CRYSTAL LAKE MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

FOR THE NINE MONTHS ENDED JUNE 30, 2019

Head Office Address
13236 Cliffstone Court, Lake Country,
British Columbia, Canada V4V 2R1

Registered and Records Office Address
804 – 750 West Pender Street
Vancouver, British Columbia V6C 2T7

CRYSTAL LAKE MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

	June 30, 2019	September 30, 2018
ASSETS		
Current		
Cash	$ 492,300	$ 537,241
Receivables	83,702	24,366
Prepaids	743,663	93,264
Subscription receivable (Note 7)	43,500	-
Marketable securities (Note 6)	-	175,000
	1,363,165	829,871
Exploration and evaluation assets (Note 3)	12,423,964	8,326,542
Land, building and equipment (Note 4)	260,481	268,043
	$ 14,047,610	$ 9,424,456
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 76,843	$ 114,259
Due to related parties (Note 8)	39,523	151,842
Loans payable (Note 5)	782,685	759,473
	899,051	1,025,574
Flow-through premium liability (Note 7)	116,144	-
	1,015,195	1,025,574
Shareholders' equity		
Capital stock (Note 7)	31,465,773	24,587,270
Subscriptions receivable (Note 7)	-	(5,430)
Share-based payment reserve (Note 7)	3,521,021	2,717,288
Equity component of convertible loans (Note 5)	7,836	7,836
Deficit	(21,962,215)	(18,908,082)
	13,032,415	8,398,882
	$ 14,047,610	$ 9,424,456

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

On behalf of the Board:

"Wally Boguski" Director   *"Alphonse Ruggiero"* Director

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

CRYSTAL LAKE MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
EXPENSES				
Amortization (Note 4)	$ 2,520	$ 2,786	$ 7,562	$ 8,357
Consulting fees	574,405	152,269	742,565	307,769
Directors fees (Note 8)	6,463	6,480	20,010	19,295
Loss (gain) on settlement of debt (Note 7)	-	-	(3,827)	39,023
General, rent and administrative	57,673	43,492	98,793	77,845
Management fees (Note 8)	101,030	62,947	250,168	245,934
Office and miscellaneous	230,774	63,696	378,403	196,219
Professional fees	70,751	42,326	147,600	121,375
Property investigation	14,000	5,000	14,200	21,956
Regulatory fees	199,396	35,291	274,459	103,422
Reversal of flow-through premium (Note 7)	(69,450)	-	(89,296)	-
Salary	484	594	1,700	2,045
Share-based compensation (Note 7 and 8)	455,187	-	776,077	1,086,594
Transfer agent fees	2,812	8,728	38,226	16,661
Travel and promotion	280,509	27,435	329,412	78,315
Realized loss on marketable securities (Note 6)	-	-	85,000	-
Write-off of accounts payable	-	(244)	(22,349)	(244)
Write-off of subscription receivable	-	-	5,430	-
Loss and comprehensive loss for the period	$ (1,926,554)	$ (450,800)	$ (3,054,133)	$ (2,324,566)
Basic and diluted loss per common share	$ (0.02)	$ (0.01)	$ (0.04)	$ (0.04)
Weighted average number of common shares outstanding	99,609,428	66,679,017	83,180,918	58,486,669

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

CRYSTAL LAKE MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars
FOR THE NINE MONTHS ENDED JUNE 30

	Number of shares	Capital stock	Subscriptions receivable	Subscriptions received in advance	Share-based payment reserve	Equity component of convertible loans	Deficit	Total equity
September 30, 2017	**49,222,494**	**$ 14,789,635**	**$ -**	**$ 4,000**	**$ 1,260,880**	**$ 7,836**	**$ (13,596,065)**	**$ 2,466,286**
Private placements	9,632,726	3,193,000	-	-	-	-	-	3,193,000
Share issuance costs	-	(64,761)	-	-	-	-	-	(64,761)
Exercise of options	880,000	312,425	-	-	-	-	-	312,425
Exercise of warrants	1,063,400	393,595	-	-	-	-	-	393,595
Fair value of exercise of options	-	191,183	-	-	(191,183)	-	-	-
Fair value of exercise of warrants	-	46,998	-	-	(46,998)	-	-	-
Warrants issued as finders' fees	-	(50,789)	-	-	50,789	-	-	-
Shares issued for mineral properties	10,500,000	5,355,000	-	-	-	-	-	5,355,000
Shares issued for debt settlement	112,727	102,582	-	-	-	-	-	102,582
Share-based compensation	-	-	-	-	1,086,594	-	-	1,086,594
Subscription received in advance	-	-	-	(4,000)	-	-	-	(4,000)
Loss for the period	-	-	-	-	-	-	(2,324,566)	(2,324,566)
June 30, 2018	71,411,347	24,268,868	-	-	2,160,082	7,836	(15,920,631)	10,516,155
Exercise of options	201,666	64,300	-	-	-	-	-	64,300
Exercise of warrants	833,605	216,331	(5,430)	-	-	-	-	210,901
Fair value of exercise of options	-	29,850	-	-	(29,850)	-	-	-
Fair value of exercise of warrants	-	7,921	-	-	(7,921)	-	-	-
Share-based compensation	-	-	-	-	594,977	-	-	594,977
Loss for the period	-	-	-	-	-	-	(2,987,451)	(2,987,451)
September 30, 2018	72,446,618	24,587,270	(5,430)	-	2,717,288	7,836	(18,908,082)	8,398,882
Private placements	21,556,459	5,258,587	-	-	-	-	-	5,258,587
Share issuance costs	-	(108,077)	-	-	-	-	-	(108,077)
Exercise of options	83,334	25,000	-	-	-	-	-	25,000
Exercise of warrants	3,289,755	856,089	5,430	-	-	-	-	861,519
Fair value of exercise of options	-	8,462	-	-	(8,462)	-	-	-
Fair value of exercise of warrants	-	5,819	-	-	(5,819)	-	-	-
Warrants issued as finders' fees	-	(41,937)	-	-	41,937	-	-	-
Flow-through share premium	-	(205,440)	-	-	-	-	-	(205,440)
Shares issued for mineral properties	4,000,000	1,080,000	-	-	-	-	-	1,080,000
Share-based compensation	-	-	-	-	776,077	-	-	776,077
Loss for the period	-	-	-	-	-	-	(3,054,133)	(3,054,133)
June 30, 2019	**101,376,166**	**$ 31,465,773**	**$ -**	**$ -**	**$ 3,521,021**	**$ 7,836**	**$ (21,962,215)**	**$ 13,032,415**

