2019

Lithium Energy Products Inc.

Consolidated Financial Statements

For The Years Ended 30 September 2019 and 2018

Stated in Canadian Dollars

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Management's Responsibility

To the Shareholders of Lithium Energy Products Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

We draw attention to Note 1 in the audited consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

Manning Elliott LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with the Board of Directors, Audit Committee, and management to discuss their audit findings.

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

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Independent Auditors' Report

To the Shareholders and Directors of Lithium Energy Products Inc.

Opinion

We have audited the consolidated Financial Statements of Lithium Energy Products Inc. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at September 30, 2019, and the consolidated statements of 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 (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019, and 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying 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 Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed 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.

Other Matter

The consolidated financial statements of the Company as of September 30, 2018 and for the year ended September 30, 2018, which are presented for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on January 17, 2019.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 Financial Statements, including the disclosures, and whether the 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 27, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2019	As at 30 September 2018
ASSETS			
Current Assets			
Cash		$ 784	$ 2,356
Amounts receivable	(9)	37,301	14,325
Prepaid amounts and other assets		1,956	12,285
Marketable securities	(8)	-	220,169
		40,041	249,135
Non-current Assets			
Deposits	(10)	2,912	2,912
Property and equipment	(11)	75,000	75,000
Exploration and evaluation assets	(12)	2,172,678	1,910,854
		2,250,590	1,988,766
		$ 2,290,631	$ 2,237,901
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(16)	$ 527,999	$ 273,400
Promissory note payable	(13)	104,724	-
Short-term loans	(14)	174,428	-
		807,151	273,400
EQUITY			
Equity Attributable to Shareholders			
Share capital	(15)	18,461,617	18,359,117
Shares to be issued	(15)	53,000	-
Options - Contributed surplus	(15)	628,500	628,500
Warrants - Contributed surplus	(15)	1,446,671	1,446,671
Accumulated other comprehensive income		37	-
Deficit		(17,885,181)	(17,248,773)
		2,704,644	3,185,515
Non-controlling Interests	(15)	(1,221,164)	(1,221,014)
Total Equity		1,483,480	1,964,501
		$ 2,290,631	$ 2,237,901

Nature of operations and going concern	(1)	Capital management	(18)
Basis of preparation – Statement of Compliance	(2)	Commitment	(19)
Related party transactions and obligations	(16)	Subsequent events	(22)

The consolidated financial statements were approved by the Board of Directors on 27 January 2020 and were signed on its behalf by:

"Paul Sarjeant"
Paul Sarjeant, Director

"Karl Marek"
Karl Marek, Director

-- The accompanying notes form an integral part of these consolidated financial statements --

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note		Year Ended 30 September 2019		Year Ended 30 September 2018
CONTINUING OPERATIONS					
Operating Expenses					
Professional fees		$	189,941	$	44,047
Management fees	(16)		147,169		193,653
Interest, financing fees, and bank charges	(16)		105,561		1,418
Consulting fees			70,831		53,000
Transfer agent and filing fees			24,963		48,626
Office and general			15,691		16,502
Insurance			7,295		7,900
Shareholder relations			7,214		333,676
Resource property expenses			5,755		10,426
Travel			4,051		3,502
Share-based payments	(15)		-		120,000
			(578,471)		(832,750)
Loss from Operations					
Loss on sale on marketable securities	(8)		(57,628)		-
Recovery of exploration and evaluation asset	(12)		-		637,397
Gain on debt settlement			-		60,000
Unrealized gain on marketable securities			-		32,670
Loss on foreign exchange			(459)		(299)
Loss on sale of interest in exploration and evaluation asset			-		(910,500)
Net Loss for the Year			(636,558)		(1,013,482)
Other Comprehensive Income					
Foreign operations – foreign currency translation differences			37		-
Comprehensive Loss for the Year			(636,521)		(1,013,482)
Net Loss Attributed to:					
Shareholders			(636,408)		(1,011,468)
Non-controlling interest			(150)		(2,014)
			(636,558)		(1,013,482)
Comprehensive Loss Attributed to:					
Shareholders			(636,371)		(1,011,468)
Non-controlling interest			(150)		(2,014)
		$	(636,521)	$	(1,013,482)
Basic and Diluted Loss and Comprehensive Loss per Share		$	(0.05)	$	(0.10)
Weighted Average Number of Shares Outstanding			13,330,397		10,094,172

-- The accompanying notes form an integral part of these consolidated financial statements --

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to shareholders									
	Shares	Share capital	Shares to be issued	Options	Warrants	Accumulated other comprehensive income	Deficit	Total Shareholders Equity	Equity attributable to non-controlling interest	Total
	#	$	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2017	8,418,894	16,102,846	-	628,500	1,446,671	-	(16,237,305)	1,940,712	(1,219,000)	721,712
Shares issued for property	3,485,222	1,896,271	-	-	-	-	-	1,896,271	-	1,896,271
Shares issued for debt	600,000	240,000	-	-	-	-	-	240,000	-	240,000
Shares issued for services rendered	300,000	120,000	-	-	-	-	-	120,000	-	120,000
Net loss for the year	-	-	-	-	-	-	(1,011,468)	(1,011,468)	(2,014)	(1,013,482)
BALANCE AS AT 30 SEPTEMBER 2018	**12,804,116**	**18,359,117**	-	**628,500**	**1,446,671**	**-**	**(17,248,773)**	**3,185,515**	**(1,221,014)**	**1,964,501**
Shares issued for property	**759,259**	**102,500**	**-**	**-**	**-**	**-**	**-**	**102,500**	**-**	**102,500**
Shares to be issued	**-**	**-**	**53,000**	**-**	**-**	**-**	**-**	**53,000**	**-**	**53,000**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**37**	**-**	**37**	**-**	**37**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(636,408)**	**(636,408)**	**(150)**	**(636,558)**
BALANCE AS AT 30 SEPTEMBER 2019	**13,563,375**	**18,461,617**	**53,000**	**628,500**	**1,446,671**	**37**	**(17,885,181)**	**2,704,644**	**(1,221,164)**	**1,483,480**

