Comstock Metals Ltd.

Financial Statements

Year Ended September 30, 2019

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Comstock Metals Ltd.:

Opinion

We have audited the financial statements of Comstock Metals Ltd. (the "Company"), which comprise the statements of financial position as at September 30, 2019 and 2018, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Cherry Ho.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

January 28, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

Comstock Metals Ltd.
Statements of financial position
(Expressed in Canadian dollars)

	Notes	September 30, 2019	September 30, 2018
ASSETS			
Current assets			
Cash		$ 217,726	$ 591,146
Other receivables		10,500	19,664
Prepaid expenses and deposits		19,525	71,875
Assets held for sale	5	-	3,197,973
		247,751	**3,880,658**
Non-current assets			
Investments	3	1,956,164	505,353
Equipment	4	1,138	1,616
Exploration and evaluation assets	5	2,964,097	6,916,216
		4,921,399	7,423,185
TOTAL ASSETS		**$ 5,169,150**	**$ 11,303,843**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6, 8	$ 45,554	$ 81,348
TOTAL LIABILITIES		**$ 45,554**	**81,348**
SHAREHOLDERS' EQUITY			
Share capital	7	19,998,105	19,997,105
Share-based payment reserve	7	2,607,064	2,530,171
Deficit		(17,481,573)	(11,304,781)
TOTAL SHAREHOLDERS' EQUITY		**5,123,596**	**11,222,495**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 5,169,150**	**$ 11,303,843**

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Steven Goldman"

"Arnold Tenney"

Comstock Metals Ltd.
Statements of comprehensive loss
(Expressed in Canadian dollars)

		Year Ended	
	Notes	**September 30, 2019**	**September 30, 2018**
Expenses			
Amortization	4	$ 478	$ 740
Filing fees		17,961	21,536
Interest	3	1,272	-
Investor relations		71,000	87,423
Management and director fees	8	205,838	167,500
Office, administrative and miscellaneous	8	139,758	119,200
Professional fees		122,594	103,501
Rent	8	20,345	17,972
Share based compensation	7, 8	76,893	121,000
Travel		3,369	10,287
Loss from operations		(659,508)	(649,159)
Other items			
Interest income		9,102	9,104
Option revenue	5	218,319	18,396
Gain on debt settlement	5	10,000	-
Foreign exchange gain		2,296	19,510
Flow-through liability reversed	9	-	107,000
Impairment of mineral property	5	(4,543,651)	(3,610,638)
Loss on sale of mineral property	5	(240,723)	-
Cash finder's fees paid on sale of mineral property	5	(11,775)	-
Non-cash finder's fees paid on sale of mineral property	5	(108,731)	-
Unrealized fair value (loss) gain on investments	3	(756,768)	105,353
Realized loss on expiration of warrants in investments	3	(95,353)	-
		(5,517,284)	(3,351,275)
Net and comprehensive loss		**$ (6,176,792)**	**$ (4,000,434)**
Basic and diluted loss per share	7	**$ (0.07)**	**$ (0.05)**

Comstock Metals Ltd.
Statements of changes in equity
(Expressed in Canadian dollars)

		Share capital					
	Notes	Number of shares	Amount	Obligation to issue shares	Share-based payment reserve	Deficit	Total
Balance at September 30, 2017		73,575,687	$ 18,916,139	$ -	$ 2,388,521	$ (7,304,347)	$ 14,000,313
Shares issued for private placement	7	18,071,843	1,141,370	-	-	-	1,141,370
Share issued for mineral properties	5, 7	200,000	10,000	-	-	-	10,000
Shares to be issued for mineral properties	5	-	-	25,000	-	-	25,000
Share issue costs – cash	7	-	(74,754)	-	-	-	(74,754)
Share issue costs – broker warrants	7	-	(20,650)	-	20,650	-	-
Share based compensation	7, 8	-	-	-	121,000	-	121,000
Net and comprehensive loss		-	-	-	-	(4,000,434)	(4,000,434)
Balance at September 30, 2018		91,847,530	19,972,105	25,000	2,530,171	(11,304,781)	11,222,495
Share issued for mineral properties	5, 7	900,000	26,000	(25,000)	-	-	1,000
Share based compensation	7, 8	-	-	-	76,893	-	76,893
Net and comprehensive loss		-	-	-	-	(6,176,792)	(6,176,792)
Balance at September 30, 2019		**92,747,530**	**$ 19,998,105**	**$ -**	**$ 2,607,064**	**$ (17,481,573)**	**$ 5,123,596**

Comstock Metals Ltd.
Statements of cash flows
(Expressed in Canadian dollars)

