CANADIAN PALLADIUM RESOURCES INC.
(Formerly 21C Metals Inc.)

Consolidated Financial Statements

(Expressed in Canadian dollars)

Years Ended
September 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors Canadian Palladium Resources Inc. (formerly 21C Metals Inc.)

Opinion

We have audited the consolidated financial statements of Canadian Palladium Resources Inc. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at September 30, 2019, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The consolidated financial statements of Canadian Palladium Resources Inc., for the year ended September 30, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on January 28, 2019.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors’ report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
January 28, 2020

Canadian Palladium Resources Inc.

(Formerly 21C Metals Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	September 30 2019 ($)	September 30, 2018 ($)
ASSETS		
Current assets		
Cash	227,838	1,571,477
Receivables (Note 5)	35,056	83,025
Short-term investments (Note 6)	482,910	326,310
Prepaid expenses	94,485	28,666
	840,289	2,009,478
Restricted deposits (Note 7)	11,500	11,500
Exploration and evaluation assets (Note 9)	1,472,022	26,940
Equipment (Note 8)	21,453	-
Deferred acquisition costs (Note 9)	-	665,490
	2,345,264	2,713,408
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	344,925	781,463
Shareholders' equity		
Share capital (Note 11)	27,625,600	22,854,311
Share subscriptions receivable	-	(112,000)
Share-based payments reserve (Note 11)	2,944,712	2,361,016
Deficit	(28,569,973)	(23,171,382)
	2,000,339	1,931,945
	2,345,264	2,713,408

Nature of operations and going concern (Note 1)
Commitments (Note 16)
Subsequent Events (Note 19)

These consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2020. They are signed on behalf of the Board of Directors by:

"Michelle Gahagan"
Director

"Wayne Tisdale"
Director

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

Canadian Palladium Resources Inc.

(Formerly 21C Metals Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended September 30, 2019 ($)	Year Ended September 30, 2018 ($)
EXPENSES		
Amortization (Note 8)	3,100	-
Consulting fees (Note 12)	925,347	631,282
Exploration and evaluation (Note 9)	1,299,389	18,850
Foreign exchange loss (gain)	(16,731)	11,623
Insurance	12,793	3,771
Investor relations	1,852,063	15,750
Management fees (Note 12)	210,000	52,500
Office and miscellaneous (Note 12)	231,214	152,615
Professional fees	45,595	74,793
Property investigation (recovery)	-	(15,000)
Share-based compensation (Note 11 and 12)	610,380	806,680
Transfer agent and filing fees	61,298	26,685
Travel	334,800	237,213
Loss from operations	(5,569,247)	(2,016,762)
Interest income	142	128
Unrealized Gain (loss) on short-term investments (Note 6)	127,083	(580,273)
Write-off of accounts receivable and payable	43,431	-
Net loss and comprehensive loss	(5,398,591)	(2,596,907)
Basic and diluted loss per common share	(0.10)	(0.08)
Weighted average common shares outstanding:		
Basic	54,779,318	30,895,699
Diluted	54,779,318	30,895,699

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

Canadian Palladium Resources Inc.

(Formerly 21C Metals Inc.)
Consolidated Statement of Changes in Shareholders` Equity
(Expressed in Canadian Dollars)

