DISCOVERY HARBOUR RESOURCES CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2020 AND 2019

UNAUDITED

(Expressed in Canadian Dollars)

NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed interim consolidated financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

DISCOVERY HARBOUR RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

(UNAUDITED – SEE “NOTICE TO READER” BELOW)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the periods ended March 31, 2020 and 2019.

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of Discovery Harbour Resources Corp. and the accompanying condensed interim consolidated statements of financial position as at March 31, 2020 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the six months ended March 31, 2020 and 2019 are the responsibility of the Company’s management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Manning Elliott LLP.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

“Mark Fields”	*“Sandra Wong”*
Mark Fields	Sandra Wong
Chief Executive Officer	Chief Financial Officer
May 27, 2020	May 27, 2020

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

	Note	March 31, 2020 $	September 30, 2019 $
Assets			
Current assets			
Cash		7,437	7,450
Short-term investments	4	371,009	15,000
Amounts receivable		3,708	1,155
Prepaid expenses		5,686	6,600
Total current assets		387,840	30,205
Non-current assets			
Investments	5	1	3,241
Exploration and evaluation assets	6	607,447	390,238
Total assets		995,288	423,684
Liabilities			
Current liabilities			
Trade and other payables		65,413	18,006
Due to related parties	12	32,758	42,173
Convertible debenture	7	100,000	100,000
Loans payable	8	355,366	338,374
Total liabilities		553,537	498,553
Equity (deficiency)			
Share capital	9	19,542,935	18,781,168
Contributed surplus	9	1,880,499	1,729,782
Equity portion of convertible debenture	7	11,255	11,255
Accumulated deficit		(20,992,938)	(20,597,074)
Total equity (deficiency)		441,751	(74,869)
Total liabilities and equity (deficiency)		995,288	423,684

Nature of operations and going concern (Note 1)
Basis of preparation and summary of significant accounting policies (Note 2)
Subsequent events (Note 16)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 27, 2020 and are signed on its behalf by:

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

DISCOVERY HARBOUR RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
FOR THE SIX MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	Note	Three months ended March 31, 2020 $	Three months ended March 31, 2019 $	Six months ended March 31, 2020 $	Six months ended March 31, 2019 $
Expenses					
Employee costs	11	66,629	22,197	216,042	43,736
Finance expense	11	2,414	-	4,573	-
General and administrative expenses	11	67,362	13,957	156,994	42,873
Total expenses		(136,405)	(36,154)	(377,609)	(86,609)
Other income (expenses)	11	(20,089)	5,021	(18,255)	(34,318)
Net loss and comprehensive loss for the period		(156,494)	(31,133)	(395,864)	(120,927)
Loss per common share, basic and diluted		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding		38,518,994	24,042,284	36,468,315	23,918,719

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

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED MARCH 31, 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)	-
Net loss for the period	-	-	-	-	(120,927)	-	(120,927)
Shares issued for private placement	2,000,000	90,000	10,000	-	-		100,000
Share issue costs	-	(759)	-	-	-		(759)
Balance at March 31, 2019	25,797,840	18,781,168	1,729,782	11,255	(20,519,684)	-	2,521
Balance at September 30, 2019	25,797,840	18,781,168	1,729,782	11,255	(20,597,074)	-	(74,869)
Net loss for the period	-	-	-	-	(395,864)	-	(395,864)
Shares issued for private placement	13,875,000	778,125	9,375	-	-	-	787,500
Share issue costs	-	(16,358)	3,777	-	-	-	(12,581)
Share-based payments	-	-	137,565	-	-	-	137,565
Balance at March 31, 2020	39,672,840	19,542,935	1,880,499	11,255	(20,992,938)	-	441,751

DISCOVERY HARBOUR RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	March 31, 2020 $	March 31, 2019 $	March 31, 2020 $	March 31, 2019 $
Operating activities				
Net loss for the period	(156,494)	(31,133)	(395,864)	(120,927)
Items not involving cash:				
Loss (gain) on foreign exchange	21,582	(5,022)	16,596	7,128
Share-based payments	25,101	-	137,565	-
Unrealized loss on investments	231	-	231	27,540
Changes in non-cash working capital accounts:				
Amounts receivable	4,011	8,056	(2,157)	15,674
Prepaid expenses	45,731	(1,248)	914	2,704
Trade and other payables	16,516	(7,594)	21,547	(25,518)
Total cash used in operating activities	(43,322)	(36,941)	(221,168)	(93,399)
Investing activities				
Expenditures on exploration and evaluation assets	(31,827)	-	(191,349)	(66,300)
Redemption (purchase) of term deposit	(63,000)	(55,000)	(353,000)	60,000
Return of reclamation bond	-	-	-	7,358
Total cash flows provided by (used in) investing activities	(94,827)	(55,000)	(544,349)	1,058
Financing activities				
Proceeds from share issuances	187,500	100,000	787,500	100,000
Share issuance costs	(10,182)	(759)	(12,581)	(759)
Advances from (repayments to) related parties	(39,508)	10,437	(9,415)	8,500
Total cash flows provided by financing activities	137,810	109,678	765,504	107,741
Total change in cash during the period	(339)	17,737	(13)	15,400
Cash, beginning of period	7,776	1,035	7,450	3,372
Cash, end of period	7,437	18,772	7,437	18,772
Supplemental information				
Interest paid	2,414	-	4,573	-
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 was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSXV") and completed its Qualifying Transaction pursuant to the policies of the TSXV on November 22, 2010. The Company is listed on the TSX Venture Exchange as a Tier 2 Venture Issuer having the symbol DHR-V. The Company completed a reverse takeover transaction with CVC Cayman Ventures Corp. on April 2, 2013.

