DISCOVERY HARBOUR RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Discovery Harbour Resources Corp.

Opinion

We have audited the consolidated financial statements of Discovery Harbour Resources Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at September 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

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

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

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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 21, 2021

DISCOVERY HARBOUR RESOURCES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	September 30, 2020 $	September 30, 2019 $
Assets			
Current assets			
Cash		1,976,906	7,450
Short-term investments	5	317,629	15,000
Amounts receivable		11,328	1,155
Prepaid expenses and deposits		82,271	6,600
Total current assets		2,388,134	30,205
Non-current assets			
Investments	5	1	3,241
Exploration and evaluation assets	6	732,196	390,238
Total assets		3,120,331	423,684
Liabilities			
Current liabilities			
Trade and other payables		33,083	18,006
Due to related parties	11	14,360	42,173
Convertible debenture	7	-	100,000
Loans payable	8	40,000	338,374
Total liabilities		87,443	498,553
Equity (deficiency)			
Share capital	9	22,156,822	18,781,168
Contributed surplus	9	2,435,528	1,729,782
Equity portion of convertible debenture	7	-	11,255
Accumulated deficit		(21,559,462)	(20,597,074)
Total equity (deficiency)		3,032,888	(74,869)
Total liabilities and equity (deficiency)		3,120,331	423,684

Nature of operations and going concern (Note 1)

These consolidated financial statements were approved and authorized for issue by the Board of Directors:

/s/"Mark Fields" Director *\/s/"Andrew Hancharyk"* Director

DISCOVERY HARBOUR RESOURCES CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	Note	2020 $	2019 $
Expenses			
Accounting and audit fees		21,500	13,946
Consulting fees	11	45,270	60,800
Insurance		10,757	9,987
Interest expense		8,133	-
Investor communications		128,122	19,525
Legal		11,040	12,527
Management fees	11	145,000	-
Office and administration	11	11,859	4,556
Salaries and benefits	11	94,603	26,247
Share-based payments	10	469,657	-
Transfer agent and filing fees		27,311	14,126
Travel		6,444	-
Total expenses		(979,696)	(161,714)
Gain on debt settlement	11	15,000	-
Interest income		2,587	968
Foreign exchange loss		(1,668)	(5,171)
Unrealized gain (loss) on investments		1,389	(32,400)
Other income (expenses)		17,308	(36,603)
Net loss and comprehensive loss for the year		(962,388)	(198,317)
Loss per common share, basic and diluted		(0.02)	(0.01)
Weighted average number of common shares outstanding		49,264,122	24,860,854

DISCOVERY HARBOUR RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Contributed Surplus $	Equity Portion of Convertible Debenture $	Accumulated Deficit $	Other Comprehensive Gain (Loss) $	Total $
Balance at September 30, 2018	23,797,840	18,691,927	1,719,782	11,255	(20,418,197)	19,440	24,207
Transfer of unrealized gain on investments upon adoption of IFRS 9	-	-	-	-	19,440	(19,440)	-
Shares issued for private placement	2,000,000	90,000	10,000	-	-	-	100,000
Share issue costs	-	(759)	-	-	-	-	(759)
Net loss for the year	-	-	-	-	(198,317)	-	(198,317)
Balance at September 30, 2019	25,797,840	18,781,168	1,729,782	11,255	(20,597,074)	-	(74,869)
Shares issued for private placements	68,420,454	3,778,125	9,375	-	-	-	3,787,500)
Share issue costs	-	(438,130)	226,393	-	-	-	(211,737)
Exercise of warrants	116,000	11,600	-	-	-	-	11,600
Exercise of stock options	175,000	24,059	(10,934)	-	-	-	13,125
Extinguishment of convertible debt	-	-	11,255	(11,255)	-	-	-
Share-based payments	-	-	469,657	-	-	-	469,657
Net loss for the year	-	-	-	-	(962,388)	-	(962,388)
Balance at September 30, 2020	94,509,294	22,156,822	2,435,528	-	(21,559,462)	-	3,032,888

