risk: interest rate risk, and foreign currency risk. The Company is not exposed to significant market risk and overall the Company's market risk has not changed significantly from the prior year.

### (i) Interest rate risk

Interest rate risk consists of two components:

- 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
- 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 loans and promissory notes payable.

### (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 incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

There were no changes during the year in the Company's approach to managing the above risks. The Company is not exposed to significant foreign currency risk and overall the Company's foreign currency risk has not changed significantly from the prior year.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

### 5. Exploration and evaluation assets

Property	Balance December 31, 2016 (\$)	Additions (\$)	Balance December 31, 2017 (\$)
<b>Mogollon Property</b>			
Consideration paid	25,000	512,740	537,740
Acquisition costs	-	67,140	67,140
Less: impairment provision			(604,880)
<b>Salar del Diablo</b>			
Consideration paid	-	2,685,000	2,685,000
Acquisition costs	-	125,664	125,664
<b>Total</b>	<b>25,000</b>	<b>3,390,544</b>	<b>2,810,664</b>

#### 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 original option agreement (the "Option Agreement") dated December 22, 2015, between Stand-up Investments ("SUI") and an option holder ("Third Party") in exchange for initially issuing 5,000,000 common shares of the Company as well as paying \$75,000 in cash.

During the year ended December 31, 2016, the Company made a payment to SUI for \$25,000 as part of the original option agreement. 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 annual payments totalling US\$1,000,000 to the Third Party as follows:

<u>On or before (Date)</u>	<u>Pay to Third Party (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>

The December 31, 2017 payment was deferred subsequent to year end.

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 CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

(EXPRESSED IN CANADIAN DOLLARS)

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

No payments have been made as of December 31, 2017, and subsequent to the year end, the December 31, 2017 payment was extended to February 28, 2018. In addition to the above, the Company was also required to reimburse SUI US\$200,000 (of the \$262,740 previously) paid by SUI per the above table to the Third Party on January 30, 2017.

Consideration paid to December 31, 2017 to SUI for the Mogollon Option Agreement:

For value of 5,000,000 shares issued at \$0.04 per share	\$	200,000
Issuance of 1,500,000 shares In lieu of cash payment	\$	75,000
Cash reimbursed to SUI US\$200,000	\$	262,740
<b>Total consideration paid</b>	<b>\$</b>	<b>537,740</b>

<u>On or before (Date)</u>	<u>Pay to Third Party (US\$)</u>
May 31, 2018	200,000
May 31, 2019	200,000
May 31, 2020	200,000
May 31, 2021	150,000
	<u>750,000</u>

If the Company decided to continue with the option agreement, it had agreed to make the following additional payments and share issuance to SUI contingent on the Company making the following payments to the Third Party:

<u>On or before (Date)</u>	<u>Pay to SUI (CDN\$)</u>	<u>Pay to SUI (# of shares of OWM)</u>
April 1, 2018	200,000	5,000,000 <sup>(1)</sup>
April 1, 2019	-	5,000,000 <sup>(2)</sup>
	<u>200,000</u>	<u>10,000,000</u>

<sup>(1)</sup> In April 2018, the Company and SUI amended their Assignment Agreement whereby the April 1, 2018 payment of \$200,000 and shares issuance of 5,000,000 was extended to November 30, 2018.

<sup>(2)</sup> Subsequent to year end, in April 2018, the April 1, 2019 commitment date for the share issuance was extended to November 30, 2019. SUI became a related party on April 25, 2018, as they share a common officer.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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

The Company has not successfully amended the February 28, 2018 payment of \$200,000 US to the Third Party and has elected to terminate the Option Agreement with the Third Party and the Assignment Agreement with SUI and therefore Management has provided an impairment provision of \$604,880 against the total carrying amount of the Mogollon Property.

