

Condensed Interim Financial Statements  
(Expressed in Canadian Dollars)

**REDLINE RESOURCES INC.**

For the three months ended September 30, 2014 and 2013

## **REDLINE RESOURCES INC.**

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

**For the three month period ended September 30, 2014 and 2013**

(Unaudited)

### **REVIEW OF CONDENSED 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, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by auditor.

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by Redline Resources Inc. management.

The Corporation's independent auditor has not performed a review of the accompanying unaudited condensed interim financial statements in accordance with standards established by the CICA for a review of condensed interim financial statements by an entity's auditor.

# REDLINE RESOURCES INC.

Statement of Financial Position  
(Expressed in Canadian Dollars)

	Sept 30, 2014 (Unaudited)	June 30, 2014 (Audited)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 900	\$ 2,352
HST/GST receivable	1,929	1,803
Loan receivable (note 4)	11,735	12,560
Prepaid expenses	1,958	1,250
<b>Total assets</b>	<b>\$ 16,522</b>	<b>\$ 17,965</b>
<b>Liabilities</b>		
Accounts payable & accrued liabilities	\$ 93,547	\$ 91,937
Loans payable (note 6)	61,567	59,912
Due to related parties (note 7)	9,679	9,679
	164,793	161,528
<b>Shareholders' Deficiency</b>		
Share Capital (note 5)	691,769	691,769
Contributed surplus	166,758	166,758
Deficit	(1,006,798)	(1,002,090)
	(148,271)	(143,563)
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 16,522</b>	<b>\$ 17,965</b>

Approved on behalf of the board:

"Jeff Lightfoot"

Director

"Raymond Strafehl"

Director

**Nature of operations and going concern assumption (Note 1); Related party transactions (Note 7);  
Subsequent events (Note 8)**

*The accompanying notes are an integral part of these financial statements*

# REDLINE RESOURCES INC.

Statement of Comprehensive Loss  
(Expressed in Canadian Dollars)

For the three month period ended September 30, 2014 and 2013

	2014 (Unaudited)	2013 (Unaudited)
<b>Expenses</b>		
Accounting and audit	\$ 550	\$ 500
Transfer agent	785	1,500
Office and miscellaneous	51	1,748
Legal	417	-
Listing fees	1,250	1,250
<b>Total Expenses</b>	<b>3,053</b>	<b>4,998</b>
<b>Loss before the following items:</b>	<b>\$ (3,053)</b>	<b>\$ (4,998)</b>
<b>Net finance income (expenses):</b>		
Interest expense	(1,655)	(1,219)
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (4,708)</b>	<b>\$ (6,217)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.002)</b>	<b>\$ (0.002)</b>
<b>Weighted average number of shares outstanding</b>	<b>3,050,000</b>	<b>3,050,000</b>

*The accompanying notes are an integral part of these financial statements*

## REDLINE RESOURCES INC.

Statement of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital	Contributed Surplus	Accumulated Deficit	Total Equity
Balance, July 1, 2013	\$ 691,769	\$ 166,758	\$ (939,467)	\$ (80,940)
Net loss for the period			(6,217)	(6,217)
Balance, September 30, 2013	\$ 691,769	\$ 166,758	\$ (945,684)	\$ (87,157)
Net loss for the period			(56,406)	(56,406)
Balance, June 30, 2014	\$ 691,769	\$ 166,758	\$ (1,002,090)	\$ (143,563)
<b>Net loss for the period</b>			<b>(4,708)</b>	<b>(4,708)</b>
<b>Balance, September 30, 2014</b>	<b>\$ 691,769</b>	<b>\$ 166,758</b>	<b>\$ (1,006,798)</b>	<b>\$ (148,271)</b>

*The accompanying notes are an integral part of these financial statements*

## REDLINE RESOURCES INC.

Statement of Cash Flows  
(Expressed in Canadian Dollars)

