

# **ODYSSEY RESOURCES LIMITED**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the three and six months ended June 30, 2019**

In United States dollars

**UNAUDITED**

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### **Notice to Reader**

The accompanying unaudited condensed interim financial statements of Odyssey Resources Limited have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements.

# Odyssey Resources Limited

## Condensed Interim Statements of Financial Position

<i>(unaudited, in US dollars)</i>	June 30, 2019	December 31, 2018
	\$	\$
<b>ASSETS</b>		
Current		
Cash	7,516	17,388
Sales taxes receivable	4,625	3,234
Loan to LAI Corp., including accrued interest (Note 4)	357,500	342,500
Prepaid expenses and others	1,784	5,079
<b>TOTAL ASSETS</b>	<b>371,425</b>	<b>368,201</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	4,358	3,154
Payable to a related party (Note 9)	28,514	20,173
Loan from a director, including accrued interest (Note 5)	280,147	224,751
<b>TOTAL LIABILITIES</b>	<b>313,019</b>	<b>248,078</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	15,022,596	15,022,596
Contributed surplus	2,257,387	2,257,387
Deficit	(17,146,100)	(17,080,513)
Cumulative translation adjustment	(75,477)	(79,347)
<b>TOTAL EQUITY</b>	<b>58,406</b>	<b>120,123</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>371,425</b>	<b>368,201</b>

*Going concern (Note 2).*

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

On behalf of the Board,

/s/ James Crombie

James Crombie, Director

/s/ David Charles

David Charles, Director

# Odyssey Resources Limited

## Condensed Interim Statements of Comprehensive Loss

<i>(unaudited, in US dollars)</i>	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Expenses and other items</b>				
Management and administration (Note 7)	31,679	35,459	53,710	66,063
Loss on sale of marketable securities	-	-	-	520
Finance income (Note 4)	(7,500)	(7,500)	(15,000)	(15,000)
Finance expense on loan from a director (Note 5)	6,206	4,925	12,296	9,607
Loss (gain) on foreign exchange	7,398	(6,988)	14,581	(15,782)
<b>Net loss for the period</b>	<b>(37,783)</b>	<b>(25,896)</b>	<b>(65,587)</b>	<b>(45,408)</b>
Other comprehensive income				
Item that will not be subsequently reclassified to income				
Foreign currency translation adjustment	1,202	(3,138)	3,870	(8,206)
<b>Comprehensive loss for the period</b>	<b>(36,581)</b>	<b>(29,034)</b>	<b>(61,717)</b>	<b>(53,614)</b>
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares - basic and diluted	36,231,486	36,231,486	36,231,486	36,231,486

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

# Odyssey Resources Limited

## Condensed Interim Statements of Shareholders' Equity

<i>(unaudited, in US dollars)</i>	Number of issued and outstanding common shares	Share capital	Contributed surplus	Deficit	Cumulative translation adjustment	Shareholders' equity
		\$	\$	\$	\$	\$
Balance at December 31, 2018	36,231,486	15,022,596	2,257,387	(17,080,513)	(79,347)	120,123
Net loss for the period	-	-	-	(65,587)	-	(65,587)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	3,870	3,870
<b>Balance at June 30, 2019</b>	<b>36,231,486</b>	<b>15,022,596</b>	<b>2,257,387</b>	<b>(17,146,100)</b>	<b>(75,477)</b>	<b>58,406</b>
Balance at December 31, 2017	36,231,486	15,022,596	2,257,387	(17,011,029)	(66,621)	202,333
Net loss for the period	-	-	-	(45,408)	-	(45,408)
Other comprehensive loss						
Foreign currency translation adjustment	-	-	-	-	(8,206)	(8,206)
Balance at June 30, 2018	36,231,486	15,022,596	2,257,387	(17,056,437)	(74,827)	148,719