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

CRYSTAL LAKE MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars
FOR THE NINE MONTHS ENDED JUNE 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (3,054,133)	$ (2,324,566)
Item not affecting cash:		
Amortization	7,562	8,357
Interest on loans payable	27,674	29,926
Interest on mortgage payable	14,809	7,405
Loss (gain) on settlement of debt	(3,827)	39,023
Share-based compensation	776,077	1,086,594
Reversal of flow-through premium	(89,296)	-
Realized loss on marketable securities	85,000	-
Write-off of accounts payable	(22,349)	-
Write-off of subscription receivable	5,430	-
Changes in non-cash working capital items:		
Increase (decrease) in due to related parties	(112,319)	18,678
Increase in receivables	(59,336)	(114,838)
Increase in prepaids	(650,399)	(149,776)
Decrease in accounts payable and accrued liabilities	(10,240)	(183,308)
Net cash used in operating activities	(3,085,347)	(1,582,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	5,258,587	3,192,999
Proceeds from the exercise of options	25,000	312,425
Proceeds from the exercise of warrants	812,589	389,595
Repayment on mortgage liability	(12,341)	(19,746)
Loan payable	-	8,950
Loan repayment	(6,930)	(134,000)
Share issuance costs	(108,077)	(64,761)
Net cash provided by financing activities	5,968,828	3,685,462
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(11,845)
Exploration and evaluation assets expenditures	(3,018,422)	(1,194,359)
Marketable securities	90,000	-
Net cash used in investing activities	(2,928,422)	(1,206,204)
Change in cash for the period	(44,941)	896,753
Cash, beginning of period	537,241	71,174
Cash, end of period	$ 492,300	$ 967,927
Cash paid during the period for interest	$ 19,746	$ 34,555
Cash paid during the period for income taxes	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (British Columbia) on July 20, 2009 and is publicly listed and traded on the TSX Venture Exchange ("TSX-V") under the symbol CLM. The Company is currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company's head office is 13236 Cliffstone Court, Lake Country, British Columbia, V4V 2R1, Canada. The Company's registered and records office is located at #804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, Canada.

These condensed consolidated interim financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issuance of capital stock and proceeds from loans payable. Certain of the Company's loans payable matured during the years ended September 30, 2017 without repayment (Note 5).

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern. The condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The policies applied in the condensed consolidated interim financial statements are presented below and are based on IFRS' issued and outstanding as of August 29, 2019, the date the Board of Directors approved the condensed consolidated interim financial statements. None of these standards are expected to have a significant effect on the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company, its wholly-owned Mexican subsidiary Minera Sierra Gioc SA and its wholly owned United States subsidiary Sierra Iron Ore USA. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant inter-company transactions and balances have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Estimates, judgments and assumptions

The preparation of the Company's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

<u>Significant Judgments</u>

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

Functional currency

The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

<u>Exploration and evaluation assets valuation</u>

At each reporting period, the Company reviews its non-current assets to determine whether there are any indications of impairment. Calculating the estimated recoverable amount of the cash generating unit for non-current asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable reserves, estimated future commodity prices, the expected future operating and capital costs and discount rates. Changes in any of these assumptions or estimates used in determining the recoverable amount could impact the impairment analysis.

<u>Significant Estimates</u>

Share-based compensation

Share-based compensation is determined using the Black-Scholes option pricing model based on the estimated fair value of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Non-cash transactions

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to acquisition and exploration are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition and exploration costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Decommissioning and restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation 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 rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation 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 rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

As at June 30, 2019 and 2018, the Company has no decommissioning or restoration obligations.

Land, building and equipment

Land, building and equipment is recorded at cost and amortized using the declining balance method at the following rates per annum.

