Financial Statements of

GOLDEN PURSUIT RESOURCES LTD.

Years Ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Golden Pursuit Resources Ltd.

Opinion
We have audited the financial statements of Golden Pursuit Resources Ltd. (the "Company"), which comprise the statements of financial position as at September 30, 2019 and 2018, and the statements of operations and 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 audits 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 in the financial statements, which indicates that the Company has not generated any revenues and has negative cash flow from operations during the year ended September 30, 2019 and, as of that date, the Company has a working capital deficit of $509,679 and an accumulated deficit of $18,152,965. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

Information Other than the Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

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, 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, 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 auditors' report is Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

January 28, 2020

GOLDEN PURSUIT RESOURCES LTD.
Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2019 $	September 30, 2018 $
Assets		
Current assets		
Cash	6,883	5,117
Amounts receivable	3,449	17,090
Prepaid expenses	–	42,959
Due from related party (Note 6)	–	69,940
Total current assets	10,332	135,106
Non-current assets		
Property and equipment (Note 3)	15,774	21,809
Mineral properties (Note 4)	–	20,524
Total non-current assets	15,774	42,333
Total assets	26,106	177,439
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	106,412	37,564
Loans payable (Note 5)	60,000	45,000
Due to related parties (Note 6)	353,599	158,515
Total liabilities	520,011	241,079
Shareholders' deficit		
Share capital	12,335,960	12,317,510
Share-based payment reserve	5,323,100	5,327,550
Deficit	(18,152,965)	(17,708,700)
Total shareholders' deficit	(493,905)	(63,640)
Total liabilities and shareholders' deficit	26,106	177,439

Nature of operations and continuance of business (Note 1)
Commitment (Note 12)

Approved and authorized for issuance by the Board of Directors on January 28, 2020:

/s/ "Brian McClay"
Director

/s/ "Peter Watson"
Director

(The accompanying notes are an integral part of these financial statements)

GOLDEN PURSUIT RESOURCES LTD.

Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended September 30, 2019 $	Year ended September 30, 2018 $
Expenses		
Automotive (Note 6)	26,168	14,859
Consulting fees (Note 6)	42,959	56,286
Depreciation	6,035	7,793
Foreign exchange loss (gain)	(1,774)	6,194
Investor relations	2,857	10,218
Management fees (Note 6)	90,000	90,000
Mineral exploration costs (Note 4)	324,619	78,362
Office and general	14,695	17,839
Professional fees	20,189	27,877
Share-based compensation (Note 9)	–	412,333
Rent	52,292	61,320
Transfer agent and filing fees	43,650	23,938
Travel	12,759	16,559
Total expenses	634,449	823,578
Loss before other income (expense)	(634,449)	(823,578)
Other income (expense)		
Interest expense	(5,375)	(4,032)
Option proceeds in excess of capitalized costs (Note 4)	195,559	–
Net loss and comprehensive loss	(444,265)	(827,610)
Loss per share, basic and diluted	(0.01)	(0.03)
Weighted average number of common shares outstanding	31,555,336	25,031,343

(The accompanying notes are an integral part of these financial statements)

GOLDEN PURSUIT RESOURCES LTD.

Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Share subscriptions received	Deficit	Total shareholders' deficit
	Shares #	Amount $	$	$	$	$
Balance, September 30, 2017	24,764,103	11,827,797	4,995,670	15,000	(16,881,090)	(42,623)
Shares issued pursuant to private placements	6,600,000	489,713	(80,453)	(15,000)	–	394,260
Fair value of stock options granted	–	–	412,333	–	–	412,333
Net loss for the year	–	–	–	–	(827,610)	(827,610)
Balance, September 30, 2018	31,364,103	12,317,510	5,327,550	–	(17,708,700)	(63,640)
Shares issued pursuant to exercise of share purchase warrants	200,000	18,450	(4,450)	–	–	14,000
Net loss for the year	–	–	–	–	(444,265)	(444,265)
Balance, September 30, 2019	31,564,103	12,335,960	5,323,100	–	(18,152,965)	(493,905)

(The accompanying notes are an integral part of these financial statements)