DISCOVERY HARBOUR RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

	2020 $	2019 $
Operating activities		
Net loss for the year	(962,388)	(198,317)
Items not involving cash:		
Gain on debt settlement	(15,000)	-
Foreign exchange loss	450	4,968
Share-based payments	469,657	-
Unrealized (gain) loss on investments	(1,389)	32,400
Changes in non-cash working capital accounts:		
Amounts receivable	(10,173)	16,942
Due to related parties	(27,813)	-
Prepaid expenses	(75,671)	4
Trade and other payables	15,189	(9,276)
Total cash used in operating activities	(607,138)	(153,279)
Investing activities		
Expenditures on exploration and evaluation assets	(327,070)	(129,165)
Redemption (purchase) of term deposit	(298,000)	145,000
Return of reclamation bond	-	7,358
Total cash flows provided by (used in) investing activities	(625,070)	23,193
Financing activities		
Proceeds from share issuances	3,787,500	100,000
Share issuance costs	(211,737)	(759)
Exercise of warrants	11,600	-
Exercise of options	13,125	-
Loan proceeds	40,000	-
Repayment of convertible debenture	(100,000)	-
Repayment of loans payable	(338,824)	-
Advances from related parties	-	34,923
Total cash flows provided by financing activities	3,201,664	134,164
Total change in cash	1,969,456	4,078
Cash, beginning	7,450	3,372
Cash, end	1,976,906	7,450
Supplemental information		
Interest paid	8,133	-
Income taxes paid	-	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Discovery Harbour Resources Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on March 11, 2009. The Company completed a reverse takeover transaction with CVC Cayman Ventures Corp. on April 2, 2013. The Company is listed on the TSX Venture Exchange as a Tier 2 Venture Issuer having the symbol DHR-V.

The address of the Company's corporate office and principal place of business is Suite 1100 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has accumulated losses of $21,559,462 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on January 21, 2021.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as described in Note 3.

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

2. BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 0845837 B.C. Ltd. (active) and Discovery Harbour (USA) LLC (dormant). Inter-company balances and transactions are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of resource properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain in the consolidated statement of comprehensive loss.

b) Impairment of Non-Financial Assets

Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial Instruments

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit and loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, FVOCI, or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial Instruments (continued)

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

The following table summarizes the classification of the Company's financial instruments:

Financial assets	
Cash	FVTPL
Short-term investments	FVTPL
Amounts receivable	Amortized cost
Investments	FVTPL
Financial liabilities	
Trade and other payables	Amortized cost
Due to related parties	Amortized cost
Convertible debenture	Amortized cost
Loans payable	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial Instruments (continued)

Financial liabilities

The Company classifies its financial liabilities at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value change to financial liabilities at FVTPL is presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

- the remaining amount of the change in the fair value is presented in profit or loss.

The Company has classified its trade and other payables, due to related parties, convertible debenture and loans payable at amortized cost. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

d) Short-term Investments

Short-term investments include term deposits and marketable securities. Term deposits are Canadian guaranteed investment certificates that have maturities within 12 months from the consolidated statement of financial position date and are readily convertible into known amounts of cash with minimal risk of fluctuation in fair value.

e) 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 can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Deferred Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent it is probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and the equity portion of a convertible debenture are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants based on the residual value method. The fair value of common shares is based on the market closing price on the date the units are issued. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense in the consolidated statement of comprehensive loss.

