

PROJECT ONE RESOURCES LTD.

Condensed Interim Financial Statements
For the three and nine-month periods ended May 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The accompanying unaudited, condensed interim financial statements of Project One Resources Ltd. for the three and nine month periods ended May 31, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. The accompanying unaudited, condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Commented [MP1]: To remove?

PROJECT ONE RESOURCES LTD.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

As of	May 31, 2020	August 31, 2019
Assets		
Current		
Cash	\$ 113,863	\$ 171,337
Receivables	801	3,464
Prepaid expenses	-	21,059
	114,664	195,860
Mineral property (note 4)	25,527	25,527
	\$ 140,191	\$ 221,387
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable	\$ 48,408	\$ 35,389
Due to related party (note 6)	10,000	20,395
Total Liabilities	58,408	55,784
Shareholders' Equity		
Common Shares (note 5)	422,881	421,449
Warrant Reserve (note 5)	19,849	20,047
Deficit	(360,947)	(275,893)
	81,783	165,603
	\$ 140,191	\$ 221,387

Approved on behalf of the Board:

"Ronald Shenton" (signed)
Director

"Brian Roberts" (signed)
Director

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

PROJECT ONE RESOURCES LTD.
Condensed Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	For the 3-Month Period Ended May 31, 2020	For the 3-Month Period Ended May 31, 2019	For the 9-Month Period Ended May 31, 2020	For the 9-Month Period Ended May 31, 2019
Expenses				
Audit fees	\$ 2,000	\$ -	\$ 2,792	\$ -
Advertising and promotion	-	-	2,157	291
Consulting fees	17,000	10,060	48,500	17,160
Exploration and evaluation expenditures (note 4)	(14,003)	-	2,565	-
Filing fees	3,946	2,360	14,213	19,262
Interest and bank charges	111	69	625	142
Legal fees	7,012	10,500	8,144	35,613
Rent	-	1,500	1,500	4,500
Travel	326	2,598	830	3,518
Website	-	463	3,728	1,145
Net loss and comprehensive loss for the period	\$ 16,392	\$ 27,550	\$ 85,054	\$ 81,631
Basic and diluted loss per common share	\$ 0.002	\$ 0.005	\$ 0.009	\$ 0.014
Weighted average number of outstanding shares	9,794,527	5,840,777	9,821,426	5,840,777

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

PROJECT ONE RESOURCES LTD.
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Common Shares		Warrant Reserve	Deficit	Total Shareholders' Equity
	Number Outstanding	Amount \$			
Balance, August 31, 2018	5,840,777	194,333	-	(92,709)	101,624
Net loss and comprehensive loss for the period	-	-	-	(81,631)	(81,631)
Balance, May 31, 2019	5,840,777	194,333	-	(174,340)	19,993
Balance, August 31, 2019	9,840,777	421,449	20,047	(275,893)	165,603
Exercise of compensation options	3,750	573	(198)	-	375
Refund of share issuance costs	-	859	-	-	859
Cancellation of common shares (note 5)	(50,000)	-	-	-	-
Net loss and comprehensive loss of the period	-	-	-	(85,054)	(85,054)
Balance, May 31, 2020	9,794,527	422,881	19,849	(360,947)	81,783

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

PROJECT ONE RESOURCES LTD.
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

Nine months ended May 31,	2020	2019
Operating Activities		
Net loss for period	\$ (85,054)	\$ (81,631)
Change in working capital balances:		
Receivables	\$ 2,663	\$ 11,846
Prepaid expenses	21,059	-
Accounts payable	13,019	(673)
Deferred financing fee	-	(10,000)
Net Cash Used in Operating Activities	\$ (48,313)	\$ (80,458)
Financing Activities		
Exercise of Warrants	\$ 375	\$ -
Refund of share issuance costs	859	-
Related party loan	(10,395)	20,000
Net Cash Provided by (Used in) Financing Activities	\$ (9,161)	\$ 20,000
Net Cash Decrease for Period	\$ (57,474)	\$ (60,458)
Cash, Beginning of Period	\$ 171,337	\$ 65,011
Cash, End of Period	\$ 113,863	\$ 4,553
Supplemental Cash Flow Information		
Amounts paid for interest	\$ -	\$ -
Amounts paid for taxes	\$ -	\$ -

Commented [SS2]: Update 2020 figure

There were no cash investing activities during the nine-month periods ended May 31, 2020 and 2019.

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

**Notes to the Condensed Interim Financial Statements
For the three and nine-month periods ended May 31, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)**

1. NATURE OF OPERATIONS AND GOING CONCERN

Project One Resources Ltd. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on March 22, 2018. On June 11, 2019, the Company completed its initial public offering (“IPO”) (note 5) and is now publicly traded on the Canadian Securities Exchange (“CSE”) under the ticker PJO. The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company's head office address is Suite 459 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2, and its registered office address is Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3.

The condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At present, the Company has no operating income. During the three-month period ended May 31, 2020, the Company incurred a net loss of \$~~16,392,277,550~~, as of that date, had a deficit of \$360,947. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These condensed interim financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The impact of the COVID-19 pandemic has major implications for all economic activity, including that of the Company. At this time it is not possible to predict the duration or magnitude of the adverse results of the outbreak however, management believes that the impact will be limited mainly to the curtailment of travel and access to mineral projects due to travel and social distancing restrictions. There is no material disruption to the Company's current operations.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* using accounting policies consistent with IFRS, as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements do not include all of the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2019.

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

Notes to the Condensed Interim Financial Statements
For the three and nine-month periods ended May 31, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

(b) Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Approval of the condensed interim financial statements

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on July 29, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended August 31, 2019.