	Year Ended	
	September 30, 2019	**September 30, 2018**
Operating activities		
Net loss	$ (6,176,792)	$ (4,000,434)
Adjustments for non-cash items:		
Amortization	478	740
Non-cash bonus paid to CEO on sale of mineral property	74,588	-
Share based compensation	76,893	121,000
Gain on settlement of debt	(10,000)	-
Loss on sale of mineral property	240,723	-
Non-cash finder's fees paid on sale of mineral property	108,731	-
Flow-through liability reversed	-	(107,000)
Unrealized fair value loss (gain) on investment	756,768	(105,353)
Realized loss on expiration of warrants	95,353	-
Impairment of exploration and evaluation assets	4,543,651	3,610,638
Changes in non-cash working capital items:		
Receivables	9,164	48,920
Prepaid expenses and deposits	52,350	2,876
Accounts payable and accrued liabilities	(7,731)	(4,630)
Net cash flows used in operating activities	(235,824)	(433,243)
Investing activities		
Cash received from sale of mineral properties	471,000	-
Investment	-	(400,000)
Expenditures on exploration and evaluation assets	(608,596)	(1,046,813)
Net cash flows used in investing activities	(137,596)	(1,446,813)
Financing activities		
Shares issued for private placements, net	-	1,066,616
Loan borrowed from shareholder (Note 3)	663,300	-
Loan repaid to shareholder (Note 3)	(663,300)	-
Net cash flows provided by financing activities	-	1,066,616
Decrease in cash	(373,420)	(813,440)
Cash, beginning	591,146	1,404,586
Cash, ending	**$ 217,726**	**$ 591,146**

Non-cash transactions and supplemental disclosures		
Investment shares received from sale of mineral property	$ 2,130,000	$ -
Investment warrants received from sale of mineral property	$ 356,250	$ -
Shares issued for mineral properties	$ 26,000	$ 10,000
Shares to be issued for mineral properties	$ -	$ 25,000
Share issue costs – broker warrants / units	$ -	$ 20,650

1. Nature and continuance of operations

Comstock Metals Ltd. (the "Company" or "Comstock") was incorporated on December 13, 2007 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("Exchange") under the symbol "CSL".

The head office, registered office, principal address and records office of the Company are located at 850 West Hastings Street, Suite 310, Vancouver, British Columbia, Canada, V6C 1E1.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2019, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. Significant accounting policies and basis of preparation

These financial statements were authorized for issue on January 28, 2020 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's financial statements were consolidated with Minera Comstock, S.A., de C.V. in Mexico up to the date of the completion of the Corona property option agreement in November 2018 (see Note 5) and are no longer consolidated as at September 30, 2019.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of preparation (cont.)

Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment, recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in preparing the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The classification / allocation of expenditures as exploration and valuation expenditures or operating expenses.

Foreign currency translation

The functional currency is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the parent and subsidiary company's functional and presentation currency.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

2. Significant accounting policies and basis of preparation (cont.)

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives, using the following rates:

Class of equipment	**Amortization rate**
Computer hardware	50%
Computer software	50%
Camp equipment	20%
Office furniture and equipment	20%

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant, and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. Significant accounting policies and basis of preparation (cont.)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of the options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Loans and receivables	FVTPL
Other receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Flow-through liability	Other financial liabilities	Amortized cost
Investment	FVTPL	FVTPL

2. Significant accounting policies and basis of preparation (cont.)

***Financial instruments** (cont.)*

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

2. Significant accounting policies and basis of preparation (cont.)

Impairment of assets

The carrying amount of the Company's assets (which includes equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash

Cash include cash on hand, deposits held at call with banks, and bank overdrafts.

Income taxes

<u>Current income tax:</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred income tax:</u>

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies and basis of preparation (cont.)

Income taxes (cont.)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a flow-through tax recovery.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018. The Company has no revenue as at September 30, 2019 and 2018.

(Expressed in Canadian dollars)

2. Significant accounting policies and basis of preparation (cont.)

Accounting Policies adopted during the period

IFRS 16 – Leases. IFRS 16 Leases replaces IAS 17 Leases

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company has adopted IFRS 16 Leases effective for fiscal years beginning January 1, 2019. The Company does not have any leases and has determined that the new policy will not have an impact on its financial statements.