### **Acquisition of the Salar del Diablo Property (formerly the Rico Litio Property):**

On October 10, 2017, the Company completed the acquisition of Lithium Investments Ltd. (“LIL”) by acquiring all of the shares of LIL from its shareholders in exchange for 10,000,000 common shares and a \$100,000 cash payment made 30 days after the close (November 10, 2017). All shares issued on October 10, 2017 were measured at \$0.235 per share, being the Company’s closing price on that date on the CSE.

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 Salar del Diablo (formerly the Rico Litio Property) in Mexico (the “Salar del Diablo Property”). In order to earn an 80% interest in the Salar del Diablo, LIL is required to issue 2,700,000 shares (1,000,000 shares were issued on October 10, 2017, for a total value of \$235,000, being the total value of the shares on the date of issuance) and make payments up to US\$1,250,000 to the third parties in stages assuming the project goes to commercial production. In addition, up until the delivery of a bankable feasibility report (the “BS Report”) on the Salar del Diablo Property LIL is responsible for all exploration expenditures. After the delivery of the BS Report each Joint Venture party (“JV Party”) is responsible for their prorata share of future funding. If either JV Party fails to contribute its share of the project cost their interest shall be diluted proportionally until their interest reaches 10% or less. Should the underlying JV Party’s interest dilute below a 10% equity interest or less, a 2% NSR royalty replaces the 10% equity interest and the other party will have the right at any time prior to the commencement of commercial production but not the obligation to purchase one-half of the NSR for US\$5,000,000.

For accounting purposes, the acquisition of LIL has been recorded as an asset acquisition as LIL is not considered to be a business when applying the guidance within IFRS 3.

Consideration paid:

For value of 10,000,000 shares issued to LIL at \$0.235 per share	\$ 2,350,000
For value of 1,000,000 shares issued to Joint Venture Third Party at \$0.235 per share	\$ 235,000
Cash paid	\$ 100,000
<b>Total consideration paid</b>	<b>\$ 2,685,000</b>

The purchase agreement of LIL requires the Company to continue making the following additional payments and share issuance to the former shareholders of LIL:

**ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016****(EXPRESSED IN CANADIAN DOLLARS)**

<b>On or before</b>	<b>Pay to LIL</b>	<b>Pay to LIL</b>
<b>(Date)</b>	<b>(CDN\$)</b>	<b>(# of shares of the Company)</b>
October 10, 2019	\$ 200,000	12,500,000
October 10, 2020	300,000	-
October 10, 2021	400,000	-
	<b>\$ 900,000</b>	<b>12,500,000</b>

In connection with the Salar del Diablo property, the Company, advanced \$264,703 to the property (2016: \$nil) in respect of geological sampling to be completed as at December 31, 2017.

The following table shows the activity by category of exploration and evaluation and impairment provision:

	<b>Year ended December 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Exploration and Evaluation Expenditures and Impairment</b>	<b>(\$)</b>	<b>(\$)</b>
Consulting	12,866	-
Maintenance fees	98,792	-
Impairment charge on Mogollon Property	604,880	-
<b>Total</b>	<b>716,538</b>	<b>-</b>

**6. Accounts payable and accrued liabilities**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
	<b>(\$)</b>	<b>(\$)</b>
Accounts payable and accrued liabilities	400,067	375,869
Part XII.6 tax payable	204,577	195,156
Due to related parties (note 11)	170,361	67,680
	<b>775,005</b>	<b>638,705</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

### 7. Loans Payable

	Loan #1		Loan #2		Loan #3		Loan #4	
	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)
<b>Balance - beginning</b>	<b>118,000</b>	<b>108,400</b>	<b>353,025</b>	<b>326,875</b>	<b>50,000</b>	-	<b>5,000</b>	-
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>-</b>	<b>5,000</b>

  

	Loan #5		Loan #6		Loan #7		Loan #8	
	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)
<b>Balance - beginning</b>	<b>5,000</b>	-	<b>25,000</b>	-	<b>1,800</b>	-	<b>6,000</b>	-
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	
	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)
<b>Balance - beginning</b>	<b>1,500</b>	-	<b>5,000</b>	-	<b>5,000</b>	-	<b>310,710</b>	-
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>

