

Osino Resources Corp. (An exploration stage company)  
Unaudited Interim Consolidated Financial Statements  
for the period ended 30 June 2018

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

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# **Osino Resources Corp. (An exploration stage company)**

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## **Directors' Responsibilities and Approval**

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The directors are required in terms of the British Columbia Business Corporations Act to maintain adequate accounting records and are responsible for the content and integrity of the unaudited interim consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the unaudited interim consolidated financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The unaudited interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the unaudited interim consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the period to 30 June 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The independent reviewer is responsible for independently auditing and reporting on the company's unaudited interim consolidated financial statements. The unaudited interim consolidated financial statements have been examined by the company's independent reviewer and their report is presented on page 3.

The unaudited interim consolidated financial statements set out on pages 4 to 26, which have been prepared on the going concern basis, were approved by the board of directors on August 28, 2018 and were signed on their behalf by:

*"Heve Daun"*

Director

*"Eugene Beukman"*

Director

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Statement of Financial Position as at 30 June 2018

Figures in Canadian Dollar	Note(s)	30 June 2018	31 December 2017
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	1	195,948	136,467
<b>Current Assets</b>			
Other receivables and prepaid expenses	2	576,259	963,285
Cash and cash equivalents	3	6,460,548	3,785,084
		<b>7,036,807</b>	<b>4,748,369</b>
<b>Total Assets</b>		<b>7,232,755</b>	<b>4,884,836</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
<b>Equity Attributable to Equity Holders of Parent</b>			
Share capital	4	14,332,589	8,971,316
Reserves		1,195,777	1,620,092
Accumulated loss		(8,573,172)	(6,176,198)
		6,955,195	4,415,210
Non-controlling interest		(80,078)	(7,142)
		<b>6,875,116</b>	<b>4,408,068</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	5	77,541	59,629
<b>Current Liabilities</b>			
Trade and other payables	6	260,187	417,139
Other financial liabilities	5	19,911	-
		<b>280,098</b>	<b>417,139</b>
<b>Total Liabilities</b>		<b>357,639</b>	<b>476,768</b>
<b>Total Equity and Liabilities</b>		<b>7,232,755</b>	<b>4,884,836</b>

## Osino Resources Corp. (An exploration stage company)

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### Statement of Profit or Loss and Other Comprehensive Income

Figures in Canadian Dollar	Note(s)	6 months ended 30 June 2018	6 months ended 30 June 2017	3 months ended 30 June 2018	3 months ended 30 June 2017
Amortisation		(13,256)	(4,842)	(12,798)	(4,842)
Consulting and profesional fees		(152,463)	(39,310)	(94,041)	(22,739)
Exploration and evaluation		(1,591,006)	(389,074)	(1,026,217)	(212,089)
Listing expense		(272,009)	-	(272,009)	-
Management fees		(125,625)	(108,120)	(63,000)	(54,060)
Office and admistration		(91,708)	(23,835)	(53,194)	(23,200)
Salaries and benefits		(341,822)	(48,181)	(180,911)	(35,807)
Stock option expense		(319,180)	-	(319,180)	-
Travel		(82,275)	(59,201)	(34,615)	(34,604)
<b>Operating loss</b>		<b>(2,989,344)</b>	<b>(672,563)</b>	<b>(2,055,965)</b>	<b>(387,341)</b>
Investment income		3,229	6,781	3,229	6,781
<b>Loss for the period</b>		<b>(2,986,115)</b>	<b>(665,782)</b>	<b>(2,052,736)</b>	<b>(380,560)</b>
<b>Other Comprehensive income/(loss)</b>					
Foreign currency translation		<b>(181,222)</b>	<b>54,001</b>	<b>(179,302)</b>	<b>66,498</b>
<b>Total comprehensive loss for the period</b>		<b>(3,167,337)</b>	<b>(611,781)</b>	<b>(2,232,038)</b>	<b>(314,062)</b>
<b>Loss attributable to:</b>					
Owners of the parent		(2,913,179)	(665,782)	(1,980,649)	(380,560)
Non-controlling interest		(72,936)	-	(72,087)	-
		<b>(2,986,115)</b>	<b>(665,782)</b>	<b>(2,052,736)</b>	<b>(380,560)</b>
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(3,094,401)	(611,781)	(2,159,951)	(314,062)
Non-controlling interest		(72,936)	-	(72,087)	-
		<b>(3,167,337)</b>	<b>(611,781)</b>	<b>(2,232,038)</b>	<b>(314,062)</b>
Weighted number of shares outstanding	11	43,257,326	25,619,823	46,421,923	26,773,981
Loss per Share- Basic and diluted		\$0.07	\$0.02	\$0.05	\$0.01

## Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

### Statement of Changes in Equity

	Number of shares	Common Shares	Share-based Payment Reserve	Warrant Reserve	Cumulative Translation Reserve	Deficit	Shareholders' deficit	Non-controlling interest
Figures in Canadian Dollar								
Balance at 31 December 2016	24,452,842	3,120,493	277,600	594,261	223,701	(2,799,362)	1,416,693	-
Private placement	5,775,268	2,195,907	-	-	-	-	2,195,907	-
Comprehensive loss adjustment	-	-	-	-	54,001	-	54,001	-
Loss for the period	-	-	-	-	-	(665,782)	(665,782)	-
<b>Balance at 30 June 2017</b>	<b>30,228,110</b>	<b>5,316,400</b>	<b>277,600</b>	<b>594,261</b>	<b>277,702</b>	<b>(3,465,144)</b>	<b>3,000,819</b>	<b>-</b>
Profit for the period	-	-	-	-	-	(2,711,054)	(2,711,054)	(7,142)
Other comprehensive income	-	-	-	-	(19,426)	-	(19,426)	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,426)</b>	<b>(2,711,054)</b>	<b>(2,730,480)</b>	<b>(7,142)</b>
Private placement	8,441,871	3,237,315	-	-	-	-	3,237,315	-
Share issue costs - cash	-	(47,900)	-	-	-	-	(47,900)	-
Share issue costs - in shares and finders' warrants	72,325	(30,162)	-	2,662	-	-	(27,500)	-
Shares issued for mineral rights	46,025	17,500	-	-	-	-	17,500	-
Shares issued for terminating stock options	1,257,575	478,163	-	-	-	-	478,163	-
Stock options issued	-	-	487,293	-	-	-	487,293	-
<b>Balance at 31 December 2017</b>	<b>40,045,906</b>	<b>8,971,316</b>	<b>764,893</b>	<b>596,923</b>	<b>258,276</b>	<b>(6,176,198)</b>	<b>4,415,210</b>	<b>(7,142)</b>

## Osino Resources Corp. (An exploration stage company)

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### Statement of Changes in Equity

	Number of shares	Common Shares	Share-based Payment Reserve	Warrant Reserve	Cumulative Translation Reserve	Deficit	Shareholders' deficit	Non-controlling interest
Figures in Canadian Dollar								
<b>Balance at 31 December 2017</b>	<b>40,045,906</b>	<b>8,971,316</b>	<b>764,893</b>	<b>596,923</b>	<b>258,276</b>	<b>(6,176,198)</b>	<b>4,415,210</b>	<b>(7,142)</b>
Loss for the period	-	-	-	-	-	(2,913,179)	(2,913,179)	(72,936)
Other comprehensive income	-	-	-	-	(181,222)	-	(181,222)	-
<b>Total comprehensive Loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(181,222)</b>	<b>(2,913,179)</b>	<b>(3,094,401)</b>	<b>(72,936)</b>
Private placement	5,974,453	2,855,779	-	-	-	-	2,855,779	-
Warrants	524,688	171,467	-	(46,067)	-	-	125,400	-
Private placement	681,173	325,600	-	-	-	-	325,600	-
Warrants exercise	5,916,055	1,408,844	-	(550,856)	-	-	857,988	-
Warrants issued	-	-	-	34,650	-	-	34,650	-
Private placement - Romulus Resources Ltd	3,155,700	599,583	-	-	-	-	599,583	-
Shares issued for termination of options	-	-	319,180	-	-	-	319,180	-
Comprehensive Loss adjustment	-	-	-	-	-	516,206	516,206	-
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>16,252,069</b>	<b>5,361,273</b>	<b>319,180</b>	<b>(562,273)</b>	<b>-</b>	<b>516,206</b>	<b>5,634,386</b>	<b>-</b>
<b>Balance at 30 June 2018</b>	<b>56,297,975</b>	<b>14,332,589</b>	<b>1,084,073</b>	<b>34,650</b>	<b>77,054</b>	<b>(8,573,172)</b>	<b>6,955,195</b>	<b>(80,078)</b>

(i) In terms of the Almagamation Agreement, the resulting issuer issued 1 share for every 5,4318 Osino shares held.  
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# Osino Resources Corp. (An exploration stage company)

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## Statement of Cash Flows

Figures in Canadian Dollar	Note(s)	6 months ended 30 June 2018	12 months ended 31 December 2017
<b>Cash flows from operating activities</b>			
Cash used in operations	8	(2,740,497)	(2,656,560)
Interest income		3,229	2,400
<b>Net cash from operating activities</b>		<b>(2,737,268)</b>	<b>(2,654,160)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	1	(84,426)	(139,654)
<b>Cash flows from financing activities</b>			
Proceeds from common shares and warrants	4	5,361,273	4,841,791
Proceeds from other financial liabilities		-	59,629
Repayment of other financial liabilities		37,823	-
<b>Net cash from financing activities</b>		<b>5,399,096</b>	<b>4,901,420</b>
<b>Total cash movement for the period</b>		<b>2,577,402</b>	<b>2,107,606</b>
Cash at the beginning of the period		3,785,084	1,609,134
Effect of exchange rate movement on cash balances		98,062	68,344
<b>Total cash at end of the period</b>	3	<b>6,460,548</b>	<b>3,785,084</b>



# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Accounting Policies

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### Nature of Business

Osino Resources Corp. was incorporated on June 5, 2012 in the province of British Columbia, Canada, under the British Columbia Business Corporations Act. The principal activity of the Company is the acquisition, exploration and development of gold mining properties in Namibia. The Company's head office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8, Canada.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

### Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

#### a) Statement of compliance with IFRS

These condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of June 29, 2018 the date the Board of Directors approved these condensed interim consolidated financial statements for issue.

#### b) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2017 and 2016.

These consolidated financial statements include the accounts of Osino Resources Corp. and its wholly-owned subsidiaries, Kailondo Capital Limited ("Kailondo") and Osino Namibia Holdings (Pty) Ltd ("Osino Holdings"), as well as the accounts of 95% owned subsidiary, Osino Gold Exploration (Pty) Ltd, formerly, "Bafex Exploration (Pty) Ltd ("Osino Gold"), and the accounts of 90% owned subsidiary, Osino Namibia Minerals Exploration (Pty) Ltd ("Osino Namibia"). All intercompany transactions, balances, and unrealized gains and losses on intercompany transactions have been eliminated.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of loss and comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

#### c) Functional currency translation

##### i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The condensed interim consolidated financial statements are presented in Canadian dollars, which is the reporting parent's functional currency. The functional currency of the reporting parent's subsidiaries is the Namibian dollar ("N\$").

