CMC METALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CMC Metals Ltd.

Opinion

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

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 events or conditions, that indicate 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.

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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 Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

CMC METALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	September 30, 2019	September 30, 2018
ASSETS			
Current assets			
Cash		$ 344,635	$ 4,103
Receivables		10,078	3,147
Prepaids and deposit		31,450	31,443
Investment in marketable securities	6	-	61,000
		386,163	99,693
Non-current assets			
Reclamation bond	3	256,370	250,601
Equipment	5	4,380	8,543
		260,750	259,144
TOTAL ASSETS		$ 646,913	$ 358,837
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	$ 102,389	$ 423,647
Due to related parties	12	141,833	82,778
Loans	8, 12	1,091,175	883,573
Preferred shares	9	500,000	500,000
Provision for restoration and environmental obligation	10	146,000	146,000
Deferred premium on flow-through shares	11	37,865	-
TOTAL LIABILITIES		2,019,262	2,035,998
SHAREHOLDERS' DEFICIENCY			
Share capital	11	19,220,318	18,608,267
Share-based payment reserve	11	300,972	129,400
Deficit		(20,893,639)	(20,414,828)
TOTAL SHAREHOLDERS' DEFICIENCY		(1,372,349)	(1,677,161)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		$ 646,913	$ 358,837

Nature and continuance of operations - Note 1
Commitments - Note 3,8,10 and 14
Subsequent event - Note 17

Approved on behalf of the Board:

"Kevin Brewer"
Kevin Brewer - Director

"Michael Scholz"
Michael Scholz - Director

See accompanying notes to the consolidated financial statements.

CMC METALS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)

	Note	Year Ended September 30, 2019	Year Ended September 30, 2018
EXPENSES			
Amortization	5	$ 3,192	$ 5,812
Consulting fees		1,320	79,782
Exploration expenditures (recovery), net	4, 12	368,640	(40,780)
Filing and transfer agent		34,143	18,518
Financing fee		910	1,460
Flow-through share related tax		2,566	34,365
Interest expense	8, 12	86,133	129,599
Marketing expense (recovery)		(4,633)	12,840
Office and miscellaneous	12	64,186	77,328
Professional fees		23,480	77,168
Rent	12	18,000	18,000
Stock-based compensation	11	75,000	145,487
Travel		24,589	7,715
		(697,526)	(567,294)
OTHER ITEMS			
Investment income (loss)	6	(18,463)	38,509
Other income		28,108	10,071
Other expenses	4	(115,236)	-
Gain (loss) on foreign exchange		(6,052)	1,390
Unrealized loss on investment	6	-	(26,000)
Gain on settlement of debt	8	-	1,079,181
Flow- through share premium reversal	11	32,355	-
Recovery of flow- through share related provisions	7	298,003	-
		218,715	1,103,151
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		$ (478,811)	$ 535,858
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED		19,049,688	17,649,590
NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED		$ (0.03)	$ 0.03

See accompanying notes to the consolidated financial statements.

CMC METALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian dollars)

