CMC METALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CMC Metals Ltd.

We have audited the accompanying consolidated financial statements of CMC Metals Ltd. which comprise the consolidated statements of financial position as at September 30, 2018 and 2017 and the consolidated statements of comprehensive income (loss), changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CMC Metals Ltd. as at September 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about CMC Metals Ltd.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2019

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

	Note	September 30, 2018	September 30, 2017
ASSETS			
Current assets			
Cash		$ 4,103	$ 51,316
Receivables		3,147	22,640
Prepaids and deposit		31,443	13,098
Investment	6	61,000	-
		99,693	87,054
Non-current assets			
Reclamation bond	3	250,601	243,688
Equipment	5	8,543	13,460
		259,144	257,148
TOTAL ASSETS		$ 358,837	$ 344,202
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	$ 423,647	$ 365,144
Due to related parties	13	82,778	7,659
Promissory note	8	-	1,019,488
Loans	9, 13	883,573	857,667
Preferred shares	10	500,000	500,000
Provision for restoration and environmental obligations	11	146,000	146,000
TOTAL LIABILITIES		2,035,998	2,895,958
SHAREHOLDERS' DEFICIENCY			
Share capital	12	18,608,267	18,396,190
Subscriptions receivable	12	-	(14,000)
Share-based payment reserve		129,400	346,809
Deficit		(20,414,828)	(21,280,755)
TOTAL SHAREHOLDERS' DEFICIENCY		(1,677,161)	(2,551,756)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		$ 358,837	$ 344,202

Nature and continuance of operations - Note 1
Subsequent events - Note 18

Approved on behalf of the Board:

"Michael C. Scholz"
Michael C. Scholz - Director

"Graham Chisholm"
Graham Chrisholm - 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, 2018	Year Ended September 30, 2017
EXPENSES			
Amortization	5	$ 5,812	$ 6,489
Consulting fees	13	79,782	179,040
Directors fees		-	3,000
Exploration expenditures (recovery), net	4, 6	(40,780)	990,985
Filing and transfer agent		18,518	25,339
Financing Fee		1,460	4,500
Flow-through share related tax		34,365	34,311
Interest expense	8, 9, 13	129,599	148,178
Marketing		12,840	59,493
Office and miscellaneous	13	77,328	122,447
Professional fees		77,168	93,293
Rent	13	18,000	18,000
Stock-based compensation	12	145,487	261,526
Travel		7,715	16,237
		(567,294)	(1,962,838)
OTHER ITEMS			
Investment income	6	38,509	590,467
Other income		10,072	751
Gain on foreign exchange		1,390	9,363
Unrealized loss on investment	6	(26,000)	-
Gain on settlement of debt	8	1,079,181	-
		1,103,152	600,581
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		$ 535,858	$ (1,362,257)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED		17,649,590	13,818,056
NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED		$ 0.03	$ (0.10)

See accompanying notes to the consolidated financial statements.

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

		Share capital						
	Notes	Number of shares	Amount	Share Subscriptions receivable	Obligation to issue shares	Share-based payment reserve	Deficit	Total
Balance at September 30, 2016		13,818,056	$ 17,410,092	$ -	$ 300,000	$ 528,445	$ (20,385,562)	$ (2,147,025)
Comprehensive loss:								
Net loss for the year		-	-	-	-	-	(1,362,257)	(1,362,257)
Total comprehensive loss for the year		-	-	-	-	-	(1,362,257)	(1,362,257)
Transactions with owners, in their capacity as owners, and other transfers:								
Shares issuance for obligation	4, 12	400,000	300,000	-	(300,000)	-	-	-
Subscriptions receivable for options exercised	12	680,000	162,000	(14,000)	-	-	-	148,000
Shares issuance for cash - private placement	12	2,000,000	374,329	-	-	125,671	-	500,000
Share issuance for warrants exercised		160,000	48,000	-	-	-	-	48,000
Reallocation of cancelled and expired options		-	-	-	-	(430,478)	430,478	-
Reallocation of expired warrants		-	-	-	-	(36,586)	36,586	-
Reallocation of options exercised	12	-	96,742	-	-	(96,742)	-	-
Reallocation of warrants exercised	12	-	5,027	-	-	(5,027)	-	-
Stock-based compensation	12	-	-	-	-	261,526	-	261,526
Total transactions with owners and other transfers		3,240,000	986,098	(14,000)	(300,000)	(181,636)	467,064	957,526
Balance at September 30, 2017		17,058,056	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	12	-	-	14,000	-	-	-	14,000
Share issuance for warrants exercised	12	260,000	78,000	-	-	-	-	78,000
Share issuance for options exercised	12	810,000	101,250	-	-	-	-	101,250
Reallocation of options exercised	12	-	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	12	-	-	-	-	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)

See accompanying notes to the consolidated financial statements.

