MAS GOLD CORP

(formerly Masuparia Gold Corporation)

(an exploration stage enterprise)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 and 2017

(expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MAS GOLD CORP.
(formerly Masuparia Gold Corporation)

We have audited the accompanying financial statements of MAS Gold Corp., which comprise the statements of financial position as at September 30, 2018 and 2017 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of MAS Gold Corp. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

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January 24, 2019

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MAS GOLD CORP. (formerly Masuparia Gold Corporation)
(an exploration stage enterprise)
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30
(expressed in Canadian Dollars)

	Note	2018	2017
ASSETS			
Current			
Cash		$ 220,375	$ 25,012
Receivables		12,188	28,518
Prepaid expenses and deposits		7,566	7,566
		240,129	61,096
Exploration and evaluation interests	5	863,797	828,797
		$ 1,103,926	$ 889,893
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 28,814	$ 83,075
		28,814	83,075
Shareholders' equity			
Share capital	6	18,267,789	17,747,699
Reserve for warrants	6	168,726	179,226
Reserve for options	6	810,100	684,698
Deficit		(18,171,503)	(17,804,805)
		1,075,112	806,818
		$ 1,103,926	$ 889,893

On behalf of the Board:

"Ronald K. Netolitzky"	Director	*"Robert V. Matthews"*	Director
Ronald K. Netolitzky		Robert V. Matthews	

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

MAS GOLD CORP. (formerly Masuparia Gold Corporation)
(an exploration stage enterprise)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED SEPTEMBER 30
(expressed in Canadian Dollars)

	Note		2018		2017
Exploration and evaluation expenses	5, 7	$	48,582	$	13,732
Operating and administrative expenses					
Consulting fees	7		44,820		7,896
Investor relations			2,080		-
Office and administration	7		15,411		14,170
Professional fees			96,874		14,629
Property research			3,282		13,793
Share-based payments	6		125,402		839
Shareholder communications			870		2,385
Transfer agent and listing fees			18,373		9,665
			307,112		63,377
Other					
Recovery on flow-through liability			-		(3,000)
Write-off of receivables			11,004		
Net loss and comprehensive loss for the year		$	(366,698)	$	(74,109)
Basic and diluted loss per share		$	(0.001)	$	(0.002)
Weighted average number of common shares outstanding			38,000,400		31,935,606

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

MAS GOLD CORP. (formerly Masuparia Gold Corporation)
(an exploration stage enterprise)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in Canadian Dollars)

	Share Capital					
	Shares	Amount	Deficit	Reserve for Warrants	Reserve for Options	Total Shareholders' Equity
Balance at September 30, 2016	31,904,373	$ 17,664,686	$ (17,730,696)	$ 185,226	$ 718,872	$ 838,088
Warrants exercise	600,000	42,000	-	-	-	42,000
Warrants reserve	-	6,000	-	(6,000)	-	-
Options reserve	-	35,013	-	-	(35,013)	-
Share-based payments	-	-	-	-	839	839
Net loss for the year	-	-	(74,109)	-	-	(74,109)
Balance at September 30, 2017	32,504,373	17,747,699	(17,804,805)	179,226	684,698	806,818
Private placements	5,500,000	440,000	-	-	-	440,000
Share issue costs	-	(3,910)	-	-	-	(3,910)
Warrants exercise	1,050,000	73,500	-	-	-	73,500
Warrants reserve	-	10,500		(10,500)	-	-
Share based payments	-	-	-	-	125,402	125,402
Net loss for the year	-	-	(366,698)	-	-	(366,698)
Balance at September 30, 2018	39,054,373	$ 18,267,789	$ (18,171,503)	$ 168,726	$ 810,100	$ 1,075,112

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

MAS GOLD CORP. (formerly Masuparia Gold Corporation)
(an exploration stage enterprise)
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30
(expressed in Canadian Dollars)

	2018	2017
Operating activities		
Net loss for the year	$ (366,698)	$ (74,109)
Items not involving cash		
Share-based payments	125,402	839
Recovery on flow-through liability	-	(3,000)
Write-off receivables	11,004	-
Net changes in non-cash working capital items		
Receivables	5,326	(6,705)
Accounts payable and accrued liabilities	(54,261)	53,740
Cash used in operating activities	(279,227)	(29,235)
Financing activities		
Proceeds from exercising warrants	73,500	42,000
Proceeds from issuance of shares, net of share issue costs	436,090	-
Cash provided by financing activities	509,590	42,000
Investing activities		
Acquisition of mineral property	(35,000)	-
Cash used in investing activities	(35,000)	-
Increase in cash during year	195,363	12,765
Cash, beginning of year	25,012	12,247
Cash, end of year	$ 220,375	$ 25,012
Supplemental cash flow information		
Flow-through premium to be repaid to shareholders in accounts payable	$ -	$ 8,000

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

1. NATURE OF OPERATIONS AND GOING CONCERN

MAS Gold Corp. (formerly Masuparia Gold Corporation), (the "Company" or "MAS Gold") was incorporated under the laws of British Columbia on July 7, 1981. The Company is an exploration stage public company listed on the TSX Venture Exchange, whose principal business activities include the exploration and development of exploration and evaluation properties in Canada. The Company's offices are located at 650 – 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3.

The Company is currently exploring its mineral properties and has not yet determined whether they contain resources that are economically recoverable. The recoverability of amounts capitalized for mineral properties is dependent upon the discovery of sufficient economically recoverable ore resources, confirmation of the Company's interest in the underlying mineral properties, the ability of the Company to arrange appropriate financing to complete the development of the mineral properties and upon future profitable production or proceeds from the sale of the mineral properties.