-- The accompanying notes form an integral part of these consolidated financial statements --

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 30 September 2019	Year Ended 30 September 2018
OPERATING ACTIVITIES		
Loss for the year	**$ (636,558)**	$ (1,013,482)
Items not Affecting Cash		
Share-based payments	**-**	120,000
Loss on sale of marketable securities	**57,628**	-
Interest and financing fees on short-term loans	**51,401**	-
Shares to be issued for financing fees	**40,000**	-
Interest on promissory note	**2,224**	-
Loss on disposal of interest in mineral property	**-**	910,500
Shares issued for shareholder relation service	**-**	300,000
Recovery of exploration and evaluation asset	**-**	(637,397)
Gain on debt settlement	**-**	(60,000)
Gain on marketable securities	**-**	(32,670)
	(485,305)	(413,049)
Net Change in Non-cash Working Capital		
Amounts receivable	**(22,976)**	24,413
Prepaid amounts and other assets	**10,329**	17,288
Accounts payable and accrued liabilities	**254,599**	225,452
	(243,353)	(145,894)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	**162,541**	-
Proceeds from sale of interest in mineral properties	**-**	150,000
Resource property expenditures	**-**	(22,950)
Exploration acquisition costs	**(56,824)**	(135,000)
	105,717	(7,950)
FINANCING ACTIVITIES		
Cash received for shares to be issued	**13,000**	-
Short-term loans received	**1,318,480**	-
Short-term loans repaid	**(1,195,453)**	-
	136,027	-
Effects of currency translation on cash and cash equivalents	**37**	-
Net Decrease in Cash	**(1,572)**	(153,844)
Cash position – beginning of year	**2,356**	156,200
Cash Position – End of Year	**$ 784**	$ 2,356
Supplementary Disclosure of Cash Flow Information:		
Shares issued for resource property acquisition	**$ 102,500**	$ 1,896,271
Shares issued to settle debt	**-**	240,000

-- The accompanying notes form an integral part of these consolidated financial statements --

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Lithium Energy Products Inc. ("Lithium" or the "Company") was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. On 12 December 2016, the Company announced that the TSX Venture Exchange has approved the change of name to "Lithium Energy Products Inc." and the concurrent change of the Company's stock symbol to "LEP". The Company is classified as a Junior Natural Resource Mining Company.

The Company is in the business of acquiring and exploring lithium properties in Nevada and Arizona. There has been no determination whether properties held contain reserves, which are economically recoverable. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain the necessary financing to complete development, and future profitable production or proceeds from disposition.

The Company is currently halted from trading on the TSX Venture Exchange as a result of pending news.

These Consolidated Financial Statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast significant doubt upon the soundness of this assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors; these factors include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies, in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests. These factors indicate the existence of a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern.

During the year ended 30 September 2019, the Company incorporated a wholly-owned subsidiary in the United States named Lithium Energy Products US, Corp.

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

(Rounded '000's)	**30 September 2019**	30 September 2018
Working capital deficiency	**$ (767,000)**	$ (24,000)
Accumulated deficit attributed to shareholders	**$ (17,885,000)**	$ (17,249,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements were authorized for issue by the Board of Directors and have been prepared on a historical cost basis, except for certain financial instruments, as set out in the summary of significant accounting policies (Note 3). In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies set out were consistently applied to all the years presented unless otherwise noted below. The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3) Summary of significant accounting policies

a) Basis of presentation

These Financial Statements incorporate the accounts of Lithium and the entities controlled by the Company, which consist of:

- Canadian Iron Metallics Inc. ("Canadian Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, owned 85% by Lithium Energy.
- Griffith Iron Metallics Inc. ("Griffith Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Karas Iron Metallics Inc. ("Karas Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Lithium Energy Products US, Corp. ("Lithium USA"), which was incorporated on 7 November 2018 under the laws of the state of Florida in the United States, wholly owned by Lithium.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Foreign currency

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The functional currency of the parent and its Canadian subsidiaries is the Canadian dollar. The functional currency of Lithium USA is the United States dollar.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit or loss are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as fair value through profit or loss are reported as part of the fair value gain or loss and are included in equity.

c) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas that require estimates as the basis for determining the stated amounts include assumptions related to the valuation of exploration and evaluation assets, and the deferred tax asset not recognized.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Cash

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

e) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

f) Property and equipment

Property and equipment are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

Property and equipment are stated, in the consolidated statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. The cost of property and equipment includes directly attributed incremental costs incurred in their acquisition and installation.

Assets held under capital lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive loss.

<u>Subsequent costs</u>

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

<u>Impairment</u>

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

Reversal of impairment

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 or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Computer Equipment	1-3 years
Field Equipment	3-5 years

g) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Costs of acquisition and exploration of mineral properties are capitalized until either commercial production is established or a property is abandoned. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to income. Office and administration costs not specifically related to mineral projects are expensed in the year in which they occur.