The Black-Scholes option pricing model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

j) Foreign Currency Translation

The presentation currency and functional currency of the Company and its subsidiaries is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) New Accounting Standards, Interpretations and Amendments to Existing Standards

The Company has adopted the following new standard effective October 1, 2019:

IFRS 16 – Leases

IFRS 16 replaces IAS 17, "Leases" and the related 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 is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The adoption of IFRS 16 did not have any impact on the Company's as the Company does not have any leases.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss 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 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 consolidated financial statements are discussed below:

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether 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 expenditure is capitalized, information becomes available suggesting impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

iv) Going Concern

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(Expressed in Canadian Dollars)

5. INVESTMENTS

a) Term Deposits

The term deposits are held at BMO Bank of Montreal. As at September 30, 2020, the fair value of the term deposits is $313,000 (2019 - $15,000).

b) Red Oak Mining Corp.

The Company's investment in Red Oak Mining Corp. ("ROC") (previously Universal Wing Technologies Inc.) is classified as FVTPL and measured at fair value. ROC is a public company listed for trading on the TSXV. During the year ended September 30, 2010, the Company acquired 13,429 shares of ROC for $188,000 and 25,714 units of ROC for $309,000 which were comprised of 25,714 shares valued at $209,000 and 25,714 warrants valued at $100,000. The warrants expired unexercised and the cost was expensed to the statement of operations. During the year ended September 30, 2011, the Company acquired 7,143 shares of ROC for $65,000. The carrying cost of the Company's investment in ROC is $462,000.

A summary table of the Company's investment in ROC is as follows:

	Number of shares	Fair value $
Balance, September 30, 2018	46,285	35,640
Unrealized loss	-	(32,400)
Balance, September 30, 2019	46,285	3,240
Unrealized gain	-	1,389
Balance, September 30, 2020	46,285	4,629

During the year ended September 30, 2020, the Company's investment in ROC was reclassified from long term investment to short-term investment.

c) Stratus Aeronautics Inc.

The Company's investment in Stratus Aeronautics Inc. ("Stratus"), a private company incorporated in Canada, is classified as FVTPL and measured at fair value. The Company acquired 594,000 shares of Stratus on September 22, 2011 pursuant to a transaction to settle a $330,000 loan agreement with Stratus. During the year ended September 30, 2014, the Company wrote down its investment down to its estimated fair value of $1.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation assets are summarized as follows:

	Nevada Caldera $	Nevada Caldera Extension $	Total $
Balance at September 30, 2018	261,073	-	261,073
Acquisition of property			
Advance royalty	66,300	-	66,300
Claim rental	61,598	1,267	62,865
	127,898	1,267	129,165
Balance at September 30, 2019	388,971	1,267	390,238
Exploration costs			
Assays and mapping	45,049	-	45,049
Drilling	54,087	-	54,087
Field operations	110	-	110
Geological and geophysical	4,074	-	4,074
Office, miscellaneous and travel	10,815	-	10,815
Sampling and analysis	63,041	-	63,041
	177,176	-	177,176
Acquisition of property			
Advance royalty	99,281	-	99,281
Claim rental	65,501	-	65,501
	164,782	-	164,782
Balance at September 30, 2020	730,929	1,267	732,196

a) Caldera Property (Nevada, USA)

On November 18, 2016, as amended February 17, 2017 and March 30, 2017, the Company signed an option agreement (the "Option Agreement") with Genesis Gold Corporation (the "Vendor") to acquire a 100% interest, subject to advance minimum royalty payments and a 2% retained royalty, in the Caldera gold property (the "Property") located in Nye County, Nevada. The Company may earn its interest in the Property by making the following optional payments:

Advance Minimum Royalty	US$
On signing (paid)	5,000
On or before June 30, 2017 (paid)	15,000
First anniversary (paid)	30,000
Second anniversary (paid)	50,000
Third anniversary (paid)	75,000
Fourth anniversary (amended per below)	100,000
Fifth anniversary	125,000
Sixth anniversary and thereafter	150,000

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Caldera Property (Nevada, USA) (continued)

Beginning with the payment due on the fifth anniversary date, all annual payments will be adjusted at the rate of inflation shown in the U.S. Consumer Price Index ("CPI") using the CPI on the fourth anniversary date as the basis for adjustment for the remainder of the Option Agreement term.