	Number of Shares	Amount ($)	Share Subscriptions Receivable ($)	Share-based Payments Reserve ($)	Deficit ($)	Total Shareholders' Equity ($)
Balance at September 30, 2017	**22,569,809**	**19,106,438**	**-**	**1,554,336**	**(20,574,475)**	**86,299**
Shares issued pursuant to a private placement	18,424,857	3,820,500	(112,000)	-	-	3,708,500
Share issuance costs	-	(113,314)	-	-	-	(113,314)
Share issued pursuant to debt settlement	156,490	40,687	-	-	-	40,687
Share-based compensation	-	-	-	806,680	-	806,680
Loss and comprehensive loss for the year	-	-	-	-	(2,596,907)	(2,596,907)
Balance at September 30, 2018	**41,151,156**	**22,854,311**	**(112,000)**	**2,361,016**	**(23,171,382)**	**1,931,945**
Shares issued pursuant to asset acquisition	1,500,000	450,000	-	-	-	450,000
Finder's fee	125,000	30,469	-	-	-	30,469
Share issuance costs	-	(195,514)	-	10,566	-	(184,948)
Exercise of warrants	3,448,571	862,143	-	-	-	862,143
Exercise of options	250,000	82,250	-	(37,250)	-	45,000
Shares issued pursuant to a private placement	15,719,122	2,829,442	-	-	-	2,829,442
Shares issued for exploration and evaluation assets	3,250,000	712,500	-	-	-	712,500
Subscriptions received	-	-	112,000	-	-	112,000
Share-based compensation	-	-	-	610,380	-	610,380
Loss and comprehensive loss for the year	-	-	-	-	(5,398,591)	(5,398,591)
Balance at September 30, 2019	**65,443,849**	**27,625,601**	**-**	**2,944,712**	**(28,569,973)**	**2,000,339**

Canadian Palladium Resources Inc.

(Formerly 21C Metals Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended September 30, 2019 ($)	Year Ended September 30, 2018 ($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year	(5,398,591)	(2,596,907)
Items not affecting cash:		
Share-based compensation	610,380	806,680
Accrued interest	-	4,741
Amortization	3,100	-
Loss (gain) on short-term investments	(127,083)	580,273
Unrealized foreign exchange loss	-	(8,293)
Changes in non-cash working capital items:		
Receivables	47,969	(62,578)
Prepaid expenses	(65,819)	(23,083)
Accounts payable and accrued liabilities	(204,540)	(172,999)
CASH USED IN OPERATING ACTIVITIES	(5,134,584)	(1,472,166)
FINANCING ACTIVITIES		
Issuance of common shares	3,752,992	3,708,500
Share subscription receivable	112,000	-
Share issuance costs	(184,948)	(113,314)
Repayment of notes payable	-	(338,271)
Proceeds from notes payable	-	90,000
CASH PROVIDED BY FINANCING ACTIVITIES	3,680,044	3,346,915
INVESTING ACTIVITIES		
Acquisition of short-term investments	(108,137)	(16,575)
Proceeds from the disposal of short-term investments	78,620	16,073
Acquisition of equipment	(24,553)	-
Cash acquired from acquisition	56,908	-
Exploration and evaluation	108,063	(3,293)
Deferred acquisition costs	-	(433,490)
CASH PROVIDED BY (USED IN) IN INVESTING ACTIVITIES	110,901	(437,285)
CHANGE IN CASH DURING THE YEAR	(1,343,639)	1,437,464
CASH - BEGINNING OF YEAR	1,571,477	134,013
CASH - END OF YEAR	227,838	1,571,477

Supplemental Cash Flow Information (Note 17)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Palladium Resources Inc. (formerly 21C Metals Inc.) (the "Company") was incorporated on August 25, 2005 under the laws of British Columbia. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE").

The Company is a mineral exploration company focused on acquiring and exploring exploration and evaluation assets in Europe and North America.

At the date of these consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on exploration and evaluation assets is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors the commodity prices and other developments in the natural resources market, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

Based on its working capital as at September 30, 2019, the Company estimates that it will need additional capital to operate for the next 12 months. There can be no assurance that the Company will be successful in its future financing attempts. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, are prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2020.

2. BASIS OF PRESENTATION (continued)

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as held for trading that have been measured at fair value. Cost is the fair value of consideration given in exchange for net assets.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and its subsidiaries.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Declan Resources (Wyoming) LLC	U.S.A.	100%	Dormant
East Bull Resources Inc.	Canada	100%	Exploration
Tisova Pty. Ltd.	Czech Republic	100%	Exploration
TGER Pty. Ltd.	Germany	100%	Exploration
5498 Nunavut Inc.	Nunavut	100%	Exploration

Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and management's assessment of current events and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in these consolidated financial statements include:

Estimates:

Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate.

