PACIFIC RIM COBALT CORP.
(formerly Rhys Resources Ltd.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

CONTENTS

PACIFIC RIM COBALT CORP.
(formerly Rhys Resources Ltd.)
STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2017	December 31, 2016
	$	**$**
ASSETS		
Current		
Cash	98,217	52,266
Receivables	10,194	8,721
Prepaid expenses	1,019	300
Deferred financing costs	2,472	-
Deposits (Note 12)	64,369	-
	176,271	61,287
Exploration and evaluation assets (Note 4)	28,932	28,932
	205,203	**90,219**
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	299,581	81,395
Shareholders' equity (deficiency)		
Share capital (Note 6)	4,285,594	4,047,381
Share subscriptions received in advance (Note 6)	35,000	-
Reserves (Note 6)	1,113,549	1,108,754
Deficit	(5,528,521)	(5,147,311)
	(94,378)	8,824
	205,203	**90,219**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 12)

Approved and authorized on behalf of the Board:

"Ranjeet Sundher"
Director

"Steve Vanry"
Director

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

PACIFIC RIM COBALT CORP.
(formerly Rhys Resources Ltd.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended September 30,		**For the nine months ended September 30,**	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Expenses				
Consulting fees (Note 7)	10,595	5,350	43,907	7,710
Corporate development	52,500	-	52,500	-
Exploration	448	-	15,896	-
Interest and bank charges	528	-	899	-
Office and miscellaneous (Note 7)	3,370	3,951	10,685	14,221
Marketing	62,470	-	62,470	-
Professional fees (Note 7)	52,437	4,790	86,951	12,576
Project investigation costs	44,087	-	78,441	12,203
Rent (Note 7)	2,250	3,000	6,750	9,000
Share-based payment (Notes 6 and 7)	1,142	4,075	4,795	6,290
Shareholder liaison and filing fees	4,855	1,313	8,243	8,223
Transfer agent	738	398	5,806	4,546
Travel	3,867	-	3,867	-
Loss and comprehensive loss for the period	**(239,287)**	**(22,877)**	**(381,210)**	**(74,769)**
Basic and diluted loss per share	**$ (0.03)**	**$ (0.00)**	**$ (0.05)**	**$ (0.01)**
Weighted average number of common shares outstanding	**8,222,075**	**6,347,075**	**7,226,196**	**6,347,075**

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

PACIFIC RIM COBALT CORP.
(formerly Rhys Resources Ltd.)
STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended September 30, 2017	2016
	$	$
Cash flows used in operating activities		
Loss for the period	(381,210)	(74,769)
Item not affecting cash:		
Share-based payment	4,795	6,290
Changes in non-cash working capital items:		
Increase in receivables	(1,473)	(2,985)
Decrease (increase) in prepaid expenses	(719)	12,203
Increase in deposits	(64,369)	-
Increase in accounts payable and accrued liabilities	218,186	12,245
	(224,790)	(47,016)
Cash flows used in investing activities		
Purchase of exploration and evaluation assets	-	(28,931)
Cash flows provided by financing activities		
Issuance of common shares	250,000	-
Share issue costs	(11,787)	-
Share subscriptions received in advance	35,000	-
Deferred financing costs	(2,472)	-
	270,741	-
Change in cash for the period	45,951	(75,947)
Cash, beginning of period	52,266	138,776
Cash, end of period	**98,217**	**62,829**

SUPPLEMENTAL CASH FLOW INFORMATION (Note 8)

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

PACIFIC RIM COBALT CORP.
(formerly Rhys Resources Ltd.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares Issued	Capital Stock	Share Subscriptions Received in Advance	Reserves	Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$	$
Balance at December 31, 2015	**6,347,075**	**4,047,381**	**-**	**1,099,448**	**(5,028,653)**	**118,176**
Share-based payment	-	-	-	6,290	-	6,290
Loss and comprehensive loss	-	-	-	-	(74,769)	(74,769)
Balance at September 30, 2016	**6,347,075**	**4,047,381**	**-**	**1,105,738**	**(5,103,422)**	**49,697**
Balance at December 31, 2016	**6,347,075**	**4,047,381**	**-**	**1,108,754**	**(5,147,311)**	**8,824**
Shares issued	1,875,000	238,213	-	-	-	238,213
Share subscriptions received in advance	-	-	35,000	-	-	35,000
Share-based payment	-	-	-	4,795	-	4,795
Loss and comprehensive loss	-	-	-	-	(381,210)	(381,210)
Balance at September 30, 2017	**8,222,075**	**4,285,594**	**35,000**	**1,113,549**	**(5,528,521)**	**(94,378)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Pacific Rim Cobalt Corp.'s ("the Company") main activities include the acquisition and exploration of exploration and evaluation assets. The Company trades on the Canadian Securities Exchange ("CSE") under the symbol BOLT. The Company's head office is located at Suite 300 - Bellevue Centre, 235 - 15th Street, West Vancouver, BC, V7T 2X1.

These condensed interim financial statements have been prepared on a going-concern basis which assumes the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing.

These condensed interim financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate.