  

	Loan #13		Loan #14		Total	
	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)	Dec 31, 2017 (\$)	Dec 31, 2016 (\$)
<b>Balance - beginning</b>	-	-	-	-	<b>886,035</b>	<b>435,275</b>
Additions	5,000	-	50,000	-	55,000	415,010
Interest	-	-	1,425	-	1,425	35,750
Transferred to shares for debt	-	-	-	-	(886,035)	-
<b>Balance - end</b>	<b>5,000</b>	<b>-</b>	<b>51,425</b>	<b>-</b>	<b>56,425</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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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.
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.
Loan #13	On October 10, 2017, the Company received \$5,000 in respect of a loan. The loan is unsecured and non-interest bearing with a maturity date of June 30, 2018
Loan #14	On August 24, 2017, the Company received \$50,000 in respect of a convertible loan. The loan matured on December 1, 2017 with no demand for repayment. The convertible feature (to convert the loan into common shares) also expired on the maturity date of December 1, 2017. The loan is unsecured and bears interest of 8% per annum. \$1,425 was accrued during the year ended December 31, 2017.

Loans #1 to #12 were settled as part of the debt settlement agreement (note 10), and both parties agreed to cease accrual of interest as of December 31, 2016. Loans #1 to #12 were settled on February 28, 2017 by issuance of 17,720,700 shares, having an equivalent value as the carrying amount of the debt.

## 8. Promissory notes payable

	Promissory Note #1		Promissory Note #2		Promissory Note #3		Promissory Note #4		Total	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
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	(8,297)	(3,062)	-	-	-	-	-	-	(8,297)	(3,062)
Transferred to shares for debt	(570,852)	-	(17,852)	-	(11,677)	-	(2,015)	-	(602,396)	-
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 \$570,852) and matured on December 31, 2014; however, no demands for repayment were made. The promissory note was settled on February 28, 2017 by issuance of 11,417,040 shares having an equivalent value as the carrying amount of the debt.

Promissory Note #2: The note is unsecured, bears interest at 10% per annum and matured on December 31, 2015; however, no demands for repayment were made. The promissory note was settled on February 28, 2017 by issuance of 357,040 shares having an equivalent value as the carrying amount of the debt.

Promissory Note #3: The note is unsecured, bears interest at 10% per annum and matured on December 31, 2015; however, no demands for repayment were made. The promissory note was settled on February 28, 2017 by issuance of 233,540 shares having an equivalent value as the carrying amount of the debt.

Promissory Note #4: The note is unsecured, bears interest at 10% per annum and matured on December 31, 2015; however, no demands for repayment were made. The promissory note was settled on February 28, 2017 by issuance of 40,300 shares having an equivalent value as the carrying amount of the debt.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

All promissory notes were settled as part of the debt settlement agreement (Note 10) and both parties agreed to cease accrual of interest as of December 31, 2016. No interest was accrued for the year ended December 31, 2017.

### 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 required to issue share purchase warrants ("Warrants") permitting SUI to purchase 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 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 \$55,555 being the residual value of the \$100,000 credit facility present valued using a market interest rate of 50% for comparable debt with a similar risk profile of the Company.

	(\$)
Present value of the \$100,000 credit facility at 50% discount rate	44,445
Accretion of debt discount	23,211
Accrued interest	6,694
Balance, at December 31, 2017	74,350

The value of the warrants are being accreted over the 2 year life of the credit facility.