3. Investments

		September 30, 2019		September 30, 2018	
Name	**Type**	**Number**	**Fair Value**	**Number**	**Fair Value**
E3 Metals Corp.	common shares	1,000,000	$ 475,000	1,000,000	$ 410,000
E3 Metals Corp.	warrants	-	-	1,000,000	95,353
White Gold Corp.	common shares	1,387,210	1,345,594	-	-
White Gold Corp.	warrants	350,625	135,570	-	-
Total Investments			**$ 1,956,164**		**$ 505,353**

On August 8, 2018, the Company entered into a joint venture agreement with E3 Metals Corp. (TSXV: ETMC) ("E3 Metals") to acquire and develop prospective mineral assets in the battery metal space. On August 20, 2018 (the "Closing Date"), the Company purchased 1,000,000 units ("Units") in E3 Metals' private placement in consideration of a payment of $400,000. Each Unit consists of one common share in the capital of E3 Metals and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share at a price of $0.40 for a period of 4 months following the Closing Date, and a price of $0.60 thereafter for the balance of the term, with all Warrants expiring 1 year from the Closing Date. The Company accounts for this investment at FVTPL. The fair value of the E3 Metals investment as of September 30, 2019 is $475,000 (2018 - $410,000), resulting in an unrealized gain of $65,000 (2018 - $105,353) and a realized loss of $95,353 (2018 - $Nil) on the expiration of 1,000,000 warrants for the year ended September 30, 2019.

On February 28, 2019, the Company sold its QV mineral property to White Gold Corp. (TSXV: WGO) for net proceeds (after bonuses and finder's fees, see Note 5) that included 1,387,210 common shares of White Gold Corp. then trading with a fair value of $1,969,838 at $1.42 per share and 350,625 share purchase warrants of White Gold Corp. to acquire one common share for 3 years at an exercise price equal to $1.50. The fair value of the warrants was $333,094, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 1.79%; Expected life of 3 years; Expected volatility of 112% and dividend yield of nil. The total fair value of the shares and warrants received was $2,302,932. The Company accounts for this investment at FVTPL. The fair value of the White Gold Corp. investment as of September 30, 2019 is $1,481,164, resulting in an unrealized loss of $821,768 for the year ended September 30, 2019. The common shares were fair valued at $1,345,594 and the warrants were fair valued at $135,570 using the Black-Scholes Option Pricing Model and the following assumptions: Expected life: 2.42 years; Risk free rate: 1.54%; Expected volatility: 86%; Expected dividend rate: 0% and Expected forfeiture rate: 0%.

On September 17, 2019, the Company borrowed $663,300 (US$500,000) from a shareholder of the Company in order to exercise its warrants in E3 Metals in the event there was an increase in share price of E3 Metals before the warrants expired.

(Expressed in Canadian dollars)

3. Investments (cont.)

The Company determined not to exercise the warrants and the loan was repaid in full on September 23, 2019. The loan was made at a 10% interest rate, and the Company recorded and paid $1,272 in interest expense for the seven days it held the loan.

4. Equipment

	Computer hardware	Computer software	Camp equipment	Office furniture and equipment	Total
Cost:					
At September 30, 2018	$ 5,565	$ 10,305	$ 2,140	$ 508	$ 18,518
At September 30, 2019	**$ 5,565**	**$ 10,305**	**$ 2,140**	**$ 508**	**$ 18,518**
Amortization:					
At September 30, 2017	$ 5,019	$ 9,525	$ 1,308	$ 310	$ 16,162
Charge for the year	226	323	154	37	740
At September 30, 2018	5,245	9,848	1,462	347	16,902
Charge for the period	133	189	126	30	478
At September 30, 2019	**$ 5,378**	**$ 10,037**	**$ 1,588**	**$ 377**	**$ 17,380**
Net book value:					
At September 30, 2018	$ 320	$ 457	$ 678	$ 161	$ 1,616
At September 30, 2019	**$ 187**	**$ 268**	**$ 552**	**$ 131**	**$ 1,138**

(Expressed in Canadian dollars)

5. Exploration and evaluation assets

	Rawhide	Preview SW	Old Cabin	Corona (Mexico)	Total September 30, 2019	Total September 30, 2018
Property acquisition costs						
Balance, beginning of period	$ 40,000	$ 5,000,508	$ -	$ 1	$ 5,040,509	$ 5,939,168
Additions	76,000	-	-	-	76,000	65,000
Impairment write-down	-	(2,305,508)	-	-	(2,305,508)	-
Balance, end of period	116,000	2,695,000	-	1	2,811,001	6,004,168
Exploration and evaluation costs						
Balance, beginning of period	112,275	1,763,432	-	-	1,875,707	6,997,157
Costs incurred during period:						
Assays and drilling	-	31,195	-	-	31,195	118,684
Camp and field costs	-	246,220	-	-	246,220	130,496
Claims maintenance	-	-	-	-	-	3,688
Wages and benefits	-	-	-	-	-	5,215
Drilling	-	143,099	-	-	143,099	91,508
Geological and geophysics	40,821	91,758	1,839	-	134,418	219,934
Government grants	-	(50,000)	-	-	(50,000)	-
Helicopter	-	-	-	-	-	103,760
Maps and reports	-	-	-	-	-	1,100
Metallurgy	-	-	-	-	-	2,040
Project supervision	-	-	-	-	-	3,796
Supplies and equipment	-	10,600	-	-	10,600	42,023
Travel and accommodation	-	-	-	-	-	1,258
Impairment write-down	-	(2,236,304)	(1,839)	-	(2,238,143)	(3,610,638)
Classification as asset held for sale	-	-	-	-	-	(3,197,973)
Balance, end of period	153,096	-	-	-	153,096	912,048
Total	**$ 269,096**	**$ 2,695,000**	**$ -**	**$ 1**	**$ 2,964,097**	**$ 6,916,216**