During the term of the option, the Company shall pay rentals for the unpatented mining claims to the Bureau of Land Management sufficient to keep the properties in good standing. Should the Company decide to terminate the option on any part of the Property on or after 15 June of any year, the Company will be responsible for making rental payments in that year.

The Company shall issue to the Vendor 166,667 share purchase warrants exercisable at $0.15 per share for a term of three years (issued June 12, 2017 with a fair value of $13,290).

The Company may exercise the Option to acquire 100% interest, subject to annual advance minimum royalty payments and a 2% retained royalty, in the Property by requesting title transfer in writing upon having completed US$400,000 in Advance Royalty Payment to the Vendor.

On May 22, 2020, the Company entered into a third amendment to the Caldera gold property option agreement with Genesis Gold Corporation disclosed above. The fourth anniversary advance royalty payment of US$100,000 that was payable on or before November 16, 2020 was amended to US$50,000 payable on or before November 16, 2020 (paid subsequently) and US$50,000 payable on or before May 16, 2021.

b) Caldera Extension Property (Nevada, USA)

On August 15, 2018, as amended September 19, 2018 and December 20, 2018, the Company signed a Letter of Intent with Ore Capital Partners Ltd. ("Ore Capital") to acquire a 100% interest in the Caldera Extension gold property located in Nye County, Nevada, in return for a 2% net smelter royalty ("NSR") retained by Ore Capital that the Company can purchase for $1,000,000 for each one percentage point of the NSR. Ore Capital was a related party by reason of holding beneficial ownership of over 10% of the common shares of the Company and sharing a common director. The acquisition was completed on January 3, 2019.

7. CONVERTIBLE DEBENTURE

On April 8, 2017, the Company issued a non-interesting bearing, unsecured convertible debenture to Richard Gilliam, a director and major shareholder of the Company, for gross proceeds of $100,000. The debenture is convertible, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of $0.15 per share or the subscription price for each common share in the most recently completed private placement of the Company during the term of the debenture. The debenture matured twelve (12) months from the date of closing of the financing on April 8, 2018 and is payable on demand. Using a risk adjusted discount rate of 12%, the equity portion was determined to be $11,255 and was recognized as the equity portion of convertible debenture on the Consolidated Statement of Financial Position. Accretion expense of $5,795 was expensed to the Consolidated Statements of Comprehensive Loss during the year ended September 30, 2018. During the year ended September 30, 2020, the convertible debenture was repaid in full.

8. LOANS PAYABLE

On August 1, 2017, the Company received a non-interest bearing, unsecured demand loan of US $80,000 from Richard Gilliam, a director and major shareholder of the Company. On October 9, 2019, the Company amended the loan to mature on October 9, 2020 (“Maturity”) and interest will accrue at a rate of 4% per annum, compounded semi-annually, and will be paid on Maturity together with the outstanding principal. During the year ended September 30, 2020, the loan and accrued interest were repaid in full.

On October 6, 2017, the Company received a non-interest bearing, unsecured demand loan of US $100,000 from Richard Gilliam. On October 9, 2019, the Company amended the loan to mature on October 9, 2020 (“Maturity”) and interest will accrue at a rate of 4% per annum, compounded semi-annually, and will be paid on Maturity together with the outstanding principal. During the year ended September 30, 2020, the loan and accrued interest were repaid in full.

On December 19, 2017, the Company received a non-interest bearing, unsecured demand loan of $130,000 from Richard Gilliam. The Company repaid $30,000 of the demand loan on August 2, 2018 and during the year ended September 30, 2020, the remaining $100,000 was repaid in full.

On April 30, 2020, the Company received a loan from the Canadian government’s Canada Emergency Business Account (“CEBA”) Program in the amount of $40,000. The CEBA is a government guaranteed loan of up to $40,000 that is interest-free until December 31, 2022. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount ($10,000) is eligible for forgiveness as long as the business pays back $30,000 on or before December 31, 2022. If the business cannot pay back the loan by December 31, 2022, it can be converted into a 3-year term loan at an interest rate of 5%.

9. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The Company issued the following common shares during the year ended September 30, 2020:

i) On October 23, 2019, the Company completed the initial tranche (the "First Tranche") of a non-brokered private placement consisting of 7,884,000 units priced at $0.05 (the "Units") for gross proceeds of $394,200. Each Unit consists of one common share and one share purchase warrant (the "Warrant") exercisable into one further common share at a price of $0.10 for a term of one year, subject to an acceleration provision of the Company whereby, if for any ten (10) consecutive trading days the closing price of the shares on the TSXV exceeds $0.20 at any time commencing four (4) months after the Closing and until their expiry date, then the remaining term of the Warrants will be reduced to thirty (30) days, commencing seven (7) days from the end of such ten (10) consecutive trading day period.

ii) On October 31, 2019, the Company completed the final tranche (the "Final Tranche") of a non-brokered private placement consisting of 4,116,000 Units for gross proceeds of $205,800.

iii) On February 25, 2020, the Company completed a non-brokered private placement consisting of 1,875,000 units priced at $0.10 (the "Units") for gross proceeds of $187,500. Each Unit consists of one common share and one half share purchase warrant, with each whole warrant (the "Warrant") exercisable into one further common share at a price of $0.15 for a term of two years, subject to an acceleration provision of the Company whereby, if for any ten (10) consecutive trading days the closing price of the shares on the TSXV exceeds $0.25 at any time commencing four (4) months after the Closing and until their expiry date, then the remaining term of the Warrants will be reduced to thirty (30) days, commencing seven (7) days from the end of such ten (10) consecutive trading day period.

   Finder's fees of 6% cash ($9,450) and 6% finder's warrants (the "Finder's Warrants") (94,500 Finder's Warrants) were paid to registered representatives on $157,500 of the financing. Each Finder's Warrant is exercisable into one common share at a price of $0.15 per share for a period of two years from the date of issuance and had a fair value of $3,777.

iv) On July 17, 2020, the Company completed a non-brokered private placement consisting of 54,545,454 units at $0.055 for gross proceeds of $3,000,000. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 for a term of three years. In connection with the financing the Company paid cash fees of $199,156 and issued 2,934,605 finders' warrants exercisable at $0.10 for a period of three years at a fair value of $222,616.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

a) Common Shares (continued)

v) During the year ended September 30, 2020, the Company received proceeds of $11,600 from the exercise of 116,000 warrants and proceeds of $13,125 from the exercise of 175,000 stock options.

The Company issued the following common shares during the year ended September 30, 2019:

i) On March 20, 2019, the Company raised gross proceeds of $100,000 by way of a non-brokered private placement of 2,000,000 units priced at $0.05 (the "Units"). Each Unit consists of one common share and one share purchase warrant, with each whole warrant exercisable into one further common share at a price of $0.10 for a term of one year.

b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without par value. No preferred shares have been issued since the Company's inception.

c) Share Purchase Warrants

A summary of the continuity of the Company's share purchase warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at September 30, 2018	6,200,000	$0.10
Issue of warrants	2,000,000	0.10
Balance at September 30, 2019	8,200,000	0.10
Issue of warrants	70,512,059	0.10
Expired	(200,000)	0.16
Exercised	(116,000)	0.10
Balance at September 30, 2020	78,396,059	$0.10

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

d) Share Purchase Warrants (continued)

As at September 30, 2020, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding September 30, 2020	September 30, 2019	Exercise Price per Share	Expiry Date
-	166,667	$0.15	June 12, 2020
-	33,333	0.225	June 12, 2020
7,768,000	-	0.10	October 23, 2020*
4,116,000	-	0.10	October 31, 2020*
2,000,000	2,000,000	0.10	March 31, 2021
6,000,000	6,000,000	0.10	March 31, 2021
1,032,000	-	0.15	February 25, 2022
57,480,059	-	0.10	July 17, 2023
78,396,059	8,200,000		

*Expired subsequent to September 30, 2020 unexercised

On October 8, 2019, the Company extended the expiry date of 2,000,000 common share purchase warrants exercisable at $0.10 per share from March 20, 2020 to March 31, 2021, and 6,000,000 common share purchase warrants exercisable at $0.10 per share from July 23, 2020 to March 31, 2021.

10. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has a Stock Option Plan dated September 29, 2015 (the "Plan"). Because it is a rolling stock option plan, the Company may grant options to a maximum of 10% of the issued and outstanding Common Shares, from time to time, under the Plan. However, share compensation awards under all share compensation arrangements of the Company may not exceed, in aggregate, 10% of the total number of issued and outstanding Common Shares. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees, subject to the price restrictions and other TSX Venture Exchange Policy requirements. Options granted under the Plan are subject to vesting terms determined by the Board. The Plan was approved by the Company's shareholders on October 28, 2015 and became effective as of that date.

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (CONTINUED)

a) Option Plan Details (continued)

A summary of the continuity of the Company's stock options is presented below:

	September 30, 2020		September 30, 2019	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	386,667	$0.34	386,667	$0.34
Granted	5,440,000	0.10	-	-
Expired	(526,667)	0.25	-	-
Exercised	(175,000)	0.075	-	-
Ending balance	5,125,000	$0.11	386,667	$0.34

On October 4, 2019, the Company granted 1,590,000 stock options with an exercise price of $0.075 per share expiring October 4, 2024 to directors, employees and consultants. 1,075,000 options vested immediately and 515,000 options granted to a consultant are to vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting.

On October 22, 2019, the Company granted 600,000 stock options with an exercise price of $0.09 per share expiring October 22, 2024 to a director. All options vested immediately.

On August 24, 2020, the Company granted 3,250,000 stock options with an exercise price of $0.12 per share expiring August 24, 2025 to directors, officers and consultants. All options vested immediately.

Details of stock options outstanding and exercisable as at September 30, 2020 and September 30, 2019 are as follows:

Expiry Date	Exercise Price	September 30, 2020	September 30, 2019
March 23, 2020	$0.30	-	366,667
July 5, 2020	$0.90	-	10,000
November 23, 2020*	$1.23	10,000	10,000
October 4, 2024	$0.075	1,265,000	-
October 22, 2024	$0.09	600,000	-
August 24, 2025	$0.12	3,250,000	-
		5,125,000	386,667

*Expired subsequent to September 30, 2020 unexercised

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (CONTINUED)

b) Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended September 30, 2020 was $0.09 per option (2019: $nil). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	September 30, 2020	September 30, 2019
Expected stock price volatility	122.71%	-
Risk-free interest rate	0.76%	-
Dividend yield	-	-
Expected life of options	5 years	-
Forfeiture rate	-	-

11. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company.

During the year ended September 30, 2020, the Company recorded the following to key management personnel:

- $145,000 (2019: $nil) in management fees to a company controlled by the Chief Executive Officer. As at September 30, 2020, the Company owed $10,500 to this company (2019 - $nil) and $3,860 to the CEO (2019 - $nil).
- $30,000 (2019: $60,000) in consulting fees to a company controlled by a Director. As at September 30, 2020, the Company owed $nil to this company (2019 - $42,173).
- $71,000 (2019: $nil) in salaries and benefits to a company controlled by a Director and Officer of the Company.
- $16,000 (2019 - $24,000) in salaries and benefits to the former CFO of the Company.
- $387,553 (2019 - $nil) in share-based payments to related parties.

