DISCOVERY HARBOUR RESOURCES CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2019 AND 2018

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

JUNE 30, 2019 AND 2018

(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 June 30, 2019 and 2018.

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 June 30, 2019 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the nine months ended June 30, 2019 and 2018 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
Interim Chief Executive Officer	Chief Financial Officer
August 20, 2019	August 20, 2019

DISCOVERY HARBOUR RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2019 AND 2018
(Expressed in Canadian Dollars)

	Note	June 30, 2019 $	September 30, 2018 $
Assets			
Current assets			
Cash		7,108	3,372
Term deposits	4	90,000	160,000
Amounts receivable		1,219	17,701
Prepaid expenses		10,537	6,604
Total current assets		108,864	187,677
Non-current assets			
Investments	5	9,721	35,641
Reclamation bond		-	7,358
Exploration and evaluation assets	6	328,640	261,073
Total assets		447,225	491,749
Liabilities			
Current liabilities			
Trade and other payables		1,933	27,282
Due to related parties	12	29,400	7,250
Convertible debenture	7	100,000	100,000
Loans payable	8	335,566	333,010
Total liabilities		466,899	467,542
Shareholders' (deficiency) equity			
Share capital	9	18,781,168	18,691,927
Contributed surplus	9	1,729,782	1,719,782
Equity portion of convertible debenture	7	11,255	11,255
Accumulated deficit		(20,535,399)	(20,418,197)
Accumulated other comprehensive loss		(6,480)	19,440
Total shareholders' (deficiency) equity		(19,674)	24,207
Total liabilities and shareholders' (deficiency) equity		447,225	491,749

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

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 20, 2019 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 NINE MONTHS ENDED JUNE 30, 2019 AND 2018
(Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
	Note	**June 30, 2019 $**	**June 30, 2018 $**	**June 30, 2019 $**	**June 30, 2018 $**
Expenses					
Employee costs	11	21,710	9,000	65,446	27,000
Finance expense	11	-	-	-	5,795
General and administrative expenses	11	7,224	9,127	50,097	40,491
Total expenses		(28,934)	(18,127)	(115,543)	(73,286)
Other income (expense)	11	5,119	10	(1,659)	196
Net loss for the period		(23,815)	(18,117)	(117,202)	(73,090)
Other comprehensive gain (loss)		1,620	31,590	(25,920)	11,340
Comprehensive gain (loss) for the period		(22,195)	13,473	(143,122)	(61,750)
Loss per common share, basic and diluted		(0.00)	0.00	(0.00)	(0.00)
Weighted average number of common shares outstanding		25,797,840	17,797,840	24,545,092	17,797,840

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

DISCOVERY HARBOUR RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT) (UNAUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2019 AND 2018
(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, 2017	17,797,840	18,398,693	1,719,782	11,255	(20,215,380)	24,300	(61,350)
Net loss for the period	-	-	-	-	(73,090)	-	(73,090)
Unrealized gain on investment	-	-	-	-	-	11,340	11,340
Balance at June 30, 2018	17,797,840	18,398,693	1,719,782	11,255	(20,288,470)	35,640	(123,100)
Balance at September 30, 2018	23,797,840	18,691,927	1,719,782	11,255	(20,418,197)	19,440	24,207
Net loss for the period	-	-	-	-	(117,202)	-	(117,202)
Unrealized loss on investment	-	-	-	-	-	(25,920)	(25,920)
Shares issued for private placement	2,000,000	90,000	10,000				100,000
Share issue costs	-	(759)	-				(759)
Balance at June 30, 2019	25,797,840	18,781,168	1,729,782	11,255	(20,535,399)	(6,480)	(19,674)