Rawhide Property option agreement

On April 3, 2018, the Company entered into an option agreement whereby it can acquire a 100% interest in five mining claims comprising 42 claim units (662 ha) located in the Gowganda area of the historic Greater Cobalt Mining Camp of northern Ontario, comprising the Rawhide cobalt-silver property (the “Rawhide Property“).

Under the terms of the option agreement, the Company can earn a 100% interest in the Rawhide Property by making cash and common share payments to the optionors, and completing exploration expenditure commitments, over two years. Details are provided in the table below.

Timing	Cash Payment	Share Payment	Expenditure
Receipt of regulatory approval (paid)	$30,000	200,000	-
6 Months from Signing (paid)	$30,000	200,000	-
12 Months from Signing (paid)	$35,000	200,000	$100,000
18 Months from Signing	$35,000	200,000	-
24 Months from Signing	$45,000	200,000	$400,000
Total	**$175,000**	**1,000,000**	**$500,000**

5. Exploration and evaluation assets (cont.)

Rawhide Property option agreement *(cont.)*

The option agreement has been approved by the Exchange. The Company has made the first payment of $30,000 and issued 200,000 common shares at the fair value of $10,000 to the vendors (Note 7). On October 2, 2018, the Company made its second option payment to the vendors of the Rawhide Property by paying $30,000 and issuing them 200,000 shares with a fair value of $6,000. The Company has completed its first year expenditure commitment of $100,000 (see also Notes 7). On May 10, 2019, the Company paid $35,000 and issued an aggregate of 200,000 common shares with a fair value of $5,000 in satisfaction of the third payment. See also Note 13.

In addition, if the option is exercised by the Company, the optionors will retain a 2% Net Smelter Returns royalty ("NSR") on future production from the Rawhide Property, 1% of which can be purchased at any time for $1 million.

Preview SW and Old Cabin, Saskatchewan and Ontario, Canada

On September 13, 2016, the Company and Select Sands Corp. ("Select Sands") completed a transaction pursuant to which the Company purchased Select Sands' Preview SW gold project located in Saskatchewan and the Old Cabin property in Ontario (the "Assets"). The Company acquired the Assets in exchange for 20 million common shares in the capital of the Company and the assumption of certain option obligations associated with the Assets. The fair value of the 20 million shares was $5,200,000. The Company allocated 95% of the cost to Preview SW at $4,940,000 and 5% of the cost to Old Cabin at $260,000.

Pursuant to the agreement, the option obligations associated with the Assets include: payment of $60,000 upon receipt of a positive feasibility study and issuance of such number common shares of the Company, determined by dividing $87,500 by the closing price of the Company's common shares on Exchange on the day before the acceptance by the Exchange of the transaction with Select Sand, upon making a production decision as well as a 2.5% NSR of which 1% of the NSR can be purchased for $1,000,000 at any time prior to a production decision and the remaining 1.5% NSR can be purchased for $2,000,000.

During the year ended September 30, 2019, the Company recognized an impairment of $4,541,812 on the Preview SW gold project to reduce its value to $2,695,000 based on the result of an independent fair market valuation preformed by an arm's length certified business valuation consultant. During the year ended September 30, 2018, the Company recognized an impairment of $205,433 on the Old Cabin property and reclassified it as an asset held for sale. On November 16, 2018, the Old Cabin property was sold for $96,000 and the Company received the proceeds from the sale on November 19, 2018.

QV Property, Yukon, Canada

On February 28, 2019, (the "Closing Date") the Company sold its QV Property to White Gold Corp. ("White Gold") (TSX.V: WGO) for compensation valued at $2,861,250 based upon a cash payment of $375,000, 1,500,000 common shares of the vendor White Gold Corp. (the "Subject Shares"), then trading with a fair value of $1.42 per share and 375,000 share purchase warrants of White Gold (the "Warrants") to acquire one common share for 3 years at an exercise price equal to $1.50. The fair value of the Warrants was $356,250, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 1.79%; Expected life of 3 years; Expected volatility of 112% and dividend yield of nil. The total value of the compensation was determined to be $2,861,250 (see also Note 3).