The Company reviews the indicators of impairment of each property on an annual basis, at a minimum. This review generally is made by reference to the timing of exploration work, work programs proposed and the exploration results achieved by the Company and others. When the indicators of impairment exist, the carrying value of a property is compared to its net recoverable amount. An impairment adjustment is made for the decline in fair value.

The amounts shown for the exploration and evaluation assets represent costs incurred to date and do not reflect present or future values. Acquisition costs represent shares or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore and develop the resource properties. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration program.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

h) Provision for reclamation and remediation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant 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 is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

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

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

j) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables. At each reporting date the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company's financial assets consist of cash and marketable securities, which have been classified at FVPL, and amounts receivable, which have been classified as financial assets at amortized cost and are measured at cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A financial liability is initially classified as measured at amortized cost or FVPL. A financial liability is classified as measured at FVPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVPL on initial recognition. Financial liabilities at FVPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable, promissory note payable and short-term loans, which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

l) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in share capital with the common shares that were concurrently issued, based on their relative fair values. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model.

After issuance the terms of warrants may be modified throughout the warrant life. At the time of the modification the warrant is valued under the new terms immediately preceding and immediately after the modification using the Black-Scholes pricing model. The incremental value in the warrants issued as compensation for services is added to warrant equity and a warrant modification expense is recorded to the consolidated statement of loss and comprehensive loss.

m) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

n) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings 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.

o) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit/loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations if the functional currency is not the Canadian dollar. The Company's comprehensive loss is presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

4) New accounting standards

The details of the new significant accounting policies are set out in Note 3.

a) IFRS 9, Financial Instruments

On 1 October 2018, the Company adopted the new accounting standard, IFRS 9, which replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduced a new classification and measurement model for financial assets and liabilities, a more forward-looking impairment model based on expected credit losses and a substantially reformed hedge accounting model.

IFRS 9 contains a new classification and measurement approach for financial assets, reflecting the business model for assets and for cash flow characteristics. The following table summarizes the classification impact of the Company's financial assets and financial liabilities upon the adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in any measurement adjustments of the Company's financial assets and liabilities.

Financial Asset or Liability	Classification under IAS 39	Classification under IFRS 9
Cash	FVPL	FVPL
Amounts receivable	Loans and receivables	Amortized cost
Marketable securities	FVPL	FVPL
Accounts payable	Other liabilities	Amortized cost
Promissory note	Not applicable	Amortized cost
Short-term loans	Not applicable	Amortized cost

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. ECL's are a probability-weighted estimate of credit losses.

The adoption of IFRS 9 has not had an effect on the Company's consolidated financial statements, other than the reclassification of certain financial instruments as noted above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5) New accounting standards not yet effective

The following accounting standards have been issued by the IASB but are not yet effective for the Company; both the effective date and the expected impact are noted, based on the information currently available.

a) IFRS 16, Leases

IFRS 16 is a new standard that sets out the principle for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of lease as either operating or finance lease, as is required by IAS 17 and instead introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 is applicable to annual reporting periods beginning on or after 1 January 2019. The Company is planning to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on 1 October 2019. The Company has decided to apply the modified retrospective approach on transition. Accordingly, the cumulative effect of initially applying IFRS 16 will be recognized as an adjustment to the opening balance of deficit as at the date of initial application, and the comparative information will not be restated. Based on the initial assessment, the Company estimates that it will have no impact on its consolidated financial statements.

6) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience 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 on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

<u>Going concern evaluation</u>

As discussed on Note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 30 September 2019.

<u>Exploration evaluation assets</u>

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company has taken steps to verify title to exploration and evaluation assets in which it has or is in the process of earning an interest, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

7) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the consolidated statement of financial position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 September 2019. There have been no changes in levels during the year.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, marketable securities, accounts payable, promissory note payable and short-term loans. As at 30 September 2019, the carrying value of cash and marketable securities is at fair value. Amounts receivable, accounts payable, promissory note payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) 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 bank accounts. The Company's bank accounts are held with major banks in Canada, accordingly the Company is not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 September 2019, the Company held currency totalling the following:

Currency	30 September 2019	30 September 2018
Canadian (Dollars)	**758**	1,884
US (Dollars)	**20**	364

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 30 September 2019, the Company had a cash balance of $784 to settle current liabilities of $807,151 that are due within one year. The Company is exposed to a significant liquidity risk as there is a shortfall in the cash balance to settle any immediate current liabilities that may fall due.

8) Marketable securities

The following is a summary of the Company's fair value of the marketable securities:

MARKETABLE SECURITIES	Number of shares	30 September 2019	Number of shares	30 September 2018
Argentum Silver Corp. – shares	-	$ -	1,250,000	$ 212,500
Orford Mining Corp. – shares	-	-	34,862	7,669
Balance – End of Year	-	$ -	1,284,862	$ 220,169

Argentum Silver Corp.

On 2 July 2018, the Company signed an agreement with Argentum Silver Corp. ("Argentum"), agreeing the sale of 80% interest in the Vanadium Ridge Property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum shares (Note12a). During the year ended 30 September 2019, the Company sold all 1,250,000 common shares of Argentum Silver Corp. for total proceeds of $156,958 and recognized a loss of $55,542.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Orford Mining Corp.