DISCOVERY HARBOUR RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2019 AND 2018
(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	June 30, 2019 $	June 30, 2018 $	June 30, 2019 $	June 30, 2018 $
Operating activities				
Net loss for the period	(23,815)	(18,117)	(117,202)	(73,090)
Items not involving cash:				
Accretion expense	-	-	-	5,795
Loss on foreign exchange	(4,968)	-	2,160	-
Changes in non-cash working capital accounts:				
Amounts receivable	1,204	988	16,878	932
Prepaid expenses	(6,637)	2,493	(3,933)	(2,521)
Trade and other payables	(1,098)	(9,208)	(26,616)	(14,270)
Total cash used in operating activities	(35,314)	(23,844)	(128,713)	(83,154)
Investing activities				
Expenditures on exploration and evaluation assets	-	-	(66,300)	(161,631)
Redemption of term deposit	10,000	-	70,000	-
Return of reclamation bond	-	-	7,358	-
Total cash flows provided by (used in) investing activities	10,000	-	11,058	(161,631)
Financing activities				
Proceeds from share issuances	-	-	100,000	-
Share issuance costs	-	-	(759)	-
Advances from related parties	13,650	-	22,150	3,150
Demand loan received	-	-	-	255,490
Total cash flows provided by financing activities	13,650	-	121,391	258,640
Total change in cash during the period	(11,664)	(23,844)	3,736	13,855
Cash, beginning of period	18,772	77,358	3,372	39,659
Cash, end of period	7,108	53,514	7,108	53,514
Supplemental information				
Interest paid	-	-	-	-
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 $20,535,399 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 nine month period ended June 30, 2019 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 2018 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 2018 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from January 1, 2018. 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 August 20, 2019.

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. (active) and Discovery Harbour (USA) LLC (dormant). Inter-company balances and transactions are eliminated on consolidation.

b) Foreign Currency Translation

The presentation currency and functional currency of the Company and its subsidiary 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

A number of new or amended accounting standards were scheduled for mandatory adoption on October 1, 2018 and were adopted in 2019:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued and replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 – Revenue – Barter Transactions Involving Advertising Services.

IFRS 15 establishes a single five–step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

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

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

IFRS 2 – Shared-Based Payments

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2019, and have not been applied in preparing these consolidated financial statements.

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements are not expected to have a material effect on the Company's future results and financial position.

New accounting standards effective October 1, 2019:

IFRS 16 – Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The extent of the impact of adoption of this standard and interpretation on the consolidated financial statements of the Company has not been determined.

d) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

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

d) Financial Instruments (continued)

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

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 or indirectly; and

Level 3 - Inputs for the asset or liability that are not based upon observable market data.

Cash and cash equivalents are carried at fair value using a level 1 fair value measurements. The carrying value of amounts and other receivable, trade and other payables and due to related parties approximate their fair values because of the short-term nature of the instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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 fair value through profit or loss (“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. Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- 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.

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

d) Financial Instruments (continued)

- Fair value through profit or loss: 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 Company classifies its cash as FVTPL, its term deposits as FVOCI and its amounts and other receivables as Amortized cost.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- 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 are 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 and due to related parties 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.

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 2018 annual financial statements.

4. TERM DEPOSITS

Term deposits are held at BMO Bank of Montreal. As at June 30, 2019, the fair value of the term deposits is $90,000 (September 30, 2018 - $160,000).

(Expressed in Canadian Dollars)

5. INVESTMENTS

a) Red Oak Mining Corp.

The Company's investment in Red Oak Mining Corp. ("ROC") (previously Universal Wing Technologies Inc.) is classified as Available for Sale 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 47,000 shares of ROC for $188,000 and 90,000 units of ROC for $309,000 which were comprised of 90,000 shares valued at $209,000 and 90,000 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 25,000 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, 2017	162,000	40,500
Unrealized loss	-	(4,860)
Balance, September 30, 2018	162,000	35,640
Unrealized loss	-	(25,920)
Balance, June 30, 2019	162,000	9,720

b) Stratus Aeronautics Inc.