5. Exploration and evaluation assets (cont.)

QV Property, Yukon, Canada *(cont.)*

In connection with the completion of the sale, the Company paid a finders' fee to Red Cloud Klondike Strike Inc., an advisor to the Company, consisting of $11,775 in cash, 67,790 Subject Shares and 13,125 Warrants. The Subject Shares were fair valued at $1.42 per share for a value of $96,262 and the Warrants were fair valued at $12,469 using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 1.79%; Expected life of 3 years; Expected volatility of 112% and dividend yield of nil.

As well, pursuant to the terms of an agreement with Lambent Consulting Inc., the entity through which the Company's CEO, Steven Goldman, provides services to the Company, Lambent Consulting Inc. was paid a bonus payment consisting of $11,250 in cash, 45,000 Subject Shares and 11,250 Warrants. The Subject Shares were fair valued at $1.42 per share for a value of $63,900 and the Warrants were fair valued at $10,688 using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 1.79%; Expected life of 3 years; Expected volatility of 112% and dividend yield of nil.

The Company held a 100% interest in the QV Property. The QV Property was subject to a 2.0% NSR. The Company had the right to acquire 1.0% of the NSR for a payment of $2,500,000. Commencing June 22, 2015, the Company began making annual cash advance payments of $25,000 until the commencement of commercial production (the "Advance Royalty"). The Advance Royalty was deductible against the NSR. The Company could pay the Advance Royalty in cash or by issuing common stock of the Company based on the average closing price of its shares in the 10 trading days prior to the due date of the Advance Royalty.

Prior to the sale, on July 11, 2018, the Company and optionor agreed to settle the $25,000 Advance Royalty owed from June 22, 2018 for 500,000 common shares of the Company. On November 14, 2018, these common shares were issued at a fair value of $15,000, resulting in a gain of $10,000. On July 14, 2017, the Company received Exchange approval to issue 156,250 shares to satisfy the $25,000 owing from June 22, 2017. The 156,250 shares were fair valued at $21,875, resulting in a gain of $3,125.

During the year ended September 30, 2018, the Company recognized an impairment of $3,405,205 on the QV Property and reclassified it as assets held for sale. On February 28, 2019, the Company recognized a further loss on the sale of the QV Property of $240,723.

(Expressed in Canadian dollars)

5. Exploration and evaluation assets (cont.)

Corona Property, Mexico

During the year ended September 30, 2013, the Company completed all option requirements and earned a 50% interest in the Corona property. During the year ended September 30, 2014, the Company recognized an impairment of $1,260,806 to write down the property to $1.

On December 7, 2015, Golden Goliath Resources Ltd. ("Golden Goliath"), which holds the other 50% interest in the Corona property, announced that it had signed an option agreement with Fresnillo PLC that includes the Corona property. Under the terms of the agreement, Fresnillo PLC may earn a 100% interest (subject to a 1% NSR half of which may be purchased for US$500,000) in the Corona property as well six other properties held by Golden Goliath by making cash payments totaling US$3 million over three years and by paying all property taxes and conducting all assessment work required to keep the properties in good standing. During November 2018, the option agreement was completed and exercised by Fresnillo PLC and the Company received the final option payment of $218,319 (year ended September 30, 2018 - $18,396). The Company retains a 0.5% NSR on the Corona property.

6. Accounts payable and accrued liabilities

	September 30, 2019	September 30, 2018
Trade payables (Note 8)	$ 25,554	$ 66,348
Accrued liabilities	20,000	15,000
	$ 45,554	**$ 81,348**

At September 30, 2019, there was $Nil for exploration and evaluation expenditures included in accounts payable and accrued liabilities (September 30, 2018 - $28,064).

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2019, there were 92,747,530 issued and fully paid common shares (September 30, 2018 91,847,530).

Year ended September 30, 2019

Shares issued for debt

On May 10, 2019, the Company issued an aggregate of 200,000 common shares with a fair value of $5,000 in accordance with the terms of the Rawhide property option agreement. On October 3, 2018, The Company issued an aggregate of 200,000 common shares with a fair value of $6,000 in accordance with the terms of the Rawhide property option agreement (see also Note 5).

7. Share capital (cont.)

Issued share capital *(cont.)*

On November 14, 2018, the Company issued an aggregate of 500,000 common shares with a fair value of $15,000 in satisfaction of $25,000 of indebtedness, resulting in a gain on debt settlement of $10,000. This indebtedness was owing to the optionor of the Company's QV Property for the 2018 advance royalty payment (see also Note 5).

