SLAVE LAKE ZINC CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

(Expressed in Canadian Dollars)

SLAVE LAKE ZINC CORP.
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Slave Lake Zinc Corp.:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
January 27, 2020

SLAVE LAKE ZINC CORP.

STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019 AND 2018

	September 30, 2019	September 30, 2018
	$	$
ASSETS		
CURRENT		
Cash	209,924	545,305
Other receivable	2,058	-
Total current assets	211,982	545,305
Exploration and evaluation assets (Note 5)	239,104	175,313
TOTAL ASSETS	**451,086**	**720,618**
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	22,102	36,945
Due to related parties (Note 7)	30,112	11,711
TOTAL LIABILITIES	**52,214**	**48,656**
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	1,167,300	600,500
Special warrants (Note 9)	-	566,800
Share-based payment reserve (Note 8)	343,910	-
Deficit	(1,112,338)	(495,338)
TOTAL SHAREHOLDERS' EQUITY	**398,872**	**671,962**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**451,086**	**720,618**

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
GOING CONCERN UNCERTAINTY (Note 2)

Approved on behalf of the Board:

"Ritchie Wigham"
Ritchie John Wigham, CEO

"Peter Cummings"
Peter Cummings, CFO

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

SLAVE LAKE ZINC CORP.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
	$	$
EXPENSES		
Management fees (Note 7)	**152,000**	82,000
Filing fees	**31,428**	10,833
Legal fees	**4,536**	29,154
Consulting fees	**24,613**	595
Donation	**2,000**	-
Office	**7,833**	3,248
Meals and entertainment	**2,878**	1,516
Accounting and auditing fees	**36,544**	21,345
Stock-based compensation (Note 8)	**343,910**	-
Bonus	**2,000**	-
Travel	**9,258**	2,458
NET LOSS AND COMPREHENSIVE LOSS	**(617,000)**	(151,149)
LOSS PER SHARE, basic and diluted	**(0.02)**	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**32,487,190**	26,689,041

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

SLAVE LAKE ZINC CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
	$	$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(617,000)	(151,149)
Item not affecting cash:		
Stock-based compensation	343,910	-
Changes in non-cash working capital items:		
Other receivable	(2,058)	3,257
Accounts payable and accrued liabilities	(14,843)	4,685
Net cash used in operating activities	**(289,991)**	**(143,207)**
INVESTING ACTIVITY		
Exploration and evaluation assets	(63,791)	(61,936)
Net cash used in investing activity	**(63,791)**	**(61,936)**
FINANCING ACTIVITIES		
Due to related parties	18,401	(287,850)
Proceeds from issuance of shares, net of issuance cost	-	10,000
Proceeds from special warrants, net of finders' fees	-	566,800
Proceeds from subscriptions receivable	-	38,000
Net cash provided by financing activities	**18,401**	**326,950**
Net Change in Cash	**(335,381)**	**121,807**
Cash, Beginning of Year	545,305	423,498
Cash, End of Year	**209,924**	**545,305**

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

SLAVE LAKE ZINC CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	Share Capital						
	Number of Shares	Amount	Subscriptions Receivable	Special Warrants	Contributed surplus	Deficit	Total
	#	$	$	$	$	$	$
Balance, September 30, 2017	**26,500,000**	**590,500**	**(38,000)**	-	**-**	**(344,189)**	**208,311**
Shares issued for cash – private placement (Note 8)	200,000	10,000	38,000	-	-	-	48,000
Special Warrants, net of finders' fees (Note 9)	-	-	-	566,800	-	-	566,800
Net loss for the year	-	-	-	-	-	(151,149)	(151,149)
Balance, September 30, 2018	**26,700,000**	**600,500**	**-**	**566,800**	**-**	**(495,338)**	**671,962**
Shares exchanged for warrants (Note 8)	6,194,500	566,800	-	(566,800)	-	-	-
Stock-based compensation (Note 8)	-	-	-	-	343,910	-	343,910
Net loss for the year	-	-	-	-	-	(617,000)	(617,000)
Balance, September 30, 2019	**32,894,500**	**1,167,300**	**-**	**-**	**343,910**	**(1,112,338)**	**398,872**

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Slave Lake Zinc Corp. (the "Company") was incorporated on September 14, 2016 under the laws of British Columbia. The head office, principal address, records office, and registered address of the Company is located at 8978 Lindsay PL, Surrey, British Columbia, V3V 6E3.

The Company's principal business activities include the acquisition and exploration of mineral property assets located in North West Territories, Canada.