Judgements:

Determination of functional currency

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Deferred acquisition costs
The Company entered into an agreement to acquire companies holding mineral projects during the year ended September 30, 2018. The acquisition were accounted for as advances toward the purchase of a company interest in accordance with IFRS 10, Consolidated Financial Statements and capitalized to the statement of financial position. Upon gaining control, in October 2019, the Company consolidated the entities.

The carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Assets

Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Costs incurred before the Company has obtained the legal rights to explore an area are recognized through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and Evaluation Assets (continued)

Costs related to exploration costs of exploration and evaluation assets, incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to operations as incurred. Development expenditures incurred subsequent to a development decision and impairment test, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves upon 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 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 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.

Deferred Acquisition Costs

Costs related to the acquisition of other companies are deferred until such time that the Company obtains control to these entities.

Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss. Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of its financial assets and financial liabilities, with a short-term maturity and demand nature, and recognized at amortized cost in the financial statements approximates their fair value of these instruments.

Impairment

At the end of each reporting period, the carrying value of 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 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.

Provision for Environmental Rehabilitation

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 the related asset 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 related 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 the related asset 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 or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payment Transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants pursuant to a stock option plan. 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.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model. It is recognized over the vesting period, using the graded vesting method, as an expense, with a corresponding increase to reserves in shareholders' equity. Expected volatility is based on historical volatility (based on the expected life of the options), adjusted for any expected changes due to publicly available information. No expense is recognized for awards that ultimately do not vest. If and when stock options are ultimately exercised, the amount of cash received as well as the applicable amount of the associated reserve is transferred to share capital.

Share-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of equity instruments issued, whichever is more reliably measurable. The fair value of stock-based payments to nonemployees is periodically re-measured until counterparty performance is complete and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of share-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Share Capital

The Company records proceeds from share issuances, net of commissions and issuance costs, as share capital.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. The equity financings may involve the issuance of common shares or units. Warrants that are a part of units are assigned a value based on the residual value, if any, and included in reserves.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting periods. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the year ended September 30, 2019 this calculation proved to be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Income Tax

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has adopted IFRS 9 for financial instruments as at October 1, 2018, in accordance with its transitional provisions and described below. The adoption of IFRS 9 has not resulted to adjustments in previously reported figures and no change to the opening deficit balance as at October 1, 2018.

IFRS 9

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Under IFRS 9, on initial recognition, a financial asset or liability is classified and measured at either: amortized cost; fair value through other comprehensive income ("FVTOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income (FVTOCI).

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income or loss, unless this creates an accounting mismatch.

Classification and Measurement Changes

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and has summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
Financial Assets:		
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Short-term investments	FVTPL	FVTPL
Financial Liabilities:		
Accounts payables and accrued liabilities	Amortized cost	Amortized cost

There has been no change in the measurement categories, carrying values or to previously reported figures of the Company's financial instruments. The adoption of the IFRS 9 did not have a significant impact on the financial statements.

(Expressed in Canadian dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The pronouncements are being assessed to determine their impact on the Company's results and financial position.

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 but are not yet effective:

IFRS 16, Leases

This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of earnings will be recognized on the balance sheet.

The purpose of the standard is to provide users of the financial statements with a more accurate picture of a company's leased assets and associated liabilities, while also improving the comparability of companies that lease assets to those that purchase them.

The Company does not expect any significant impact on adoption of the new standard, nor has it determined whether it will early adopt this standard.