For the three month period ended September 30, 2014 and 2013

	2014 (Unaudited)	2013 (Unaudited)
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss and comprehensive loss for the period	\$ (4,708)	\$ (6,217)
<b>Adjustments</b>		
Net finance expense	1,655	1,219
<b>Changes in non-cash working capital</b>		
HST/GST receivable	(126)	4,974
Prepaid expenses	(708)	-
Accounts Payable & Accrued Liabilities	1,610	(1,668)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (2,277)</b>	<b>\$ (1,692)</b>
<b>Financing activities</b>		
Proceeds from loans received	-	1,678
Receipt of payment on loan receivable (note 4)	825	-
<b>Cash provided by financing activities</b>	<b>825</b>	<b>1,678</b>
<b>Net increase (decrease) in cash</b>	<b>\$ (1,452)</b>	<b>\$ (14)</b>
<b>Cash, beginning of period</b>	<b>2,352</b>	<b>77</b>
<b>Cash end of period</b>	<b>\$ 900</b>	<b>\$ 63</b>

*The accompanying notes are an integral part of these financial statements*

# REDLINE RESOURCES INC.

Notes to Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**For the three month period ended September 30, 2014 and 2013**

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## 1. Nature of operations, proposed acquisition and going concern assumption:

### (a) Nature of operations

Redline Resources Inc. ("the Company"), formerly Benzai Capital Corp., was incorporated on January 16, 2007 under the Business Corporations Act of British Columbia. The Company is a Capital Pool Company ("CPC") for regulatory purposes as defined by the TSX Venture Exchange ("the Exchange") Policy 2.4. The activities of the Company have been limited to efforts to identify and evaluate acquisitions of assets and businesses, which would represent a "Qualifying Transaction" for regulatory purposes.

The Company did not initially complete a Qualifying Transaction within the necessary time and the Company was required to transfer its listing to the NEX board of the Exchange ("NEX"). The Company's application for listing was approved by NEX effective July 16, 2010. As a Capital Pool Company listed on NEX, the Company continues to be required to comply with all of the requirements and restrictions in Exchange Policy 2.4.

As a result of delays in filing certain disclosure documents, including its annual and quarterly financial statements and management discussion and analysis, on November 7, 2013, the British Columbia Securities Commission issued a cease trade order (the "Cease Trade Order") suspending trading of the Company's securities. As a result of the Cease Trade Order, the TSX Venture Exchange has suspended trading of the Company's common shares until such time as the Company's filings are up-to-date and it accepts a reinstatement application by the Company. Following the revocation of the Cease Trade Order, the Company will submit a reinstatement application to the TSX Venture Exchange.

### (b) Proposed transactions

#### *Proposed acquisition of Redline Minerals Inc.*

On February 10, 2012, the Company announced that it had reached an agreement in principle to acquire all of the shares of Redline Minerals Inc. ("RMI"). RMI is a private Canadian company in the business of sourcing, exploring and developing mineral properties in the southwestern United States. Effective June 25, 2012, the Company entered into an agreement with RMI and its shareholders, pursuant to which the Company agreed to acquire all of the issued and outstanding common shares of RMI in exchange for an equivalent number of the Company's common shares (the "Acquisition"). The Company anticipated issuing 10,896,974 common shares to acquire RMI. The Acquisition was conditional upon the approval by the Company's shareholders of the transaction, a share consolidation and the Company raising a minimum of \$500,000 through private placement offerings prior to the closing of the Acquisition in order to fund acquisition expenditures, a future initial phase of work on RMI's mineral property interests and for general working capital purposes.

On January 9, 2013, the Company's shareholders approved the Acquisition and the share consolidation and on February 11, 2013, the Company consolidated its issued and outstanding common shares on the basis of one new common share for every two common shares previously issued and outstanding. The completion of the Acquisition remained conditional on the Company raising sufficient funds through private placements to meet its funding requirement.

# REDLINE RESOURCES INC.

Notes to Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**For the three month period ended September 30, 2014 and 2013**

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## 1. Nature of operations, proposed acquisition and going concern assumption (continued):

### (b) Proposed transactions (continued)

On November 1, 2013 the Company authorized RMI to enter into a Letter of Intent and a Definitive Agreement with Far Resources Ltd ("FAR") whereby FAR will have the right and option to acquire an initial 50% interest in RMI's Winston Property. Under the terms of the Letter of Intent FAR would have the further option to acquire up to an additional 30% interest in the RMI's Winston Property.