On November 7, 2018, the Company completed its Initial Public Offering ("IPO") and the Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the trading symbol "SLZ".

2. GOING CONCERN UNCERTAINTY

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will 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.

Several adverse conditions cast significant doubt on the validity of this assumption. As at September 30, 2019, the Company has an accumulated deficit of $1,112,338, limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period. These conditions indicate the existence of material uncertainties that may cast doubt about the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and will require and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption is not appropriate for these financial statements then adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material. Management intends to finance operating costs over the next twelve months with available cash, loans from directors and cash raised in share private placements.

3. BASIS OF PRESENTATION

Approval of the financial statements

The financial statements of the Company for the year ended September 30, 2019 were reviewed by the Board of Directors and approved and authorized for issue on January 27, 2020 by the Board of Directors of the Company.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the reporting period ended September 30, 2019.

Basis of measurement

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The financial statements of the Company have been prepared on an accrual basis, except

3. BASIS OF PRESENTATION (*continued*)

Basis of measurement (continued)

for cash flow information, and certain financial instruments recorded at fair value and are based on historical costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and evaluation assets

i. Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation ("E&E") assets according to the nature of the assets acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

ii. Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to tis recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

ii. Impairment (*continued*)

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

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

b) Restoration, rehabilitation, and environmental obligations.

An obligation to incur restoration, rehabilitation and environment costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no restoration, rehabilitation and environmental obligations as at September 30, 2019.

c) Cash and cash equivalent

Cash and cash equivalent include bank demand deposit accounts and highly liquid short-term investments with maturities of three months or less when purchased. Cash consists of checking accounts held at financial institutions in Canada and funds held in trust which, at times, balances may exceed insured limits. The Company has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

d) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income taxes (continued)

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enactive or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

e) Share capital

Common shares and special warrants are classified as equity. Transaction costs directly attributable to the issue of common shares, share purchase options, and special warrants are recognized as deduction from equity, net of any tax effects. For equity offerings of units consisting of common shares and warrants, when both instruments are classified as equity, the Company does not bifurcate the proceeds between the common share and the other equity instruments.

f) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is equal the loss attributable to common shareholders when the effect is anti-dilutive.

g) Financial instruments

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

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial instruments (continued)

The Company completed a detailed assessment of its financial assets and liabilities as at October 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Accounts payable	Other Financial Liabilities	Amortized cost
Due to related parties	Other Financial Liabilities	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on October 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

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

Debt investments at FVTOCI

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

Equity investments at FVTOCI

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

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial instruments (continued)

losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Financial liabilities

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

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

h) New and revised accounting standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have no been early-adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have an impact on the Company's financial statements

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 – Leases which replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has no leases as at September 30, 2018 and September 30, 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimates is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

<u>Judgements</u>
Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 2.

Exploration and evaluation assets
The application of the Company' accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Recognition of deferred income tax assets and liabilities
The carrying amount of deferred income tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred income tax assets and liabilities recognized from period to period.

5. EXPLORATION AND EVALUATION ASSETS

The Company acquired the Property, a mineral claim ("MWK"), tag # F97540 in the South Slave region of the North West Territories, NTS Map 75E05, pursuant to a mineral property acquisition agreement (the "Acquisition Agreement") dated for reference February 7, 2017 among the Company as purchaser, Jaskarn Singh Rai, Ritchie John Wigham, Glen Colin Macdonald and Max Braden as vendors (the "Vendors") and 1089621 B.C. Ltd. as royalty holder (the "Royalty Holder"). Each of the Vendors is a founder and director of the Company and was a director of the Company at the time of entering into the Acquisition Agreement. Pursuant to the Acquisition, the Company acquired a 100% right, title and interest in and to the Property, subject to a 3.5% net smelter returns royalty, by making a cash payment of one dollar ($1.00) to each of the Vendors. The acquisition of the Property by the Company was formalized by the Acquisition Agreement. The Property is subject to a 3.5% net smelter returns royalty (the "Royalty") to the Royalty Holder. The Company has the right to purchase two-seventh ($2/7^{th}$) of the Royalty from the Royalty Holder at any time for one million ($1,000,000) dollars after which the Royalty will be reduced to 2.5% of net smelter returns. After payment of one

5. EXPLORATION AND EVALUATION ASSETS (continued)

million ($1,000,000) the Company has the right to purchase two-fifth (2/5th) of the remaining Royalty for two million ($2,000,000) dollars at any time after which the Royalty rate will be reduced to 1.5% of net smelter returns. The Property has a ten (10) kilometer area of interest, and any mineral claims or properties interest within this area that any of the Vendors and/or associated parties acquires, through staking or otherwise, will become part of the Acquisition Agreement and be subject to the Royalty.