	Notes	Number of shares	Amount	Share Subscriptions receivable	Share-based payment reserve	Deficit	Total
Balance at September 30, 2017		17,058,055	$ 18,396,190	$ (14,000)	$ 346,809	$ (21,280,755)	$ (2,551,756)
Comprehensive Income:							
Net income for the year		-	-	-	-	535,858	535,858
Total comprehensive income for the year		-	-	-	-	535,858	535,858
Transactions with owners, in their capacity as owners, and other transfers:							
Subscriptions received in advance	11	-	-	14,000	-	-	14,000
Share issuance for warrants exercised	11	260,000	78,000	-	-	-	78,000
Share issuance for options exercised	11	810,000	101,250	-	-	-	101,250
Reallocation of options exercised	11	-	32,827	-	(32,827)	-	-
Reallocation of cancelled and expired options		-	-	-	(299,400)	299,400	-
Reallocation of expired warrants		-	-	-	(30,669)	30,669	-
Stock-based compensation	11	-	-	-	145,487	-	145,487
Total transactions with owners and other transfers		1,070,000	212,077	14,000	(217,409)	330,069	338,737
Balance at September 30, 2018		18,128,055	$ 18,608,267	$ -	$ 129,400	$ (20,414,828)	$ (1,677,161)
Comprehensive Loss:							
Net loss for the year		-	-	-	-	(478,811)	(478,811)
Total comprehensive loss for the year		-	-	-	-	(478,811)	(478,811)
Transactions with owners, in their capacity as owners, and other transfers:							
Shares issued for cash	11	13,922,000	801,430	-	-	-	801,430
Share issuance costs	11	-	(22,587)	-	-	-	(22,587)
Stock-based compensation	11	1,500,000	75,000	-	-	-	75,000
Flow-through share premium	11	-	(70,220)	-	-	-	(70,220)
Fair value allocated to warrants	11	-	(171,572)	-	171,572	-	-
Total transactions with owners and other transfers		15,422,000	612,051	-	171,572	-	783,623
Balance at September 30, 2019		33,550,055	$ 19,220,318	$ -	$ 300,972	$ (20,893,639)	$ (1,372,349)

See accompanying notes to the consolidated financial statements.

CMC METALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year Ended September 30, 2019	Year Ended September 30, 2018
Operating activities		
Net income (loss) for the year	$ (478,811)	$ 535,858
Adjustments for non-cash items:		
Amortization	3,192	5,812
Accrued interest on promissory note and loans	86,133	129,599
Recovery of flow- through share related provisions	(298,003)	-
Gain on settlement of debt	-	(1,079,181)
(Gain) loss on investment income	18,463	(38,509)
Stock-based compensation	75,000	145,487
Unrealized loss of investment	-	26,000
Flow- through share premium reversal	(32,355)	-
(Recovery) of exploration and evaluation costs	-	(183,000)
Changes in non-cash working capital items:		
Receivables	(6,931)	19,493
Prepaid and deposits	(7)	(18,345)
Trade payables and accrued liabilities	(23,256)	58,503
Due to related parties	59,055	75,119
Net cash used in operating activities	(597,520)	(323,164)
Financing activities		
Repayment of loans	-	(44,000)
Issuance of debts	121,472	-
Proceeds on disposal of marketable securities	42,537	134,509
Proceeds on issuance of common shares, net	778,843	179,250
Subscriptions receivable	-	14,000
Net cash provided by financing activities	942,852	283,759
Effect of foreign exchange	(4,800)	(7,808)
Change in cash	340,532	(47,213)
Cash, beginning	4,103	51,316
Cash, ending	$ 344,635	$ 4,103

Supplemental disclosure with respect to cash flows- Note 15

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

CMC Metals Ltd. (the "Company") is incorporated in the Province of British Columbia and its principal activity is the acquisition and exploration of mineral properties in Canada and the United States of America. The Company is listed on the TSX Venture Exchange ("TSX-V").

The head office, principal address and records office of the Company are located at 605 – 369 Terminal Avenue, Vancouver, British Columbia, Canada, V6A 4C4.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its 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. 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 uncertainties 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 loans from directors, by continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration, monitoring exploration activity and reducing overhead costs.

The financial statements were authorized for issue on January 27, 2020 by the directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

The consolidated 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 issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 0877887 B.C. Ltd. ("0877887 B.C."), incorporated under the Business Corporations Act of British Columbia and CMC Metals Corp. which is incorporated in the State of California and is inactive.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Significant estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, and equipment, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, apart from those requiring estimates, in applying accounting policies. The most significant judgments in applying 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 evaluation expenditures or operating expenses;
- The classification of financial instruments; and
- The determination of the functional currency of the parent company and its subsidiaries.