Subsequent to year end the Company entered into a Share Exchange Agreement, effective January 30, 2015, concerning a proposed transaction whereby the Company will acquire ownership of Tyko Resources Inc. ("Tyko"), a private Canadian company in the business of sourcing, exploring and developing mineral properties in Ontario (the "Proposed Transaction"). The Proposed Transaction with Tyko is now expected to constitute the Company's Qualifying Transaction as defined under Policy 2.4 of the Exchange, thereby replacing the prior target company RMI, which has granted the Company permission to enter into this Proposed Transaction. Closing of the Proposed Transaction is subject to certain receipts and third-party consents, Exchange approval, the Company raising a minimum of \$1,000,000 through the issuance of common shares, completion by Tyko of a National Instrument 43-101 technical report and title opinion on the Tyko mineral property, the settlement of certain of the Company's outstanding debts, the removal of the Company's cease trade order and the changing of the Company's name to Nickel One Inc.. If the closing does not occur on or before June 1, 2015, the Share Exchange Agreement will terminate unless extended by mutual agreement of the parties.

See subsequent events for details of the Proposed Transaction.

### (c) Going concern

These financial statements have been prepared using accounting policies applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business. At September 30, 2014, the Company had no operating assets generating revenue, a history of losses resulting in a deficit of \$1,006,798, a working capital deficiency of \$148,271 and has yet to complete a Qualifying Transaction. These factors cast significant doubt as to the ability of the Company to continue as a going concern.

The Company will require additional financing in order to have sufficient funds to complete the proposed Qualifying Transaction with Tyko. There is no assurance that the Company will be able to obtain adequate financing in the future.

The ability of the Company to recover its cumulative expenditures and continue as a going concern is dependent upon raising additional capital and completing a Qualifying Transaction. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going concern assumption were not appropriate.

# REDLINE RESOURCES INC.

Notes to Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**For the three month period ended September 30, 2014 and 2013**

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## 2. Basis of presentation:

### (a) Statement of compliance:

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Company's reporting period ended September 30, 2014.

The financial statements were authorized for issue on February 26, 2015, by the Directors of the Company.

### (b) Basis of measurement:

The financial statements of the Company have been prepared on a historical cost basis.

### (c) Functional and presentation currency:

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

### (d) Use of estimates and judgments:

The preparation of the 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, revenue and expenses. Actual results may differ from these estimates. Areas requiring a significant degree of estimation and judgment include fair value measurements for financial instrument disclosures and the assumptions made in assessing the going concern assumption (note 1(b)). Due to the inherent uncertainty involved with making such estimates, actual results reported in future years may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

## 3. Significant accounting policies:

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended June 30, 2014. It is not anticipated that the adoption of recent or future IFRS policies will have any significant impact on the Company.

# REDLINE RESOURCES INC.

Notes to Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

## **For the three month period ended September 30, 2014 and 2013**

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### **4. Loan receivable:**

On May 4, 2012, the Company advanced a loan of \$40,000 to RMI for the purpose of making option payments on its New Mexico properties and for geological sampling. The Chief Executive Officer for RMI is also the Chief Executive Officer of the Company. Interest is payable on the loan at the rate of 10% per annum and is due to be repaid plus interest on the closing of the Qualifying Transaction described in note 1(a), or if the proposed acquisition is not completed, the loan plus interest is due at the earliest of twelve months following the first advance under the loan agreement or the date RMI obtains financing sufficient to repay the loan amount outstanding. The loan is secured against RMI's current and hereinafter-acquired assets. During the year-ended June 30, 2014, the Company received a total of \$35,000 in repayments against the principal of the loan. On September 26, 2014, RMI's paid an accounts payable on behalf of the Company in the amount of \$825, the payment was applied against the balance of the outstanding loan receivable. At September 30, 2014, the total amount of the loan plus accrued interest due, less repayments, was \$11,735 (2014 - \$44,789).

### **5. Share capital:**

#### (a) Authorized share capital:

Unlimited number of common shares with no par value.

#### (b) Changes in issued share capital for the period ended September 30, 2014 was as follows:

	Number of common shares	Amount
Balance, July 1, 2013	3,050,000	\$ 691,769
Balance, September 30, 2014	3,050,000	\$ 691,769

#### (c) Stock options:

The Board of Directors of the Company approved a stock option plan ("the Plan") whereby the Company may grant options to purchase common shares of the Company to directors, officers and consultants of the Company. The aggregate number of common shares issuable under the Plan is limited to 250,000. The exercise price of the stock options is to be determined by the Board but generally will be at least equal to the market price of the shares at the grant date.