Use of estimates and judgments

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Critical Judgments

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Notes to the Condensed Interim Financial Statements
For the three and nine-month periods ended May 31, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of mineral properties

The application of the Company's accounting policy for mineral properties requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Recoverability of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements.

Significant Estimates and Assumptions

Inputs to the Black-Scholes option pricing model

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

4. MINERAL PROPERTY

(a) Christa-Aura Property, British Columbia, Canada

The Company acquired the Christa-Aura Property (the "Property"), located in British Columbia, consisting of five mineral titles, through issuance of 2,350,777 common shares fair valued at \$23,508 from a director. In addition, the Company incurred acquisition and staking costs of \$2,019 during the period from incorporation to August 31, 2018. No additional acquisition costs were incurred during the nine-month periods ended May 31, 2020 and 2019.

(b) Exploration and evaluation costs

During the three-month period ended May 31, 2020 the company incurred \$500 (2019 - \$nil) in exploration and evaluation costs. During the three-month period ended May 31, 2020, the Company received a \$14,503 (2019 - \$nil) *British Columbia Mining Exploration Tax Credit* refund which was included as a recovery in exploration and evaluation costs.

Notes to the Condensed Interim Financial Statements
For the three and nine-month periods ended May 31, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)

5. SHAREHOLDERS' EQUITY

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

9,844,527 common shares without par value.

On February 15, 2020, 50,000 common shares were cancelled as a result of negotiations with a vendor who previously participated in the Company's IPO.

On February 28, 2020, 3,750 common shares were issued related to the exercise of warrants for proceeds of \$375. The fair value related to these warrants of \$198 was transferred from Warrant Reserve to Common Shares.

(c) Escrow shares

On August 28, 2018, the Company executed an escrow agreement with an escrow agent and a security holder where they have agreed to deposit 2,650,777 common shares in escrow. Under the escrow agreement, 10% of the shares were released upon completion of the IPO and 15% of the shares will be released every six months following listing. As at May 31, 2020, the Company had 1,988,082 (August 31, 2019 – 2,385,699) shares held in escrow.

(d) Stock options

The Company's stock option plan authorizes the issuance of options up to a maximum of 10% of the Company's issued shares. The exercise price of any option granted shall not be less than the fair market value of the shares at the time of the grant. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than ten years after the grant date. Unless stipulated by the Board of Directors, options granted generally vest fully on the date of grant. As at May 31, 2020 and August 31, 2019, the Company had no stock options outstanding.

Subsequent to May 31, 2020, the Company granted 850,000 stock options with an exercise price of \$0.19 and a term of 5 years to its Directors.

Notes to the Condensed Interim Financial Statements
For the three and nine-month periods ended May 31, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)

5. SHAREHOLDERS' EQUITY (Continued)

(e) Share warrants

	9 month Period Ended May 31, 2020		Year Ended August 31, 2019	
	Number of share purchase warrants	Weighted average exercise price \$	Number of share purchase warrants	Weighted average exercise price \$
Outstanding, beginning of period	380,000	0.10	-	-
Issued – agent warrants	-	-	380,000	0.10
Exercised*	(3,750)	0.10	-	-
Outstanding, end of period	376,250	0.10	380,000	0.10

*Weighted average market price on date of exercise was \$0.13 per share

Number of warrants outstanding	Weighted average exercise price	Expiry dates	Weighted average remaining life (years)
376,250	\$0.10	June 11, 2021	1.03

6. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

During the three-month period ended May 31, 2020, the Company incurred \$15,000 (2019 - \$xx) in consulting fees with the officers of the Company. As at May 31, 2020, the total outstanding payables to related parties is \$40,233 (August 31, 2019 - \$nil)

Commented [MP3]: Brian to confirm

On April 10, 2019, the Company entered into a loan agreement with the CEO of the Company for \$20,000. The loan bears interest at 5% per annum, due July 10, 2019 and subsequently extended to March 31, 2020 and again to May 31, 2020. At May 31, 2020, the remaining loan balance is \$10,000.

Subsequent to May 31, 2020, the Company entered into a share for debt arrangement with related parties to exchange shares at a price of \$0.16 for \$49,375 in debt from accrued management fees (and GST) and the balance owing on a loan payable. This resulted in a total of 312,344 common shares being issued on June 4, 2020 with a total fair value of \$68,716.

Commented [SS4]: Per the share cap report: 312,344 shares were issued on June 4, Market price per CSE on that date was \$0.22

Total Consideration= \$68,716 to settle \$49,375

Loss on settlement of \$19,341 to be recorded subsequently

**Notes to the Condensed Interim Financial Statements
For the three and nine-month periods ended May 31, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)**

7. RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is not exposed to significant liquidity risk.

As at May 31, 2020, the Company has cash of \$113,863 (August 31, 2019 - \$171,337) available to apply against short-term business requirements and current liabilities of \$58,408 (August 31, 2019 - \$55,784). All of the liabilities presented as accounts payable are due within 90 days of May 31, 2020.

(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: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

8. CAPITAL MANAGEMENT

The Company has just commenced operations. It has not yet determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares and loans from related parties. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company did not change its approach to capital management during the period ended May 31, 2020.

The Company defines its capital as shareholders' equity and related party loans. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

9. SEGMENTED INFORMATION

The Company has one operating segment, acquisition, exploration and evaluation of resource properties, and all long-term assets of the Company are located in Canada.

Commented [MP5]: Any subsequent events to add for the proposed transaction?