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 $20,992,938 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.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the six month period ended March 31, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2019 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2019 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2019. Note 2c) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 27, 2020.

The preparation of condensed interim consolidated financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of Consolidation

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

b) 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.

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

The Company has adopted the following new standards 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 Company does not expect the adoption of IFRS 16 to have a material impact on the Company's future results and financial position.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2019 annual financial statements.

4. SHORT-TERM INVESTMENTS

a) Term Deposits

The term deposits are held at BMO Bank of Montreal. As at March 31, 2020, the fair value of the term deposits is $368,000 (September 30, 2019 - $15,000).

(Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENTS (CONTINUED)

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 loss	-	(231)
Balance, March 31, 2020	46,285	3,009

During the period ended March 31, 2020, the Company's investment in ROC was reclassified from long term investment to short-term investment.

5. INVESTMENTS

a) 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.

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			
Drilling	52,210	-	52,210
Sampling	67,589	-	67,589
	119,799	-	119,799
Acquisition of property			
Advance royalty	97,410	-	97,410
	97,410	-	97,410
Balance at March 31, 2020	606,180	1,267	607,447

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:

1. The Company shall make Advance Royalty Payments in US dollar currency as follows:

Advance Minimum Royalty	Amount 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	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.

2. 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.

3. 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).

4. 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.

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.

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. The fair value of the loan was $113,496 on March 31, 2020 (September 30, 2019 - $105,944) and interest of $2,164 was accrued on the loan.

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. The fair value of the loan was $141,870 on March 31, 2020 (September 30, 2019 - $132,430) and interest of $2,705 was accrued on the loan.

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.

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 period ended March 31, 2020:

i) 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. All securities issued are subject to a hold period expiring June 26, 2020.

   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.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

a) Common Shares (continued)

ii) 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. All securities issued in the First Tranche were subject to a hold period expiring February 24, 2020.

iii) 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. All securities issued in the Final Tranche were subject to a hold period expiring March 1, 2020.

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

iv) 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. All securities issued were subject to a hold period expiring July 21, 2019.

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) Contributed Surplus

	March 31, 2020 $	September 30, 2019 $
Fair value of warrants issued	247,438	234,286
Fair value of stock options granted or vested	1,633,061	1,495,496
Contributed surplus	1,880,499	1,729,782

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

d) Share Purchase Warrants

A summary of the Company's share purchase warrants at March 31, 2020 and September 30, 2018 and the changes for the periods then ended 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	13,032,000	$0.10
Balance at March 31, 2020	21,232,000	$0.10

As at March 31, 2020, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable			
March 31, 2020	September 30, 2019	Exercise Price per Share	Expiry Date
166,667	166,667	$0.15	June 12, 2020
33,333	33,333	$0.225	June 12, 2020
7,884,000	-	$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
21,232,000	8,200,000		

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 Company's stock options at March 31, 2020 and September 30, 2019 and the changes for the years then ended is presented below:

	March 31, 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	2,190,000	$0.08	-	-
Expired	(366,667)	$0.30	-	-
Ending balance	2,210,000	$0.09	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.

Details of stock options outstanding and exercisable as at March 31, 2020 and September 30, 2019 are as follows:

Expiry Date	**Exercise Price**	**March 31, 2020**	**September 30, 2018**
March 23, 2020	$0.30	-	366,667
July 5, 2020	$0.90	10,000	10,000
November 23, 2020	$1.23	10,000	10,000
October 4, 2024	$0.075	1,590,000	-
October 22, 2024	$0.09	600,000	-
		2,210,000	386,667

The weighted average remaining contractual life of stock options outstanding at March 31, 2020 was 4.49 years (September 30, 2019: 0.50 years).