Computer equipment	55% to 100% per annum
Furniture and equipment	20% per annum
Machinery and equipment	30% per annum
Vehicles	30% per annum
Building	4% per annum

Land, building and equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Current year additions are amortized at half of the normal rate. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of land, building and equipment are 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.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based compensation (cont'd…)

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock. The effect of forfeitures is accounted for as they occur.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based compensation is measured at the fair value of goods or services received.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of income (loss) and comprehensive income (loss). Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company has classified its cash at fair value through profit and loss. The Company's receivables are classified at amortized cost.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The Company's accounts payable and accrued liabilities, loans payable, and due to related parties are classified at amortized cost.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. 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.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed by assuming that outstanding options, warrants and similar instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Newly adopted accounting policies

Effective October 1, 2018, the Company adopted the following accounting policies. There were no significant impacts to the financial statements upon adoption.

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. Adoption is not anticipated to have a material impact on the Company's financial statements.

IFRS 7 is amended to require additional disclosures on transition from IAS 39 to IFRS 9. The Company has adopted this policy and it doesn't have a significant effect on the financial statements. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Adoption is not anticipated to have a material impact on the Company's financial statements.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. Adoption is not anticipated to have a material impact on the Company's financial statements.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards.

<u>Accounting Standards Issued and Effective for Annual Reporting Periods Beginning On or After January 1, 2019:</u>

IFRS 16, Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. This standard is applicable to annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION ASSETS

Period Ended June 30, 2019	Tom Cat Claims, British Columbia, Canada	Iron Property, Ontario Canada	EL1and EL5 Property, Ontario Canada	Property #1,2,3,4,5,7 and 8 Ontario Canada	Property #6, Ontario Canada	Newmont Lake British Columbia, Canada	Foremore Claims, British Columbia, Canada	Total
Acquisition Costs:								
Balance, beginning of period	$ 61,036	$ 519,174	$ 1,600,000	$ 3,748,500	$ 530,000	$ 250,000	$ -	$ 6,708,710
Cash payment	-	-	-	-	-	750,000	60,000	810,000
Shares issued	-	-	-	-	-	1,080,000	-	1,080,000
Balance, end of period	61,036	519,174	1,600,000	3,748,500	530,000	2,080,000	60,000	8,598,710
Deferred Exploration Costs:								
Balance, beginning of period	92,319	444,551	1,045,962	35,000	-	-	-	1,617,832
Assay	-	-	-	-	-	100,237	-	100,237
Consulting	-	-	20,316	-	-	218,661	-	238,977
Drilling, field work and other	-	-	54,500	-	-	607,908	-	662,408
Travel and helicopters	5,332	-	-	-	-	840,386	-	845,718
Project management fees	26,060	-	-	-	-	-	-	26,060
Supplies	-	-	816	-	-	333,206	-	334,022
Balance, end of period	123,711	444,551	1,121,594	35,000	-	2,100,398	-	3,825,254
Total	**$ 184,747**	**$ 963,725**	**$ 2,721,594**	**$ 3,783,500**	**$ 530,000**	**$ 4,180,398**	**$ 60,000**	**$ 12,423,964**

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Year Ended September 30, 2018	Tom Cat Claims, British Columbia, Canada	Iron Property, Ontario Canada	EL1and EL5 Property, Ontario Canada	Property #1,2,3,4,5,7 and 8 Ontario Canada	Property #6, Ontario Canada	Newmont Lake British Columbia, Canada	Total
Acquisition Costs:							
Balance, beginning of year	$ 244,146	$ 519,174	$ 1,350,000	$ -	$ 530,000	$ -	$ 2,643,320
Cash payment	-	-	250,000	-	-	250,000	500,000
Shares issued	-	-	-	5,355,000	-	-	5,355,000
Write-off	(183,110)	-	-	(1,606,500)	-	-	(1,789,610)
Balance, end of year	61,036	519,174	1,600,000	3,748,500	530,000	250,000	6,708,710
Deferred Exploration Costs:							
Balance, beginning of year	317,269	444,551	131,521	-	-	-	893,341
Assay	725	-	20,709	-	-	-	21,434
Consulting	-	-	455,521	50,000	-	-	505,521
Field work and other	11,800	-	417,962	-	-	-	429,762
Travel	4,172	-	4,080	-	-	-	8,252
Project management fees	35,310	-	765	-	-	-	36,075
Staking	-	-	6,050	-	-	-	6,050
Supplies	-	-	9,354	-	-	-	9,354
Write-off	(276,957)	-	-	(15,000)	-	-	(291,957)
Balance, end of year	92,319	444,551	1,045,962	35,000	-	-	1,617,832
Total	**$ 153,355**	**$ 963,725**	**$ 2,645,962**	**$ 3,783,500**	**$ 530,000**	**$ 250,000**	**$ 8,326,542**

3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Tom Cat Claims, British Columbia

The Company owns a 100% interest in certain mining claims, known as the Tom Cat Claims, located in the Nicola Mining District, British Columbia. The claims are subject to a 2% Net Smelter Royalty ("NSR"), of which 1% may be purchased for $2,000,000 for five years from the start of commercial production.

During the year ended September 30, 2018, the Company impaired the Tom Cat Claims by $460,067 based on claims expired.

Iron Property, Emo, Ontario

The Company entered into a series of agreements, the last of which was finalized during the year ended September 30, 2017, to acquire the right to earn a 60% interest in the iron mineralization on the Emerald Lake Property located north of the town of Emo, Ontario.