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

	Year Ended September 30, 2018	Year Ended September 30, 2017
Operating activities		
Net income (loss) for the year	$ 535,858	$ (1,362,257)
Adjustments for non-cash items:		
Amortization	5,812	6,489
Accrued interest on promissory note and loans	129,599	143,058
Gain on settlement of debt	(1,079,181)	-
Gain on investment income	(38,509)	-
Stock-based compensation	145,487	261,526
Unrealized loss on investment	26,000	-
Recovery of exploration and evaluation costs	(183,000)	-
Changes in non-cash working capital items:		
Receivables	19,493	(10,871)
Prepaids and deposits	(18,345)	(5,167)
Trade payables and accrued liabilities	58,503	89,603
Provision for ligations and environmental commitment	-	96,000
Due to related parties	75,119	(16,216)
Net cash used in operating activities	(323,164)	(797,835)
Investing activities		
Reclamation bond	-	17,132
Net cash provided by investing activities	-	17,132
Financing activities		
Repayment of loans	(44,000)	(46,000)
Proceeds on disposal on marketing securities	134,509	-
Proceeds on issuance of common shares	179,250	710,000
Subscriptions receivable	14,000	(14,000)
Net cash provided by financing activities	283,759	650,000
Effect of foreign exchange	(7,808)	(46,838)
Change in cash	(47,213)	(177,541)
Cash, beginning	51,316	228,857
Cash, ending	$ 4,103	$ 51,316

Supplemental disclosure with respect to cash flows - Note 16

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

CMC Metals Ltd. (hereinafter defined as the "Company" or "CMC") 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, 2018, 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 28, 2019 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.

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.

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

Significant estimates and assumptions (cont'd)

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, 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.

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 capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

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

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

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

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.

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.

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives.

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.

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

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.

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 FVOCI
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 OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI
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.

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

Financial instruments (cont'd)

(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.

(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.

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 as 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

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

Loss per share (cont'd)

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.

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

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

Contingent liabilities (cont'd)

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.

Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2018, and have not been applied in preparing these consolidated financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are as follows:

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.

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 current reclamation bond held in trust by the Bureau of Land Management. As at September 30, 2018, the reclamation bond consisted of a deposit of $250,601 (2017 - $243,688) made by the Company for indemnification of site restoration of the Company's previously held Bishop Mill Property.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Silver Hart Property	Radcliff Property	Total
Acquisition costs			
Balance, September 30, 2016, 2017 and 2018	$ -	$ -	$ -
Exploration costs			
Balance, September 30, 2016	-	-	-
Costs incurred during the year:			
Assaying	11,920	642	12,562
Claim renewal fees	3,150	16,718	19,868
Contractors	159,610	152,686	312,296
Drilling	174,580	-	174,580
Environmental commitment	96,000	-	96,000
Field office	65,643	48,565	114,208
Other	681	14,247	14,928
Management fees	39,172	-	39,172
Transportation and supplies	149,412	48,636	198,048
Travel expenses	9,324	-	9,324
	709,492	281,493	990,985
Exploration expenditures	(709,492)	(281,493)	(990,985)
Balance, September 30, 2017	-	-	-
Recovery for Silver Hart (Note 6)	(222,600)	-	(222,600)
Costs incurred during the year:			
Contractors	87,641	-	87,641
Field office	39,398	-	39,398
Transportation and supplies	54,781	-	54,781
	(40,780)	-	(40,780)
Exploration recovery	40,780	-	40,780
Balance - September 30, 2018	$ -	$ -	$ -

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 $849,573 (September 30, 2017 - $857,667) remains unpaid as at September 30, 2018 (Note 9).

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 on August 15, 2017 during the year ended September 30, 2017.

The Company fully impaired the Silver Hart property in previous years and all exploration expenditures are expensed as incurred. The Silver Hart Property is security for a loan due to a director of the Company (Note 9).

(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 the 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.