GOLDEN PURSUIT RESOURCES LTD.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended September 30, 2019 $	Year ended September 30, 2018 $
Operating activities:		
Net loss	(444,265)	(827,610)
Items not affecting cash:		
Depreciation	6,035	7,793
Option proceeds in excess of capitalized costs	(195,559)	–
Share-based compensation	–	412,333
Changes in non-cash working capital:		
Amounts receivable	13,641	(7,293)
Prepaid expenses	42,959	(42,959)
Accounts payable and accrued liabilities	80,765	10,215
Due to related parties	146,830	14,828
Net cash used in operating activities	(349,594)	(432,693)
Investing activities:		
Purchase of property and equipment	–	(2,726)
Mineral property option payments received	216,083	–
Advances to related party	–	(69,940)
Net cash used in investing activities	216,083	(72,666)
Financing activities:		
Proceeds from loans payable	15,000	45,000
Advances from related parties	232,111	47,500
Repayments of related party advances	(125,834)	–
Proceeds from issuance of common shares / subscriptions received	14,000	394,260
Net cash provided by financing activities	135,277	486,760
Change in cash	1,766	(18,599)
Cash, beginning of year	5,117	23,716
Cash, end of year	6,883	5,117

(The accompanying notes are an integral part of these financial statements)

1. Nature of Business and Continuance of Operations

Golden Pursuit Resources Ltd. (formerly Silver Pursuit Resources Ltd.) (the "Company") is incorporated under the Business Corporations Act (British Columbia) and its principal business activity is the exploration of mineral property reserves for commercially viable mineral reserves. The Company currently holds mineral properties in Canada and the United States. The Company's registered office is located at 652 Millbank, Vancouver, British Columbia, V5Z 4B7.

These financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. During the year ended September 30, 2019, the Company has not generated any revenues and incurred negative cash flow from operations. As at September 30, 2019, the Company has a working capital deficit of $509,679, and has an accumulated deficit of $18,152,965. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is pursuing additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Standards Board ("IASB").

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the functional currency of the Company.

(c) Application of New IFRS

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 introduces a new expected credit loss ("ECL") model for all financial assets in scope of the impairment requirements. The new ECL will result in an allowance for credit losses being recorded on financial assets irrespective of whether there has been an actual loss event.

The Company adopted the amendments to IFRS 9, effective October 1, 2018 using the full retrospective method, with no significant impact on the Company's financial statements.

(d) Reclassifications

Certain of the prior year figures have been reclassified to conform to the current year's presentation.

2. Significant Accounting Policies (continued)

(e) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the fair value of share-based payments, useful lives and recoverability of property and equipment, recoverability of mineral properties, and unrecognized deferred income tax assets.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the inputs used in the accounting for share-based payments, which requires management to determine factors that may impact the overall fair value of share-based payments including, but not limited to, the expected life of share purchase warrants.

The application of the Company's accounting policy for mineral properties requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(g) Property and Equipment

Property and equipment is recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives at the following annual rates using the straight-line method:

Computer equipment	60%
Leasehold improvements	20%
Vehicles	30%

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred.

2. Significant Accounting Policies (continued)

(h) Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign currency gains and losses arising from translation are included in the statement of operations.

(i) Mineral Properties

(i) Mineral Property Costs

All costs directly related to the acquisition of mineral properties are recognized and capitalized once the legal right to explore a property has been acquired. When a project is deemed to no longer have commercially viable prospects to the Company, capitalized expenditures in respect of that project are deemed to be impaired. As a result, those expenditures, in excess of estimated recoveries, are written-off to the statement of operations. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs.

(ii) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures, including costs incurred prior to the Company obtaining legal rights to explore a property, are expensed in the period in which they occur. Such expenditures continue to be expensed until commercially viable and technically feasible mineral resources are established and management has made a decision to proceed with development of the property for mining operations. At this point, costs, including costs incurred in preparing the site for mining operations, are capitalized into development costs in the statement of financial position. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

(j) Impairment of Non-Financial Assets

At each reporting period, the Company assesses whether there are indicators of impairment for its non-financial assets, including mineral properties and equipment. If indicators exist, the Company determines if the recoverable amount of the asset is greater than its carrying amount. If the carrying amount exceeds the recoverable amount, the asset is recorded at its recoverable amount with the reduction recognized in the statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset and these reversals are recognized in the statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(k) Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2. Significant Accounting Policies (continued)

(l) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	FVTPL
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Due to/from related parties	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

2. Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(m) Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2. Significant Accounting Policies (continued)

(n) Income Taxes

Current income tax

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. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. 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.

Deferred income tax

Deferred income tax is provided using the statement of financial position 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 income 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. 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.

(o) Share Capital

(i) Unit Offerings

The Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from share-based payment reserve to share capital. If the warrants expire unexercised, the applicable amount remains in share-based payment reserve.

(ii) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability which is recognized as other income.

(p) Loss per Share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted earnings (loss) per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. As at September 30, 2019, the Company had 4,441,200 (2018 – 8,281,200) potentially dilutive shares outstanding.