Foreign currency translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

Transactions and balances:
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 exchange rate prevailing at the statement of financial position date. 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 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 PRESENTATION (cont'd)

Exploration and evaluation assets

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 expensed as incurred.

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

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment charges. 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss in the period incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization for the Equipment is calculated as below:

	Method	Rate
Vehicle	Straight line	Over 4 years

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Share-based compensation

Share-based payments to employees are measured at the fair value of the stock options granted and recognized 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 the fair value of the goods or services cannot be reliably estimated. The fair value of stock options is determined using the Black–Scholes Option Pricing Model, taking into account the terms and condition upon which stock options are granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options are expected to vest.

The share-based payment reserve records items recognized as share-based compensation expense such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options are forfeited or expired, the amount recorded is transferred to deficit.

Financial instruments

On October 1, 2017, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Financial instruments (cont'd)

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

(i) 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.

(ii) 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 consolidated statements of net (loss) income. 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 consolidated statements of net (loss) income in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) 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 consolidated statements of net (loss) income, 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Financial instruments (cont'd)

(iv) 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.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The carrying amount of the Company's tangible 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 profit or loss.

The recoverable amount is the greater of: (i) an asset's fair value less cost to sell, and (ii) its 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 individual asset that does not generate cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants are allocated between the common share and warrant component. The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and was valued at its fair value, as determined by the closing bid price on the issuance date. The remaining proceeds, if any, would be allocated to the attached warrants. Any fair value attributed to the warrants is recorded in the share-based payment reserve.

If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount is transferred to deficit. If and when the expiration date of such warrants is extended or the exercise price decreases, the Company does not record a charge for the incremental increase in fair value.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. The calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Income tax

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, in the countries where the Company operates and generates taxable income.

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 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.

Deferred income tax
Deferred income tax is provided 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.

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 flow-through share premium liability is recognized and the liability will be reversed as eligible expenditures are made. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

Contingent liabilities

Provisions are recognized when a present obligation exists (legal or constructive), as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the consolidated balance sheet date, measured using the expected cash flows discounted for the time value of money. The increase in provision (accretion) due to the passage of time is recognized as a finance cost in the consolidated statements of income. Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control, or present obligations that are not recognized because it is not probable that an outflow of economic benefits would be required to settle the obligation or the amount cannot be measured reliably. Contingent liabilities are not recognized but are disclosed and described in the notes to the consolidated financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd)

Recent accounting pronouncements

The Company did not adopt any new or amended standards for the year beginning October 1, 2018 that had a material impact on the consolidated financial statements. The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended September 30, 2019. The Company is currently evaluating the potential impacts of these new standards.

IFRS 16 *Leases* requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. This standard is effective for reporting periods beginning on or after January 1, 2019. The Company does not have any leases.

There are no other IFRSs that are not yet effective that are expected to have a material impact on the Company.

3. RECLAMATION BOND

The Company has a reclamation bond held in trust by the Bureau of Land Management. As at September 30, 2019, the reclamation bond consists of a deposit of $256,370 (2018 - $250,601) made by the Company for indemnification of site restoration of the Company's Bishop Mill Property (Note 4).

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

		Silver Hart Property
Acquisition costs		
Balance, September 30, 2017, 2018 and 2019	$	-
Exploration costs		
Balance, September 30, 2017	$	-
Recovery for Silver Hart (Note 6)		(222,600)
Costs incurred during the year:		
Contractors		87,641
Field office		39,398
Transportation and supplies		54,781
		(40,780)
Exploration recovery		40,780
Balance - September 30, 2018	$	-
Costs incurred during the year:		
Assaying		18,472
Contractors		96,231
Field office		28,975
Drilling		175,491
Transportation and supplies		11,359
Travel expenses		38,112
		368,640
Exploration expenditures		(368,640)
Balance - September 30, 2019	$	-

Silver Hart Property

On February 21, 2005, as last amended on September 24, 2018, the Company acquired a 100% interest in certain claims comprising the Silver Hart Property located in the Watson Lake Mining District, Yukon Territories from an individual who subsequently became a director and officer of the Company for a total of $995,000 of which $270,000 remains unpaid as at September 30, 2019 (Note 8).