5. EQUIPMENT

		Vehicle
Balance, September 30, 2016	$	21,473
Amortization for the year		(6,489)
Foreign exchange		(1,524)
Balance, September 30, 2017		13,460
Amortization for the year		(5,812)
Foreign exchange		895
Balance, September 30, 2018	$	8,543

6. INVESTMENT

During the year ended September 30, 2017, the Company received 300,000 common shares of MGX Minerals Inc. ("MGX") in consideration for the rental of a floatation plant on the Silver Hart Property. On February 8, 2017, the Company sold the 300,000 shares of MGX and realized a gain of $590,467.

During the year ended September 30, 2018, the Company received 200,000 common shares of MGX in consideration for the rental of a floatation plant on the Silver Hart Property up to April 30, 2019.

The investment has been designated as held for trading and measured at a fair value of $183,000 at initial recognition. Accordingly, the fair value was 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 $38,509.

At September 30, 2018, the Company holds 100,000 MGX shares with a fair value of $87,000 at initial recognition. At September 30, 2018, these shares have a fair value of $61,000 resulting in an unrealized loss on investment of $26,000 (Note 18).

(Expressed in Canadian dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2018	September 30, 2017
Trade payables	$ 97,536	$ 78,998
Accrued liabilities	28,108	22,509
Flow-through share related to provisions	251,078	216,712
Flow-through premium liability	46,925	46,925
	$ 423,647	$ 365,144

8. PROMISSORY NOTE

On April 18, 2012, the Company entered into a Promissory Note Agreement (Note 4), whereby the Company agreed to pay the Promissory Note of US$800,000 by June 15, 2012 subject to an interest rate of 7% per annum. On September 14, 2012, the Promissory Note was amended and the Company paid US$150,000 (CDN$150,150) towards the Promissory Note. On November 16, 2012, the Promissory Note was further amended as follows:

- US$50,000 (CDN$50,050 paid) due on execution of the amendment on November 16, 2012;
- US$50,000 (CDN$50,000 paid) due on or before February 28, 2013;
- US$50,000 (CND$50,050 paid) due on or before April 30, 2013; and
- US$500,000 and all accrued interest due on or before August 31, 2013.

In consideration of the amendments, the Company was required to pay a US$50,000 (CDN$50,775) extension fee (the “Extension Fee”), which was recorded in profit or loss during the year ended September 30, 2013. As at August 31, 2013, the Company did not make the payment of US$50,000, and as a result the Extension Fee commenced bearing interest.

As of September 30, 2017, the outstanding Promissory Note included a principal balance of $624,000 (US$500,000), an extension fee of $62,400 (US$50,000) and accrued interest of $333,088 (US$268,291). During the year ended September 30, 2017, the Company recorded interest expense of $72,140.

The Promissory Note has been in default for several years and was secured by a deed of trust covering the Radcliff Property, the Company’s primary project (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 (US500,000), 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 (Note 4). Accordingly, the Company recorded a gain on settlement of debt of $1,079,181.

9. LOANS

As at September 30, 2018, pursuant to the acquisition of the Silver Hart Property (Note 4), principal balance, extension fees and accrued interest is owing to a director of the Company. This amount is interest bearing at 8.5% per year. The principal, extension fees and accrued interest are 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, 2018, the balance repayable is $849,573 (September 30, 2017 – $857,667).

On January 23, 2018, the Company entered into a Promissory Note with a company controlled by a director and officer of the Company for $1,500, which note was payable on demand with interest at 18% per annum. On March 15, 2018, this loan was repaid in full, which included principle of $1,500 and interest of $30.

9. LOANS (cont'd)

On September 27, 2018, the Company entered into a Promissory Note with a company controlled by a director and officer of the Company for $34,000, which note is unsecured and payable on demand with interest at 18% per annum. As at September 30, 2018, the balance repayable includes the principle balance of $34,000.

10. 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, 2018, 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.

11. 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 Company's properties. 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 previously recorded an asset retirement obligation for the CK Property, terminated during the year ended September 30, 2009, of $14,000. The obligation was released by return of the funds to the Company on September 11, 2017.

The asset retirement obligation for the Silver Hart Property, terminated during the year ended September 30, 2015, is calculated as the estimated cost required to satisfy a current environmental obligation. During the year ended September 30, 2018, the Company recorded an environmental commitment of $Nil (2017 - $96,000). As at September 30, 2018, the estimated cost required to settle the obligation is $146,000 (September 30, 2017 - $146,000).