Pursuant to the agreements, the Company paid $65,000 in fiscal 2014, issued 2,865,625 common shares valued at $386,859 in fiscal 2015 and issued 115,475 common shares valued at $46,190 in fiscal 2016. In order to complete the acquisition of the 60% interest, the Company was required to pay four additional installments of $50,000 each commencing April 15, 2016 and continuing every six months to October 17, 2017 and an additional 6,392,000 common shares on the earlier of a positive feasibility or the commencement of commercial production. The Company was also required to incur exploration expenditures of $1,500,000 by October 15, 2017. The Company has the option to acquire an additional 32% interest in the iron ore mineralization present on the property at terms to be negotiated, plus the right of first refusal on future properties acquired by the vendor.

The Company has not made the cash payments and incurred the required exploration expenditures and is consequentially not in compliance with the terms of their option agreement. The Company is in the process of negotiating an amended agreement.

EL1 & EL5 Properties, Emo, Ontario

The Company entered into a series of agreements to acquire the right to earn a 60% interest in the EL1 & EL5 mineral exploration properties located in Emo, Ontario.

During the year ended September 30, 2018, pursuant to the latest amended agreement, the Company can earn a 60% interest in the EL1 and EL5 properties pay paying $2,000,000 in equal instalments of $500,000 (paid $250,000) over a two year period. The first $500,000 instalment is due on February 13, 2018 (paid $250,000). The Company can increase its interest in these properties to 85% by paying Emerald Lake $8,000,000. The option agreement is subject to net smelter royalties on the EL1 property of 3% and EL5 property of 2%.

Prior the latest amended agreement, the Company paid $350,000 and issued 3,500,000 common shares valued at $980,000.

Emo Ontario Properties, Emo, Ontario

Right of First Refusal Agreement

On September 27, 2016, the Company entered a right of first refusal agreement ("ROFR") with Emerald Lake to acquire 100% of eight additional claim blocks near the town of Emo, Ontario.

During the year ended September 30, 2017, the Company announced that pursuant to the ROFR, it has entered into an agreement, with Emerald Lake. The agreement provides the Company the option to 100% in the mineral rights of certain properties near Emo Ontario for determined numbers of common shares.

3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Emo Ontario Properties, Emo, Ontario (cont'd…)

The Company and Emerald Lake amended the agreement several times during the year ended September 30, 2017. The amended agreement provides the Company the option to acquire any or all of the following properties near Emo Ontario for the designed numbers of common shares: Property #2 for 3,000,000 common shares, Property #5 for 3,000,000 common shares, Property #7 for 1,000,000 common shares, and Property #8 for 500,000 common shares. Any property acquired would be subject to a net smelter royalty payable to Emerald Lake.

During the year ended September 30, 2018, the Company agreed to purchase a 100% interest in Property #1, Property #2, Property #3, Property #4, Property #5, Property #7 and Property #8 by issuing 10,500,000 shares (valued at $5,355,000) to Emerald Lake, subject to a 2% NSR, 1% of which may be purchased for $1,000,000. During the year ended September 30, 2018, the TSX-V approved the agreement.

At September 30, 2018, the Company impaired Property#1, 2, 3, 4, 5, 7, and 8 by $1,621,500 based on the claims that expired.

Property #6, Emo, Ontario

In January 2017, pursuant to the ROFR, the Company entered into a purchase agreement, with Emerald Lake to buy a 100% interest in the mineral rights hosted by the property known as Property #6 near Emo, Ontario.

In order to complete the purchase, the Company issued 2,000,000 common shares valued at $530,000 to Emerald Lake. A royalty consisting of 3% of net smelter returns shall be payable to Emerald Lake upon the commencement of commercial production.

Newmont Lake Claims, British Columbia

In September 2018, the Company entered into a letter agreement for an option to acquire a 100% interest in the Newmont Lake mineral property from of Romios Gold Resources Inc. ("Romios"). Pursuant to the agreement, in order to complete the acquisition, the Company is required to:

i) pay $250,000 immediately upon signing (paid).
ii) pay $250,000 at 90 days following the regulatory approval (paid).
iii) pay $250,000 at 180 days following the regulatory approval (paid).
iv) pay $250,000 at 270 days following the regulatory approval (paid).
v) pay $1,000,000 concurrently with the Company being vested with a 100% interest in the property.
vi) issue 4,000,000 shares upon the regulatory approval (issued at a value of $1,080,000)
vii) issue 4,000,000 shares on September 19, 2020.
viii) issue 4,000,000 shares on September 19, 2021.
ix) incur exploration expenditures of $3,000,000 by September 20, 2019.
x) incur exploration expenditures of $2,500,000 by September 19, 2020.
xi) incur exploration expenditures of $2,500,000 by September 19, 2021.
xii) incur an underlying annual payment of $30,000 (paid $30,000).

The claims are subject to a 2% NSR, one-half of which can be bought back by the Company for $2,000,000 for a period of 2 years after completion by the Company of the commitments under the option. The Company will issue 2,000,000 shares to Romios in the event a NI 43-101 compliant resource estimate with exceeds 1,000,000 ounces of gold equivalent resources is issued. An additional 1,000,000 shares of the Company will be issued to Romios for each full 1,000,000 additional ounces of gold equivalent resources which is so documented.

During the period ended June 30, 2019, the TSX-V approved the agreement.