Year ended September 30, 2018

On July 3, 2018 (the "Closing Date"), the Company closed a non-brokered private offering of units ("Units"). Pursuant to the offering, the Company issued a total of 12,127,400 Units at a price of $0.05 per Unit raising aggregate gross proceeds of $606,370. Each Unit was issued at a price of $0.05 and consists of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Share at an exercise price of $0.10 per Share for a period of 24 months from the Closing Date.

The Warrants include an acceleration clause, whereby, if the closing price of the Company's common shares on the Exchange is at a price equal to or greater than $0.15 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants. If the Company exercises such right, it will give written notice to the holders of the Warrants that such warrants will expire 30 days from the date of notice to the warrant holders. Such notice by the Company to the holders of the Warrants may not be given until 4 months and one day after the Closing Date.

In connection with the closing of the financing the Company incurred $18,887 in share issuance expenses, paid finders an aggregate fee of $6,300 and issued an aggregate of 126,000 compensation warrants. Each compensation warrant entitles the holder thereof to acquire one common share at a price of $0.05 per share and one common share purchase warrant for a period of 24 months from the Closing date. Each common share purchase warrant entitles the holder to purchase one additional common share at an exercise price of $0.10 per share for a period of 24 months from closing date.

The compensation warrants and common share purchase warrants were valued at $6,800 using the Black-Scholes Option Pricing Model and the following assumptions:

Expected life: 2 years
Risk free rate: 1.89%
Expected volatility: 120%
Expected dividend rate: 0%
Expected forfeiture rate: 0%.

All securities issued are subject to a four month hold period which expired on November 4, 2018.

On December 28, 2017, the Company closed a non-brokered private offering of flow-through units ("FT Units"). Pursuant to the offering the Company issued a total of 5,944,443 FT Units at a price of $0.09 per FT Unit raising aggregate gross proceeds of $535,000. Each FT Unit was issued at a price $0.09 and consists of one flow-through common share in the capital of the Company (a "FT Share") and one-half of one common share purchase warrant (each whole warrant a "FT Warrant"). Each FT Warrant entitles the holder thereof to purchase one additional non flow-through common share of the Company at an exercise price of $0.15 per Share for a period of 18 months from the Closing Date.

7. Share capital (cont.)

***Issued share capital** (cont.)*

The FT Warrants include an acceleration clause, whereby, if the closing price of the Company's common shares on the Exchange is at a price equal to or greater than $0.20 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the FT Warrants. If the Company exercises such right, it will give written notice to the holders of the FT Warrants that such warrants will expire 30 days from the date of notice to the warrant holders. Such notice by the Company to the holders of the FT Warrants may not be given until 4 months and one day after the closing date.

In connection with the closing of the financing the Company incurred $14,078 in share issuance expenses, paid finders an aggregate fee of $35,490 and issued an aggregate of 394,332 compensation warrants. Each compensation warrant entitles the holder thereof to acquire one common share at a price of $0.15 per Unit for a period of 18 months from the closing date. The compensation warrants were valued at $13,850 using the Black-Scholes Option Pricing Model and the following assumptions:

Expected life: 1.5 years
Risk free rate: 1.69%
Expected volatility: 139%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

The securities issued in this financing were subject to a hold period that expired on April 29, 2018.

The Company must use the gross proceeds of the offering of FT Units for eligible exploration expenditures, which will constitute "Canadian Exploration Expenses" ("CEE") that are "Flow-Through mining expenditures", as defined in the *Income Tax Act* (Canada) which can be renounced to purchasers of the FT Units for the 2018 taxation year in the aggregate amount of not less than the total amount of the gross proceeds raised from the flow-through offering. The CEE shall be incurred no later than December 31, 2019.

On April 18, 2018, the Company issued 200,000 common shares at $0.05 per share for the acquisition of the Rawhide Property. (Note 5).

Basic and diluted loss per share

The calculation of basic and diluted earnings (loss) per share for the year period ended September 30, 2019 was based on the loss attributable to common shareholders of $6,176,792 (2018 – $4,000,434) and the weighted average number of common shares outstanding of 92,562,598 (2018 – 81,206,751).

Diluted loss per share for the year period ended September 30, 2019 does not include the effect of 8,315,000 stock options (2018 - 6,315,000) and 24,760,071 share purchase warrants (2018 - 43,605,628) as the effect would be anti-dilutive.

(Expressed in Canadian dollars)

7. Share capital (cont.)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 30 days following cessation of the optionee's position with the Company.