### 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 Mogollon Property, the Company preparing a Technical Report on the Property in accordance with National Instrument 43-101, if required, shareholder approval of the transaction by the shareholders of the Company and acceptance of the proposed listing by the CSE. The delisting from NEX and the listing on CSE were approved on February 28, 2017.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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### b) Issued

1. **Debt settlement:** The Company settled total debt and payments in the aggregate amount of \$1,543,837 with creditors of the Company by way of issuance of 30,876,737 common shares in the capital of the Company (the "Debt Shares"). The debt settlement was comprised of accounts payable (Note 6), loans payable (Note 7) and promissory notes payable (Note 8). The value of the common shares was equivalent to the carrying value of the debt as the fair value of the common shares on measurement was not a reliable Level 1 estimate of fair value. The Debt Shares are subject to hold periods and were released in stages, as to 25% each on July 1, 2017, October 1, 2017, January 1, 2018 and April 1, 2018.
2. **Convertible debentures:** On February 28, 2017, the Company repaid loans and accounts payable in the aggregate amount of \$516,457 through the issuance of a convertible debt instrument. This amount was comprised of loans payable 3, 4, 5 and 6 (Note 7) in the amount of \$80,000 and accounts payable of \$436,457 owing to SUI at the time. This convertible debt instrument bore no interest, had no maturity and a conversion price of \$0.05. The convertible debtholders exercised their conversion option also on February 28, 2017. The Company recorded a \$14,571 gain on the settlement of these debts. Upon the holder exercising the conversion option, the Company issued, in the aggregate of 10,329,140 common shares in the capital of the Company (the "Debenture Shares") at the conversion price of \$0.05 share. The Debenture Shares are subject to hold periods and were released in stages, as to 25% each on July 1, 2017, October 1, 2017, January 1, 2018 and April 1, 2018.
3. **Option assignment:** In consideration for the assignment of the Mogollon Project Option Agreement by SUI to the Company, the Company issued 6,500,000 common shares on February 28, 2017 for a total consideration of \$275,000 (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 were released on July 1, 2017.
4. **Option agreement:** In consideration for the assignment of the Salar del Diablo Option Agreement between LIL and the Company, the Company issued 11,000,000 common shares on October 10, 2017, as per the agreement to former shareholders' of LIL and Joint Venture Third Party (Note 5). The shares issued under this option agreement are subject to a four (4) month one (1) day hold period from trading and were released on February 11, 2018.
5. **Private placement:** On November 9, 2017, the Company announced a non-brokered private placement to raise up to \$1,500,000 by way of a unit offering of up to 10,000,000 units at a price of \$0.15 per unit (the "Offering"). Each Unit will comprise one shares and one warrant ("Warrant"), with each Warrants exercisable to acquire on additional share at \$0.20 per share until 24 months after the closing of the Offering. The Company may pay finders' fees in connection with the Offering and the Offering is subject to regulatory approval. As at December 31, 2017, in connection with this Offering, the Company received \$668,200 subscriptions in advance of issuance of units. Subsequent to year end, 4,454,667 units were issued against this advance. No Finders' fees were paid in connection to this private placement. The subscriptions advance has been presented in Share Subscriptions as at December 31, 2017.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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### 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 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 common shares for 5 years, to directors, officers and consultants of the Company. 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 743.86% and dividend yield of 0%. The total amount of share based payments expense, \$765,000 was recognized during the period ended December 31, 2017.

On April 4, 2017, The Company granted stock options allowing for the purchase of up to, in the aggregate, 600,000 common shares for 1 year to consultants of the Company. 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 0.74%, expected life of one year, expected volatility of 120.15% and dividend yield of 0%. The total amount of share based payments expense, \$108,960, of which \$108,762 was recognized during the year ended December 31, 2017.

On August 11, 2017, The Company granted stock options allowing for the purchase of up to, in the aggregate, 400,000 common shares to a consultant of the Company at \$0.25 per share until February 28, 2019. The options will fully vest on March 1, 2018. 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 1.20%, expected life of 1.5 year, expected volatility of 143.27% and dividend yield of 0%. The total amount of share based payments expense, \$65,560, of which \$46,000 was recognized during the year ended December 31, 2017.

On November 10, 2017, The Company granted stock options allowing for the purchase of up to, in the aggregate, 1,100,000 common shares to consultants of the Company at \$0.20 per share until December 1, 2018. The options will fully vest on March 31, 2018 with 600,000 options vested at December 31, 2017. 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 1.44%, expected life of one year, expected volatility of 135.69% and dividend yield of 0%. The total amount of share based payments expense, \$64,240, of which \$48,638 was recognized during the year ended December 31, 2017.