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

# Odyssey Resources Limited

## Condensed Interim Statements of Cash Flows

<i>(unaudited, in US dollars)</i>	Six months ended June 30,	
	2019	2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	<b>(65,587)</b>	(45,408)
Adjustments		
Loss on sale of marketable securities	-	520
Finance expense on loan from a director	<b>12,296</b>	9,607
Loss (gain) on foreign exchange	<b>14,581</b>	(15,782)
Changes in working capital items		
Sales taxes receivable	<b>(1,231)</b>	1,166
Interest receivable on loan to LAI Corp.	<b>(15,000)</b>	(15,000)
Prepaid expenses and others	<b>3,412</b>	6,634
Accounts payable and accrued liabilities	<b>1,051</b>	237
Payable to a related party	<b>7,347</b>	(4,523)
	<b>(43,131)</b>	(62,549)
<b>INVESTING ACTIVITIES</b>		
Proceeds from the sale of marketable activities	-	17,115
<b>FINANCING ACTIVITIES</b>		
Loan from a director	<b>31,976</b>	38,073
Effect of exchange rate changes on cash held in foreign currencies	<b>1,283</b>	(1,493)
<b>Net change in cash</b>	<b>(9,872)</b>	(8,854)
Cash, beginning of period	<b>17,388</b>	44,442
<b>Cash, end of period</b>	<b>7,516</b>	35,588

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

# Odyssey Resources Limited

Notes to Condensed Interim Financial Statements

June 30, 2019 *(unaudited - in US dollars)*

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## 1. NATURE OF OPERATIONS

Odyssey Resources Limited ("Odyssey" or the "Company") is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. At June 30, 2019, the Company does not hold an interest in any mineral properties and during the six months ended June 30, 2019, the Company did not carry out any exploration programs. All amounts in these condensed interim financial statements are expressed in United States dollars unless otherwise indicated.

Odyssey's common shares are listed on the NEX board of the TSX Venture Exchange ("TSXV") and trade under the symbol 'ODX.H'. Dundee Corporation holds approximately 31.4% of the issued common shares of Odyssey.

The Board of Directors approved and authorized for issuance these unaudited condensed interim financial statements on August 22, 2019.

### *Potential acquisition of a mineral project in Peru*

The Company and LAI Corp S.A.C. ("LAI"), a Peruvian arm's length private company, initiated discussions in November 2015 regarding the potential acquisition of a mineral project in Peru, by entering into a non-binding letter of intent ("LOI"). In late 2016, the Company and LAI agreed not to extend the terms of the LOI but continued discussions (on an exclusivity basis) regarding the potential acquisition of other mineral projects in Peru. In connection with the LOI, Odyssey had advanced to LAI \$250,000 under a bridge financing agreement. Amendments to the 2015 bridge financing agreement are described in Note 4 of these condensed interim financial statements.

### *Approval by shareholders of possible share consolidation*

In November 2015, the Company's shareholders approved the consolidation of the Company's common shares on the basis of one (1) post consolidation share for each ten (10) pre-consolidation shares currently issued and outstanding. The Company's board of directors intends to implement the share consolidation prior to completing a transaction with LAI.

# Odyssey Resources Limited

Notes to Condensed Interim Financial Statements

June 30, 2019 *(unaudited - in US dollars)*

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## 2. GOING CONCERN

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt about the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classification that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

At June 30, 2019, the Company had a working capital of \$58,406 (\$120,123 at December 31, 2018), had an accumulated deficit of \$17,146,100 (\$17,080,513 at December 31, 2018) and incurred a loss of \$65,587 for the six months ended June 30, 2019 (\$45,408 in 2018). The Company's ability to continue to meet its obligations, to provide for management and administration expenses for at least the next 12 months and to complete the acquisition of a mineral project is dependent upon the Company securing additional financing and the continued support of its interim chairman, president and CEO and its shareholders. Funding requirements may be met in the future in a number of ways, including the issuance of securities, loans or other arrangements. However, there is no assurance that the Company will be successful in securing such additional financing. If the Company is not successful in raising additional funds, it could have a negative impact on the business, financial condition and results of operation of the Company.