12. SHARE CAPITAL

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

Issued common shares

18,128,055 (September 30, 2017 – 17,058,056) 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 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

12. SHARE CAPITAL (cont'd)

Issued common shares (cont'd)

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, 2018

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

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

Year ended September 30, 2017

In July 2017, the Company completed a non-brokered flow-through private placement of a total of 2,000,000 units at $0.25 per unit, for gross proceeds of $500,000. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium that investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. The Company determined there was no share premium upon issuance of the flow-through shares. Each unit consists of one flow-through common share of the Company and one non-flow-through share purchase warrant, which shares and warrants were issued on July 17, 2017. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.30 per share for a period of one year, expiring July 17, 2018. The warrants have an acceleration clause for the exercise to be the earlier of a 30-day period from the seventh calendar day after the Company's shares have closed with a trading price of $0.50 per share for a consecutive ten-day period, or July 17, 2018, whichever date occurs first.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants are allocated between the common share and warrant component. Accordingly, the Company allocated a fair value of $125,671 to the warrants issued in connection with the private placement, which has been recorded in the share-based payment reserve. The weighted average assumptions used for the Black-Scholes Option Pricing Model were annualized volatility of 109%, risk-free interest rate of 1.2%, expected life of 1 years and a dividend rate of Nil.

During the year ended September 30, 2017, 160,000 warrants were exercised for proceeds of $48,000. The Company reallocated $5,027 from share-based payment reserve to share capital upon exercise of such warrants.

During the year ended September 30, 2017, 680,000 stock options were exercised for proceeds of $162,000 of which $14,000 was recorded in subscriptions receivable and received during the year ended September 30, 2018. The Company reallocated $96,742 from share-based payment reserve to share capital upon exercise of such stock options.

The Company issued 400,000 common shares at a fair value of $300,000 in settlement of an obligation to issue shares.

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, 2018, the Company recognized $145,487 (2017 - $261,526) of share-based compensation for stock options granted during the year.

(Expressed in Canadian dollars)

12. SHARE CAPITAL (cont'd)

The weighted average fair value of stock options granted during the year ended September 30, 2018 was $0.12 (2017 - $0.105). The following weighted average assumptions were used for the Black-Scholes Option Pricing Model in the valuation of stock options granted:

	September 30, 2018	September 30, 2017
Risk-free interest rate	1.55%-1.74%	1.02%
Expected life	2 years	2 years
Annualized volatility	120%	136%
Dividend yield	0.00%	0.00%

Option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, September 30, 2016	1,288,571	$0.35
Options granted	1,565,600	0.263
Options exercised	(680,000)	0.238
Options expired	(128,571)	0.875
Options forfeited	(1,200,000)	0.30
Balance, September 30, 2017	845,600	0.275
Options cancelled	(2,105,600)	0.243
Options forfeited	(160,000)	0.30
Options granted	2,230,000	0.125
Options exercised	(810,000)	0.125
Balance, September 30, 2018	-	$ -

As at September 30, 2018, there were no stock options outstanding.

Share-based payment reserve:
The share-based payment reserve is used to recognize the fair value of share options granted to employees and consultants, including key management personnel, as part of their remuneration. When options are subsequently exercised, the fair value of such options in share based payment reserve is credited to share capital.

(Expressed in Canadian dollars)

12. SHARE CAPITAL (cont'd)

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2016	5,293,277	$0.55
Warrants issued	2,000,000	0.30
Warrants exercised	(160,000)	0.30
Warrants expired	(2,061,357)	1.05
Balance, September 30, 2017	5,071,920	0.55
Warrants exercised	(260,000)	0.30
Warrants expired	(4,811,920)	0.30
Balance, September 30, 2018	-	$ -

As at September 30, 2018, there were no warrants exercisable or outstanding.

As at September 30, 2018, the weighted average life of warrants was Nil (2017 – 0.69 years).

13. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) incurred rent of $18,000 (2017 – $18,000) to a company controlled by a director and officer of the Company;
b) incurred secretarial fees of $46,800 (2017 – $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 $18,500 (2017 - $47,500,) to directors of the Company;
d) incurred consulting fees of $Nil (2017 - $15,000) to the spouse of a director and officer of the Company;
e) incurred interest expense of $69,906 (2017 - $70,918) to a director and officer of the Company, pursuant to the Silver Hart Property (Notes 4 and 9);

At September 30, 2018, a total of $82,778 (2017 - $7,659) was owing to directors of the Company.

At September 30, 2018, a total of $849,573 (2017 - $857,667) was owing to a company controlled by a director and officer of the Company by way of a loan (Note 9).