Expressed in Canadian Dollars

3. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Foremore Claims, British Columbia

In June 2019, the Company entered into a binding letter of intent ('LOI") to acquire a 100% interest in certain mineral claims known as the Foremore claims. Pursuant to the agreement, in order to complete the acquisition, the Company is required to:

i) pay $10,000 within 3 business days following the execution of the LOI (paid).
ii) pay $50,000 at 3 business days following the regulatory approval (paid).
iii) pay $50,000 on or before the first anniversary of the regulatory approval.
iv) pay $66,667 on or before the second anniversary of the regulatory approval.
v) pay $66,667 on or before the third anniversary of the regulatory approval.
vi) pay $66,667 on or before the fourth anniversary of the regulatory approval.
vii) issue 250,000 shares upon the regulatory approval.
viii) issue 250,000 shares on the first anniversary of the regulatory approval.
ix) issue 250,000 shares on the second anniversary of the regulatory approval.
x) issue 250,000 shares on or before the third anniversary of the regulatory approval.
xi) issue 250,000 shares on or before the fourth anniversary of the regulatory approval.
xii) incur $150,000 on or before the first anniversary of the regulatory approval.
xiii) incur $150,000 on or before the second anniversary of the regulatory approval.
xiv) incur $300,000 on or before the third anniversary of the regulatory approval.
xv) incur $300,000 on or before the fourth anniversary of the regulatory approval.
xiv) incur $300,000 on or before the fifth anniversary of the regulatory approval.

The clams are subject to a 3% NSR and the Company has the right to purchase back the royalty of 2% for $2,000,000 and an additional royalty of 0.5% for $1,000,000.

4. LAND, BUILDING AND EQUIPMENT

Equipment is carried at cost less accumulated amortization. Details are as follows:

	Vehicles	Furniture and Equipment	Computer	Building[(1)]	Land[(1)]	Total
Cost						
Balance, September 30, 2017	$ 15,000	$ 15,974	$ 9,671	$ 120,000	$ 145,290	$ 305,935
Additions	-	11,845	-	-	-	11,845
Balance, September 30, 2018	15,000	27,819	9,671	120,000	145,290	317,780
Additions	-	-	-	-	-	-
Balance, June 30, 2019	$ 15,000	$ 27,819	$ 9,671	$ 120,000	$ 145,290	$ 317,780
Accumulated depreciation						
Balance, September 30, 2017	$ 2,250	$ 12,274	$ 9,671	$ 14,400	$ -	$ 38,595
Additions	3,825	2,517	-	4,800	-	11,142
Balance, September 30, 2018	6,075	14,791	9,671	19,200	-	49,737
Additions	2,008	1,954	-	3,600	-	7,562
Balance, June 30, 2019	$ 8,083	$ 16,745	$ 9,671	$ 22,800	$ -	$ 57,299`
Carrying amounts						
Balance, September 30, 2018	$ 8,925	$ 13,028	$ -	$ 100,800	$ 145,290	$ 268,043
Balance, June 30, 2019	$ 6,917	$ 11,074	$ -	$ 97,200	$ 145,290	$ 260,481

(1) Land and building are listed as collateral for the mortgage payable. (Note 5)

Expressed in Canadian Dollars

5. LOANS PAYABLE

		June 30, 2019	September 30, 2018
i)	During the year ended September 30, 2015, the Company entered into a $250,000 debenture loan. The debenture matured on March 28, 2017 and bears interest at a rate of 10% per annum payable annually. The loan was convertible into common shares of the Company at a price of $0.32 per share at any time prior to maturity. On issuance, the loan has been classified into its separate loan liability and conversion feature equity components in the Company's financial statements using the fair value method and an effective interest rate of 12%. The liability was valued first, resulting in an initial amount of $242,164 being allocated to the liability and $7,836 being allocated to the conversion feature. Over the term of the loan this carrying value was accreted to the $250,000 principal amount using the effective-interest-rate method, with an effective interest rate of 12%. During the period ended June 30, 2019, the corresponding interest and accretion of $18,698 (2018 - $18,698) charged to operations.	$ 352,943	$ 334,245
ii)	During the year ended September 30, 2014, the Company entered into two debenture loan agreements whereby the Company borrowed $200,000. The loans bear simple interest at 12% per annum and were repayable by December 13, 2014. Pursuant to the agreements, the lenders had the right to convert all or any portion of the accrued interest into common shares of the Company prior to the end of the term. The loan is secured by certain assets of the Company. During the year ended September 30, 2015, the Company settled $100,000 of the principal debt for shares. The remaining $100,000 of principal and interest remained unpaid. Interest continues to accrue with no additional penalties. During the period ended June 30, 2019, the Company accrued $8,976 (2018 – $8,975) of interest.	165,951	156,975
iii)	During the year ended September 30, 2014, the Company financed the acquisition of land and building with a mortgage payable of $260,117. Mortgage was due on August 15, 2015. The mortgage is secured by land and a building in the district of Rainy River, Ontario. During the year ended September 30, 2016, the Company paid $27,150 to reduce the mortgage payable and accrued $29,618 in interest. During the year ended September 30, 2017, the Company paid $22,213 to reduce the mortgage payable and accrued $29,618 in interest. During the year ended September 30, 2018, the Company paid $41,959 to reduce the mortgage payable and accrued $29,618 in interest. During the period ended June 30, 2019, the Company paid $19,746 to reduce the mortgage payable and accrued $22,214 in interest.	263,791	261,323
iv)	During the year ended September 30, 2016, the Company received $96,280 from the CEO of the Company, consisting of a series of non-interest bearing, unsecured advances with no fixed terms of repayment. The Company repaid $5,000 of the amounts advanced during the year ended September 30, 2016. During the year ended September 30, 2017, the Company received $187,700 and repaid $67,000 and settled $80,000 with issuance of common shares. During the year ended September 30, 2018, the Company received $8,950 and repaid $134,000. During the period ended June 30, 2019, the Company repaid $6,930.	-	6,930
Total loan payable		$ 782,685	$ 759,473