The changes in options during the year ended September 30, 2019 and 2018 are as follows:

	September 30, 2019		**September 30, 2018**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning	6,315,000	$ 0.17	6,520,000	$ 0.26
Issued	2,000,000	$ 0.05	2,550,000	$ 0.06
Expired	-	-	(2,755,000)	$ 0.26
Options outstanding and exercisable, ending	**8,315,000**	**$ 0.14**	**6,315,000**	**$ 0.17**

On April 4, 2019, the Company granted 2,000,000 (2018 – 2,550,000) stock options to directors, officers and a consultant of the Company. The options vest 50% on April 4, 2019 and 50% on October 14, 2019. During the year ended September 30, 2019, the total fair value of these options was $60,000 (2018 - $141,557) using the Black-Scholes Option Pricing Model and the following assumptions:

	2019	2018
Expected life:	5 years	5 years
Risk free rate:	1.56%	2.08% - 2.11%
Expected volatility:	136%	120%
Expected dividend rate:	0%	0%
Expected forfeiture rate:	0%	0%

During the year ended September 30, 2019, $52,393 was recognized in share based compensation.

On May 30, 2018, the Company granted 1,600,000 stock options to directors and officers of the Company. The options vest 50% on May 30, 2018 and 50% on November 30, 2018. During the year ended September 30, 2019, $16,650 (2018 – $83,800) was recognized in share based compensation expense.

On June 15, 2018, the Company granted 850,000 stock options to directors and officers of the Company. The options vest 50% on June 15, 2018 and 50% on December 15, 2018. During the year ended September 30, 2019, $7,850 (2018 - $33,200) was recognized in share based compensation expense.

(Expressed in Canadian dollars)

7. Share capital (cont.)

Stock options *(cont.)*

On July 1, 2018, the Company granted 100,000 stock options to directors and officers of the Company. The options vested immediately. During the year ended September 30, 2018, $4,000 was recognized in share based compensation expense.

The following options were outstanding and vested as of September 30, 2019:

Expiry date	Outstanding	Vested	Exercise price
March 17, 2021	610,000	610,000	$0.25
April 7, 2021	120,000	120,000	$0.25
August 15, 2021	935,000	935,000	$0.355
September 16, 2021	200,000	200,000	$0.28
March 1, 2022	1,900,000	1,900,000	$0.195
May 30, 2023	1,600,000	1,600,000	$0.07
June 15, 2023	850,000	850,000	$0.05
July 1, 2023	100,000	100,000	$0.055
April 4, 2024	2,000,000	1,000,000	$0.05
	8,315,000	**7,315,000**	

At September 30, 2019, the weighted average remaining contractual life of outstanding options was 3.16 years (2018 – 3.61 years). See also Note 13 Subsequent events.

Warrants

The changes in warrants during the years ended September 30, 2019 and 2018 are as follows:

	September 30, 2019		**September 30, 2018**	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning	43,605,628	$ 0.16	30,538,831	$ 0.20
Warrants issued	-	-	15,099,620	0.11
Broker Units issued	-	-	520,332	0.13
Expired	(18,845,557)	0.19	(2,553,155)	0.31
Warrants outstanding, ending	**24,760,071**	**$ 0.14**	**43,605,628**	**$ 0.16**

The following warrants were outstanding as of September 30, 2019:

Expiry date	Quantity	Exercise price
*December 9, 2019	10,458,397	$0.18
*December 27, 2019	2,048,274	$0.18
July 3, 2020	12,127,400	$0.10
** July 3, 2020	126,000	$0.05
	24,760,071	

(Expressed in Canadian dollars)

7. Share capital (cont.)

***Warrants** (cont.)*

* The Company extended the life of these warrants by 18 months. The warrants expired unexercised (Note 13).

** Broker unit: entitles the holder thereof to purchase one unit of the Company until July 3, 2020 at an exercise price of $0.05 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company with an exercise price of $0.10.

At September 30, 2019, the weighted average remaining contractual life of warrants outstanding was 0.48 years (September 30, 2018 - 1.04 years).

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related party transactions

The Company incurred the following transactions with respect to officers and directors of the Company or corporations controlled by them during the years ended September 30, 2019 and 2018:

Key management personnel compensation

	September 30, 2019	September 30, 2018
Administration, director and consulting fees	$ 120,500	$ 112,700
Management fees	205,838	167,500
Share-based compensation to directors and officers	75,845	117,000
	$ 402,183	**$ 397,200**

During the year ended September 30, 2019, the Company's CEO was paid a bonus for closing the QV property sale consisting of $11,250 in cash, 45,000 White Gold Corp. common shares valued at $63,900 and 11,250 White Gold Corp. warrants valued at $10,688 (see Note 5 for further details). Another director was also paid a bonus of $30,000 for the closing of the QV property sale.