2. Significant Accounting Policies (continued)

(q) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of operations.

(r) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Expected volatility is estimated by considering historic average share price volatility.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(s) Accounting Standards Issued But Not Yet Effective

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

Effective October 1, 2019, the Company will adopt IFRS 16 using the modified retrospective approach and will chose the option under which the amount of the right-of-use assets will be equal to the amount of the lease liabilities. The expected impact in the statement of financial position of this new standard is noted below.

For contracts entered into before October 1, 2019, the Company determined whether the arrangement contained a lease under IAS 17. Prior to the adoption of IFRS 16, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred significantly all the risks and rewards of ownership of the underlying asset. The Company leases office space.

On transition, the Company will elect to apply the practical expedient to grandfather the determination of which contract is or contains a lease and will apply IFRS 16 to those contracts that were previously identified as leases. Upon transition to the new standard, right-of-use assets and lease liabilities will be measured at the present value of the remaining lease payments discounted by the Company's incremental borrowing rate as at October 1, 2019.

The Company will elect not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and will continue to recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(s) Accounting Standards Issued But Not Yet Effective (continued)

The Company has evaluated the impact of this new guidance on its financial statements and has estimated that the adoption of the new standard will result in the recognition of additional right of use assets related to its leased premises of approximately $86,000 and lease liabilities of approximately $86,000.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Property and Equipment

	Computer Equipment $	Leasehold Improvements $	Vehicles $	Total $
Cost:				
Balance, September 30, 2017	–	15,000	22,620	37,620
Additions	2,722	–	3	2,725
Balance, September 30, 2018	2,722	15,000	22,623	40,345
Additions	–	–	–	–
Balance, September 30, 2019	2,722	15,000	22,623	40,345
Accumulated depreciation:				
Balance, September 30, 2017	–	1,759	8,985	10,744
Additions	702	3,000	4,090	7,792
Balance, September 30, 2018	702	4,759	13,075	18,536
Additions	1,123	2,048	2,864	6,035
Balance, September 30, 2019	1,825	6,807	15,939	24,571
Carrying amounts:				
As at September 30, 2018	2,020	10,241	9,548	21,809
As at September 30, 2019	897	8,193	6,684	15,774

4. Mineral Properties

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements, or transfers, and rights of ownership may be affected by undetected defects.

4. Mineral Properties (continued)

Nevada Claims, Nevada, USA

During the year ended September 30, 2016, the Company staked 98 claims across seven counties in Nevada, USA. The Company capitalized $20,524 of acquisition costs in connection with its Nevada claims. During the year ended September 30, 2019, the Company received option proceeds of $216,083 pursuant to letter of intent agreements with Stevens Gold Nevada Inc., of which $20,524 was offset against the capitalized acquisition costs and the excess of $195,559 was recognized in other income.

(a) On October 10, 2018, the Company entered into a Letter of Intent ("LOI") agreement with Stevens Gold Nevada Inc. ("Stevens"), whereby the Company granted the right to purchase a 60% interest in the Black Point Project located in Eureka County, Nevada, USA property. Under the terms of the LOI, Stevens will have the right to purchase a 60% interest in the property by making a payment of US$500,000 at any time while the LOI or a follow-up lease/option to purchase agreement is in effect. Until the payment of the purchase price is made, Stevens is to make annual lease payments, which shall not constitute a portion of the purchase price, as follows:

- US$25,000 within 5 business days after signing (received);
- US$25,000 on or before October 10, 2019;
- US$25,000 on or before October 10, 2020;
- US$50,000 on or before October 10, 2021;
- US$50,000 on or before October 10, 2022; and
- US$100,000 on or before October 10, 2023 and annually thereafter.

The Company shall retain a 2% Net Smelter Return Royalty on the property.

(b) On October 10, 2018, the Company entered into an LOI agreement with Stevens, whereby the Company granted the right to purchase a 60% interest in the Stevens Basin Project in Eureka County, Nevada, USA property. Under the terms of the LOI, Stevens will have the right to purchase a 60% interest in the property by making a payment of US$750,000 at any time while the LOI or a follow-up lease/option to purchase agreement is in effect. Until the payment of the purchase price is made, Stevens will make annual lease cash payments, which shall not constitute a portion of the purchase price, as follows:

- US$25,000 within 5 business days after signing (received);
- US$50,000 on or before October 10, 2019;
- US$50,000 on or before October 10, 2020;
- US$75,000 on or before October 10, 2021;
- US$75,000 on or before October 10, 2022; and
- US$100,000 on or before October 10, 2023 and annually thereafter.