In July 2018, Orford Mining Corporation ("Orford") acquired Condor Precious Metals ("Condor"). The Company's 479,569 common shares in Condor have been replaced by 34,862 Orford shares and 8,715 Orford warrants, expiring 27 July 2020. During the year ended 30 September 2019, the Company sold all 34,862 shares of Oxford for total proceeds of $5,583 and recognized a loss of $2,086.

9) Amounts receivable

Amounts receivable are comprised of:

AMOUNTS RECEIVABLE	**30 September 2019**	30 September 2018
Goods and services tax receivable	**$ 15,594**	$ 14,325
Due from American Strategic Minerals Inc.	**21,707**	-
	$ 37,301	$ 14,325

Goods and services tax receivable of $15,594 is not subject to significant collection risk.

During the year ended 30 September 2019, the Company incurred a total of $21,707 (2018 - $Nil) in expenses related to exploration and evaluation assets wholly owned by American Strategic Minerals Inc. ("ASM"). The Company and ASM entered into a definitive agreement on 1 April 2019, whereby the Company will acquire all of the common shares of ASM upon closing of the transaction in a three-cornered amalgamation (Note 21). ASM is a related party by virtue of common directors. The amount owing from ASM is unsecured, bears no interest, and is due on demand.

10) Deposit

As at 30 September 2019 and 2018, the balance of $2,912 represents a deposit for office lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11) Property and equipment

PROPERTY AND EQUIPMENT	Land	Equipment	Total
COST			
Balance as at 1 October 2017	$ 75,000	$ 9,734	$ 84,734
Balance as at 30 September 2019 and 2018	**$ 75,000**	**$ -**	**$ 75,000**
DEPRECIATION			
Balance as at 1 October 2017	$ -	$ 9,734	$ 9,734
Balance as at 30 September 2019 and 2018	**$ -**	**$ -**	**$ -**
CARRYING AMOUNTS			
Balance as at 1 October 2017	$ 75,000	$ -	$ 75,000
Balance as at 30 September 2019 and 2018	**$ 75,000**	**$ -**	**$** 75,000

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to recognize the cost of the asset on the consolidated statements of comprehensive loss using the straight-line method over the estimated useful life of the asset.

Land comprises five Canadian properties located in Ontario, Canada (Note 12d). The Company earns revenues from sale of quarry rock located on this property. These revenues are offset against maintenance payments made on the property, and are included within the resource property expense on the consolidated statement of comprehensive loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12) Exploration and evaluation assets

The Company is running an exploration program focusing on the lithium exploration properties acquired. Additionally, the Company holds outright five contiguous mineral properties located in the Red Lake Mining Division, Ontario, Canada. The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS	Vanadium Ridge	Jackpot Lake	Willcox Playa	Ontario Properties	Total
ACQUISITION					
Balance as at 1 October 2017	$ -	$ 1	$ 446,878	$ 4	$ 446,883
Additions	1,560,000	317,560	153,710	-	2,031,270
Dispositions	(1,248,000)	-	-	-	(1,248,000)
Recovery	-	637,397	-	-	637,397
Balance as at 30 September 2018	**312,000**	**954,958**	**600,588**	**4**	**1,867,550**
Additions	**-**	**257,824**	**4,000**	**-**	**261,824**
Balance as at 30 September 2019	**$ 312,000**	**$ 1,212,782**	**$ 604,588**	**$ 4**	**$ 2,129,374**
EXPLORATION EXPENDITURES					
Balance as at 1 October 2017	$ -	$ -	$ 20,354	$ -	$ 20,354
Additions	-	-	22,950	-	22,950
Balance as at 30 September 2018	**-**	**-**	**43,304**	**$ -**	**43,304**
Additions	-	-	-	-	-
Balance as at 30 September 2019	**$ -**	**$ -**	**$ 43,304**	**$ -**	**$ 43,304**
CARRYING AMOUNTS					
Balance as at 30 September 2018	**$ 312,000**	**$ 954,958**	**$ 643,892**	**$ 4**	**$ 1,910,854**
Balance as at 30 September 2019	**$ 312,000**	**$ 1,212,782**	**$ 647,892**	**$ 4**	**$ 2,172,678**

Acquisition costs represent common shares issued or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore the resource properties.

a) Vanadium Ridge property

During the year ended 30 September 2018, the Company entered into an agreement to acquire 100% interest in the Vanadium Ridge property. The Vanadium Ridge Property consists of 20 mining claims, covering over 5,200 acres, situated in close proximity to Kamloops, British Columbia. As consideration, the Company issued 2,500,000 common shares of the Company and paid $135,000 in cash. The vendor retains a 1% Net Smelter Returns Royalty.

On 2 July 2018, the Company signed an agreement with Argentum to sell 80% interest in the Vanadium Ridge property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum common shares, which were subsequently sold. As a result, the Company retains a carried interest of 20% interest in the Vanadium Ridge property at 30 September 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Jackpot Lake property

During the year ended 30 September 2016, the Company acquired 140 mineral claims comprising of 2,800 acres in Clark County, Nevada. The contiguous Jackpot Lake claim group is located 39 miles NE of Las Vegas.