The Company's investment in Stratus Aeronautics Inc. ("Stratus"), a private company incorporated in Canada, is classified as Available for Sale and measured at cost as this investment does not have a quoted market price in an active market. 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 to $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, 2017	53,294	-	53,294
Exploration costs			
Administration	797	-	797
Mapping	35,366	-	35,366
Sampling	4,227	-	4,227
	40,390	-	40,390
Acquisition of property			
Advance royalty	38,199	-	38,199
Claim rental	109,628	-	109,628
Claim staking	19,562	-	19,562
	167,389	-	167,389
Balance at September 30, 2018	261,073	-	261,073
Acquisition of property			
Advance royalty	66,300	-	66,300
Claim rental	-	1,267	1,267
	66,300	1,267	67,567
Balance at June 30, 2019	327,373	1,267	328,640

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	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 a non-arm's length party (the "Vendor") to acquire a 100% interest in the Caldera Extension gold property located in Nye County, Nevada, subject to a 2% net smelter royalty ("NSR") retained by the Vendor that the Company can purchase for $1,000,000 for each one percentage point of the NSR. The Vendor is a related party by virtue of holding beneficial ownership of over 10% of the common shares of the Company. 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 a director 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 (2017 - $5,460).

(Expressed in Canadian Dollars)

8. LOANS PAYABLE

On August 1, 2017, the Company received a non-interest bearing, unsecured demand loan of US $80,000 from a director. The fair value of the loan was $104,696 on June 30, 2019 (September 30, 2018 - $103,560).

On October 6, 2017, the Company received a non-interest bearing, unsecured demand loan of US $100,000 from a director. The fair value of the loan was $130,870 on June 30, 2019 (September 30, 2018 - $129,450).

On December 19, 2017, the Company received a non-interest bearing, unsecured demand loan of $130,000 from a director. 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 June 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. All securities issued are subject to a hold period expiring July 21, 2019.

The Company issued the following common shares during the year ended September 30, 2018:

ii) On July 23, 2018, the Company raised gross proceeds of $300,000 by way of a non-brokered private placement of 6,000,000 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 two years. All securities issued were subject to a hold period expiring November 24, 2018.

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

	June 30, 2019 $	September 30, 2018 $
Fair value of warrants issued	234,286	224,286
Fair value of stock options granted or vested	1,495,496	1,495,496
Contributed surplus	1,729,782	1,719,782

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

d) Share Purchase Warrants

A summary of the Company's share purchase warrants at June 30, 2019 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, 2017	200,000	$0.16
Issue of warrants	6,000,000	$0.10
Balance at September 30, 2018	6,200,000	$0.10
Issue of warrants	2,000,000	$0.10
Balance at June 30, 2019	8,200,000	$0.10

As at June 30, 2019, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable			
June 30, 2019	September 30, 2018	Exercise Price per Share	Expiry Date
2,000,000	-	$0.10	March 20, 2020
166,667	166,667	$0.15	June 12, 2020
33,333	33,333	$0.225	June 12, 2020
6,000,000	6,000,000	$0.10	July 23, 2020
8,200,000	6,200,000		

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 June 30, 2019 and September 30, 2018 and the changes for the years then ended is presented below:

	June 30, 2019		September 30, 2018	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	386,667	$0.34	486,667	$0.33
Cancelled	-	-	(100,000)	$0.30
Ending balance	386,667	$0.34	386,667	$0.34

During the year ended September 30, 2018, the Company cancelled 100,000 stock options exercisable at $0.30 per share.

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

Expiry Date	Exercise Price	June 30, 2019	September 30, 2018
March 23, 2020	$0.30	366,667	366,667
July 5, 2020	$0.90	10,000	10,000
November 23, 2020	$1.23	10,000	10,000
		386,667	386,667

11. NATURE OF EXPENSES

	2019 $	2018 $
Other income (expenses) include:		
Interest income	784	-
Gain (loss) on foreign exchange	(2,443)	196
	(1,659)	196
Employee costs include:		
Management fees	-	27,000
Consulting fees	45,800	-
Salaries and benefits	19,334	-
WorkSafeBC premiums	312	-
	65,446	27,000

(Expressed in Canadian Dollars)

11. NATURE OF EXPENSES (CONTINUED)

	2019 $	2018 $
Finance expense includes:		
Accretion expense	-	5,795
	-	5,795
General and administrative expenses include:		
Accounting and audit fees	446	2,015
Filing fees	8,979	7,479
Insurance	7,473	7,479
Investor communication	18,025	6,322
Legal	9,034	8,046
Office	3,376	6,806
Transfer agent	2,764	2,344
	50,097	40,491

Certain comparative figures included in the nature of expenses above have been reclassified to conform with the financial statement presentation adopted for the current period. These reclassifications have no effect on the consolidated comprehensive loss for the period ended June 30, 2018.