The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations. The Company raised additional capital through a private placement of its common shares in amounts sufficient to further operations for the upcoming year (Note 12).

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016, prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were authorized by the audit committee and board of directors of the Company on November 29, 2017.

Basis of presentation

The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The reporting currency of the Company is the Canadian dollar.

2. BASIS OF PRESENTATION (continued)

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments is as follows:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

<u>Valuation of share-based payment</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payment. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's accounting policies from those disclosed in the financial statements for the year ended December 31, 2016, except as follows:

Exploration and evaluation assets

The Company changed its policy regarding the capitalization of exploration costs. Exploration costs are now recognized in profit or loss. This change in policy did not have an impact on the condensed interim financial statements.

(Unaudited - Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised accounting standards and interpretations

The following standards have been published and are effective for annual periods beginning after January 1, 2018:

IFRS 9, Financial Instruments, replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement, and includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company has not adopted IFRS 9 in its condensed interim financial statements for the period ended September 30, 2017.

IFRS 15, Revenue from Contracts with Customers, establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company has not adopted IFRS 15 in its condensed interim financial statements for the period ended September 30, 2017.

IFRS 16, Leases, will replace IAS 17, Leases. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and to record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. The Company has not adopted IFRS 15 in its condensed interim financial statements for the period ended September 30, 2017

4. EXPLORATION AND EVALUATION ASSETS

	Dina Pool	Doe Creek Pool	Total
	$	$	$
Balance September 30, 2017 and December 31, 2016	**21,314**	**7,618**	**28,932**

On June 22, 2016, the Company purchased land in the Provost area of Alberta (Dina Pool) through a Province of Alberta land sale.

On September 14, 2016, the Company purchased land in the Grande Prairie area of Alberta (Doe Creek) through a Province of Alberta Land sale.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2017	**December 31, 2016**
	$	$
Accounts payable	299,581	72,645
Accrued liabilities	-	8,750
	299,581	**81,395**

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the nine months ended September 30, 2017, the Company issued 1,875,000 units at a price of $0.133 per unit for gross proceeds of $250,000. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of $0.266 per common share until May 25, 2018. Finders' fees of $11,787 were incurred.

No shares were issued during the nine months ended September 30, 2016.

Stock option plan

The Company has a Stock Option Plan (the "Plan") that provides for the issuance of options to directors, officers, employees and consultants of the Company to purchase common shares. The maximum aggregate number of plan shares that may be reserved for issuance under the Plan at any point in time is 10% of the outstanding shares at the time. Vesting is determined at the discretion of the Board of Directors.

For the nine months ended September 30, 21017, the Company expensed $4,795 (2016 - $6,290) as share-based payment.

Stock option activities are summarized as follows:

	Number of options	Weighted average exercise price
		$
Outstanding at September 30, 2017 and December 31, 2016	234,375	0.133
Exercisable at September 30, 2017	117,188	0.133

The Company has outstanding options entitling the holder to purchase an aggregate of common shares at September 30, 2017 as follows:

Number of Options	Exercise Price ($)	Expiry Date	Contractual life remaining (years)
234,375	0.133	May 12, 2021	3.61
234,375			

(Unaudited - Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (continued)

Warrants

Warrant activities are summarized as follows:

	Number of warrants	Weighted average exercise price
		$
Outstanding at December 31, 2016	-	-
Granted	937,500	0.266
Outstanding at September 30, 2017	937,500	0.266

The Company has outstanding warrants entitling the holder to purchase an aggregate of common shares at September 30, 2017 as follows:

Number of Warrants	Exercise Price ($)	Expiry Date	Contractual life remaining (years)
937,500	0.266	May 25, 2018	0.65
937,500			

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the nine months ended September 30, 2017:

a) Paid or accrued consulting fees, of $15,000 (2016 - $nil) to a company controlled by the Company's CEO;

b) Paid or accrued rent of $6,750 (2016 - $9,000) to a company related by the Company's CEO and CFO; and

c) Paid or accrued professional fees of $18,750 (2016 - $11,250) and administration fees, included in office and miscellaneous, of $3,750 (2016 - $11,250) to a company controlled by the Company's CFO.

The Company defines its directors and officers as its key management personnel. The compensation costs for key management personnel for the nine months ended September 30, 2017 and 2016 are as follows:

	2017	2016
	$	$
Consulting fees	15,000	-
Professional fees	14,313	-
Share-based payment	1,800	917
	31,113	**917**

Included in accounts payable and accrued liabilities are amounts owing to related parties of $109,802 (December 31, 2016 - $66,938).

8. SUPPLEMENTAL CASH FLOW INFORMATION

There were no non-cash investing and financing transactions during the nine months ended September 30, 2017 and 2016.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values because of the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

Financial risk factors

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and price risk.

Credit risk

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables consist of goods and service tax receivable due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments as they become due. The Company is exposed to liquidity risk.

Market risk

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

(a) *Interest rate risk*

The Company has cash balances only.

(b) *Foreign currency risk*

As at September 30, 2017, the Company did not have any balances in foreign currencies.