6. MARKETABLE SECURITES

During the year ended September 30, 2018, the Company advanced $175,000 to acquire 2,187,500 units of Romios Gold Resources Inc. ("Romios"). The acquisition of the units completed on October 2, 2018. Each unit is comprised of one common share of Romios and warrants to acquire an additional 1,093,750 common shares of Romios exercisable at $0.12 expiring October 2, 2019.

During the period ended June 30, 2019, the Company sold all its shares at market value of $90,000, which resulted in realized loss of $85,000.

7. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE

During the period ended June 30, 2019, the Company:

i) issued 83,334 common shares pursuant to exercise of options for gross proceeds of $25,000. The Company transferred $8,462 to capital stock from share-based payment reserve.

ii) issued 3,289,755 common shares pursuant to exercise of warrants for gross proceeds of $856,089, of which $43,500 was received subsequently. The Company transferred $5,819 to capital stock from share-based payment reserve.

iii) closed a non-brokered private placement and issued 1,428,572 flow-through common shares at $0.35 per flow-through share for gross proceeds of $500,000. The Company issued 100,000 finders' warrants (valued at $16,255) exercisable at $0.35 on or before December 20, 2020. A value of $100,000 was attributed to the flow-through premium liability in connection with the financing. The Company expended certain of the flow-through proceeds and accordingly, recorded $89,296 as reversal of flow-through premium during the period ended June 30, 2019.

iv) closed a non-brokered private placement and issued 381,000 flow-through common shares at $0.35 per flow-through share for gross proceeds of $133,350. The Company issued 10,570 finders' warrants (valued at $1,718) exercisable at $0.35 on or before December 21, 2020. A value of $22,860 was attributed to the flow-through premium liability in connection with the financing.

v) closed a non-brokered private placement and issued 370,000 units at $0.30 per unit for net proceeds of $111,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.45 on or before December 28, 2019.

vi) issued 4,000,000 shares at a value of $1,080,000 pursuant to the acquisition of Newmont Lake Property (Note 3).

vii) closed the first tranche of a non-brokered private placement and issued 8,488,443 units at $0.225 per unit for proceeds of $1,909,900, of which $67,500 was received subsequently. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.35 on or before March 25, 2021. The Company issued 3,200 finders' warrants (valued at $533) exercisable at $0.35 on or before March 25, 2021. The Company paid share issuance costs of $20,620.

7. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE (cont'd…)

viii) closed the second tranche of the non-brokered private placement and issued 8,827,944 units at $0.225 per unit for proceeds of $1,986,287, of which $11,250 was received subsequently. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.35 on or before March 27, 2021. The Company issued 48,000 finders' warrants (valued at $7,442) exercisable at $0.35 on or before March 27, 2021.

As part of the second tranche, the Company issued 1,250,000 flow-through common shares at $0.32 per flow-through share for gross proceeds of $400,000. The Company issued 100,000 finders' warrants (valued at $15,989) exercisable at $0.32 on or before March 29, 2021. A value of $62,500 was attributed to the flow-through premium liability in connection with the financing.

ix) issued 200,000 flow-through units at $0.35 per flow-through units and for gross proceeds of $70,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.45 on or before March 25, 2021. A value of $13,000 was attributed to the flow-through premium liability in connection with the financing.

x) issued 85,500 flow-through units at $0.35 per flow-through units for gross proceeds of $39,925. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.45 on or before March 27, 2021. A value of $7,080 was attributed to the flow-through premium liability in connection with the financing.

xi) closed the final tranche of the non-brokered private placement and issued 525,000 units at $0.225 per unit for gross proceeds of $118,125. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.35 on or before April 1, 2021.

During the year ended September 30, 2018, the Company:

i) closed a non-brokered private placement and issued 2,100,000 units at $0.20 per unit for proceeds of $420,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.25 on or before May 6, 2019.

ii) closed a non-brokered private placement and issued 2,000,000 units at $0.20 per unit for proceeds of $400,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.25 on or before June 3, 2019. The Company paid share issuance costs of $4,200 and issued 21,000 finders' warrants exercisable at $0.25 on or before June 3, 2019.

iii) closed a non-brokered flow-through private placement and issued 2,000,000 units at $0.25 per unit for proceeds of $500,000. Each unit consists of one common share and one-half common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.30 on or before June 10, 2019. The Company paid share issuance costs of $14,753 and issued 59,010 finders' warrants exercisable at $0.30 on or before June 10, 2019. On issuance, the Company recognized a flow through premium of $Nil.

7. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE (cont'd…)

iv) closed a non-brokered private placement and issued 1,400,000 units at $0.50 per unit for proceeds of $700,000. Each unit consists of one common share and one common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.52 on or before January 18, 2020.

v) issued 112,727 units to a creditor at $0.91 per unit, to settle debts aggregating $56,559 resulting in a loss of $46,023 on the settlement of debt. Each unit is comprised of one common share and one common purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.68 on or before February 14, 2020. Total loss on settlement of debt for the year ended September 30, 2018 was $39,023 after other gains of $7,000.

vi) issued 10,500,000 shares at a value of $5,355,000 pursuant to the acquisition of Emo Ontario Properties (Note 3).

vii) closed the first tranche of a non- brokered private placement to strategic investors and issued 1,272,726 shares at $0.55 per unit for gross proceeds of $700,000. Each unit consists of one common share of the Company and one full share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.70 on or before May 24, 2020.

viii) closed the second tranche of the non-brokered private placement and issued 860,000 shares at $0.55 per unit for gross proceeds of $473,000. Each unit consists of one common shares and one full share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.70 on or before May 29, 2020.

ix) issued 1,081,666 common shares pursuant to exercise of options for gross proceeds of $376,725.

x) issued 1,897,005 common shares pursuant to exercise of warrant for gross proceeds of $609,927, of which $5,430 is receivable as of September 30, 2018 and is recorded as subscriptions receivable.

Stock options

The Company has a stock option plan under which it is 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 plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

Expressed in Canadian Dollars

7. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Stock options (cont'd…)

A summary of changes in options during the period is as follows:

	Number of options	Weighted average exercise price
Outstanding and exercisable September 30, 2017	915,000	$ 0.38
Granted	7,500,000	0.42
Exercised	(1,081,666)	0.35
Cancelled/Expired	(800,000)	0.33
Outstanding and exercisable September 30, 2018	6,533,334	0.44
Granted	3,580,000	0.31
Exercised	(83,334)	0.30
Outstanding and exercisable June 30, 2019	10,030,000	$ 0.40

The following stock options were outstanding at June 30, 2019:

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
October 3, 2019*	$ 0.30	2,950,000	2,950,000
December 19, 2019	$ 0.30	600,000	600,000
January 14, 2020**	$ 0.30	900,000	900,000
September 25, 2020	$ 0.30	2,000,000	2,000,000
December 19, 2020	$ 0.30	750,000	750,000
March 18, 2021	$ 0.30	960,000	960,000
April 1, 2021	$ 0.30	1,200,000	1,200,000
June 24, 2024	$ 0.35	670,000	670,000
		10,030,000	10,030,000

*250,000 options exercised subsequently
**115,000 options exercised subsequently

Share-based compensation

During the period ended June 30, 2019, the Company;

i) granted 750,000 options valued at $128,213, exercisable at a price of $0.30 per option expiring December 19, 2020.

ii) granted 960,000 options valued at $192,677, exercisable at a price of $0.30 per option expiring March 18, 2021.

Expressed in Canadian Dollars

7. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Stock options (cont'd…)

iii) granted 1,200,000 options valued at $205,475, exercisable at a price of $0.30 per option expiring April 1, 2021.

iv) granted 670,000 options valued at $168,035, exercisable at a price of $0.35 per option expiring June 24, 2024.

The weighted average fair value of each stock option granted during the year was $0.19 (September 30, 2018 - $0.32), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended June 30, 2019	**Year ended September 30, 2018**
Volatility	121.55%	94.56%
Risk-free interest rate	1.62%	1.73%
Dividend yield	0.00%	0.00%
Expected life	2.56 years	2 years
Expected forfeiture rate	0.00%	0.00%

Warrants

A summary of changes in warrants during the period is as follows:

	Number of warrants		Weighted average exercise price
Outstanding September 30, 2017	654,000	$	0.52
Granted	8,877,645		0.41
Exercised	(1,872,005)		0.32
Expired	(153,000)		0.51
Outstanding September 30, 2018	7,506,640		0.44
Granted	18,573,657		0.35
Exercised	(3,289,755)		0.26
Expired	(117,500)		0.40
Outstanding June 30, 2019	22,673,042	$	0.39

Expressed in Canadian Dollars

7. CAPITAL STOCK AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Warrants (cont'd…)

The following warrants were outstanding at June 30, 2019:

Number of Warrants	Exercise Price	Expiry Date
400,000	$ 0.25	December 1, 2019
1,750	$ 0.25	December 1, 2019
185,000	$ 0.45	December 28, 2019
1,400,000	$ 0.52	January 14, 2020
112,727	$ 0.68	February 14, 2020
1,317,908	$ 0.70	May 24, 2020
867,000	$ 0.70	May 29, 2020
100,000	$ 0.35	December 20, 2020
10,570	$ 0.35	December 21, 2020
8,491,643*	$ 0.35	March 25, 2021
200,000	$ 0.45	March 25, 2021
8,875,944	$ 0.35	March 27, 2021
85,500	$ 0.45	March 27, 2021
100,000	$ 0.32	March 29, 2021
525,000	$ 0.35	April 1, 2021
22,673,042		

*400,000 warrants exercised subsequently

The weighted average fair value of each finder's warrant granted during the period was $0.16 (September 30, 2018 - $$0.41), calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended June 30, 2019	**Year ended September 30, 2018**
Volatility	123.62%	116.98%
Risk-free interest rate	1.69%	1.67%
Dividend yield	0.00%	0.00%
Expected life	2 years	1.70 years
Expected forfeiture rate	0.00%	0.00%

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers. Other than disclosed below, there was no other compensation paid to key management during the periods ended June 30, 2019 and 2018. During the period ended June 30, 2019, the Company paid or accrued:

(i) management fees of $220,245 (2018 - $188,551) to the CEO, former CEO, CFO and companies controlled by the CEO, former CEO, and CFO of the Company.