The financial statements of entities that have a functional currency different from that of the reporting parent's operations are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position, and income and expenses – at the average rate for the period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

# Osino Resources Corp. (An exploration stage company)

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## Accounting Policies

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### ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of loss and comprehensive loss.

### d) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgements made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

Significant areas requiring the use of estimates and assumptions include valuation of share-based payment reserves, warrant reserves, and recoverability of deferred tax assets. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the financial statements of a future period could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in profit and loss in the periods in which they become known.

### e) Significant accounting judgements

The critical judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 2(d)), that have the most significant effect on the amounts recognized in the Company's condensed interim consolidated financial statements are related to the economic recoverability of the mineral rights, determining the smallest group of assets that generates independent cash flow, the interpretation and application of tax laws, the determination of functional currency for the Company and its subsidiaries, and the assumption that the Company will continue as a going concern.

### f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of changes in value.

### g) Property, Plant, and Equipment

Property, plant, and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant, and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at a rate calculated to expense the cost of equipment, less its estimated residual value, over the following expected useful lives:

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Plant and machinery	Straight line	4 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	6 years
Leasehold improvements	Straight line	5 years

### h) Mineral Property Costs

Mineral property acquisition and exploration costs are expensed as incurred. The Company has not yet realized any revenues from its mineral operations. When it has been determined that a mineral property can be economically developed as a result of establishing probable and proven reserves, the costs then incurred to develop such property will be capitalized. Such costs will be amortized using the unit of production method over the estimated life of the probable reserve. If properties are abandoned or the carrying value is determined to be in excess of possible future recoverable amounts the Company will write off the appropriate amount.

# Osino Resources Corp. (An exploration stage company)

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## Accounting Policies

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### i) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

#### i) Financial assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. The Company's cash and cash equivalents is designated in this category.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income/(loss). Gains and losses arising from changes in fair value are presented in the statement of income/(loss) within other gains and losses in the period in which they arise.

#### ii) Available-for-sale investment

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company at this time does not have any financial instruments in this category.

Available-for-sale investments are recognized initially at fair value and subsequently at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of loss as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of loss as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income/(loss) to the statement of profit and loss and included in other gains and losses.

#### iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of other receivables and subscriptions receivable, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less a provision for impairment, if any.

#### iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with no fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. The Company at this time does not have any financial instruments in this category.

#### v) Other financial liabilities

Other financial liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Company has classified its accounts payable and accrued liabilities and long-term financing as other financial liabilities. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise they are presented as non-current liabilities.

# Osino Resources Corp. (An exploration stage company)

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## Accounting Policies

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### j) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. An impairment loss on an available for sale financial asset or fair value through profit or loss financial asset is calculated by reference to its fair value. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in net loss.

Impairment losses on financial assets carried at amortized cost may be reversed in subsequent periods if the amount of the loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized. Financial assets measured at amortized cost and available for sale financial assets that are debt securities are reversed through profit and loss. For available for sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

### k) Revenue recognition

Revenue will be recorded when consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income is recognized as it accrues.

### l) Comprehensive income or loss

Comprehensive income or loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive loss in its statement of loss and comprehensive loss and its statement of changes in equity.

### m) Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

#### Current tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

# Osino Resources Corp. (An exploration stage company)

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## Accounting Policies

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### n) Non-monetary transactions

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

### o) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net earning (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculations as the effect would be anti-dilutive.

### p) Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

A CGU recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Industry specific indicators for an impairment review on mineral rights and capitalized exploration related expenditures arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

### q) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant, other site preparation work, and water and soil management, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value of the liability. These costs are charged against profit or loss over the economic life of the related assets, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as at June 30, 2018.

## **Osino Resources Corp. (An exploration stage company)**

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

### **Accounting Policies**

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#### **r) Share-based payments**

The Company from time to time may issue shares or options to its directors, officers, consultants and employees. The Company values share-based payments using the fair-value method of the services provided. For stock options issued to its directors, officers, consultants and employees where the value of the services provided cannot be determined or the options are provided for services already provided to the Company, the Company values stock-based compensation by reference to the fair value of the stock options issued, utilizing the Black-Scholes option pricing model. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase or decrease to the share-based payment reserve.

Any consideration paid by employees on the exercise of stock options or purchase of stock is credited to share capital plus the amounts originally recorded as share-based payment reserve. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

#### **s) Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these consolidated financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