5. RECEIVABLES

As at September 30, 2019, receivables consist of the following:

	September 30, 2019	**September 30, 2018**
	($)	**($)**
GST receivable	11,624	27,046
Other receivables	22,967	55,514
Interest receivable	465	465
	35,056	83,025

(Expressed in Canadian dollars)

6. SHORT-TERM INVESTMENTS

	September 30, 2019		September 30, 2018	
Name	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**
		($)		**($)**
Versus Systems Inc.	1,305,000	482,910	1,305,000	326,310

The Company has classified it short-term investments as held for trading and presents fair value changes through profit or loss.

During the year ended September 30, 2019, the Company received net proceeds of $29,517 (2018 - $16,073) from the disposition of short-term investments. During the year ended September 30, 2019, the Company also recorded an unrealized gain of $127,083 (2018 – loss of $580,723).

The investment in Versus is related by virtue of a common director.

7. RESTRICTED DEPOSITS

As at September 30, 2019, restricted deposits consisted of $11,500 (2018 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

8. EQUIPMENT

	Vehicles
	($)
Cost:	
At September 30, 2018	Nil
Additions	24,553
At September 30, 2019	24,634
Accumulated depreciation:	
At September 30, 2018	Nil
Charge for the period	3,100
At September 30, 2019	3,100
Net book value:	
At September 30, 2018	Nil
At September 30, 2019	**21,453**

9. EXPLORATION AND EVALUATION ASSETS

Turner Lake Property

On July 5, 2017, the Company acquired all of the shares of 5498 Nunavut Inc. ("5498") in exchange for consideration of $25,000. 5498's only asset is the Turner Lake property located in Nunavut, of which 5498 is the registered and beneficial owner of a 100% interest in and to the mineral claims in the Turner Lake property.

During the year ended September 30, 2018, the Company entered into a mineral purchase agreement with Pacific Cascade Ventures ("PCV") whereby PCV would purchase 100% of the interest in and to the mineral claims of the Turner Lake Property in exchange for 1,000,000 common shares of PCV to be delivered to the Company within 10 days after PCV receives regulatory approval for the transaction. The Company will also be reimbursed $46,720 by PCV, representing prior cash expenditures incurred on the property. Upon commencement of commercial production, PCV shall pay a royalty to the Company equal to 1% of net smelter returns royalty ("NSR"), which may be purchased for the sum of $1,000,000 at any time after commercial production.

As at September 30, 2019, the Company has recorded $26,940 (2018 - $26,940) related to the acquisition of the Turner Lake property. During the year ended September 30, 2019, the Company incurred $Nil (2018 - $18,850) in claim fees on the Turner Lake property. As at September 30, 2019, PCV has not yet received Exchange approval and this transaction is pending.

Tisová/TGER European Copper-Cobalt Properties

On July 6, 2018 the Company entered into an arm's length share purchase agreement to purchase 100% of the shares of Tisová Pty. Ltd. ("Tisova") And TGER Pty. Ltd. ("TGER"). Tisová and TGER are private companies which have been granted 100% interest in and to certain mineral concessions located in the Czech Republic and Germany.

Pursuant to the agreement, and in exchange for the Tisová and TGER shares, the company is committed to issue, in aggregate, to the shareholders of Tisová and TGER the following:

- $60,000 cash to the vendors upon execution of the agreement (paid);
- Upon satisfaction of certain conditions precedent, issue 1,500,000 common shares of the Company to the vendors on the closing date (issued);
- Spend $1,000,000 on the properties by July 1, 2019, and issue an aggregate of 2,500,000 common shares of the Company to the vendors at such time (issued);
- Spend an additional $1,000,000 on the properties each year for the next three years and no later than July 1, 2022 and issue an additional 4,000,000 common shares of the Company to the vendors.

If the Company fails to satisfy any of the above requirements, the shares of Tisová and TGER will be returned to the original vendors. On October 23, 2018, the Company issued 1,500,000 common shares with fair value of $450,000 in exchange for 100% ownership of Tisová and TGER, subject to the above terms, and their respective mineral concessions. A finder's fee was issued in connection with this closing through the issuance of 46,875 common shares with a fair value of $14,063. The related mineral concessions are subject to a 1.5% NSR of which one-half can be purchased for $750,000.