The Company shall retain a 2% Net Smelter Return Royalty on the property.

On June 21, 2019, the agreement was terminated and as a result, Stevens Gold will have no legal or beneficial interest in or to any lands, mineral rights or other interests comprising the Stevens Basin.

Gordon Lake Property, NWT, Canada

As at September 30, 2019, the Company owns a mineral lease for its Gordon Lake Property. The Company expenses all amounts paid to maintain the ownership of the mineral lease.

East Bell Property, Nevada, USA

During the year ended September 30, 2018, the Company entered into an exploration lease and option to purchase agreement to acquire mining claims in Nevada, USA. During the year ended September 30, 2019, the agreement was terminated and the Company paid a termination fee of US$2,500.

(Expressed in Canadian Dollars)

4. Mineral Properties (continued)

Mineral exploration costs consist of:

	Year ended September 30, 2019 $	Year ended September 30, 2018 $
Claims maintenance fees	63,067	28,501
Data collection and research	14,218	20,319
Geological and geophysical (Note 6)	247,334	29,542
	324,619	78,362

5. Loans Payable

As at September 30, 2019, the Company owes $60,000 (2018 - $45,000) to a non-related party for loan advances. The advances are secured by promissory notes, bear interest at 10% per annum, and are due on demand.

6. Related Party Transactions

(a) As at September 30, 2019, the Company was owed $nil (2018 –$69,940) to a company controlled by the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.

(b) As at September 30, 2019, the Company owed $156,766 (2018 – $46,030) to the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.

(c) As at September 30, 2019, the Company owed $164,853 (2018 – $81,059) to a company owned by a daughter of the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.

(d) As at September 30, 2019, the Company owed $26,980 (2018 – $26,426) to a daughter of the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.

(e) As at September 30, 2019, the Company owed $5,000 (2018 – $5,000) to a daughter of the President and CEO of the Company which is unsecured, non-interest bearing, and due on demand.

(f) As at September 30, 2019, the Company owed $48,420 (2018 - $nil) to a company controlled by a director of the Company which is included in accounts payable and accrued liabilities.

(g) As at September 30, 2019, the Company owed $14,516 (2018 - $nil) to a director of the Company which is included in accounts payable and accrued liabilities.

(h) During the year ended September 30, 2019, the Company incurred management fees of $90,000 (2018 - $90,000), to a company owned by the daughter of the President and CEO of the Company.

(i) During the year ended September 30, 2019, the Company incurred automotive expenses of $23,866 (2018 - $nil), to a company controlled by the President and CEO of the Company.

(j) During the year ended September 30, 2019, the Company incurred geological fees of $146,757 (2018 - $nil) to a company owned by a director of the Company.

(k) During the year ended September 30, 2019, the Company incurred geological fees of $100,313 (2018 - $nil) to a director of the Company.

(Expressed in Canadian Dollars)

7. Share Capital

Authorized: Unlimited number of common shares with no par value
Unlimited number of preferred shares with no par value

(a) During the year September 30, 2019, the Company issued 200,000 common shares for proceeds of $14,000 pursuant to the exercise of share purchase warrants.

(b) During the year September 30, 2018, the Company issued 6,600,000 common shares for proceeds of $394,260 pursuant to the exercise of share purchase warrants, of which $15,000 had been received as at September 30, 2017.

8. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, September 30, 2017	13,001,200	0.08
Exercised	(6,600,000)	0.06
Expired	(1,020,000)	0.07
Balance, September 30, 2018	5,381,200	0.11
Exercised	(200,000)	0.07
Expired	(3,640,000)	0.13
Balance, September 30, 2019	1,541,200	0.07

As at September 30, 2019, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date
1,541,200	0.07	June 5, 2020

9. Stock Options

The Company has reserved 10% of the issued common shares pursuant to an incentive share-based payment plan (the "Plan"). Options to purchase common shares of the Company under the Plan may be granted by the Board of Directors to a director, officer, employee, or consultant of the Company. The options are subject to any vesting limitations, exercise process, and exercise periods as determined by the Board of Directors.

	Number of options	Weighted average exercise price $
Outstanding, September 30, 2017	–	–
Granted	2,900,000	0.20
Outstanding, September 30, 2018 and 2019	2,900,000	0.20

(Expressed in Canadian Dollars)

9. Stock Options (continued)

Additional information regarding stock options outstanding as at September 30, 2019, is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.20	2,900,000	3.6	0.20

During the year ended September 30, 2019, the Company recorded share-based compensation of $nil (2018 - $412,333). The weighted average grant date fair value of stock options granted during the year ended September 30, 2019 was $nil (2018 - $0.14) per option.