**IFRS 16 – Leases:** On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its consolidated financial statements

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

Figures in Canadian Dollar	6 months ended. 30 June 2018	12 months ended 31 December 2017
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### 1. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	45,638	(8,031)	37,607	22,112	(3,917)	18,195
Furniture and fixtures	10,618	(1,473)	9,145	10,912	(601)	10,311
Motor vehicles	190,868	(51,790)	139,078	185,742	(89,396)	96,346
Office equipment	5,945	(1,099)	4,846	6,173	(646)	5,527
IT equipment	5,416	(927)	4,489	5,727	(507)	5,220
Leasehold improvements	884	(101)	783	895	(27)	868
<b>Total</b>	<b>259,369</b>	<b>(63,421)</b>	<b>195,948</b>	<b>231,561</b>	<b>(95,094)</b>	<b>136,467</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Foreign exchange movements	Depreciation	Total
Plant and machinery	18,195	26,311	(2,294)	(4,605)	37,607
Furniture and fixtures	10,311	316	(523)	(959)	9,145
Motor vehicles	96,346	57,645	(8,297)	(6,616)	139,078
Office equipment	5,527	113	(275)	(519)	4,846
IT equipment	5,220	-	(255)	(476)	4,489
Leasehold improvements	868	41	(45)	(81)	783
	<b>136,467</b>	<b>84,426</b>	<b>(11,689)</b>	<b>(13,256)</b>	<b>195,948</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Foreign exchange movements	Depreciation	Total
Plant and machinery	6,912	14,260	634	(3,611)	18,195
Furniture and fixtures	543	9,940	394	(566)	10,311
Motor vehicles	-	103,793	3,735	(11,182)	96,346
Office equipment	620	5,296	208	(597)	5,527
IT equipment	-	5,505	202	(487)	5,220
Leasehold improvements	-	860	33	(25)	868
	<b>8,075</b>	<b>139,654</b>	<b>5,206</b>	<b>(16,468)</b>	<b>136,467</b>

### 2. Other receivables and prepaid expenses

Other receivables	83,209	22,837
Prepayments	35,483	148,707
Subscriptions receivable	93,557	516,031
Value Added Taxation	364,010	275,710
	<b>576,259</b>	<b>963,285</b>

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

	6 months ended 30 June 2018	12 months ended 31 December 2017
Figures in Canadian Dollar		

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,460,548	3,785,084
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### 4. Share capital

#### Authorised

Unlimited number of common shares.

IFRS 2 recommends that an entity shall measure any equity-settled share-based payment transactions directly at the fair value of the goods or services received. The Company issued warrants and options as part of the private placements and compensation payments to agents and brokers. The Company determined that the fair value of services received is not reliably measurable because the warrants attached to these transactions are not from the result of any services purchased by the Company. Also, fair value of services from agents and brokers are not reliably determinable because there is no similar open market for the services they provide, and the compensation is not based on a fixed market rate, but rather subject to negotiation by management. Lastly, it is common for exploration stage companies to provide share-based compensation as part of its equity and debt transactions in addition to a cash component. As such management determined that the fair value of warrants rather than the fair value of services received should be used to determine the fair value of share-based transactions.

#### Issued and outstanding

Issued common shares	14,332,589	8,971,316
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#### Issues and common shares are as follows:

	Number of shares	Amount
Balance on hand as at 31 December 2017	40,045,906	8,971,316
Warrants exercised - March 2018	524,688	171,467
Private Placement - March 2018	5,974,453	2,855,779
Warrants exercised - May/June 2018	5,916,055	1,408,844
Private Placement - June 2018	681,173	325,600
Romulus RTO	3,155,700	599,583
<b>Balance on hand as at 30 June 2018</b>	<b>56,297,975</b>	<b>14,332,589</b>

(i) In terms of the Almagamation Agreement, the resulting issuer issued 1 share for every 5,4318 Osino shares held.

From May 18, 2017 to December 31, 2017, the Company issued 14,217,138 common shares of the Company at a price of \$0.38 per share for gross proceeds of \$5,433,221. The Company incurred a cost of \$47,900 in cash and issued 72,325 common shares of the Company valued at \$27,500 to a broker related to the transaction. As of December 31, 2017, the Company had a balance of \$516,031 of subscriptions receivable as funds were not received for shares issued before year end. The subscriptions receivable was received subsequent to December 31, 2017.



# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

	6 months ended 30 June 2018	12 months ended 31 December 2017
Figures in Canadian Dollar		

### 4. Share capital (continued)

On August 2, 2017, the Company issued 46,025 common shares at a value of \$0.38 per share as per the licence purchase agreement.

On November 24, 2017, the Company issued 1,257,575 common shares at a value of \$0.38 per share as consideration for the termination of 2,445,284 stock options to the original holders of the stock options.

On March 29, 2018, 524,688 share purchase warrants originally issued on May 12, 2016 were exercised. The Company received gross proceeds of \$125,400. As a result of the transaction, the original fair value of these warrants in the amount of \$46,067 was reclassified from the warrants reserve to share capital.

On April 20, 2018, the Company closed a private placement that raised gross proceeds of \$2,855,779 by the issuance of 5,974,453 common shares of the Company at a price per common share of \$0.48. In connection with the financing, the Company paid a finder's fee to Beacon Securities Limited consisting of,

(a) a cash fee equal to 5% of the gross proceeds from the issue and sale of shares to RCF Opportunities Fund LP; and

(b) finder's warrants equal to 5% of the number of shares issued and sold to RCF, exercisable to purchase common shares at a price of \$0.48 per share for a period of 12 months from closing. The Company has received subscription agreements for all the common shares in connection with the private placement, and 151,883 finder's warrants have been issued to Beacon Securities Limited.

On 15 May 2018 and 15 June 2018, 5,827,655 warrants issued in May and June, 2016 were exercised at a price of \$0.24 per common share. In addition, 88,400 finders warrants were exercised at a price of \$0.185 per common share. 416,071 previously issued warrants and 2,438 finders warrants expired unexercised. The exercise of the warrants by the warrant holders raised proceeds equivalent to \$1,408,844.