(ii) director's fees of $20,010 (2018 - $19,295) to directors and a former director of the Company.

(iii) share-based compensation of $248,790 (2018 - $345,007) to directors of the Company.

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (cont'd…)

Included in due to related parties as at June 30, 2019 is $39,523 (September 30, 2018 - $151,842) due to directors, a spouse of a director, former directors and companies controlled by directors.

At June 30, 2019, the Company owed $Nil (September 30, 2018 - $6,930) for loans received from the former CEO.

During the period ended June 30, 2019, the Company issued 1,310,000 stock options (September 30, 2018 – 3,200,000) to directors resulting in share-based compensation of $248,790 (September 30, 2018 - $731,743).

9. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain sufficient funds to finance the exploration of its exploration and evaluation interests. Capital is comprised of the Company's shareholders' equity. As at June 30, 2019, the Company's shareholders' equity was $13,032,415 (September 30, 2018 – $8,398,882).

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended June 30, 2019.

10. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

The carrying value of the Company's receivables, due from related parties, accounts payable and accrued liabilities, due to related parties, and mortgage payable approximate their fair value because of the short-term nature of these instruments. Cash is carried at a fair value using a level 1 fair value measurement. Loans payable are accounted for using the effective interest rate method.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's management believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At June 30, 2019, the Company had a cash balance of $492,300 (September 30, 2018 - $537,241) to settle current liabilities of $899,051 (September 30, 2018 - $1,025,574). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company expects to fund these liabilities through the use of existing cash resources and additional equity financing.

Market risk

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

a) Interest rate risk

   The Company has cash balances held with financial institutions. The Company is satisfied with the credit rating of its bank.

10. FINANCIAL RISK FACTORS (cont'd…)

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2019, the Company had minimal cash amounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of commodities, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended June 30, 2019 include the Company:

i) issued 261,770 finders' warrants at a value of $41,937 pursuant to private placements.

ii) transferred $8,462 from share-based payment reserve to share capital upon exercise of options.

iii) transferred $5,819 from share-based payment reserve to share capital upon exercise of warrants.

iv) Attributed $205,440 to the flow-through premium liability in connection with the financing.

v) issued 4,000,000 shares at a value of $1,080,000 pursuant to Newmont Lake option payment.

At June 30, 2019, the Company had an accounts payable balance of $8,000 (September 30, 2018 - $9,000) related to exploration and evaluation asset expenditures.

Significant non-cash transactions during the year ended September 30, 2018 include the Company:

i) issued 132,192 finders' warrants at a value of $50,789 pursuant to private placements.

ii) issued 112,727 shares valued at $102,582 to settle a loan payable.

iii) transferred $221,033 from share-based payment reserve to share capital upon exercise of options.

iv) transferred $54,919 from share-based payment reserve to share capital upon exercise of warrants.

v) issued 10,500,000 shares at a value of $5,355,000 pursuant to the acquisition of Property #1, Property #2, Property #3, Property #4, Property #5, Property #7 and Property #8.

12. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets in Canada. The Company's equipment and exploration and evaluation assets at June 30, 2019 were $12,684,445 (September 30, 2018 - $8,594,585).

Expressed in Canadian Dollars

13. SUBSIDIARIES

Significant subsidiaries of the Company are as follows:

	Country of Incorporation	Principal Activity	Effective interest for 2018 and 2017
Minera Sierra Gioc SA	Mexico	Holding company	100%
Sierra Iron Ore USA	United States	Holding company	100%

14. ARRANGEMENT AGREEMENT

On June 25, 2019, the Company entered into an arrangement agreement with its wholly-owned subsidiary, Sassy Resources Corporation ("Sassy Resources"). The Company will transfer its Northwest Ontario nickel asset (Nicobat Project) to Sassy Resources, and its LOI, to acquire the Foremore claims, by way of a plan of arrangement pursuant to the Business Corporations Act of British Columbia.

15. SUBSEQUENT EVENTS

Subsequent to the period ended June 30, 2019, the Company:

i) closed a non-brokered private placement and issued 2,865,834 units at $0.35 per unit for gross proceeds of $1,003,042. Each unit consists of one common share and one-half common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.50 on or before August 2, 2021.

ii) issued 725,000 flow-through units at $0.40 per unit for gross proceeds of $290,000. Each unit consists of one common share and one-half common share purchase warrant. Each warrant may be exercised by the holder to purchase an additional common share at a price of $0.60 on or before August 2, 2021.

iii) issued 1,615,734 common shares at $0.32 per share pursuant to the debenture loan agreements.

iv) issued 400,000 common shares pursuant to exercise of warrants for gross proceeds of $140,000.

v) issued 365,000 common shares pursuant to exercise of options for gross proceeds of $109,500.