On June 28, 2018, the Company entered into a 21 year lease commencing on August 30, 2016 with the Minister of Department of Indian Affairs and Northern Development. The claim is 188.12 hectares and has an annual rental fee of $470.30 payable to the Minister of Department of Indian Affairs and Northern Development and there is no other capital commitment required to maintain the lease.

As at September 30, 2019 the project is still at an early exploration stage.

The Company has incurred the following exploration expenditures as at September 30, 2019 and September 30, 2018:

		September 30, 2019		**September 30, 2018**
Opening balance	$	175,313	$	113,377
Geological costs		63,791		53,757
Mobilization costs		-		8,179
	$	**239,104**	**$**	**175,313**

Environmental
The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2019		**September 30, 2018**
Accounts payable	$	10,102	$	15,345
Accrued liabilities		12,000		21,600
	$	**22,102**	**$**	**36,945**

7. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Related parties may enter into transactions which unrelated parties might not. Transactions between related parties are generally affected on the same terms, conditions and amounts as transactions between unrelated parties.

When considering each possible related party, not only their legal status is taken into account, but also the substance of the relationship between these parties.

Included in the Statements of Loss and Comprehensive Loss for the years ended September 30, 2019 and 2018, are the following amounts, which arose due to transactions with related parties:

	September 30, 2019	**September 30, 2018**
	$	$
Management fees charged by and wages paid to the President	69,000	38,500
Management fees charged by and wages paid to the CEO	69,000	43,500
Wages paid to the CFO	8,000	-
Wages paid to the Directors	6,000	-
	152,000	82,000

The Company had the following outstanding payable balances as at September 30, 2019 and September 30, 2018 to related parties:

	September 30, 2019	**September 30, 2018**
	$	$
Due to the Directors	15,384	9,385
Due to the President	3,163	1,163
Due to the CEO	3,565	1,163
Due to the CFO	8,000	-
	30,112	11,711

Due to related parties are expenses incurred by the directors of the Company on its behalf. Due to related party is unsecured, without interests and due on demand.

8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued and outstanding

As at September 30, 2019, the issued share capital comprised of 32,894,500 common shares (September 30, 2018: 26,700,000).

Year ended September 30, 2018:

On October 20, 2017, the Company issued 200,000 common shares at a price of $0.05 per share for gross cash proceeds of $10,000.

During the year the Company received cash proceeds of $38,000 on account of subscription receivable from the previous year.

Year ended September 30, 2019:

On October 24, 2018, all 6,194,500 special warrants were exercised and 6,194,500 common shares were issued (Note 9).

b) Stock Options

On June 21, 2018, the Company adopted an incentive stock option plan (the "Option Plan"). The purpose of the Option Plan is to promote the interests of Employees and the Company by furnishing directors, officers, employees and consultants with an opportunity to invest in the Company in a simple and cost effective manner and better align the interests of directors, officers, employees and consultants with those of the Company and its shareholders through the ownership of common shares of the Company. The maximum number of shares reserved for issuance upon exercise of options granted shall not exceed 15% of the issued and outstanding common shares of the Company. The option period shall not exceed 10 years from the date of grant. Under the Option Plan, the subscription price in respect of any option shall be set in accordance with the applicable policies of the Exchange. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares in any twelve month period or any aggregate maximum of 1% if the optionee(s) are engaged in investor relations activities or if the optionee is consultant, no more than 2% per consultant in any twelve month period. The Option Plan contains no vesting requirements.

During the year ended September 30, 2019, the Company granted 4,325,000 (September 30, 2018: Nil) stock options to certain directors, officers and consultants of the Company exercisable for a period of two years, vested immediately and $343,910 (September 30, 2018: $Nil) of stock-based compensation was recorded in the statement of loss and comprehensive loss.

The following table summarizes information about the stock options outstanding at September 30, 2019:

Expiry Date	Exercise Price	Number Outstanding
October 31, 2020	$ 0.100	4,200,000
February 19, 2021	$ 0.125	125,000

8. SHARE CAPITAL (continued)

c) Stock Options (continued)

As at September 30, 2019, the weighted average remaining contractual life of stock options outstanding was 1.10 years (September 30, 2018 – nil).