Effective June 22, 2018, Osino completed a reverse take-over transaction pursuant to an amalgamation agreement dated May 17, 2018 between Osino and Romulus pursuant to which:

(i) all of the issued and outstanding common shares in the capital of the Issuer ("Romulus Common Shares") were consolidated on the basis of every ten (10) Common Shares being consolidated into one (1) Common Share (the "Consolidation");

(ii) the Issuer changed its name from "Romulus Resources Ltd" to "Osino Resources Corp.";

(iii) each of the issued and outstanding common shares in the capital of Osino (the "Osino Shares") were cancelled and exchanged on the basis of one Common Share (on a post-Consolidation basis) for every 5.4318 Osino Shares held; and

(iv) The net result of which 3,155,700 new shares were issued to existing Romulus shareholders realising a market value of \$599,583 in accordance with IAS2 and IFRS Reverse Acquisition accounting. The financial effects of the transaction were as follows:

	\$
Cash on hand	318,199
Other receivables and prepaid expenses	15,155
Accounts payable and accrued liabilities	<u>5,780</u>
Net assets acquired	327,574
Share issuance at market value - Romulus	<u>(599,583)</u>
Listing expense	<u><u>272,009</u></u>

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

	6 months ended 30 June 2018	12 months ended 31 December 2017
Figures in Canadian Dollar		

#### 4. Share capital (continued)

On June 30, 2018, the Company closed a private placement that raised gross proceeds of \$325,600 by the issuance of 681,173 common shares of the Company at a price per common share of \$0.48.

##### Stock options and share-based payment

On June 23, 2016, the Company issued 2,445,284 stock options at an exercise price of \$0.185 and an expiry date of June 23, 2020. The stock options were valued at \$277,600 using the Black-Scholes pricing model with the following assumptions: share price - \$0.14; risk free rate - 0.70%; expected volatility - 136%; dividend yield - nil; and expected life - 4 years. These stock options vested on the grant date. On November 24, 2017, these 2,445,284 stock options were terminated by the Company in exchange for a total of 1,257,575 common shares of the Company.

On November 28, 2017, the Company issued 3,866,122 stock options at an exercise price of \$0.38 and an expiry date of November 28, 2022. The stock options were valued at \$1,287,300 using the Black-Scholes pricing model with the following assumptions: share price - \$0.38; risk free rate - 1.59%; expected volatility - 136%; dividend yield - nil; and expected life - 5 years. 1,288,707 stock options vested on the grant date, 1,288,707 stock options will vest on November 28, 2018, the remaining 1,288,707 stock options will vest on November 28, 2019.

During the period ended June 30, 2018, the Company recorded \$319,180 (December 31, 2017: \$965,455) in share-based compensation related to the vesting of stock options.

On June 26, 2018, the Company entered into an agreement with Romulus Resources Ltd. ("Romulus"), a public company listed on the NEX Board of the TSX Venture Exchange, whereby Romulus acquired all of the issued and outstanding common shares and securities convertible into common shares of the Company by way of a three-cornered amalgamation, or such other business combination transaction as the parties may agree upon (the "Transaction"). As part of the Transaction, the common shares of Romulus were consolidated on a 10 for 1 basis resulting in an aggregate of 3,155,700 which was converted into 1 new common share of the Resulting Issuer ("Resulting Issuer Share") and 5.4318 outstanding common shares or convertible security exercisable into common shares of Osino were converted into 1 new common share of the Resulting Issuer. This resulted in a Reverse Takeover of Romulus by the Company.

The following table summarizes information about the Company's stock options outstanding as at June 30, 2018 and December 31, 2017:

Options outstanding	Expiration date	Exercise price	Options
3,866,122	November 28, 2002	\$0.38	1,288,707

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

	6 months ended 30 June 2018	12 months ended 31 December 2017
Figures in Canadian Dollar		

### 4. Share capital (continued)

#### Warrants reserve

As of June 30, 2018, there were 151,883 common share purchase warrants (December 31, 2017 – 6,758,414) and nil (December 31, 2017 – 90,838) finders warrants outstanding with a weighted average exercise price of \$0.48 (December 31, 2017 – \$0.24).

The following table summarizes information about the Company's common share purchase warrants outstanding as at June 30, 2018:

Grant Date	Expiration Date	Exercise Price	Balance Outstanding June 30, 2018	Balance Outstanding December 31, 2017
May 12, 2016	May 12, 2018	\$0.24	Nil	4,609,132
May 12, 2016	May 12, 2018	\$0.185	Nil	8,119
June 17, 2016	June 17, 2018	\$0.24	Nil	1,701,423
June 17, 2016	June 17, 2018	\$0.185	Nil	79,472
June 21, 2016	June 21, 2018	\$0.24	Nil	424,017
June 21, 2016	June 21, 2018	\$0.185	Nil	3,247
June 23, 2016	June 23, 2018	\$0.24	Nil	38,842
April 20, 2018	April 20, 2019	\$0.48	<u>34,650</u>	<u>Nil</u>
<b>Total outstanding</b>			<b><u>34,650</u></b>	<b>6,859,252</b>

From May 12 to June 23, 2016, the Company issued 6,768,414 common share purchase warrants as part of the private placement unit. The common share purchase warrants were issued at an exercise price of \$0.24 and expiration of 2 years from the date of grant. The 6,768,414 share purchase warrants were valued at \$594,261 using the Black-Scholes pricing model with the following assumptions: share price - \$0.14; risk free rate - 0.52% to 0.62%; expected volatility - 146% to 147%; dividend yield - nil; and expected life - 2 years. On March 29, 2018, 524,688 common share purchase warrants were exercised. During May and June 2018, 5,827,655 warrants issued in May and June, 2016 were exercised at a price of \$0.24 per common share. 416,071 previously issued warrants expired unexercised. The exercise of the warrants by the warrant holders raised proceeds equivalent to \$1,392,805.