The Company had entered into a Strategic Consulting Agreement (the "Agreement") with Ore Capital, formerly a significant shareholder with a common director, effective September 1, 2018 for a twelve month term with provisions for automatic renewal for consecutive twelve month terms unless 30 days written notice of termination is provided. As compensation for the services provided, Ore Capital received a monthly fee of $5,000. On January 2, 2020, the amount of $49,350 payable to Ore Capital was assigned to two directors of Ore Capital, one of whom is also a director of the Company, as to $24,675 each. The Agreement was terminated on March 31, 2020 and the Company and Ore Capital entered into a debt settlement agreement and the Company recorded a gain on debt settlement of $15,000.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

The Convertible Debenture described in Note 7 and the Loans Payable described in Note 8 were advanced by Richard Gilliam, a director and major shareholder of the Company.

b) Property Acquisition

The Caldera Extension property described in Note 6(b) was acquired from Ore Capital, a former significant shareholder with a common director, on January 3, 2019.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, short-term investments, amounts receivable, investments, trade and other payables, due to related parties, convertible debenture and loans payable. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	September 30, 2020		September 30, 2019	
	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $
FVTPL assets (i)	2,294,536	2,294,536	25,691	25,691
Amortized cost assets (ii)	11,328	11,328	96	96
Amortized cost liabilities (iii)	87,443	87,443	485,053	485,053

(i) Cash, short-term investments, investments
(ii) Amounts receivable
(iii) Trade and other payables, due to related parties, convertible debenture, loans payable

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

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 for the asset or liability that are not based on observable market data.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at September 30, 2020	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	1,976,906	-	-	1,976,906
Investments	317,630	-	-	317,630

The Company has assessed that the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

Credit risk

Credit risk is the risk of an unexpected loss associated with a counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts and other receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and cash equivalents with high credit chartered Canadian financial institutions. As at September 30, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its trade and other payables, amounts due to related parties, convertible debenture and loans payable. The Company has working capital of $2,300,691 as at September 30, 2020 and and handles its liquidity risk through the management of its capital structure. All of the Company's financial liabilities are due on demand within one year, do not generally bear interest and are subject to normal trade terms, with the exception of the CEBA loan described in Note 8.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no publicly traded debt and no debt that bears variable interest. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. The Company is exposed to foreign exchange risk because the Company's financial instruments are denominated in both Canadian dollars and US dollars, and all current exploration occurs within the United States.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in equity to be capital. 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. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

14. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in the United States:

	September 30, 2020			**September 30, 2019**		
	Canada	**USA**	**Total**	**Canada**	**USA**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Current assets	2,388,134	-	2,388,134	30,205	-	30,205
Investment	1	-	1	3,241	-	3,241
Exploration and evaluation assets	-	732,196	732,196	-	390,238	390,238
Total assets	2,388,135	732,196	3,120,331	33,446	390,238	423,684

(Expressed in Canadian Dollars)

15. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2020	2019
Combined statutory tax rate	27.00%	27.00%
	$	$
Income tax recovery at combined statutory rate	(259,845)	(53,546)
Non-deductible expenses and other items	69,628	2,789
Effect of change in statutory rate	-	(77,820)
Change in unrecognized deferred tax assets	190,217	128,577
Income tax expense	-	-

Significant components of the Company's unrecognized deferred tax assets are shown below:

	2020	2019
Equipment	7,595	7,595
Exploration and evaluation assets	2,344,074	2,344,074
Investments	159,439	159,626
Share issuance costs	46,589	1,260
Non-capital and capital loss carry-forwards	1,884,178	1,739,103
Total deferred income tax assets	4,441,875	4,251,658
Unrecognized deferred tax assets	(4,441,875)	(4,251,658)
Net deferred tax assets	-	-

As at September 30, 2020, the Company has available for deduction against future taxable income non-capital losses of approximately $6,835,000, which will expire between 2028 and 2040. The Company has available for deduction against future taxable capital gains capital losses of approximately $286,000 which can be carried forward indefinitely.