During the year ended September 30, 2019, the Company incurred the minimum $1,000,000 in exploration expenditures on the properties and pursuant to the above agreement has issued an aggregate of 2,500,000 common shares with a fair value of $525,000. The Company paid a finder's fee by way of the issuance of 78,125 common shares with a fair value of $16,406.

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

DEFERRED ACQUISITION COSTS

As at September 30, 2019, the Company has recorded $Nil (September 30, 2018 - $665,490) as deferred acquisition costs in relation to the acquisition of Tisova Pty Ltd and TGER Pty Ltd. During the year ended September 30, 2019, the Company completed the acquisition of Tisová and TGER, and consequently expensed the exploration expenditures included in deferred acquisition costs and reallocated the acquisition costs to exploration and evaluation assets on closing.

A schedule of deferred acquisition costs during the year ended September 30, 2018 is as follows:

	TGER	**Tisová**	**Total**
	($)	**($)**	**($)**
At September 30, 2017	-	-	-
Acquisition costs:			
Cash	30,000	30,000	60,000
Legal fees	-	67,183	67,183
Exploration expenditures:			
Advances	-	110,865	110,865
Geological consulting	-	288,475	288,475
Geophysical survey	-	138,829	138,829
Tools and supplies	-	25	25
Travel and accommodation	-	113	113
At September 30, 2018	**30,000**	**635,490**	**665,490**

East Bull Palladium Property

On February 26, 2019, the Company entered into an option agreement through its newly incorporated and wholly-owned subsidiary, East Bull Resources Inc. with Pavey Ark Minerals Inc. ("Pavey Ark") to acquire a 100% interest in the East Bull palladium property in the Sudbury mining division, Ontario (the "Agreement"). Pursuant to the Agreement, and over a period of four years (should the Company elect to continue), the Company is obliged to incur $1,750,000 in exploration expenditures, issue $975,000 in cash payments, and issue an aggregate of 4.5 million common shares of the Company to Pavey Ark in accordance with the following schedule:

Minimum Exploration Expenditures	Common Shares Issued	Cash Issued	Due Date
-	-	$25,000	On Term Sheet signing (paid)
-	750,000	$75,000	Within 5 days of signing (paid)
$250,000	750,000	$150,000	On or before March 1, 2020
$500,000	1,000,000	$200,000	On or before March 1, 2021
$500,000	1,000,000	$250,000	On or before March 1, 2022
$500,000	1,000,000	$300,000	On or before March 1, 2023
$1,750,000	4,500,000	$975,000	

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

If the Company fails to satisfy any of the above requirements, the East Bull property will be returned to the original vendors.

Agnew Lake Property

During the year ended September 30, 2019, the Company acquired a palladium project in Ontario through staking. The Agnew Lake property comprises over 260 claims (about 6,000 hectares) and is part of the larger East Bull Lake-Agnew Lake mafic-ultramafic complex.

During the year ended September 30, 2019, the Company incurred $1,299,389 (2018 - $18,850) in exploration expenses on its mineral properties.

A schedule of exploration and evaluation assets during the year ended September 30, 2019 is as follows:

	Turner Lake	TGER	Tisová	East Bull	Agnew Lake	Total
	($)	($)	($)	($)	($)	($)
At September 30, 2018	26,940	-	-	-	-	26,940
Acquisition costs:						
Cash	-	30,000	30,000	100,000	13,451	173,451
Common shares	-	487,500	487,500	187,500	-	1,162,500
Finder's fees	-	15,234	15,234	-	-	30,468
Legal fees	-	11,213	63,303	4,148	-	78,664
At September 30, 2019	**26,940**	**543,947**	**596,037**	**291,648**	**13,451**	**1,472,023**

The acquisition of Tisová and TGER has been recorded as an asset purchase of exploration and evaluation assets as follows:

Acquisition of TGER Pty. Ltd.