As at December 31, 2017, the Company had stock options outstanding to directors, officers and consultants for the purchase of up to, in the aggregate, 3,800,000 (December 31, 2016: Nil) common shares exercisable as follows:



**ONE WORLD MINERALS INC. (FORMERLY ONE WORLD INVESTMENTS INC.)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016****(EXPRESSED IN CANADIAN DOLLARS)**

<b>Number of stock options outstanding</b>	<b>Number of stock options exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
(#)	(#)	(\$)	
1,700,000	1,700,000	0.05	February 28, 2022
600,000	600,000	0.40	April 4, 2018
400,000	-	0.25	February 28, 2019
1,100,000	600,000	0.20	December 1, 2018
<b>3,800,000</b>	<b>2,900,000</b>		

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2017 is 2.29 years (December 31, 2016: Nil).

Subsequent to year end, 600,000 options at \$0.40 expired unexercised.

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

	<b>Number of options (#)</b>	<b>Weighted average exercise price (\$)</b>
Outstanding December 31, 2016	-	-
Granted	1,700,000	0.05
Granted	600,000	0.40
Granted	400,000	0.25
Granted	1,100,000	0.20
Outstanding December 31, 2017	3,800,000	0.17

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

**d) Warrants**

During the year ended December 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 \$55,555 being the residual value of the present value of the Credit Facility.

A summary of the status of the warrants as at December 31, 2017 and December 31, 2016 follows:

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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e) **Share-based payments reserve**

Share-based payments reserves include the value of stock option grants prior to exercise.

### 11. Related party transactions

a) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including stock-based compensation, of key management personnel during the years ended December 31, 2017 and 2016 were as follows:

	For the year ended	
	December 31, 2017	December 31, 2016
	(\$)	(\$)
Management fees	60,000	52,500
Share based payments	315,000	-
	<b>375,000</b>	<b>52,500</b>

At December 31, 2017, the Company has accrued \$120,090 (2016: \$60,090) owing to an executive officer of the Company. Subsequent to year end, the Company and the executive officer has agreed to a settlement. See Note 15.

b) Other related party transactions

Effective May 1, 2016, the Company entered into an office rental agreement in which an officer and director is a shareholder. For the years ended December 31, 2017 and 2016, the Company was charged rent and office expenses as follows:

	For the year ended	
	December 31, 2017	December 31, 2016
	(\$)	(\$)
Rent and office	41,529	19,146

At December 31, 2017, the Company owes \$50,271 (2016: \$7,590) for rent and office.

### 12. Management of capital

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern in order to facilitate the development of mineral properties and to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met; and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, share-based payments reserve and deficit.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management policies on an ongoing basis. During the year ended December 31, 2017, there has been no change in the Company's management of capital policies.

### 13. Income tax expense and deferred tax assets

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	December 31, 2017	December 31, 2016
	(\$)	(\$)
Net loss before income taxes	(2,285,436)	(333,692)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory rate	(594,000)	(87,000)
Non-deductible items	274,000	3,000
Effect of changes in tax rates	(67,000)	-
Change in unrecognized deferred tax assets	387,000	84,000
Income tax expense / recovery	-	-

  

	December 31, 2017	December 31, 2016
	(\$)	(\$)
Non-capital losses	1,299,000	1,118,000
Exploration and evaluation assets	369,418	176,000
Eligible capital expenditures	105,000	55,000
Capital losses carried forward	12,000	-
Other	-	24,000
	1,785,418	1,373,000
Unrecognized deferred Tax Asset	(1,785,418)	(1,373,000)
Net deferred tax assets	-	-

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

The total benefits of these carry-forward non-capital loss, and deductible temporary differences have not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax assets to be recovered.