Related party balances included in accounts payable and accrued liabilities

	September 30, 2019	September 30, 2018
Due to officers and directors for reimbursement of expenses	$ -	$ 20
Due to officers and directors for consulting fees	8,650	8,650
Due to company with common director	3,555	4,584
	$ 12,205	**$ 13,254**

The Company paid $38,847 for shared rent and office services (2018 - $27,182) to a company with common directors during the year ended September 30, 2019.

9. Financial instruments and risk management

The Company's financial instruments consist of cash, other receivables, accounts payable and investment.

The fair value of the Company's financial assets and liabilities approximates the carrying amount. 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 cash is measured using level 1 inputs. The fair value of the Company's investment in the shares of a public company is measured using level 1 inputs. The fair value was determined by reference to the underlying share price quoted on the open market at the reporting date. The fair value of the Company's investment in the warrants of a public company is measured using level 3 inputs. The fair value was determined by through calculation using the Black–Scholes Option Pricing Model at the reporting date (Note 3).

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk is low.

Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk relates to its ability to maintain the current rate of interest on its cash equivalents. Management believes the interest rate risk to be minimal.

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 to continue its operations and discharge its commitments as they become due. Management believes liquidity risk is high.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company's functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. Management believes that the market risk is low with the exception of the value of the investments in E3 Metals and White Gold (Note 3) which are affected by price risk.

(Expressed in Canadian dollars)

10. Capital management

The Company identifies capital as cash and share capital. The Company manages its capital structure and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management.

The properties in which the Company has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and raise additional capital as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the year ended September 30, 2019.

11. Commitments

New Agreement Signed with President and CEO

On May 15, 2019, the Company signed a new agreement with a company owned and controlled by its President and CEO (the "CEO") for a 12-month term. Under the agreement, the CEO is to be paid $10,000 per month or $15,000 per month when a private placement occurs. The CEO shall also receive a bonus of 3% of the value of any material asset sale that occurs during his term. In the event that no such material asset sale occurs during his term, the CEO shall be eligible to earn a bonus of up to $50,000 as determined by the Company's other board members.

12. Income taxes

A reconciliation of taxes at statutory tax rates with the reported taxes is as follows:

	September 30, 2019	September 30, 2018
Loss before income taxes	$ (6,176,792)	$ (4,000,434)
Corporate tax rate	27%	27%
Expected tax recovery at statutory tax rates	(1,667,734)	(1,080,117)
Non-deductible items	345,186	33,115
Share issuance costs	-	(20,184)
Effect on change of tax rate	-	(41,094)
Other	415,951	(321,021)
Change in valuation allowance	906,597	1,429,301
	$ -	$ -

(Expressed in Canadian dollars)

12. Income taxes (cont'd)

The significant components of the Company's deferred tax assets are as follows:

	September 30, 2019	September 30, 2018
Equipment	$ 5,344	$ 5,215
Exploration and evaluation assets	2,101,141	1,270,287
Share issuance costs	25,845	44,365
Non-capital loss carry-forwards	1,269,015	1,177,881
	3,404,345	2,497,748
Valuation allowance	(3,404,345)	(2,497,748)
Net deferred tax assets	$ -	$ -

As of September 30, 2019, the Company has non-capital losses of approximately $4,700,000 (2018 - $4,363,000) to carry forward to reduce future year's taxable income, which expire between 2030 and 2039, and mineral resource pools of $10,746,102 that have no expiry. Deferred tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is not anticipated to occur, and accordingly, the Company has recorded a valuation allowance for the deferred tax asset arising from these tax loss carry-forwards.

13. Subsequent events

Rawhide Property

The Company and vendors of the Rawhide property option agreement amended the terms of the agreement on January 27, 2020 (see also Note 5). The payments of shares and cash as well as expenditures on exploration that were due at 18 and 24 months from signing have been removed and replaced with the following:

Due Date	**Cash Payment**	**Share Payment**	**Expenditures on Exploration**
April 3, 2020	$17,500	-	-
June 30, 2020	-	400,000	-
October 31, 2020	$17,500	-	-
April 30, 2021	$22,500	-	-
October 31, 2021	$22,500	-	-
December 31, 2021	-	-	$400,000
Total	**$80,000**	**400,000**	**$400,000**

Options expired

On October 31, 2019, a total of 2,080,000 options belonging to a former director expired unexercised.

Warrants expired

On December 9, 2019, a total of 10,458,397 warrants expired unexercised. On December 27, 2019, a total of 2,048,274 warrants expired unexercised.