Amounts due to or from 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, 2018	September 30, 2017
Consulting fees	$ 18,500	$ 47,500
Stock-based compensation	3,270	19,099
	$ 21,770	$ 66,599

14. FINANCIAL RISK AND CAPITAL MANAGEMENT

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 bonds. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and the reclamation bonds are held with government authorities.

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. Liquidity risk is assessed as high.

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's is exposed to foreign exchange risk as its US subsidiary incurs expenditures that are denominated in US dollars - $Nil (2017 – $720,500) of the Company's loans are denoted in US dollars. 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.

(Expressed in Canadian dollars)

15. 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, 2018	Year ended September 30, 2017
Income (loss) before income taxes	$ 535,858	$ (1,362,257)
Statutory tax rate	26.00%	26.00%
Expected income tax expense (recovery)	139,000	(354,000)
Non-deductible expenses	(228,000)	78,000
Other differences	6,000	(28,000)
Change in valuation allowance	83,000	304,000
Deferred income tax recovery	$ -	$ -

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

	Year ended September 30, 2018	Year ended September 30, 2017
Exploration and evaluations assets	$ 833,000	$ 822,000
Other assets	735,000	722,000
Loss carry-forwards	1,389,000	1,321,000
Share issuance costs	11,000	20,000
	2,968,000	2,885,000
Valuation allowance	(2,968,000)	(2,885,000)
Deferred tax liabilities	$ -	$ -

As at September 30, 2018, the Company has approximately $4,798,000 (2017 -$4,514,000) in non-capital losses, which expire commencing with the fiscal year ended September 30, 2026 and ending with the fiscal year ended September 30, 2038.

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, 2017, the Company received $500,000 from the issue of flow-through shares and has incurred and renounced expenditures of $461,154 incurred during the year ended September 30, 2017 and $482,965 in calendar year 2017. During the year ended September 30, 2018, the Company expended a further $57,536 and will be renouncing the $17,035 remaining pursuant to the look back rule. As the Company fully renounced these expenditures in 2017, the same will not be available to the Company for future deduction from taxable income.

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, 2018, the Company incurred and will renounce expenditures of qualifying exploration expenditures of a further $36,846 pursuant to the look-back rule.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended September 30, 2018 consisted of:

a) The Company reallocated $32,827 from share-based payment reserve to share capital for exercised stock options.
b) The Company reallocated $299,400 from share-based payment reserve to deficit for cancellation and expired options.
c) The Company reallocated $30,699 from share-based payment reserve to deficit for expired warrants.

Significant non-cash transactions for the year ended September 30, 2017 consisted of:

a) The Company reallocated $430,478 from share-based payment reserve to deficit for stock options that had expired.
b) The Company reallocated $96,742 from share-based payment reserve to share capital for the stock options that were exercised.
c) The Company reallocated $36,586 from share-based payment reserve to deficit for share purchase warrants that had expired.
d) The Company reallocated $5,027 from share-based payment reserve to share capital for share purchase warrants that were exercised.
e) The Company allocated $125,671 to share-based payment reserve for share purchase warrants that were issued in conjunction with a private placement.
f) The Company reallocated $300,000 from obligation to issue shares to share capital.

17. 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 mineral property 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, 2018.

18. SUBSEQUENT EVENT

Subsequent to September 30, 2018, the Company:

a) On October 2, 2018, the Company attended a settlement conference scheduled pursuant to an action commenced by Zimtu Capital Corp. (“Zimtu”) in the Small Claims Court of British Columbia wherein a settlement was reached surrounding a dispute for unpaid invoices issued by Zimtu to the Company totalling $10,700, which settlement was reached by the Company paying to Zimtu $5,350 of the total claimed and the withdrawal of a Counterclaim;

b) On October 10, 2018, the Company entered into a Promissory Note with a company controlled by a director and officer of the Company for $29,000, which Note is unsecured and payable on demand with interest at 18% per annum.

c) On November 29, 2018, the Company entered into a Promissory Note with a company controlled by a director and officer of the Company for $750, which Note is unsecured and payable on demand with interest at 18% per annum;

d) On December 10, 2018, the Company entered into a Promissory Note with a company controlled by a director and officer of the Company for $3,500, which Note is unsecured and payable on demand with interest at 18% per annum;

18. SUBSEQUENT EVENT (cont'd)

e) On December 19, 2018, the Company entered into a Promissory Note with a company controlled by a director and officer of the Company for $34,000, which Note is payable on demand with interest at 18% per annum;

f) The Company sold its investment of 100,000 shares it held in MGX and received net proceeds of $42,537 (Note 6).