# Odyssey Resources Limited

Notes to Condensed Interim Financial Statements

June 30, 2019 (unaudited - in US dollars)

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## 3. BASIS OF PREPARATION

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* using the same accounting policies and methods of computation as the Company's most recent annual financial statements.

These unaudited condensed interim financial statements do not contain all of the information and disclosures required for annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the years ended December 31, 2018 and 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

### *IFRS 16, Leases*

IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of right-of-use assets and lease liabilities at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Exploration and evaluation assets and mineral leases are not in the scope of this standard.

The adoption of IFRS 16 did not have an impact on the Company's financial statements as the Company was not a party to any lease agreement on January 1, 2019 and as of the date of these unaudited condensed interim financial statements.

## 4. LOAN TO LAI CORP.

In connection with the potential acquisition of a mineral project as described in Note 1, the Company advanced in November 2015 a total amount of \$250,000 to LAI under a bridge financing agreement. The advances bear interest at the rate of 12% per annum from the date of advancement. Following amendments to the November 2015 bridge financing agreement, including an amendment dated April 18, 2019, the advances and the accrued interest are repayable by LAI on the earlier of the date of closing of a transaction between Odyssey and LAI and October 31, 2019 or such other date as the parties may agree to.

# Odyssey Resources Limited

## Notes to Condensed Interim Financial Statements

June 30, 2019 (unaudited - in US dollars)

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### 5. LOAN FROM A DIRECTOR

In April 2017, the Company's interim chairman, president and CEO agreed to lend the Company an amount of up to Can \$300,000 to fund short term working capital requirements of the Company. On April 18, 2019, the loan agreement was amended to increase the amount of the loan to up to Can \$450,000 and to extend the repayment date. The loan bears interest at the rate of 1% per month and is repayable (capital and accrued interest) on the earliest of the completion of a financing by the Company for a minimum amount of Can \$3,000,000 or upon demand at any time after October 31, 2019. At June 30, 2019, a total amount of Can \$310,925 has been advanced to the Company.

### 6. SHARE CAPITAL

At June 30, 2019 and December 31, 2018, the Company had 36,231,486 issued and outstanding common shares.

### 7. MANAGEMENT AND ADMINISTRATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Employee benefits	3,365	3,486	6,751	7,045
Administrative and consultants	2,296	5,530	3,577	9,755
Office	7,668	12,628	16,591	23,588
Investor relations and travel	2,507	1,098	3,686	1,463
Professional fees	11,027	9,594	16,670	17,503
Reporting issuer costs	4,816	3,123	6,435	6,709
	31,679	35,459	53,710	66,063

### 8. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. At June 30, 2019 and December 31, 2018, the Company did not have an interest in any mineral properties.

# Odyssey Resources Limited

Notes to Condensed Interim Financial Statements

June 30, 2019 *(unaudited - in US dollars)*

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## 9. RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2019, the Company paid or accrued an amount of \$5,661 and \$11,946 to Reunion Gold Corporation, a related party by virtue of common management, for office related expenses (\$7,146 and \$14,442 was paid or accrued to Reunion Gold Corporation and \$2,370 and \$4,598 was paid or accrued to Highland Copper Company Inc., a related party by virtue of common management, for administrative and legal services during the three and six months ended June 30, 2018). Unless otherwise stated, none of the transactions provided for special terms and conditions and no guarantees were given or received. Outstanding balances are settled in cash.

### Remuneration of directors and key management of the Company

During the three and six months ended June 30, 2019, the Company paid \$3,365 and \$6,751 as remuneration to directors and to senior key management, including the Chief Executive Officer and the Chief Financial Officer (\$5,423 and \$8,982 during the three and six months ended June 30, 2018).