Purchase Price:

Common shares issues	$	487,500
Cash paid		30,000
Finder's fee		15,234
Legal fees		11,213
	$	543,947

Net assets acquired:

Exploration and evaluation asset	$	543,947

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition of Tisová Pty. Ltd.

Purchase Price:

Common shares issued	$	487,500
Cash issued		30,000
Finder's fee		15,234
Legal fees		63,303
	$	596,037

Net assets acquired:

Fixed assets	$	7,751
Exploration and evaluation asset		630,852
Accounts receivables		13,579
Advances paid		14,429
Cash		56,908
Prepaid expenses		1,284
Trade payables		(5,617)
Other payables		(123,149)
	$	596,037

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at September 30, 2019 and 2018, the Company's accounts payable and accrued liabilities is comprised of the following:

	September 30, 2019	**September 30, 2018**
	($)	**($)**
Accounts payable	133,798	556,566
Related party payable (Note 12)	175,085	76,965
Accrued liabilities	24,000	77,890
Interest payable (Note 12)	12,042	70,042
	344,925	781,463

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares without par value.

11. SHARE CAPITAL AND RESERVES

b) Issued share capital

During the year ended September 30, 2019, the following transactions took place:

On October 23, 2018 the Company issued 1,500,000 common shares in exchange for ownership of Tisová Pty. Ltd. And TGER Pty. Ltd. (Note 9). In connection with this acquisition, the Company also issued 46,875 common shares as a finder's fee to an arm's length person.

On February 26, 2019 the Company issued 750,000 common shares in an arm's length transaction, in exchange for ownership of the East Bull palladium property (Note 9).

On May 3, 2019 the Company closed the first tranche of a non-brokered private placement through the issuance of 15,579,122 units at a price of $0.18 for aggregate gross proceeds of $2,804,242. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one share at a price of $0.30 for a period of 24 months following the closing date.

On June 4, 2019 the Company closed the second tranche of a non-brokered private placement through the issuance of 140,000 units at a price of $0.18 for aggregate gross proceeds of $25,200 Each unit consists of one common share and one transferable common share purchase warrant. Each warrant shall entitle the holder thereof to acquire one share at a price of $0.30 for a period of 24 months following the closing date. In connection with the first and second tranches, the Company paid finder's fees totaling $184,948 and issued a total of 100,450 finder's fee warrants, each of which is exercisable to acquire one share at a price of $0.30 for a period of 24 months from the date of issue.

On July 2, 2019 the Company issued 2,500,000 common shares pursuant to the Tisová Pty. Ltd. And TGER Pty. Ltd. acquisitions (Note 9). In connection with this acquisition, the Company also issued 78,125 common shares as a finder's fee to an arm's length person.

During the year ended September 30, 2018, the following transactions took place:

On July 31, 2018 the Company completed a non-brokered private placement and issued 11,282,000 units at a price of $0.25, generating gross proceeds of $2,820,500, of which $112,000 is recorded as subscriptions receivable as at September 30, 2018. Each unit consists of one common share and one-half of one common share purchase warrant with each whole warrant exercisable at $0.45 for a period of one year from the date of issue.

On February 9, 2018 the Company issued 156,490 common shares valued at $0.26 per share to settle outstanding debt of $40,687 owed to one creditor for past services.