	(\$)
2026	333,764
2027	457,296
2028	186,971
2029	394,499
2030	544,210
2031	639,939
2032	319,002
2033	637,704
2034	178,054
2035	216,567
2036	322,722
2037	575,637
	<b>4,806,365</b>

#### 14. Segmented information

All of the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in the United States and Mexico. The assets and total assets identifiable with these geographical areas are as follows:

	December 31, 2017	December 31, 2016
	\$	\$
<b>Exploration &amp; Evaluation Assets</b>		
Canada	-	-
United States	-	25,000
Mexico	2,810,664	-
	<b>2,810,664</b>	<b>25,000</b>
	December 31, 2017	December 31, 2016
	\$	\$
<b>Total Assets</b>		
Canada	210,175	8,880
United States	-	25,000
Mexico	2,921,065	-
	<b>3,131,240</b>	<b>33,880</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

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### 15. Subsequent events

- On January 19, 2018, the Company changed its corporate name to “One World Lithium Inc.”. The name change reflects the Company’s primary focus to explore and develop lithium properties of merit and the potential of its option to earn and acquire up to 90% of the 75,400 hectare Salar del Diablo lithium property in Mexico.
- On March 22, 2018, the Company closed a portion of its private placement that was previously announced on November 9, 2017. The Company has raised \$1,028,650 through the issuance of 6,857,667 units at a price of \$0.15 per unit. Each Unit was comprised of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share, at a price of \$0.20 per warrant share for a period of 24 months from the partial closing date of the Offering. All securities are subject to a four month and one day hold from the closing date. The Company received \$668,200 in 2017 towards this private placement which was included in current liabilities as share subscriptions.
- On March 23, 2018, the Company announced the grant of incentive stock options allowing the acquisition of 800,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before March 22, 2022 and are fully vested.
- On March 29, 2018, 100,000 stock options were exercised at \$0.05, for total proceeds of \$5,000.
- On April 11, 2018, the Company announced the grant of incentive stock options allowing the acquisition of 300,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before April 11, 2020 and are fully vested.
- On April 25, 2018, the Company announced the resignation of Jeannine Webb (“Webb”) as Chief Financial Officer and Corporate Secretary effective March 28, 2018 replaced by John N. Hamilton as Interim Chief Financial Officer and Corporate Secretary of the Company effective as of April 25, 2018. The parties have agreed to settle a portion of the debt owing to Webb through a debt settlement at a deemed price of \$0.15 by the issuance of 160,000 common shares of the Company. The shares will be subject to a four month and one day hold from trading from the closing date.
- On May 11, 2018, the Company granted incentive stock options to a consultant of the Company to purchase up to 500,000 common shares of the Company at a price of \$0.15 per common share. The stock options are exercisable on or before February 15, 2019 with 100,000 vesting on June 15, 2018, another 200,000 vesting on September 15, 2018 and the balance vesting on October 15, 2018.
- On May 23, 2018, the Company appointed Kevin Milledge to the board effective May 23, 2018. Stock options to purchase up to 100,000 common shares of the Company were granted at a price of \$0.15 per share. The stock options are exercisable on or before May 23, 2020 and are fully vested.
- On May 23, 2018, the Company closed the second tranche of its previously announced non-brokered private placement. The Company raised an additional \$522,100 through the Issuance of 3,480,665 units at a price of \$0.15 per unit. Each Unit consists of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share, at a price of \$0.20 per warrant

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**(EXPRESSED IN CANADIAN DOLLARS)**

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share for a period of 24 months from the closing date of the Offering. All securities are subject to a four month and one day hold from the closing date. The aggregate gross proceeds under the first and second tranche totalled \$1,550,750.

- On May 25, 2018 the Company announced a non-brokered private placement up to 10,000,000 units at a price of \$0.20 per Unit for gross proceeds of up to \$2,000,000. All funds are stated in Canadian dollars. Each Unit will consist of one common share of the Company and one-half of a non-transferable Common Share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.25 for a period of 24 months from the closing of the offering.