A summary of the changes in stock options for the years ended September 30, 2019 and 2018 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, October 1, 2017	-	$ -
Granted	-	$ -
Expired	-	$ -
Balance, September 30, 2018	-	$ -
Granted	4,325,000	$ 0.10
Balance, September 30, 2019	**4,325,000**	**$ 0.10**
Balance vested, September 30, 2019	4,325,000	$ 0.10

The fair value of stock options granted during the year ended September 30, 2019 was calculated using the Black-Scholes model with the following assumptions:

	September 30, 2019	September 30, 2018
Risk-free rate	1.77%-2.28%	-
Expected dividend yield	0%	-
Expected option life (years)	2.00	-
Expected stock price volatility	177%	-
Fair value at grant date	$ 0.08	-

d) Warrants

On October 24, 2018, 3,097,250 share purchase warrants were issued when all special warrants were exercised (Note 9).

	Number of Share Purchase Warrants	Weighted Average Exercise Price
Balance, October 1, 2018	-	-
Issued (Note 9)	3,097,250	$ 0.30
Balance, September 30, 2019	**3,097,250**	**$ 0.30**

e) Escrowed Securities

During the year ended September 30, 2018 the Company entered into an escrow agreement, whereby 20,650,000 common shares were held in escrow and are scheduled for release according to the following schedule:

8. SHARE CAPITAL (continued)

e) Escrowed Securities (continued)

Date	Quantity
On the date of the Company's securities are listed on a Canadian exchange (the listing date)	2,065,000
6 months after the listing date	3,097,500
12 months after the listing date	3,097,500
18 months after the listing date	3,097,500
24 months after the listing date	3,097,500
30 months after the listing date	3,097,500
36 months after the listing date	3,097,500

At September 30, 2019, 15,487,000 common shares were held in escrow.

f) Share-base payment reserve

The share-base payment reserve records items recognized as stock-based compensation expense and other share-base payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. SPECIAL WARRANTS

Year ended September 30, 2018:

During the year ended September 30, 2018, the Company concluded a special warrant financing of 6,194,500 special warrants at $0.10 for gross cash proceeds of $566,800 net of $52,650 related finders fees. Each special warrant may be exercised by the holder, in whole or in part, at any time, into one common share of the Company and one-half of one non-transferrable share purchase warrant, whereby each whole warrant can be exercisable to purchase one fully-paid and non-assessable common share of the Company at an exercise price of $0.30 per share until expiration of the warrants on the first business day after the date that is two years from the date of exercise or deemed exercise of the special warrant.

All special warrants were exercised during the year ended September 30, 2019 (Note 8).

10. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended September 30, 2019 was based on the loss attributable to common shareholders of $617,000 (2018: $151,149) and the weighted average number of common shares outstanding of 32,487,190 (2018: 26,689,041).

11. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% to income before income taxes. A reconciliation of income taxes at statutory rates with reported taxes is as follows:

11. INCOME TAXES (continued)

		2019		2018
Loss before income taxes	$	(617,000)	$	(151,149)
Statutory income tax rate		27%		27%
Income tax benefit computed at statutory tax rate		(166,590)		(40,810)
Non-deductible items		93,244		(14,216)
Other		-		(3,617)
Unrecognized benefit of deferred income tax assets		73,346		58,643
Income tax recovery	$	-	$	-

		2019		2018
Non-capital losses	$	215,609	$	138,474
Share issuance costs		10,419		14,207
Unrecognized deferred income tax assets		(226,028)		(152,682)
Net deferred income tax assets	$	-	$	-

The Company has non-capital losses of $798,549 available for carry-forward to reduce future years' income for income tax purposes that will expire between 2036 and 2039.

12. CAPITAL MANAGEMENT

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

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

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company’s approach to capital management during the year ended September 30, 2019. The Company is not subject to external restrictions on its capital.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The Company’s financial instruments consist of cash, accounts payable and due to related parties.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

The carrying value of accounts payable and due to related parties approximate their fair value. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets.

Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian chartered bank and accordingly, the Company's exposure to credit risk is considered limited. The Company's other receivable are refunds due from the Government of Canada and the exposure to credit risk on these amounts are considered to be limited.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of September 30, 2019 equal $52,214. All of the liabilities presented as accounts payable and accrued liabilities and due to related parties are due on demand. The Company intends to finance its operations over the next twelve months with existing cash, loans from directors and companies controlled by directors and cash proceeds from share private placements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at September 30, 2019, the Company is not exposed to significant market risk.