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (CONTINUED)

b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended March 31, 2020 was $0.067 per option (2019: $nil). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	March 31, 2020	**September 30, 2019**
Expected stock price volatility	122% - 123%	-
Risk-free interest rate	1.25% - 1.53%	-
Dividend yield	-	-
Expected life of options	5 years	-
Stock price on date of grant	$0.075 - $0.09	-
Forfeiture rate	-	-

11. NATURE OF EXPENSES

	Period ended March 31, 2020 $	**Period ended March 31, 2019 $**
Other income (expenses) include:		
Interest income	1,528	492
Loss on foreign exchange	(19,552)	(7,270)
Unrealized loss on investments	(231)	(27,540)
	(18,255)	(34,318)
Employee costs include:		
Management fees	15,000	-
Consulting fees	30,270	30,800
Salaries and benefits	33,128	12,936
WorkSafeBC premiums	79	-
Share-based payments	137,565	-
	216,042	43,736
Finance expense includes:		
Loan interest expense	4,573	-
	4,573	-
General and administrative expenses include:		
Accounting and audit fees	-	446
Filing fees	13,501	7,479
Insurance	5,000	5,041
Investor communication	118,174	16,525
Legal	6,054	8,742
Office	4,518	2,472
Transfer agent	3,303	2,168
Travel and automobile	6,444	-
	156,994	42,873

(Expressed in Canadian Dollars)

12. 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. Key management personnel compensation is comprised of the following:

	Period ended March 31, 2020 $	Period ended March 31, 2019 $
Short-term employee benefits and director fees	45,000	12,000
Share-based payments	112,464	-
	157,464	12,000

The Company has entered into an Officer and Consulting Agreement with the Company's Chief Executive Officer effective November 1, 2019 for a term to continue on a monthly basis until terminated. As compensation for the services to be provided, a company controlled by the Chief Executive Officer will receive a monthly fee of $3,000. During the period ended March 31, 2020, the Company recorded $15,000 (2019: $nil) in fees payable to the company controlled by the Chief Executive Officer.

The Company has entered into an Employment Agreement with the Company's Chief Financial Officer effective September 1, 2018 for a twelve month term ending August 31, 2019 and subsequently extended on September 1, 2019 to continue on a monthly basis until terminated. As compensation for the services to be provided, the Chief Financial Officer will receive a monthly fee of $2,000. During the period ended March 31, 2020, the Company paid $12,000 (2019: $12,000) in salary to the Chief Financial Officer.

The Company has entered into an Employment Agreement with the Company's Vice President effective October 1, 2019 for a term to continue on a monthly basis until terminated. As compensation for the services to be provided, the Vice President will receive a monthly fee of $3,000. During the period ended March 31, 2020, the Company recorded $18,000 (2019: $nil) in salary payable to the Vice President.

b) Consulting Agreement

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 Ore Capital agreed to cancel the monthly fee effective December 31, 2019.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Consulting Agreement (continued)

During the period ended March 31, 2020, the Company recorded $15,000 (2019: $30,000) in consulting fees payable to Ore Capital. Due to related parties at March 31, 2020 includes $nil (2019: $42,173) in amounts owing to Ore Capital for unpaid services and expenses.

c) Office Expenses

Office expenses of $103 (2019: $110) was paid to a company that shares a common officer during the period ended March 31, 2020.

d) Convertible Debenture and Demand Loan

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.

e) Private Placement

A director and major shareholder subscribed for $200,000 of the private placement described in Note 9(a)(iii).

Directors and/or parties who hold beneficial ownership of over 10% of the common shares of the Company subscribed for $65,000 of the private placement described in Note 9(a)(iv).

f) 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.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, term deposits, 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:

	March 31, 2020		**September 30, 2019**	
	Fair Value $	**Carrying Value $**	**Fair Value $**	**Carrying Value $**
FVTPL assets (i)	378,446	378,446	25,691	25,691
Amortized cost assets (ii)	1,109	1,109	96	96
Amortized cost liabilities (iii)	553,537	553,537	485,053	485,053

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

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

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 March 31, 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	7,437	-	-	7,437
Term deposits	368,000	-	-	368,000
Investments	3,010	-	-	3,010

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 March 31, 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 a working capital deficit of $165,697 as at March 31, 2020 and requires additional financing for operations and meet its current obligations. The Company handles its liquidity risk through the management of its capital structure as described in Note 14. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms, with the exception of the term loans described in Note 8.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following are the contractual maturities of financial liabilities as at March 31, 2020:

	Carrying Amount $	Contractual Cash Flows $	Within 1 year $	Within 2 years $	Within 3 years $	Over 3 years $
Trade and other payables	65,413	65,413	65,413	-	-	-
Due to related parties	32,758	32,758	32,758	-	-	-
Convertible debenture	100,000	100,000	100,000	-	-	-
Loans payable	355,366	355,366	355,366	-	-	-
Total	553,537	553,537	553,537	-	-	-

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.

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.

14. 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.

(Expressed in Canadian Dollars)

15. 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:

	March 31, 2020			**September 30, 2019**		
	Canada $	**USA $**	**Total $**	**Canada $**	**USA $**	**Total $**
Current assets	387,840	-	387,840	30,205	-	30,205
Investment	1	-	1	3,241	-	3,241
Exploration and evaluation assets	-	607,447	607,447	-	390,238	390,238
Total assets	387,841	607,447	995,288	33,446	390,238	423,684

16. SUBSEQUENT EVENTS

a) Loan

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%.

b) Caldera Property

On May 22, 2020, the Company entered into a third amendment to the Caldera gold property option agreement with Genesis Gold Corporation disclosed in Note 6(a). 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 and US$50,000 payable on or before May 16, 2021.