On November 10, 2017 the Company completed a non-brokered private placement and issued 7,142,857 units at $0.14 per unit, generating gross proceeds of $1,000,000. Each Unit consists of one common share and one common share purchase warrant, exercisable at $0.25 for a period of one year from the date of issue.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

c) Stock options

The Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has a fixed Stock Option Plan (the "Plan") whereby the Company has reserved 10% of the issued shares for issuance under the Plan. Options have a maximum term of ten years and terminate after a certain number of days following the termination of the optionee's term/employment, except in the case of death, in which case they terminate one year after the event. Vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance –September 30, 2017	200,000	2.70
Granted	2,800,000	0.39
Balance - September 30, 2018	3,000,000	0.54
Granted	3,960,000	0.22
Exercised	(250,000)	0.18
Cancelled	(250,000)	0.39
Expired	(200,000)	2.70
Balance – September 30, 2019	6,260,000	0.29

During the year ended September 30, 2019, an aggregate of 450,000 stock options expired and were cancelled, 250,000 stock options were exercised for gross proceeds of $45,000 and the Company granted 3,960,000 stock options, recognizing $586,468 (2018 - $806,680) in share-based compensation.

The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years (2018 – five), a risk-free interest rate of 2.43%, (2018 – 1.55%) a forfeiture and dividend rate of Nil (2018 – Nil), and a volatility of 164% (2018 – 154%).

As at September 30, 2019, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
			($)	(years)
August 9, 2023	2,550,000	2,550,000	0.39	3.86
October 2, 2023	300,000	225,000	0.30	4.01
October 16, 2023	500,000	375,000	0.31	4.05
October 24, 2023	100,000	25,000	0.30	4.07
June 4, 2024	2,560,000	2,560,000	0.20	4.68
August 8, 2024	250,000	250,000	0.18	4.86
	6,260,000	5,985,000	0.29	4.26

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	**Weighted Average Exercise Price ($)**
Balance – September 30, 2017	-	-
Granted	7,142,857	$0.25
Granted	5,641,000	$0.45
Balance – September 30, 2018	12,783,857	$0.34
Granted	15,819,572	$0.30
Expired	(9,335,286)	$0.37
Exercised	(3,448,571)	$0.25
Balance – September 30, 2019	15,819,572	$0.30

During the year ended September 30, 2019, the exercise price of 5,641,000 warrants, originally issued on July 31, 2018 and exercisable for 12 months, was amended from $0.45 to $0.30. All of the re-priced warrants expired unexercised during the current year.

During the year ended September 30, 2019, an aggregate of 3,448,571 warrants were exercised for gross proceeds of $862,142, and 3,694,286 warrants expired unexercised.

As at September 30, 2019, the Company had 15,819,572 share purchase warrants outstanding.

Expiry Date	**Warrants Outstanding**	**Exercise Price**	**Weighted Average Remaining Life**
		($)	**(years)**
May 3, 2021	15,672,572	0.30	1.59
June 3, 2021	147,000	0.30	1.68
	15,819,572	0.30	1.59

12. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. The following summarizes the Company's related party transactions during the year ended September 30, 2019 and 2018:

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS (continued)

Key Management Compensation

	2019	2018
Rent	67,200	80,000
Consulting fees	120,000	109,582
Management fees	210,000	52,500
Professional fees	-	1,000
Share-based payments	177,415	705,845
	574,615	948,927

a) As at September 30, 2019, included in accounts payable and accrued liabilities was $175,085 (2018 - $105,898) owing to current and former officers and directors.
b) During the year ended September 30, 2019, the Company incurred interest expense of $Nil (2018 - $4,491) to corporations controlled by related parties.
c) Accounts payable as of September 30, 2019 includes $12,042 (2018 - $51,678) in notes payable accrued interest to corporations controlled by related parties.
d) During the year ended September 30, 2019, the Company issued notes payable of $Nil (2018 - $90,000) and repaid $58,000 (2018 - $412,453) of accrued interest resulting in a principal balance outstanding of $Nil (2018 - $Nil) to corporations controlled by related parties.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables, restricted deposits, accounts payable and notes payable.

The Company classified its cash and short-term investments as fair value through profit or loss; receivables and restricted deposits as amortized cost; and accounts payable and notes payable as amortized cost. The fair values of cash and short-term investments are measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, restricted deposits and accounts payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and other receivables; the balances are in good standing as at September 30, 2019. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities, consisting of accounts payable and accrued liabilities and notes payable, in the normal course of operations and to fund future operational and capital requirements future equity and debt financing.