As at September 30, 2014, the Company had no outstanding stock options.

#### (d) Escrowed shares:

At September 30, 2014, a total of 250,000 outstanding common shares are held under an escrow agreement and are to be released on a staged basis, with 10% to be released on the date of regulatory approval of a Qualifying Transaction of the Company, and 15% to be released every six months thereafter.

#### (e) Warrants:

As at September 30, 2014, the Company had no outstanding warrants.

## **REDLINE RESOURCES INC.**

Notes to Condensed Interim Financial Statements  
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### **For the three month period ended September 30, 2014 and 2013**

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#### **6. Loans payable:**

On October 4, 2011 and November 1, 2011, the Company entered into arm's length loan agreements for loans aggregating \$22,800, bearing interest at 12% per annum and payable on demand. The loans were used to finance expenses related to completion and filing of the Company's audited financial statements, an application to the Alberta Securities Commission for the revocation of its cease trade order and an application to the NEX Board of the TSX Venture Exchange to lift the suspension of the trading of the Company's securities.

On January 16, 2012, the Company entered into an arm's length loan agreement for a loan of \$5,000, bearing interest at 12% per annum and payable on demand. The loan is to be used for general working capital purposes and for the Company's continued efforts to identify a Qualifying Transaction.

On October 30, 2012, the Company entered into an arm's length loan agreement for a loan of \$2,500, bearing no interest and with no specific repayment terms. The loan was used to finance expenses related to filing fees for the Company's 2012 audited financial statements. Subsequent to entering into this agreement the lender has become Chief Executive Officer of the Company

On January 30, 2013, the Company entered into an arm's length short-term loan agreement for an amount of \$3,500, bearing interest of 10% per annum and maturing effective July 30, 2013. All principle and accrued interest will be due and payable at the time of maturity. The loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction. As of the date of approval of these financial statements the loan has not been repaid and is past due, but no demand notice has been received.

On March 5, 2013, the Company entered into an arm's length short-term loan agreement for an amount of \$2,500, bearing interest of 10% per annum and maturing effective September 5, 2013. All principle and accrued interest will be due and payable at the time of maturity. This loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction. As of the date of approval of these financial statements the loans has not been repaid and is past due, but no demand notice has been received.

On May 2, 2013, the Company entered into an arm's length short-term loan agreement for an amount of \$1,000, bearing interest of 10% per annum and maturing effective November 2, 2013. All principle and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction.

On March 1, 2014, the Company entered into an arm's length short-term loan agreement for an aggregate loan amount of \$6,000 bearing interest of 10% per annum and without a specific repayment term. There were three draws of \$2,000 each against this loan on March 1, 2014, March 11, 2014 and March 21, 2014. All principle and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction.

## REDLINE RESOURCES INC.

Notes to Condensed Interim Financial Statements  
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### For the three month period ended September 30, 2014 and 2013

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#### 6. Loans payable (cont'd):

On May 30, 2014, the Company entered into an arm's length short-term loan agreement for an amount of \$5,000, bearing interest of 10% per annum and maturing effective May 30, 2015. All principle and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing the Qualifying Transaction.

As at September 30, 2014, the aggregate amount of the loans was \$48,300 (2014 - \$37,300) and \$13,267 (2014 - \$7,855) in interest had accrued.