The Company was further required to issue 1,000,000 common shares by July 5, 2007. The Company did not issue the shares by the due date and the fair value of the shares at the time of $300,000 was recorded as an obligation to issue shares, with a corresponding entry to exploration and evaluation assets. These shares were issued by the Company during the year ended September 30, 2017.

The Company fully impaired the Silver Hart property in previous years and all exploration costs are expensed as incurred. The Silver Hart Property is security for a loan due to a director of the Company (Note 8).

Included in exploration expenses is $93,646 contractor services charged by a director of the Company.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd)

Radcliff Property

On March 1, 2011, and as amended November 15, 2011, the Company entered into a letter of intent to acquire up to a 50% interest in certain claims, comprising the Radcliff Property located in Inyo County, California.

The Company fully impaired the Radcliff property in previous years and all exploration expenditures are expensed as incurred.

The Radcliff Property was security for a Promissory Note (Note 8), which was in default and settled on June 1, 2018 by the Company assigning its interest in the Radcliff Property to the noteholder and on July 4, 2018, the Company completely relinquished its interest in the Radcliff Property.

Bishop Mill Property

On March 19, 2010, and as completed on April 15, 2010, the Company entered into a sale and purchase agreement and acquired a 100% interest in certain claims, buildings, water rights and machinery, comprising the Bishop Mill Property located near Bishop, California. Subsequent to the purchase of the Bishop Mill Property, the Company has incurred additional costs in order to bring the mill and equipment to use. During the year ended September 30, 2015, the Company had fully impaired the Bishop Mill Property.

As at September 30, 2019, the Bishop Mill was not capable of operating in a manner intended by management. During the year, the Company incurred $115,236 (2018 - $Nil) in clean-up costs on the Bishop Mill Property.

5. EQUIPMENT

		Vehicle
Balance, September 30, 2017	$	13,460
Amortization for the year		(5,812)
Foreign exchange		895
Balance, September 30, 2018		8,543
Amortization for the year		(3,192)
Foreign exchange		(971)
Balance, September 30, 2019	$	4,380

6. INVESTMENT

During the year ended September 30, 2018, the Company received a total of 200,000 common shares of MGX Minerals Ltd. ("MGX") in consideration for the rental of a floatation plant on the Silver Hart Property up to April 30, 2019. The investment was measured at a fair value of $183,000 at initial recognition and recorded as a recovery of exploration and evaluation costs.

During the year ended September 30, 2018, the Company sold 100,000 MGX shares with a fair value of $96,000 for proceeds of $134,509 and realized a gain of $39,600.

At September 30, 2018, the Company held 100,000 MGX shares with a fair value of $87,000 at initial recognition. At September 30, 2018 these shares had a fair value of $61,000 resulting in an unrealized loss on investment of $26,000.

During the year ended September 30, 2019, the Company sold 100,000 MGX shares with a fair value of $61,000 for proceeds of $42,537 and realized a loss on sale of $18,463.

(Expressed in Canadian dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2019	September 30, 2018
Trade payables	$ 102,389	$ 97,536
Accrued liabilities	-	28,108
Flow-through share related provisions	-	298,003
	$ 102,389	$ 423,647

To September 30, 2018, the Company had recorded $298,003 in flow-through share related provisions. During the current year, the Company determined that all such obligations have been satisfied and, accordingly, recorded a recovery of such provisions.