From May 12 to June 21, 2016, the Company issued 90,838 finders warrants to brokers as part of the private placement unit. The finders warrants were issued at an exercise price of \$0.185 and expiration of 2 years from the date of grant. The 90,838 finders warrants were valued at \$8,439 using the Black-Scholes pricing model with the following assumptions:

share price - \$0.38; risk free rate - 1.59%; expected volatility - 136%; dividend yield - nil; and expected life - 5 years.

During May and June 2018, 88,400 finders warrants were exercised at a price of \$0.185 per common share. 2,438 finders warrants expired unexercised. The exercise of the warrants by the warrant holders raised proceeds equivalent to \$516,039.

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

Figures in Canadian Dollar	6 months ended 30 June 2018	12 months ended 31 December 2017
<b>5. Other financial liabilities</b>		
<b>Held at amortised cost</b>		
First National Bank Lease	97,452	59,629
This finance lease is subject to interest at a rate between 11% and 11.50 % per annum and is repayable in 54 equal monthly instalments.		
<b>Non-current liabilities</b>		
At amortised cost	77,541	59,629
<b>Current liabilities</b>		
At amortised cost	19,911	-
	<b>97,452</b>	<b>59,629</b>
<b>6. Trade and other payables</b>		
Trade payables	260,187	417,139
<b>7. Mineral rights</b>		
The Company has various early stage gold exploration projects ("Osino Gold Project") in the Republic of Namibia ("Namibia"). The Osino Gold Project is located in central Namibia in the area known as the Central Plateau. The project area extends from approximately 150 km northwest to 300km north-northeast of the capital city of Namibia, Windhoek. The Company currently holds the controlling share in the rights to 19 exclusive prospecting licenses in the area and applied for an additional exclusive prospecting license.		
<b>8. Cash used in operations</b>		
Loss before taxation	(2,986,115)	(3,383,978)
<b>Adjustments for:</b>		
Depreciation and amortisation	13,256	16,468
Interest income	(3,229)	(2,400)
Non controlling interest	(72,962)	-
Leave pay provision	6,323	-
Profit/loss on sale of assets	25,444	-
Reverse acquisition expense	(272,009)	-
Stock options issued	-	487,293
Common shares issued for acquisition	-	17,500
Common shares issued for termination of stock options	319,180	478,163
Foreign exchange	-	(32,335)
<b>Changes in working capital:</b>		
Other receivables and prepaid expenses	387,026	-
Prepaid expenses	-	(148,707)
Other receivables	-	(207,282)
Trade and other payables	(157,411)	118,718
	<b>(2,740,497)</b>	<b>(2,656,560)</b>

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

	6 months ended 30 June 2018	12 months ended 31 December 2017
Figures in Canadian Dollar		

### 9. Commitments

As at June 30, 2018, the Company had the following contractual arrangements and commitments in place for the provision of certain services:

a) On May 12, 2016, the Company entered into a consulting agreement with Sparenberg Capital Limited, a company owned and controlled by an officer and director of the Company, at a monthly fee of \$10,000. The consulting agreement has an initial term of 36 months from the date of agreement and is subject to various severance and termination payments if the consulting agreement is terminated by the Company within the initial term of 36 months.

b) On May 12, 2016, the company entered into a consulting agreement with Rivonia Capital Inc., a company owned and controlled by an officer and director of the Company, at a monthly fee of \$7,500. The consulting agreement has an initial term of 36 months from the date of agreement and is subject to various severance and termination payments if the consulting agreement is terminated by the Company within the initial term of 36 months.

c) On October 31, 2016, the Company entered into an Earn-In agreement with Namgold (Pty) Ltd ("Namgold"). Under the terms of the Earn-In agreement, Osino Gold has options, at its sole discretion:

(i) to acquire 51% of mineral claims ("First Option") in Namibia owned by Namgold ("Namgold Property") by incurring \$96,105 (1,000,000 Namibian Dollars) exploration expenditures on or before 12 month anniversary from the date of all required regulatory approvals in respect of the Namgold Property are completed;

(ii) to acquire additional 19% of mineral claims ("Second Option") in Namgold Property by incurring additional up to \$96,105 (up to 1,000,000 Namibian Dollars) on or before 24 months anniversary from the exercise date of the Second Option whereby the Company has 12 months from the completion of the First Option to exercise the Second Option;

(iii) to acquire additional 10% of mineral claims ("Final Option") in Namgold Property by issuing the number of the Company's common shares valued at \$48,052 (500,000 Namibian Dollars), using the value of the Company's common shares of the most recently completed financing of the Company at that time whereby the Company has 24 months from the completion of the Second Option to exercise the Final Option.

d) On April 20, 2017, the Company entered into a licence purchase agreement among the Company, Osino Namibia, and Aloe Investments Number 88 (Pty) Ltd. ("Aloe 88") whereby Aloe 88 would sell, assign, and transfer 100% of its rights and interest in and to certain mineral rights in Namibia to Osino Namibia. As consideration, the Company issued 46,025 common shares of the Company plus a number of shares of Osino Namibia equal to 10% of the issued and outstanding share capital of Osino Namibia. As a result of this transaction, the Company's ownership of Osino Namibia was reduced from 100% to 90%.

e) On May 16, 2014, the Company, through Osino Holdings, signed two agreements, one with Scarab Environmental and Geological Enterprises CC and the second with Riana Getruida Scholtz, whereby Osino Holdings would acquire 100% of the ownership interests in EPL's 5117, 5196 and 5649 for a combined consideration of 46,025 common shares of the Company. The agreement became effective in October 2015 when the license transfer application was submitted. Osino Namibia, a 100% held subsidiary at the time would secure the transfer and hold the licences.