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will seek to secure additional funds through long term debt and equity transactions.

Interest rate risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest bearing assets or any variable interest bearing liabilities that are tied into market rates.

Foreign exchange risk

The Company is not exposed to any significant foreign currency risk.

Commodity 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 precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

(Expressed in Canadian dollars)

14. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. There have been no changes to the Company's approach to capital management during the year ended September 30, 2019.

15. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets that are located in Canada and Europe.

16. COMMITMENTS

The Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. Under the terms of the agreement, the Company will pay $7,000 plus GST per month commencing on December 1, 2017, increasing to $7,700 effective February 1, 2019 and continuing until the expiration of the underlying head lease on July 31, 2021.

Fiscal Year	**Amount**
	($)
2020	92,400
2021	77,000

(Expressed in Canadian dollars)

17. SUPPLEMENTAL CASH FLOW INFORMATION

	2019	2018
	($)	($)
Interest paid during the year	-	-
Income taxes paid during the year	-	-
Supplemental Disclosure of Cash Flow Information:		
Shares issued for exploration and evaluation assets	728,907	-
Fair value of options exercised	37,250	
Shares issued for acquisition	464,063	
Note payable issued to settle accounts payable	-	40,687
Share subscriptions receivable	-	112,000
Deferred acquisition costs in accounts payable	-	232,000

18. INCOME TAXES

a) Provision for Income Taxes

A reconciliation of the combined Canadian federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2019	2018
	($)	($)
Loss for the year	(5,398,591)	(2,596,907)
Expected income tax recovery	(1,458,000)	(701,000)
Permanent differences	227,000	303,000
Change in statutory, foreign tax, foreign exchange rates and other	953,000	(134,000)
Share issue cost	(53,000)	(31,000)
Adjustment to prior year provision versus statutory tax return	-	(222,000)
Change in unrecognized deductible temporary differences	331,000	785,000
Income tax expense	-	-

(Expressed in Canadian dollars)

18. INCOME TAXES (continued)

b) Deferred Income Taxes

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts:

	2019	2018
	($)	($)
Non-capital losses carry-forward	2,845,000	2,110,000
Property and equipment	-	4,000
Exploration and evaluation assets	369,000	1,938,000
Share issuance costs	8,000	25,000
Marketable securities	(4,000)	(12,000)
Allowable capital loss	-	(15,000)
Canadian eligible capital	-	-
	3,218,000	4,050,000
Unrecognized deferred tax assets	(3,218,000)	(4,050,000)
	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	2019	Expiry Date Range
	($)	
Canadian eligible capital	13,000	No expiry date
Share issuance costs	121,000	2038 to 2041
Exploration and evaluation assets	8,543,000	No expiry date
Investment tax credit	(1,000)	2019 to 2038
Marketable securities	(117,000)	No expiry date
Allowable capital losses	-	No expiry date
Non-capital losses available for future periods	10,540,000	2027 to 2039

Tax attributes are subject to review, and potential adjustment, by tax authorities.

19. SUBSEQUENT EVENTS

Subsequent to September 30, 2019, the following significant transactions took place:

a) the Company amended its articles to change its name to Canadian Palladium Resources Inc., effective January 15, 2020 to reflect the Company's concentration on its flagship East Bull palladium project in Ontario, Canada.

b) the Company received gross proceeds of $45,000 from the exercise of 250,000 stock options at $0.18.

c) the Company announced a non-brokered private placement of units (each, a "Unit") to raise up to $4,000,000 at a price of $0.12 per Unit. Each Unit will consist of one common share and one common share purchase warrant exercisable at a price of $0.18 for a period of 12 months from the date of issuance. Proceeds from the private placement will be used to advance the Company's exploration projects in North America and Europe, and for general working capital.