8. LOANS

Silver Hart Property

As at September 30, 2019, pursuant to the acquisition of the Silver Hart Property (Note 4), a principal balance of $270,000 (2018 - $270,000) and extension fees totaling $85,000 (2018 - $85,000) is owing to a director of the Company. This amount is interest bearing at 8.5% per annum. During the year ended September 30, 2019, the Company recorded interest expense of $54,160 (2018 - $32,271). At September 30, 2019, accrued interest amounted to $602,893 (September 30, 2018 - $494,573). The principal, extension fees and accrued interest was due on September 30, 2019 pursuant to an amendment agreement dated September 24, 2018. The Company has granted a first charge on the Silver Hart Property as security for the payments. As at September 30, 2019, the Company is in default with respect to repayment of the loan.

During the year ended September 30, 2019, the Company entered into Promissory Notes totalling $131,500 (2018 - $34,000) with a company controlled by a director and officer of the Company, which Notes are payable on demand with interest at 18% per annum. As at September 30, 2019, the Company has recorded incurred interest of interest $1,782 (2018 - $Nil).

Subsequent to September 30, 2019, the Company settled the Silver Hart Property loan and loans secured by Promissory Notes by way of a shares for debt settlement (Note 17).

Radcliff Property

On April 18, 2012, the Company entered into a Promissory Note Agreement (Note 4) whereby the Company agreed to pay a Promissory Note of US$800,000 by June 15, 2012 subject to an interest rate of 7% per annum.

The Promissory Note had been in default for several years and was secured by a deed of trust covering the Radcliff Property (Note 4).

As of June 1, 2018, the Company assigned its interest in the Radcliff Property to the noteholder, thereby settling the Promissory Note. The total balance settled was comprised of a principal balance of $624,000 (US$500,000), an extension fee of $62,400 (US$50,000) and accrued interest of $392,781 (US$314,728). During the year ended September 30, 2018, the Company recorded interest expense of $59,693.

The Company fully impaired the Radcliff Property in previous years and accordingly, during fiscal year end September 30, 2018, the Company recorded a gain on settlement of debt of $1,079,181.

9. PREFERRED SHARES

The Company's subsidiary issued 5,000 Class A non-voting preferred shares (the "Class A preferred shares") at a price of $100 per share, for total proceeds of $500,000. Attached to these preferred shares is an annual non-cumulative preferred cash dividend of 4.5% of the total, payable annually on March 31 of each year. To September 30, 2019, no dividends have been declared.

After April 9, 2015, redemption may be affected in whole or any number of the Class A preferred shares, if the Company is not insolvent at such time and that the redemption would not render the Company insolvent, as follows:

- Company: Upon giving no less than 10 day notice to the holders. If notice to redemption is given by the Company and holders of the Class A preferred shares fail to present and surrender the share certificates representing the shares called for redemption, the Company may deposit an amount sufficient to redeem the shares with any trust company or chartered bank of Canada and the holder will have no rights against the Company in respect of such shares except upon the surrender of certificates for such shares to receive payment; and

- Holder: Upon giving notice to the Company. The Company shall pay the holder within 30 days a redemption amount, in respect of each of the shares specified in the notice.

10. RESTORATION AND ENVIRONMENTAL OBLIGATIONS

The Company's provision for restoration and environmental obligations consists of costs accrued based on the current best estimate of reclamation activities that will be required on the Silver Hart Property (Note 4), which was fully impaired during the year ended September 30, 2015.

The Company is subject to a claim made by the Government of the Yukon Territory related to the remediation of the Silver Hart mineral property pursuant to its exploration program. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date and known legal requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments. The Company has accrued a provision of $146,000 by way of estimating its obligation to remediate the claim.

11. SHARE CAPITAL

Authorized

Unlimited common shares, without par value
Unlimited Class A preferred share, non-voting, without par value

Issued common shares

33,550,055 (September 30, 2018 – 18,128,055) common shares issued and outstanding.

On September 27, 2018, the Company completed a rollback of its issued and outstanding common shares on the basis of one (new) post rollback share for each two and one-half (old) pre-rollback shares. The Company had 45,320,139 common shares issued and outstanding. Following the rollback, the Company had 18,128,055 common shares issued and outstanding.