#### 7. Related party transactions:

##### (a) Related party transactions:

During the period, the Company entered into the following related party transactions:

- (i) Legal expenses, for the three months ended September 30, 2014, of \$275 (2014 - Nil) were incurred with a law firm of which a director of the Company is an associate.
- (ii) Included in accounts payable and accrued liabilities at September 30, 2014 is an amount of \$58,940 (2014 - \$52,304) in respect to legal fees owed to two law firms, one firm as described in note 11(a)(i) and a second law firm of which the same director was formerly a partner, and an amount of \$5,795 (2014 - \$5,795) in respect to accounting service fees owed to a former director. Included in the legal fees balance are amounts in respect to disbursements incurred on behalf of the Company.
- (iii) During the year ended June 30, 2011 the four directors each advanced \$2,000 to the Company. The loans are non-interest bearing, unsecured and with no fixed terms of repayment. As at September 30, 2014, the loans remained outstanding.
- (iv) During the year ended June 30, 2014 a director advanced \$1,679 to the Company. The loans are non-interest bearing, unsecured and with no fixed terms of repayment. As at September 30, 2014, the loans remained outstanding.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

##### (b) Compensation of key management personnel:

The Company's key management personnel has the authority and responsibility for planning, directing and controlling the activities of the Company and consists of its Directors, Chief Executive Officer and Chief Financial Officer. No short term compensation was paid to the Company's key management personnel during the three months ended September 30, 2014 and 2013. No share based payments, post-employment or other long-term benefits were incurred with respect to key management personnel.

## **REDLINE RESOURCES INC.**

Notes to Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**For the three month period ended September 30, 2014 and 2013**

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### **8. Subsequent Events:**

On October 31, 2014, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$1,100, bearing interest of 10% per annum and maturing effective October 31, 2015. All principal and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing a Qualifying Transaction.

On January 30, 2015, the Company entered into two arm's length short-term loan agreement for an aggregate amount of \$10,000, bearing interest of 10% per annum and maturing effective January 30, 2016. All principal and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of these loans at any time and without penalty. The loans were used for general working capital purposes and for the costs related to completing a Qualifying Transaction.

On February 19, 2015, the Company entered into an arm's length short-term loan agreement for an aggregate amount of \$2,000, bearing interest of 10% per annum and maturing effective February 19, 2016. All principal and accrued interest will be due and payable at the time of maturity. The Company can repay all or any portion of this loan at any time and without penalty. This loan was used for general working capital purposes and for the costs related to completing a Qualifying Transaction.

Subsequent to year end the Company entered into a Share Exchange Agreement, effective January 30, 2015, concerning a proposed transaction whereby the Company will acquire ownership of Tyko Resources Inc. ("Tyko"), a private Canadian company in the business of sourcing, exploring and developing mineral properties in Ontario (the "Proposed Transaction"). The Proposed Transaction with Tyko is now expected to constitute the Company's Qualifying Transaction as defined under Policy 2.4 of the Exchange, thereby replacing the prior target company RMI, which has granted the Company permission to enter into this Proposed Transaction. Closing of the Proposed Transaction is subject to certain receipts and third-party consents, Exchange approval, the Company raising a minimum of \$1,000,000 through the issuance of common shares, completion by Tyko of a National Instrument 43-101 technical report and title opinion on the Tyko mineral property, the settlement of certain of the Company's outstanding debts, the removal of the Company's cease trade order and the changing of the Company's name to Nickel One Inc.. If the closing does not occur on or before June 1, 2015, the Share Exchange Agreement will terminate unless extended by mutual agreement of the parties.

Under the terms of the Proposed Transaction, the Company will acquire all of the issued and outstanding common shares of Tyko (being 13,036,966 common shares) in exchange for the issuance of common shares of the Company on the basis of one common share of the Company for each Tyko common share outstanding. Following completion of the share exchange, the Company will own, directly and indirectly, all of the issued and outstanding shares of Tyko and will operate the Tyko business.

Before the closing of the Proposed Transaction, and subject to regulatory approval, the Company is required to settle its outstanding debt in the amount of \$158,490 by way of a common share for debt

## **REDLINE RESOURCES INC.**

Notes to Condensed Interim Financial Statements  
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### **8. Subsequent Events (continued):**

settlement at \$0.10 per share resulting in the issuance of 1,584,900 common shares. The Company must also complete a financing, subject to regulatory approval and concurrent with the closing of the Proposed Transaction, to raise a minimum of \$1,000,000 through the issuance of common shares at a price of not less than \$0.10 per common share. The proceeds from this financing will be used for the completion of the Proposed Transaction, exploration of Tyko's mineral properties and for general corporate working capital purposes. Subject to Exchange approval, a finder's fee of 10% of the value of the Proposed Transaction will also be payable by the issuance of up to an additional 1,300,000 common shares.