

DARELLE ONLINE SOLUTIONS INC.
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at November 30, 2017 and for the Three-Month Periods Ended November 30,
2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Darelle Online Solutions Inc. have been prepared by and are the responsibility of the Company's management.

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

DARELLE ONLINE SOLUTIONS INC.
Condensed Interim Consolidated Statement of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

As at	November 30, 2017	August 31, 2017
Assets		
Current		
Cash	\$ 58,656	\$ 37,011
Accounts receivable and other receivable	42,617	26,262
Prepaid expenses	3,914	2,159
	105,187	192,490
Intangible assets (note 6)	477,182	478,672
	\$ 582,369	\$ 544,104
Liabilities		
Current		
Accounts payable and accrued liabilities (note 3)	\$ 265,773	\$ 235,898
Funds held in trust (note 7)	1,523	2,278
	267,296	238,176
Shareholders' Equity (Deficiency)		
Share capital	5,716,976	5,716,976
Share subscriptions received in advance (note 9)	79,650	1,530,536
Other equity reserve	1,530,536	1,530,536
Deficit	(7,012,089)	(6,941,584)
	315,073	305,928
	\$ 582,369	\$ 544,104

Nature and Continuation of Operations (note 1)
Subsequent Event (note 9)

Approved on behalf of the Board of Directors:

....."Dean Bethune".....Director

....."Rob Solinger"..... Director

DARELLE ONLINE SOLUTIONS INC.**Condensed Interim Consolidated Statement of Comprehensive Loss
(Unaudited)**

(Expressed in Canadian dollars)

Periods ended	Three months ended November 30, 2017	Three months ended November 30, 2016
Revenue	\$ 27,740	\$ 5,889
Expenses		
Consulting fees	-	389
Amortization	24,900	33,197
General and administrative	6,238	6,498
Management fees (note 8)	60,000	47,670
Marketing	1,085	4,587
Professional fees	2,025	6,610
Transfer agent & filing fees	2,892	1,563
Travel	1,105	-
	98,245	100,514
Net loss and comprehensive loss	\$ 70,505	\$ 94,625
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding – basic and diluted	69,408,647	51,199,990

DARELLE ONLINE SOLUTIONS INC.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian dollars)

	Share Capital		Other equity reserve	Share Subscriptions received in advance	Deficit	Total
	Number	Amount				
Balance, August 31, 2017	69,408,147	\$ 5,716,976	\$1,530,536		\$ (6,941,584)	\$ 305,928
Share subscriptions received in advance				79,650		79,650
Stock based compensation	-	-			-	
Loss for the period	-	-	-		(70,505)	(70,505)
Balance, November 30, 2017	69,408,147	\$ 5,716,976	\$1,530,536	\$79,650	\$(7,012,089)	\$ 315,073
Balance, August 31, 2016	66,838,147	\$ 5,589,176	\$1,530,536	-	\$ (6,364,213)	\$ 755,499
Stock based compensation	-	-	-	-	-	-
Loss for the period	-	-	-	-	(94,625)	(94,625)
Balance, November 30, 2016	66,838,147	\$ 5,589,176	\$1,530,536	-	\$(6,458,838)	\$ 660,874

DARELLE ONLINE SOLUTIONS INC.

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

(Expressed in Canadian dollars)

Period ended	November 30, 2017	November 30, 2016
Operating Activities		
Net loss for the period	\$ (70,505)	\$ (94,625)
Add back:		
Amortization	24,900	33,197
Changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	29,875	70,669
Prepaid expenses	(1,755)	-
Funds held in trust	755	-
Accounts and other receivables	(16,355)	948
	(34,595)	10,189
Financing Activities		
Subscriptions received in advance	79,650	-
	79,650	-
Investing Activities		
Development of intangible asset	(23,410)	(56,214)
	(23,410)	(56,214)
Inflow (outflow) of Cash	21,645	(46,025)
Cash at Beginning of year	37,011	183,379
Cash at End of period	\$ 58,656	\$ 137,354

DARELLE ONLINE SOLUTIONS INC.

Notes to Interim Consolidated Condensed Financial Statements For the three-month periods ended November 30, 2017 and 2016 (Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Darelle Online Solutions Inc. (the "Company") is a company listed on the TSX Venture Exchange with a registered office located at 4907 Fillinger Crescent, Nanaimo, British Columbia, Canada, V9V 1H9.

The Company provides an online raffle lottery system to charities. The online raffle program enables charitable nonprofit organizations to create, sell, deliver and manage their raffle ticket and 50/50 draws completely online.

These unaudited condensed consolidated interim financial statements were authorized by the Board of Directors on January 27, 2018.