The exercise or conversion price and the number of common shares issuable under any of the Company's outstanding warrants and stock options have been proportionately adjusted to reflect the rollback in accordance with their respective terms thereof. No fractional common shares were issued pursuant to the rollback, and any fractional common shares that would otherwise be issued were rounded down or up to the nearest whole number.

Year ended September 30, 2019

On September 5, 2019, the Company completed a non-brokered private placement of a total of 8,400,000 units at $0.05 per unit, for gross proceeds of $420,000. Each unit consists of one common share and one transferrable share

(Expressed in Canadian dollars)

11. SHARE CAPITAL (cont'd)

Issued common shares (cont'd)

purchase warrant exercisable for a two year period at $0.075 per share expiring September 5, 2021. A fair value of $171,572 was allocated to the 8,400,000 warrants using the Black Scholes Option Pricing Model with the following assumptions: risk free interest rate – 1.05%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 130%.

On September 9, 2019, the Company completed a non-brokered flow-through private placement of a total of 7,022,000 common shares at $0.065 per share, for gross proceeds of $456,430. On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of $70,220 that investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital of $386,210. To September 30, 2019, the Company expensed $210,308 in eligible exploration expenditures and accordingly, the flow-through liability was reduced to $37,865.

The Company paid finders fees of $22,587 relating to the private placements.

Included in the private placement financings completed during the year ended September 30, 2019 were 1,500,000 common shares with an aggregate value of $75,000 that were issued to consultants and recorded to stock-based compensation.

Year ended September 30, 2018

During the year ended September 30, 2018, 810,000 options were exercised for proceeds of $101,250. Accordingly, the Company reallocated $32,827 from share-based payment reserve to share capital upon exercise of such stock options.

During the year ended September 30, 2018, 260,000 warrants were exercised for proceeds of $78,000.

Stock options

The Company follows the policies of the TSX-V under which it would be authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. The Company calculated the fair value of all stock-based compensation awards as determined using the Black-Scholes Option Pricing Model.

During the year ended September 30, 2019, the Company did not grant any stock options and there were no options issued and outstanding, and the Company did not recognize share based compensation during the year (2018 - $145,487).

The weighted average fair value of stock options granted during the year ended September 30, 2019 was $Nil (2018 - $0.12).

	September 30, 2019	September 30, 2018
Risk- free interest rate	-	1.55%-1.74%
Expected life	-	2 Years
Annualized volatility	-	120%
Dividend yield	-	0.00%

(Expressed in Canadian dollars)

11. SHARE CAPITAL (cont'd)

Stock options (cont'd)

Option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, September 30, 2017	845,600	$0.275
Options granted	2,230,000	0.125
Options excercised	(810,000)	0.125
Options forfeited	(160,000)	0.30
Options expired	(2,105,600)	0.243
Balance, September 30, 2018 and 2019	-	$0.00

As at September 30, 2019, there were no stock options outstanding.

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price	Expiry date
Balance, September 30, 2017	5,071,920	$0.55	
Warrants exercised	(260,000)	0.30	
Warrants expired	(4,811,920)	0.55	
Balance, September 30, 2018	-	-	
Warrants issued	8,400,000	0.075	September 5, 2021
Balance, September 30, 2019	8,400,000	$0.075	

As at September 30, 2019, there were 8,400,000 warrants exercisable and outstanding.

As at September 30, 2019, the weighted average life of warrants was 2 years (2018 – 0 years). The Company calculated the fair value of all stock-based compensation awards as determined using the Black-Scholes Option Pricing Model.