On June 22, 2017, the Company, through Osino Namibia, was transferred EPLs 5117 and 5196 from Riana Getruida Scholtz. The transfer of EPL 5649 is still pending.

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

	6 months ended 30 June 2018	12 months ended 31 December 2017
Figures in Canadian Dollar		

### 9. Commitments (continued)

f) On June 26, 2017, the Company entered into an agreement with Cedric Shilongo ("Shilongo") with respect to the earn-in of an initial 60% interest in EPL 5658, which is subject to a renewal application. The acquisition of the initial 60% interest will be structured in a new company ("5658 Newco") as a corporate joint venture. Pursuant to the agreement, the Company will earn its initial 60% interest after having incurred \$96,105 (1,000,000 Namibian Dollars) exploration expenditures within 18 months of receipt of all approvals (including environmental permits). The Company can acquire an additional 20% interest by incurring \$48,105 (500,000 Namibian Dollars) additional exploration expenditures on or before the 18 months anniversary of the agreement. As of June 30, 2018, the initial interest has not yet been earned.

g) On July 4, 2017, the Company entered into an agreement with Vavali Investment CC ("Vavali"), with respect to the acquisition of a 70% ownership interest in EPL 5465, which is currently subject to a renewal application submitted with the Ministry of Mines and Energy. On the granting of the renewal license, Vavali will transfer the license to a new company to be incorporated ("5465 Newco"). 5465 Newco will be held 70% by the Company and 30% by Vavali. The parties will enter into a joint venture agreement upon the transfer of the license to 5465 Newco. As of June 30, 2018, the initial interest has not yet been earned.

h) On September 14, 2017, the Company entered into an earn-in agreement with a third-party license holder of various mineral licenses in Namibia. Under the terms of the earn-in agreement, the licenses will be transferred to a new company and Osino Gold will hold 60% interest in the new company. As consideration, (i) Osino Gold made a cash payment of \$19,221 (200,000 Namibian Dollars); (ii) must incur minimum exploration expenditures of \$38,442 (400,000 Namibian Dollars) within 24 months of the date of the agreement; (iii) provide \$9,611 (100,000 Namibian Dollars) initial working capital after the completion of the minimum expenditures. The Company has the right, in its sole discretion, to terminate the earn-in agreement at anytime.

i) On September 15, 2017, the Company entered into an earn-in agreement with a third-party license holder of various mineral licenses in Namibia. Under the terms of the earn-in agreement, the licenses will be transferred to a new company and Osino Gold will hold 60% interest in the new company. As consideration, (i) Osino Gold made a cash payment of \$9,611 (100,000 Namibian Dollars); (ii) must incur minimum exploration expenditures of \$38,442 (400,000 Namibian Dollars) within 24 months of the date of the agreement; (iii) provide \$9,611 (100,000 Namibian Dollars) initial working capital after the completion of the minimum expenditures. The Company has the right, in its sole discretion, to terminate the earn-in agreement at anytime.

j) On October 10, 2017, the Company entered into an earn-in agreement with a third-party license holder of various mineral licenses in Namibia. Under the terms of the earn-in agreement, the license will be transferred to a new company and Osino Gold will hold 70% interest in the new company. As consideration, (i) Osino Gold made a cash payment of \$19,221 (200,000 Namibian Dollars); (ii) must incur minimum exploration expenditures of \$38,442 (400,000 Namibian Dollars) within 24 months of the date of the agreement; (iii) provide \$9,611 (100,000 Namibian Dollars) initial working capital after the completion of the minimum expenditures. The Company has the right, in its sole discretion, to terminate the earn-in agreement at anytime.

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

	6 months ended 30 June 2018	12 months ended 31 December 2017
Figures in Canadian Dollar		

### 9. Commitments (continued)

k) On November 2, 2017, the Company entered into an earn-in agreement with a third-party license holder of various mineral licenses in Namibia. Under the terms of the earn-In agreement, the license will be transferred to a new company and Osino Gold will hold 60% interest in the new company. As consideration, (i) Osino Gold made a cash payment of \$4,805 (50,000 Namibian Dollars); (ii) must incur minimum exploration expenditures of \$48,052 (500,000 Namibian Dollars) within 12 months of the date of the agreement; (iii) provide \$9,611 (100,000 Namibian Dollars) initial working capital after the completion of the minimum expenditures. The Company has the right, in its sole discretion, to terminate the earn-In agreement at anytime.

l) The Company is committed to various lease agreements that require payments for a total of \$56,737 over the next year and \$27,434 from 2 to 5 years.

m) On January 29, 2018, the Company entered into an earn-in agreement with Hendrik Dawids, a third-party license holder of various mineral licenses in Namibia. Under the terms of the earn-In agreement, the license will be transferred to a new company and Osino Gold will hold 60% interest in the new company. As consideration, (i) Osino Gold made a cash payment of \$4,805 (50,000 Namibian Dollars); (ii) must incur initial exploration expenditures of \$24,026 (250,000 Namibian Dollars) prior to January 18, 2019; (iii) after completion of the initial expenditure, must incur minimum exploration expenditures of \$24,026 (250,000 Namibian Dollars) over the next 12 months; (iv) provide \$9,611 (100,000 Namibian Dollars) initial working capital after the completion of the minimum expenditures. Osino Gold has the option to acquire additional interest in the new company by incurring further exploration expenditures. The Company has the right, in its sole discretion, to terminate the earn-in agreement at anytime.