In consideration, the Company issued common shares and made cash payments as follows:

	Number of Shares	Fair Value of Shares	Cash
Payment Due Date			
26 July 2016	-	$ -	$ 70,000
12 August 2016	1,100,000	330,000	-
22 January 2017	-	-	50,000
26 July 2017	100,000	5,500	-
22 January 2018	100,000	5,500	-
26 July 2018	304,878	48,476	-
22 January 2019	759,259	102,500	-
11 July 2019[(i)]	-	-	102,500
Total	2,364,137	$ 491,976	$ 222,500

(i) an unsecured demand promissory note

The seller shall retain a 1% GOR, subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

The Company has to file all forms and pay all fees to keep the claims in good standing, including County Fees and BLM Maintenance Fees. Additionally, the Company is required to incur a minimum of $1,000,000 in exploration expenditures on these claims within three years of signing the agreement.

During the year ended 30 September 2017, the Company did not make scheduled payments and recorded an impairment of $811,688 for the acquisition and exploration expenditures related to the asset, thereby reducing the value to $1 to reflect the rights to the mineral claims. During the year ended 30 September 2018, the Company paid the outstanding payments through issuance of the Company's common shares and accordingly reversed a portion of the prior year's impairment losses of $637,397.

Under the terms of the original agreement, the Company was to make a final payment of $205,000 by 26 July 2019. The vendor agreed to immediately transfer the 100% interest in the Jackpot Lake property for the issuance of 759,259 common shares of the Company at the 10 January 2019 closing price of $0.135 for a total value of $102,500 and an unsecured demand promissory note in the amount of $102,500, bearing interest at 3% per annum. The promissory note of $102,500 and associated interest totalling $104,724 remained unpaid as at 30 September 2019. Effective 11 January 2019, the Company acquired 100% of the Jackpot Lake Property.

c) Willcox Playa property

During the year ended 30 September 2016, the Company entered into an agreement to acquire three permits for a large dry lakebed in south-eastern Arizona consisting of 1,434 acres in the Willcox Playa Basin.

During the year ended 30 September 2018, the Company made the outstanding payments through issuance of the Company's common shares, and acquired a 100% interest in the Willcox Playa. The vendor retains a Gross

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Overriding Royalty ("GOR") of 1%. The GOR of 1% is subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

Due to state laws in Arizona, the Company is unable to hold the permits as a foreign entity. As a result, the permits are being held by a third party on behalf of the Company (the "Title Holder"). As compensation, the Company has granted to the Title Holder a Net Smelter Returns Royalty ("NSRR") equal to 1%, subject to a buy back provision whereby the Company may acquire, at any time, one-half of the NSRR (0.5%) for $1,000,000.

d) Ontario properties

The Company's Canadian properties comprise of five properties located in Ontario, Canada. During the year ended 30 September 2016, management determined that the strategic shift towards lithium properties constituted an impairment indicator for the Ontario properties. This resulted in an impairment of the acquisition and exploration expenditures related to the Ontario properties, reducing the value to a nominal value to reflect the rights to the mineral claims associated with the properties.

13) Promissory note payable

As a part of the final settlement to acquire 100% of the Jackpot Lake property, the Company entered into an unsecured demand promissory note in the amount of $102,500, bearing interest at 3% per annum (Note 12b). The promissory note was due on 10 July 2019 and remained unpaid as at 30 September 2019.

The following is a summary of the Company's promissory note payable as at 30 September 2019:

PROMISSORY NOTE PAYABLE	Principal	Interest	Total
Jackpot Lake Property	$ 102,500	$ 2,224	$ 104,724

14) Short-term loans

On 5 March 2019, the Company received an interest-bearing loan of $40,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 6 April 2019. On 6 April 2019, ASM extended the due date to 6 April 2020. All other terms and conditions of the loan remain unchanged. As at 30 September 2019, the $40,000 short-term loan and associated interest of $2,803 owing to ASM remained unpaid.

On 18 March 2019, the Company received an interest-bearing loan of $10,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 April 2019. On 18 April 2019, ASM extended the due date to 18 April 2020. All other terms and conditions of the loan remain unchanged. As at 30 September 2019, the $10,000 short-term loan and associated interest of $660 owing to ASM remained unpaid.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of $784,953 (USD$585,000) from an unrelated party. The loan was due and payable 60 days after the date on which the deposit was made. The repayment consisted of the principal payment of USD$585,000, and associated financing fees of USD$20,000 in cash and 250,000 in common shares of the Company. As at 30 September 2019, the principal of USD$585,000 has been paid back in full. However, the associated financing fees of $25,910 (USD$20,000) in cash remained unpaid and the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

250,000 in common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of $400,000 from the President and Director of the Company (Note 16). The loan was due and payable 60 days after the date on which the deposit was made. The repayment consisted of the principal payment of $400,000, and associated financing fees of USD$10,000 in cash and 150,000 common shares of the Company. As at 30 September 2019, the principal of $400,000 has been paid back in full. However, the associated financing fees of USD$10,000 in cash remained unpaid and the 150,000 common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 15 May 2019, the Company received an interest-bearing loan of $10,500 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 June 2019. As at 30 September 2019, the $10,500 short-term loan had been repaid and associated interest of $346 owing to ASM remained unpaid.

On 21 June 2019, the Company received an unsecured, non-interest bearing loan of $7,075 from the President and Director of the Company (Note 16). The loan was due and payable on 30 August 2019. As at 30 September 2019, the principal of $7.075 and interest and financing fees of $1,166 remained unpaid.

On 30 August 2019, the Company received an interest-bearing loan of $11,000 from the CEO of ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and is payable in full on 30 September 2020. As at 30 September 2019, the $11,000 short-term loan and associated interest of $113 owing to the CEO of ASM remained unpaid.