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) incurred rent of $18,000 (2018 – $18,000) to a company controlled by a director and officer of the Company;
b) incurred secretarial fees of $46,800 (2018 – $46,800) to a company controlled by a director and officer of the Company which was recorded in office and miscellaneous;
c) incurred consulting fees of $Nil (2018 - $18,500) to directors of the Company;
d) incurred consulting fees of $Nil (2018 - $15,000) to the spouse of a director and senior officer of the Company;
e) incurred interest expense of $86,102 (2018 - $81,906) to a director and officer of the Company, pursuant to the Silver Hart Property (Notes 4 and 8);

At September 30, 2019, a total of $141,833 (2018 - $82,778) was owing to directors of the Company.

At September 30, 2019, a total of $1,091,175 (2018 - $883,573) was owing to a director and officer of the Company and/or a company controlled by a director and officer of the Company by way of loans (Note 8).

Amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment unless specifically disclosed.

The Company incurred the following key management compensation charges:

	September 30, 2019	September 30, 2018
Consulting fees	-	$18,500
Stock-based compensation	-	3,270
	$Nil	$21,770

13. FINANCIAL RISK AND CAPITAL MANAGEMENT

The fair value of the Company's financial assets and liabilities approximates its 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 is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts.

The majority of cash is deposited in bank accounts held with one major bank in Canada. As most of the Company's cash is held in one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables and reclamation bond. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and the reclamation bond are held with government authorities.

(Expressed in Canadian dollars)

13. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company has a working capital deficiency and the contractual maturities of all financial liabilities is less than one year.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fair value of the Company's cash accounts are relatively unaffected by changes in short term interest rates. The Company's debt has a fixed interest rate and is not affected by changes in interest rates.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

14. INCOME TAXES

Provision for deferred tax

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended September 30, 2019	Year ended September 30, 2018
(Loss)/Earnings before income taxes	$ (478,811)	$ 535,858
Statutory tax rate	27.00%	26.00%
Expected income tax (recovery) expense	(129,000)	139,000
Non-deductible expenses	24,000	(228,000)
Impact of changes in the tax rate	21,000	-
Other differences	(34,000)	6,000
Change in valuation allowance	118,000	83,000
Deferred income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

14. INCOME TAXES (cont'd)

The Company has the following significant deductible temporary differences for which no deferred tax asset has been recognized:

	Year ended September 30, 2019	Year ended September 30, 2018
Exploration and evaluations assets	$ 1,016,000	$ 833,000
Other assets	757,000	735,000
Loss carry-forwards	1,296,000	1,389,000
Share issuance costs	17,000	11,000
	3,086,000	2,968,000
Valuation allowance	(3,086,000)	(2,968,000)
Deferred tax liabilities	$ -	$ -

As at September 30, 2019, the Company has approximately $4,140,000 (2018 -$4,798,000) in non-capital losses, which expire commencing with the fiscal year ended September 30, 2028 and ending with the fiscal year ended September 30, 2039.

Flow-through shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended September 30, 2019, the Company received $456,430 from the issue of flow-through shares and has fully incurred eligible expenditures of $210,308 during the year ended September 30, 2019.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at September 30, 2019, the is committed to expand a further $246,122 of the flow-through shares issued during the current year on qualifying exploration expenditures.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended September 30, 2019 consisted of the Company allocating $171,572 to share-based payment reserve for the issuance of shares warrants.

There were no non-cash transactions during the year ended September 30, 2018.

16. CONTINGENT LIABILTY

The Company is subject to a claim made by the Government of the Yukon Territory related to the remediation of the Silver Hart Property (Note 4) pursuant to its exploration program. The Company has accrued a provision of $146,000 by way of estimating its obligation to remediate the claims but the actual amount of any economic outflow related to this contingency is dependent upon future events and cannot be reliably measured as at September 30, 2019.

17. SUBSEQUENT EVENT

On November 20, 2019, the Company issued a total of 15,588,210 common shares to a director and a company owned by a director, in settlement of the loans secured by Promissory Notes and $1,091,175 of debt recorded on the Statement of Financial Position as at September 30, 2019, relating to the Silver Hart Property (Note 8).