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Price risk

The Company has limited exposure 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 in relation to its exploration and evaluation assets.

10. CAPITAL MANAGEMENT

The Company considers its equity as capital. The Company's objective when managing capital is to fund its operations and corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk. The Company has no earnings and therefore it must finance its activities and corporate overhead costs by the sale of common shares or loans.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends.

Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of operating activities and potential acquisitions management's assessment of the expected availability of acceptably priced capital in future periods.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2017. The Company is not subject to externally imposed capital requirements.

11. SEGMENTED INFORMATION

The Company operates in one industry, being resource exploration in Canada.

	Canada	Total
December 31, 2016		
Exploration and evaluation assets	$ 28,932	$ 28,932
September 30, 2017		
Exploration and evaluation assets	$ 28,932	$ 28,932

12. SUBSEQUENT EVENTS

Subsequent to September 30, 2017, the Company completed all aspects of a reverse takeover transaction which included:

Acquisition

The Company acquired all of the issued and outstanding securities of 1121844 B.C. Ltd. ("CPA") in consideration of the issuance of 16,500,000 common shares of the Company (the "Payment Shares"). CPA and its wholly owned Hong Kong subsidiary, Cobalt Power (Asia) Ltd. ("CPA HK") are now wholly owned subsidiaries of the Company.

CPA HK is party to an option agreement (the "Option Agreement") with PT. Tablasufa Nickel Mining ("TNM") to acquire all of the issued and outstanding securities of TNM. TNM is a private Indonesia company holding an IUP Operation Production Mining Permit for the TNM Cobalt Project.

Under the terms of the Share Purchase Agreement, the CPA HK is required to grant a 2% NSR on the TNM Cobalt Project and pay US$1,500,000 as follows:

US$50,000 on signing;
US$150,000 on or before December 15, 2017;
US$150,000 on or before June 15, 2018;
US$250,000 on or before June 15, 2019; and
US$900,000 on or before June 15, 2020.

Pursuant to the Transaction, all of the Payment Shares are subject to escrow restrictions pursuant to the terms of an Escrow Agreement dated October 23, 2017, and will be released from escrow based upon the passage of time in accordance with the Escrow Agreement, such that 10% of the securities will be released on October 24, 2017 and the remaining escrowed securities will be released in six tranches of 15% every six months thereafter.

On closing, the Resulting Issuer paid a cash finder's fee of $154,000 related to the Transaction.

Financing

The Company completed a non-brokered private placement (the "Offering") generating gross proceeds of $4,473,281, through the issuance of 19,171,206 units (each a "Unit") at $0.233 per Unit.

Each Unit entitles the holder to receive one common share of the Company (each a "Common Share") plus one half of one transferable share purchase warrant, each whole warrant (a "Warrant") entitling the holder to acquire one common share of the Company at an exercise price of $0.333 per share until October 24, 2019, subject to accelerated expiry provisions whereby in the event the closing price of the Company's common shares exceeds $0.466 per share for a period of 20 consecutive trading days, at the Company's election, the 24 month period within which the Warrants are exercisable will be reduced and the holders of the Warrants will be entitled to exercise their Warrants for a period of 30 days commencing on the day the Company provides notice of same.

The Company paid cash commission of 7% of gross proceeds received and broker warrants equal in number to 7% the number of Units sold, payable to registrants. Each broker warrant shall have the same terms as the Warrants, provided however that they will be non-transferable. An aggregate of $262,621 was paid in cash, 551,432 broker warrants were issued and a further 570,750 Units were issued to finders.

Consolidation

Prior to the closing of the Transaction and Financing, the Company completed a share consolidation on a 4 old for 1 new basis.

12. SUBSEQUENT EVENTS (continued)

Share Split

The Company completed a forward share split on a 1 old for 1.5 new basis.

Grant of Options

In connection with the transaction a total of 2,850,000 incentive stock options were granted to directors, officers and consultants of the Company pursuant to its Stock Option Plan. The options are exercisable for a period of two years at a price of $0.307 per share, vesting 25% on the closing date and every three months thereafter.

In connection with the Transaction, the Company delisted its common shares from the TSX Venture Exchange ("TSXV"), listed its common shares on the CSE, and changed its name to Pacific Rim Cobalt Corp.

Deposits

The Company advanced to 1121844, the sum of $25,000 as a non-refundable deposit (the "Deposit"), which Deposit shall be used by 1121844 for the sole purpose of making required payments under the Share Purchase Agreement.

The Company also advanced a further amount (the "Secured Advance"), which together with the Deposit represents in aggregate US$50,000 ($64,369). The Secured Advance shall be used by 1121844 for the sole purpose of making required payments under the Share Purchase Agreement. The Secured Advance is backed by a promissory note and bears interest at 12% per annum.

Subsequent to September 30, 2017 the Company also issued stock options as to:

- 275,000 exercisable at $0.54 per share for a period of two-years, vesting at 25% on grant and every three months thereafter, expiring November 6, 2019; and
- 200,000 exercisable at $0.80 per share for a period of two-years, all vesting on grant, expiring November 14, 2019