During the year ended 30 September 2019, the Company received various unsecured interest-bearing loans for operations from Alpha Resource Management Inc., a company owned by the President and Director of the Company (Note 16). The loans bear interest at one percent per month compounded. As at 30 September 2019, principal and interest totalling $59,298 remained unpaid.

The following is a summary of the Company's short-term loans as at 30 September 2019:

SHORT-TERM LOAN	Outstanding Principal	Interest and Financing Fees	Total
$40,000 loan from ASM	$ 40,000	$ 2,803	$ 42,803
$10,000 loan from ASM	10,000	660	10,660
$10,500 loan from ASM	-	346	346
$11,000 loan from the CEO of ASM	11,000	113	11,113
$784,953 (US$585,000) loan from an unrelated party	-	25,910	25,910
$400,000 loans from the President and Director	-	13,456	13,456
$7,075 loan from the President and Director	7,075	1,166	8,241
$52,352 operational loans from Alpha Resource Management Inc., a company owned by the President and Director	52,352	6,947	59,299
$2,600 loan from the CEO	2,600	-	2,600
	$ 123,027	$ 51,401	$ 174,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the year ended 30 September 2019:

The Company issued 759,259 common shares in lieu of a payment of $102,500 as partial consideration to acquire 100% of the Jackpot Lake property (Note 12b).

During the year ended 30 September 2018:

The board of directors authorized a 20-for-1 share consolidation. All share and per share information in these consolidated financial statements have been retroactively adjusted to reflect the impact of the share consolidation. On the day of share consolidation, a total of 172,377,875 common shares were consolidated into 8,618,894 common shares.

On 27 April 2018, the Company completed the agreement to acquire the Vanadium Ridge property in exchange for the issuance of 2,500,000 common shares of the Company and $135,000 in cash payment.

On 8 June 2018, The TSX Venture Exchange provided the final approval of a shares for service agreement between the Company and a consultant in exchange for geological services. Pursuant to the terms of the Agreement, the Company issued 150,000 common shares of the Company to the consultant.

On 8 June 2018, the Company settled debts resulting from a consulting service agreement through the issuance of common shares to an arm’s length party. Pursuant to the terms of the debt settlement agreement, the Company settled $300,000 owing in common shares through the issuance of 600,000 common shares.

On 29 May 2018, the Company entered into a data acquisition agreement to issue common shares for the acquisition of mining data on a Vanadium mine located in Kamloops, British Columbia. The Company issued 150,000 common shares for the mining data.

The Company issued 200,000 shares valued at $220,000 in full satisfaction of the 8 June 2017 and 8 June 2018 obligations for the acquisition of the Jackpot Lake property. In addition, the Company issued 304,878 shares on 17 July 2018 valued at $97,560 in order to keep the Jackpot Lake property agreement in good standing (Note 10b).

The Company issued 480,344 common shares in full satisfaction of the July 2017 and January 2017 obligations for the acquisition of the Willcox property.

c) Summary of stock option activity

The Company has adopted an incentive stock option plan to grant options to directors, officers, and consultants for up to 10% of the outstanding common shares. The Board of Directors determines the exercise price per share and the vesting period under the plan. The options can be granted for a maximum term of five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Stock option activity during the years ended 30 September 2019 and 2018 are as follows:

STOCK OPTION ACTIVITY	30 September 2019		Weighted Average Exercise Price	30 September 2018		Weighted Average Exercise Price
Balance – Beginning of Year	**271,250**	**$**	**1.55**	**271,250**	**$**	1.55
Expired	**(111,250)**		**1.93**	**-**		-
Balance – End of Year	**160,000**	**$**	**1.28**	**271,250**	**$**	1.55

Details of stock options outstanding as at 30 September 2019 and 2018 are as follows:

Issuance Date	Expiry Date		Exercise Price	30 September 2019	30 September 2018
1 April 2010	17 February 2019	$	2.00	**-**	12,500
1 April 2010	17 February 2019	$	2.00	**-**	1,250
13 October 2011	17 February 2019	$	6.00	**-**	10,000
10 July 2012	17 February 2019	$	3.00	**-**	20,000
28 February 2014	27 February 2019	$	1.00	**-**	67,500
10 April 2015	10 April 2020	$	1.00	**10,000**	10,000
25 January 2017	24 January 2022	$	1.30	**150,000**	150,000
				160,000	271,250

As at 30 September 2019, the outstanding options have a weighted average remaining life of 2.21 years (2018 – 2.05 years) and a weighted average exercise price of $1.28 (2018 - $1.55). All of the outstanding options have vested and are exercisable.

Not included in the mentioned stock options are the compensation options resulting from the private placement tranche that closed on 12 October 2016. Each compensation option is exercisable into one Unit, which consists of one common share and one common share purchase warrant for a period of five years from the date of issuance. Each warrant can be exercised into one common share of the Company at a price of $2.00 per share for a period of three years from the date of the issuance. The 6,400 compensation options granted to finders that have been valued by reference to the fair value of the equity instruments granted. Therefore, as each Unit in the private placement was valued at $1.00, the value of compensation options has been estimated at $6,400.

As a result of the Company's 20-for-1 share consolidation, the numbers of options outstanding were adjusted, in accordance with existing provisions of the plans for these awards, such that the holders of these awards would be in the same economic position before and after effecting the share consolidation. Consequently, these adjustments did not result in a new measurement date for these awards.