n) On March 8, 2018, the Company entered into letter agreement with Richroad Investments CC, a third-party license holder of various mineral licenses in Namibia. Under the terms of the letter agreement, the license will be transferred to a new company and Osino Gold will hold 70% interest in the new company. As consideration, (i) Osino Gold made a cash payment of \$28,831 (300,000 Namibian Dollars); (ii) On receipt of the regulatory approval for the transfer of the license to the new company, Osino Gold is required to make additional cash payment of \$57,663 (600,000 Namibian Dollars) or issue an equivalent amount in common shares of the Company and Osino Gold's interest in the new company will be increased to 80%; (iii) On completion of exploration programs and other conditions in the letter agreement, Osino Gold is required to make additional cash payment of \$288,315 (3,000,000 Namibian Dollars) or issue an equivalent amount in common shares of the Company and Osino Gold's interest in the new company will be increased to 90%. The Company has the right, in its sole discretion, to terminate the letter agreement at anytime. Upon termination of the letter agreement, any interest owned by Osino Gold would be lost.

### 10. Related parties

The Company considers its Board of Directors and certain consultants which, by virtue of the contracts in place and the functions performed, to be key management. The Company has no compensation arrangements with its Board of Directors. Compensation accrued to the key management and its related entities is listed below:

For the six months ended June 30, 2018, the Company incurred management fees of \$60,000 (December 31, 2017 – \$30,000) to Sparenberg Capital Limited and \$45,000 (December 31, 2017 – \$24,060) to Rivonia Capital Inc., and \$1,500 (December 31, 2017 - Nil) to M & S Group and \$19,125 (December 31, 2017 – \$nil) to 2238012 Ontario Inc., companies controlled by officers and/or directors of the Company. As at June 30, 2018, \$53,950 (December 31, 2017 – \$40,173) was included in accounts payable and accrued liabilities.

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

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	6 months ended 30 June 2018	12 months ended 31 December 2017
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Figures in Canadian Dollar

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### 11. Loss per Share

The calculation of basic and diluted loss per common share attributable to the owners of the company is based on the following data:

	<b>6 months ended 30 June 2018</b>	<b>6 months ended 30 June 2018</b>
Net loss attributable to owners of the company	\$(3,094,401)	\$(611,781)
Weighted average number of common shares outstanding (basic and diluted)	43,257,326	25,619,823
Loss per share - basic and diluted	\$0.07	\$0.02

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### Net loss per share

The calculation of basic and diluted loss per share for the six months ended June 30, 2018 was based on the loss attributable to common shareholders of \$3,094,401 (June 30, 2017 – \$611,781) and the weighted average number of common shares outstanding of 43,257,326 (June 30, 2017 – 25,619,823). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

### 12. Financial Instruments

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

- 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. process) or indirectly (i.e. derived from process); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company's financial assets and liabilities at fair value through profit or loss, consisting of cash and cash equivalents, are classified as level 1.

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.



## Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

### Notes to the Unaudited Interim Consolidated Financial Statements

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#### 12. Financial Instruments (continued)

##### Fair value

As at June 30, 2018, the Company's financial instruments consist of other receivables, subscription receivables, accounts payable and accrued liabilities. These financial instruments are classified as loans and receivables or other financial liabilities and are carried at amortized cost. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments.

##### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations.

The Company intends to issue equity to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs.

##### Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company has credit risk with its other receivable, but it is considered to be minimal. There is no allowance for doubtful accounts recorded as at June 30, 2018.

##### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices.

##### (i) Interest rate risk

The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates.

##### (ii) Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has a portion of accounts payable and accrued liabilities in US Dollar, British Pound, and Namibian Dollar.

##### (iii) Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

# Osino Resources Corp. (An exploration stage company)

Unaudited Interim Consolidated Financial Statements for the period ended 30 June 2018

## Notes to the Unaudited Interim Consolidated Financial Statements

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	6 months ended 30 June 2018	12 months ended 31 December 2017
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Figures in Canadian Dollar

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### 13. Capital management

As at June 30, 2018, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of \$14,332,589 (December 31, 2017 - \$8,971,316), share-based payment reserve of \$1,084,073 (December 31, 2017 - \$764,893), warrant reserve of \$34,560 (December 31, 2017 - \$596,923), cumulative translation reserve of \$77,054 (December 31, 2017 - \$258,276) and deficit of \$8,573,172 (December 31, 2017 - \$6,176,198).

The Company's objective when managing capital structure is to ensure sufficient financial resources exist to meet the Company's strategic exploration and business development.

### 14. Subsequent events

After the period end, pursuant to the terms of the Escrow Agreement dated June 26, 2018; 180,046 common shares held in escrow were released. This represented the first release from Escrow. The balance of shares remaining in Escrow is 3,420,892.

On 31 July 2018, an addendum to the agreement between Osino and Vavali Investments CC (refer note 9 g)) was signed relating to EPL5465 in Namibia. The parties agreed to modify the original agreement whereupon Osino shall transfer to Vavali the amount of \$14,415 (150,000 Namibian Dollars) upon signing the EPL Transfer documents for submission to the Ministry of Mines and Energy. Osino, shall in addition pay an amount of \$33 637 (350,000 Namibian Dollars) within 7 days of receipt of all regulatory approvals of the transfer of EPL5465 to Newco.