The fair values for stock options granted have been estimated using the Black-Scholes option-pricing model assuming no expected dividends, no forfeitures, and the following weighted average assumptions:

	2019	2018
Risk-free interest rate	–	2.12%
Expected volatility	–	104%
Expected option life (in years)	–	5

10. Financial Instruments and Risk Management

The Company is engaged primarily in the mineral exploration field and accordingly it may be at risk for environmental issues and fluctuations in commodity pricing relating to the mineral extraction and exploration industry. The Company is subject to provincial and federal environmental regulations. Management has designed procedures and policies to provide for environmental compliance however, due to the diversity of environmental laws and regulations, compliance at all times cannot be assured.

Although management has taken steps to verify title on the properties on which it conducts exploration and in which it has an interest, these procedures may not guarantee the Company's title. Property title may be at risk from unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and funding risk
- Market risk
- Price risk

The Board of Directors approves and monitors the risk management processes.

10. Financial Instruments and Risk Management (continued)

(a) Credit Risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its cash and amounts receivable.

The Company manages its credit exposure by holding its cash with high credit quality financial institutions. The Company's maximum credit exposure for cash and amounts receivable is the carrying value of $10,332.

The Company determined that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is held in business accounts and is available on demand.

(b) Liquidity and Funding Risk

Liquidity and funding risk is the risk that the Company will not have sufficient capital to meet short-term operating requirements, after taking into account the Company's holdings of cash.

As at September 30, 2019, the Company has a working capital deficit of $509,679. In the case of cash deficits arising from exploration commitments and general operating budgets, the Company will have to seek debt or equity financing. There are no assurances that such financing will be available on terms acceptable to the Company.

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had $6,883 in cash at September 30, 2019. The bank account is not an interest-bearing bank account and currently the Company does not hold any investments or financial liabilities on which interest accrues, and is therefore not subject to a significant amount of interest rate risk.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has an office in Canada and holds cash in Canadian dollar and US dollar currencies in line with forecasted expenditures. The impact of foreign exchange rates on the financial statements is not significant.

As at September 30, 2019, the Company had no hedging agreements in place with respect to foreign exchange rates.

(iii) Fair Value Risk

As at September 30, 2019 and 2018, the Company's financial instruments consisted of cash, amounts receivable, accounts payable and accrued liabilities, loans payable, and amounts due to/from related parties. Of these financial instruments, cash is considered to be level 1, meaning there are quoted prices in active markets for identical instruments. With respect to all of other financial instruments, the Company estimates that their fair values approximate their carrying values due to the relatively short-term maturity of these instruments.

(d) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(Expressed in Canadian Dollars)

11. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended September 30, 2018.

12. Commitment

On February 15, 2017, the Company entered into a premises lease agreement commencing on March 1, 2017, and ending on February 28, 2022. Pursuant to the agreement, the Company is to pay base rent of $3,000 per month for the first two years and $3,500 per month for the last three years. The minimum annual lease amounts to be paid for the next five fiscal years are as follows:

	$
2020	42,000
2021	42,000
2022	17,500
	101,500

13. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2019 $	2018 $
Canadian statutory income tax rate	27%	26.75%
Income tax recovery at statutory rate	(119,952)	(221,385)
Tax effect of:		
Permanent differences and other	116	86,974
Change in enacted tax rate	–	(77,879)
True up of prior year differences	21,157	–
Change in unrecognized deferred income tax assets	98,679	212,290
Income tax provision	–	–

(Expressed in Canadian Dollars)

13. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2019 $	2018 $
Deferred income tax assets		
Non-capital losses carried forward	1,232,059	1,168,000
Mineral properties	1,008,961	974,100
Share issuance costs	2,430	4,300
Property and equipment	124,429	122,800
Total gross deferred income tax assets	2,367,879	2,269,200
Unrecognized deferred income tax assets	(2,367,879)	(2,269,200)
Net deferred income tax asset	–	–

As at September 30, 2019, the Company has non-capital losses carried forward totaling $4,563,182 expire as follows:

	$
2026	338,168
2027	318,785
2028	399,260
2029	290,337
2030	297,441
2031	424,636
2032	563,936
2033	320,765
2034	419,498
2035	97,134
2036	201,072
2037	240,620
2038	335,751
2039	315,779
	4,563,182

The Company also has available mineral resource related expenditure pools totalling $3,736,891, which may be deducted against future taxable income on a discretionary basis.