All prior period numbers of options, restricted share units, performance share units and deferred share units as well as exercise prices and fair values per individual award have been retroactively adjusted to reflect the share consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

Warrant activity during the years ended 30 September 2019 and 2018 are as follows:

WARRANT ACTIVITY	30 September 2019	Weighted Average Exercise Price	30 September 2018	Weighted Average Exercise Price
Balance – Beginning of Year	**1,500,000**	**$ 2.00**	2,452,400	$ 2.00
Expired	-	-	(952,400)	-
Balance – End of Year	**1,500,000**	**$ 2.00**	1,500,000	$ 2.00

Details of warrants outstanding as at 30 September 2019 and 2018 are as follows:

Expiry Date	Exercise Price	30 September 2019	30 September 2018
12 October 2019 (i)	**$ 2.00**	**155,000**	155,000
2 November 2019(i)	**$ 2.00**	**1,345,000**	1,345,000
		1,500,000	1,500,000

(i) Expired subsequent to the year-end unexercised.

As at 30 September 2019, the outstanding warrants have a weighted average remaining life of 0.08 years (2018 – 1.08) and a weighted average exercise price of $2.00 (2018 – $2.00).

e) Share-based payments

During the years ended 30 September 2019 and 2018, no stock options were granted or vested.

During the year ended 30 September 2018, The Company issued 150,000 common shares for an agreement with Raquel Fernandez, and 150,000 common shares for an agreement with Golden Hammer for consulting fees.

f) Shares to be issued

On 22 April 2019, the Company received a subscription agreement for $13,000. Shares will be issued at $0.10 per common share upon Liquidity Event.

On 6 May 2019, the Company received a non-interest-bearing loan of USD$585,000 from an unrelated party. The associated 250,000 common shares of the Company to be paid as financing fees remained unissued.

On 6 May 2019, the Company received a non-interest-bearing loan of $400,000 from the President and Director of the Company. The associated 150,000 common shares of the Company to be paid as financing fees remained unissued.

The above-mentioned shares have not been issued as at 30 September 2019 because the Company's shares are currently halted from trading.

g) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on September 30th, 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

In addition, the shareholders' agreement with OMC will allow OMC to progressively earn additional equity in Canadian Iron, up to a total of 70% of Canadian Iron's issued and outstanding shares, as follows:

- an additional 30% for $8.2 million in funding from OMC for dewatering, resource drilling and environmental permitting ("Resource Definition Funding");
- an additional 5% for $2 million in total funding for a preliminary economic assessment, funded 70% by OMC and 30% by Lithium; and
- an additional 20% for $20 million in total funding for a feasibility study, funded 70% by OMC and 30% by Lithium, and assuming the feasibility study establishes technical and economic viability.

Should either party not fully contribute its share of funding to both the preliminary economic assessment and feasibility study, it may face dilution.

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 30 September 2019, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full $8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional $1.5 million in expenditures on the property chosen.

The value attributed to the non-controlling interest in the Company as at 30 September 2019 is an accumulated deficit of $1,221,164 (2018 - $1,221,014). For the year ended 30 September 2019, net loss and comprehensive loss of $150 (2018 – $2,014) has been attributed to the non-controlling interest in these Financial Statements.

16) Related party transactions and obligations

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. Parties are also considered to be related if they are subject to common control or common significant influence. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company compensates certain of its key management personnel to operate its business in the normal course. Key management includes the Company's executive officers and members of its Board of Directors. Transactions and balances with key management personnel and related parties not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Year[i]		Remuneration or fees[ii]		Share-based awards		Amounts Payable
President and Director – Management fees	**2019**	**$**	**-**	**$**	**-**	**$**	**35,097**
	2018	$	35,200	$	-	$	13,833
A company of which the former CFO is a director – Management fees[iii]	**2019**	**$**	**12,000**	**$**	**-**	**$**	**42,038**
	2018	$	58,203	$	-	$	25,200
CEO and Director – Management fees	**2019**	**$**	**96,000**	**$**	**-**	**$**	**122,200**
	2018	$	96,000	$	-	$	**36,222**
CFO – Professional fees	**2019**	**$**	**6,750**	**$**	**-**	**$**	**-**
	2018	$	-	$	-	$	-
CFO – Management fees	**2019**	**$**	**33,419**	**$**	**-**	**$**	**26,188**
	2018	$	-	$	-	$	-
Former Directors – Director fees	**2019**	**$**	**1,250**	**$**	**-**	**$**	**3,750**
	2018	$	1,788	$	-	$	2,500
Directors – Director fees	**2019**	**$**	**4,450**	**$**	-	**$**	**6,988**
	2018	$	-	$	-	$	-

(i) For the years ended 30 September 2019 and 2018.

(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

During the year ended 30 September 2019, the Company entered into a loan agreement with the CEO and the director. Pursuant to the terms of the agreement, an interest-free loan in the amount of $2,600 was issued. The loan remained unpaid as at 30 September 2019.

On 6 November 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an interest-bearing loan totalling $6,090 at 1% a month compounded was issued. The loan was fully paid as at 30 September 2019.

On 21 June 2019, the Company received an unsecured, non-interest bearing loan of $7,075 from the President and Director of the Company. As at 30 September 2019, the principal of $7.075 and interest and financing fees of $1,166 remained unpaid.