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:

	2019 $	2018 $
Short-term employee benefits and director fees	18,000	27,000
Share-based payments	-	-
	18,000	27,000

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. As compensation for the services to be provided, the Chief Financial Officer will receive a monthly fee of $2,000. During the nine months ended June 30, 2019, the Company paid $18,000 (2018: $nil) in salary to the Chief Financial Officer.

During the nine months ended June 30, 2018, the Company paid $27,000 in accounting fees to a company controlled by the former Chief Financial Officer.

No director fees were paid during the nine months ended June 30, 2019.

12. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Consulting Agreement

The Company has entered into a Strategic Consulting Agreement with a consultant company (the "Consultant Company") 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, the Consultant Company will receive a monthly fee of $5,000. The Consultant Company is a related party by virtue of having a common director and holding beneficial ownership of over 10% of the common shares of the Company. During the nine months ended June 30, 2019, the Company paid $45,000 (2018: $nil) in consulting fees to the Consultant Company. Due to related parties at June 30, 2019 includes $29,400 (September 30, 2018: $5,250) in amounts owing to the Consultant Company for unpaid services and expenses.

c) Office Expenses

Office expenses of $192 (2018: $nil) was paid to a company with a common director and officer during the nine months ended June 30, 2019.

Office rent of $nil (2018: $4,500) was paid to a company that formerly shared a common officer during the nine months ended June 30, 2019.

d) Convertible Debenture and Demand Loan

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

e) Private Placement

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)(i).

The private placement described in Note 9(a)(ii) was fully subscribed by directors and/or parties who hold beneficial ownership of over 10% of the common shares of the Company.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, term deposits, amounts and other receivable, investments, trade and other payables, amounts due to related parties, convertible debenture and demand 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:

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

	June 30, 2019		September 30, 2018	
	Fair Value $	**Carrying Value** $	**Fair Value** $	**Carrying Value** $
FVTPL assets (i)	97,108	97,108	163,372	163,372
Loans and receivables (ii)	333	333	11,393	11,393
Investments (iii)	9,721	9,721	35,640	35,640
Other financial liabilities (iv)	31,333	31,333	21,032	21,032
Convertible debenture	100,000	100,000	100,000	100,000
Demand loans payable	335,566	335,566	333,010	333,010

(i) Cash, term deposits
(ii) Amounts and other receivable
(iii) Marketable securities
(iv) Trade and other payables and due to related parties

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 June 30, 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Cash	7,108	-	-	7,108
Term deposits	90,000	-	-	90,000

The Company believes 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 June 30, 2019, the Company has no financial assets that are past due or impaired due to credit risk defaults.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 $358,035 as at June 30, 2019 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.

The following are the contractual maturities of financial liabilities as at June 30, 2019:

	Carrying Amount $	Contractual Cash Flows $	Within 1 year $	Within 2 years $	Within 3 years $	Over 3 years $
Trade and other payables	1,933	1,933	1,933	-	-	-
Due to related parties	29,400	29,400	29,400	-	-	-
Convertible debenture	100,000	100,000	100,000	-	-	-
Loans payable	335,566	335,566	335,566	-	-	-
Total	466,899	466,899	466,899	-	-	-

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 interest bearing debt. 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.

(Expressed in Canadian Dollars)

14. CAPITAL MANAGEMENT (CONTINUED)

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.

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:

	June 30, 2019			September 30, 2018		
	Canada $	USA $	Total $	Canada $	USA $	Total $
Current assets	108,864	-	108,864	187,677	-	187,677
Investment	9,721	-	9,721	35,641	-	35,641
Reclamation bond	-	-	-	-	7,358	7,358
Exploration and evaluation assets	-	328,640	328,640	-	261,073	261,073
Total assets	118,585	328,640	447,225	223,318	268,431	491,749