The unaudited condensed consolidated interim financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and/or upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. As at November 30, 2017, the Company had not achieved profitable operations and has a cumulative deficit of \$7,012,089. This is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The unaudited interim financial statements for the three months ended November 30, 2017 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual financial statements for the year ended August 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the international Accounting Standards Board ("IASB").

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's 2017 annual financial statements.

Adoption of new accounting standards

There are no new recently adopted standards, amendments and interpretations to existing standards, which have been published and are effective only for accounting periods beginning on or after September 1, 2016 that are expected to have a material impact on these Interim Financial Statements.

DARELLE ONLINE SOLUTIONS INC.

Notes to Interim Consolidated Condensed Financial Statements For the three-month periods ended November 30, 2017 and 2016 (Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are not yet effective:

- IFRS 9 – Financial Instruments: Classification and Measurement, effective for periods beginning on or after January 1, 2018
- IFRS 15 – Revenue from Contracts with customers, effective for periods beginning on or after January 1, 2018
- IAS 16 – Leases, effective for periods beginning on or after January 1, 2019

The impact of these standards and interpretations are currently being assessed by the Company.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2017	August 31, 2017
Trade accounts payable and accrued liabilities	\$9,220	\$ 63,693
Due to officer and officer of subsidiary (note 8)	256,553	172,205
	\$265,773	\$ 235,898

4. STOCK OPTIONS

As at November 30, 2017, the following stock options were outstanding and exercisable:

Exercise Price	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
\$ 0.05	950,000	June 23, 2019	950,000	1.5
\$ 0.05	1,000,000	February 10, 2020	1,000,000	2.17
\$ 0.05	1,550,000	February 18, 2021	1,550,000	3.17
	3,500,000		3,500,000	

The weighted-average remaining contractual life of options outstanding at November 30, 2017 was 2.43 years.

During the period ended November 30, 2017, the Company did not grant any options.

DARELLE ONLINE SOLUTIONS INC.

Notes to Interim Consolidated Condensed Financial Statements For the three-month periods ended November 30, 2017 and 2016 (Unaudited)

5. SHARE PURCHASE WARRANTS

The Company has the following warrants outstanding:

Warrants outstanding at November 30, 2017		
Expiry	Exercise Price (CAD \$)	Number of Warrants
March 2, 2019	0.05	10,000,000
July 19, 2019	0.05	2,235,657
February 24, 2020	\$0.075	2,570,000
		14,805,657

The weighted-average remaining contractual life of warrants outstanding at November 30, 2017 was 1.46 years.

6. INTANGIBLE ASSETS

Development costs	
Balance as at August 31, 2016	448,466
Additions	129,756
Amortization	(99,550)
Balance as at August 31, 2017	478,672
Additions	23,410
Amortization	(24,900)
Balance as at November 30, 2017	477,182
Goodwill	
Balance as at August 31, 2016	227,648
Impairment	(227,648)
Balance as at August 31, 2017 & November 30, 2017	-
Carrying amount At November 30, 2017	477,182

7. FUNDS HELD IN TRUST

The Company periodically receives funds through its online raffle system on behalf of charitable and nonprofit organizations through raffle ticket sales. These funds are held and distributed to organizations on a quarterly basis and/or on completion of the raffle. As at November 30, 2017, the balance of funds was \$1,523 (August 31, 2017 - \$2,278)

DARELLE ONLINE SOLUTIONS INC.

Notes to Interim Consolidated Condensed Financial Statements For the three-month periods ended November 30, 2017 and 2016 (Unaudited)

8. RELATED PARTY TRANSACTIONS

These transactions were in the normal course of operations and were valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

- During the period ended November 30, 2017, the Company incurred and recorded \$60,000 (August 31, 2017 - \$229,534) as management fees pursuant to contracts with two companies owned by an officer of the Company and an officer of a wholly owned subsidiary of the Company. Under the terms of the agreements dated February 6, 2015, the officer of the Company and the wholly owned subsidiary will receive a monthly consulting fee of \$10,000. At November 30, 2017, \$256,553 (August 31, 2017 - \$172,205) was included in accounts payable to these companies for consulting fees rendered.

Key Management Personnel	November 30, 2017	November 30, 2017
Consulting fees	\$60,000	\$ 47,670
	\$60,000	\$ 47,670

9. SUBSEQUENT EVENTS

On December 12, 2017 the Company completed a private placement sale of 4,300,000 units ("Units") at \$0.05 per Unit, to provide the Company with gross proceeds of \$215,000. Each Unit consisted of one (1) common share of the Company and one share purchase warrant of the Company. Each warrant will be exercisable for a period of twenty-four months to purchase one (1) additional common share of the Company for \$0.075.