On 15 May 2019, the Company entered into a loan agreement with ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an interest-bearing loan of $10,500 at 1% a month compounded and secured by the assets of the Company was issued. As at 30 September 2019, the principal of the loan was fully paid and interest of $346 remained unpaid.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of $400,000 from the President and Director of the Company. As at 30 September 2019, the principal of $400,000 has been paid back in full. However, an associated financing fee of USD$10,000 in cash remained unpaid and 150,000 common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 18 March 2019, the Company entered into a loan agreement with ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an interest-bearing loan of $10,000 at 1% a month compounded and secured by the assets of the Company was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 5 March 2019, the Company entered into a loan agreement with ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an interest-bearing loan of $40,000 at 1% a month compounded and secured by the assets of the Company was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 31 August 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of approximately $938.34 per month for rent at 1% a month compounded was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 30 August 2018, the Company entered into a loan agreement with the CEO of ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $11,000 at 1% a month compounded was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 1 August 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $20,000 at 1% a month compounded was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 24 July 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $8,051.25 at 1% a month compounded was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 19 July 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $9,037.26 at 1% a month compounded was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 1 June 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan totalling $1,865.59 at 1% a month compounded was issued. As at 30 September 2019, the loan and interest on the loan remained unpaid.

On 27 April 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $35,000 at 1% a month compounded was issued. The loan was fully paid as at 30 September 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17) Segmented disclosure

The Company has one reportable segment, being the acquisition and exploration of lithium resource properties. The following table provides segmented disclosure of assets and liabilities based on geographic location:

(Rounded to 000's)	Canada	US	Total
30 September 2019			
Current Assets	**$ 40,000**	**$ -**	**$ 40,000**
Non-Current Assets			
Other non-current assets	**78,000**	**-**	**78,000**
Resource properties	**312,000**	**1,861,000**	**2,173,000**
Liabilities			
Current Liabilities	**807,000**	**-**	**807,000**
30 September 2018			
Current Assets	$ 249,000	$ -	$ 249,000
Non-Current Assets			
Other non-current assets	78,000	-	78,000
Resource properties	312,000	1,599,000	1,911,000
Liabilities			
Current Liabilities	273,000	-	273,000

18) Capital management

The Company's capital consists of shareholders' equity and it has capital resources of cash. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

19) Commitment

The Company entered into an agreement to extend the lease of the premises for an extension of two years commencing 1 July 2018 and expiring 30 June 2020. The Company's remaining annual minimum lease payments as at 30 September 2019 are shown below:

Fiscal 2020	$ 14,334
Total	$ 14,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20) Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended 30 September 2019 and 2018. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

	30 September 2019	30 September 2018
Net loss before tax	**$ (636,521)**	$ (2,176,027)
Statutory tax rate	**27.00%**	26.00%
Expected income tax (recovery)	**(172,000)**	(565,767)
Permanent differences and other	**(1,667,000)**	75,929
Effect of changes in statutory tax rates	**(138,000)**	-
Change in deferred tax asset not recognized	**1,977,000**	489,220
Total income tax expense (recovery)	**$ -**	$ -

The unrecognized deductible temporary differences and deferred income tax assets as at 30 September 2019 and 2018 are comprised of the following:

	30 September 2019		30 September 2018	
	Temporary difference	**Deferred income tax asset (liability)**	Temporary difference	Deferred income tax asset (liability)
Non-capital losses carry-forwards	**$ 14,090,000**	**$ 3,804,000**	$ 5,128,643	$ 1,333,000
Exploration and evaluation assets	**6,421,000**	**1,734,000**	8,305,169	2,159,000
Capital losses	**56,000**	**15,000**	167,332	44,000
Financing costs	**54,000**	**15,000**	104,476	27,000
Property and equipment	**(30,000)**	**(8,000)**	72,385	19,000
Marketable securities	**-**	**-**	(4,410)	(1,000)
Capital loss carry-forwards	**-**	**-**	4,410	1,000
Donation	**-**	**-**	1,550	-
Total unrecognized deductible temporary differences and deferred income tax assets	**$ 20,591,000**	**$ 5,560,000**	$ 13,779,555	$ 3,582,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of $14,090,000 (2018 - $5,128,643) in Canada which may be carried forward to apply against future year's income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry	Taxable Loss
	$ 156,000
2033	1,591,000
2034	1,180,000
2036	8,584,000
2037	1,105,000
2038	772,000
2039	702,000
Total	$ 14,090,000

21) Proposed transaction

During the year ended 30 September 2019, the Company entered into a definitive agreement with ASM whereby the Company will acquire all of the issued and outstanding common shares of ASM by way of a three-cornered amalgamation between the Company, ASM and a wholly owned subsidiary of the Company (the “Amalgamation Transaction”). In consideration, the Company will issue one common share and one-half share purchase warrant for every two ASM common shares. The share purchase warrants will be exercisable at a price of $0.16 for a period of 2 years. Prior to entering into this arrangement, the Company and ASM were dealing at arm’s length.

The completion of the Amalgamation Transaction is subject to shareholder and regulatory approval. The Company’s common shares on the TSX Venture Exchange have been halted from trading until the completion of the Amalgamation Transaction.

22) Subsequent events

Subsequent to the year ended 30 September 2019, all 1,500,000 outstanding warrants of the Company expired unexercised.

On 6 January 2020, the Company successfully arranged a bridge financing, representing the funds required to satisfy the closing of transaction with ASM. The bridge financing consists of the issuance of 2,500,000 common shares of the Company at a price of $0.08 per common share with 1,250,000 warrants attached with an exercise price of $0.15, valid for two years from the closing of the financing.