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2018, the Company had an accumulated deficit of $18,171,503 (2017 – $17,804,805) and working capital of $211,315 (2017 – working capital deficit of $21,979). The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth. If the Company is unable to obtain additional financing, the Company will be unable to continue. There can be no assurances that management's plans will be successful.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in future profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise alternative financing. These factors raise significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The Company's functional and reporting currency is the Canadian dollar. These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements were prepared by management and reviewed by the Audit Committee, and approved and authorized for issuance by the Board of Directors on January 24, 2019.

Significant accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

- Share-based payments

  The Black-Scholes fair value option pricing model requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and requires judgment in making these estimates. Annualized volatility is based on volatility measures of the Company's historical prices.

- Recovery of deferred tax assets

  The Company estimates the expected manner, timing and likelihood of the realization or settlement of the carrying values of its assets and liabilities, and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting estimates and judgments (continued)

- Recoverability of receivables

  The Company estimates the expected manner, timing and likelihood of the recoverability of the carrying values of its receivables.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Exploration and evaluation interests

  Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property interests. In respect of costs incurred for its mineral property interests, management has determined that acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities, existing permits and ability to continue development. Management determined that there are no indicators of impairment on its exploration and evaluation interests.

Exploration and evaluation interests

Exploration and evaluation interests include the purchase price of mineral properties and any costs incurred for mineral properties not classified as exploration and evaluation expenses. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the capitalized mineral property interests for that project are reclassified as mining properties, a component of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation interests (continued)

Exploration and evaluation expenses are comprised of costs that are directly attributable to:

- Researching and analysing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

All exploration and evaluation expenditures are expensed until properties are determined to contain economically viable reserves. When economically viable reserves have been determined, technical feasibility has been determined and the decision to proceed with development has been approved, the subsequent costs incurred for the development of that project are capitalized as mining properties, a component of property, plant and equipment.

Development expenditures capitalized as mining properties are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets is capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as mineral interest.

Impairment of non-current assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company has a stock option plan that is described in Note 6. 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 the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payments reserve.

Share capital

The Company records proceeds from share issuances, net of issue costs. Common shares issued for consideration other than cash are recorded based on their market value at the date the shares are issued.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (the "flow-through commitment") in the following order:

- Share capital – based on the market value of the shares;
- Warrant reserve – should warrants be issued, based on the residual value method; and
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, using the residual value method.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation interests and the flow-through share premium is amortized to profit or loss as a recovery. At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method, the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings (loss) per share (continued)

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Financial instruments

- Financial assets

  The Company classifies its financial assets in the following categories: fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

  Fair value through profit or loss

  Financial assets are classified as FVTPL when the financial asset is a derivative, held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

  Loans and receivables

  Financial assets that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost, less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Interest income is recognized by applying the effective interest rate method. Receivables are included in this category of financial assets.

  Held-to-maturity

  Held-to-maturity financial assets that have fixed maturities and fixed or determinable payments are recognized on a trade-date basis and are subsequently measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

- Financial assets (continued)

  Available-for-sale

  AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets, other than impairment losses, are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

  Impairment of financial assets

  If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

- Financial liabilities

  The Company classifies its financial liabilities in the following category:

  Other financial liabilities

  Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of operations and comprehensive loss over the period to maturity using the effective interest method.

  Other financial liabilities are classified as current or non-current based on their maturity date and include accounts payable.

- Fair value hierarchy

  Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

  Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
  Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
  Level 3: Inputs for assets or liabilities that are not based on observable market data.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years. Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized in profit or loss to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Joint arrangement

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Company has rights to only the net assets of the arrangement.

Joint operations are accounted for by recognizing the Company’s share of the assets, liabilities, revenue and expenses of the joint operation in the financial statements.

A joint venturer recognizes its interest in a joint venture as an investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

New standards, amendments and interpretations not yet effective

Certain new standards, interpretations and amendments to existing standards are not yet effective and have not been applied in preparing these financial statements. The Company assessed the impact of the adoption of these standards and determined it will not have a significant impact on the Company’s financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New standards, amendments and interpretations not yet effective (continued)

IFRS 9 *Financial Instruments*

This standard is effective for the Company's annual period beginning on October 1, 2018.

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. Earlier application is permitted.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 *hedge accounting* on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New standards, amendments and interpretations not yet effective (continued)

Annual Improvements 2014-2016 Cycle

This standard is effective for the Company's annual period beginning on October 1, 2018.

The following standards have been revised to incorporate amendments issued by the IASB in December 2016:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – The amendments remove some short-term exemptions for first-time adopters.

- IFRS 12 *Disclosure of Interests in Other Entities* – The amendments clarify that the disclosure requirements in the standard apply to interests in entities within the scope of IRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

- IFRS 28 *Investments in Associates and Joint Ventures* – The amendments clarify that the election available to some types of investment entities to measure investees at fair value through profit or loss at initial recognition is applied on an investment-by-investment basis. The amendments also clarify that an entity that is not an investment entity decides on an investment-by-investment basis whether to retain the fair value measurements applied by its associates and joint ventures that are investment entities.

IFRS 16 *Leases*

This standard is effective for the Company's annual period beginning on October 1, 2019.

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.

- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New standards, amendments and interpretations not yet effective (continued)

IFRS 16 *Leases* (continued)

- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.

- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.

- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2 *Share-based Payment*)

This standard is effective for the Company's annual period beginning on October 1, 2018.

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

- share-based payment transactions with a net settlement feature for withholding tax obligations; and

- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks: credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company minimizes credit risk by placing its cash with major Canadian financial institutions. There is credit risk with respect to receivables of $12,188 (2017 - $28,518), representing the maximum credit risk exposure to the Company.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash on hand. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk.

Fair value

The Company's cash is measured at Level 1 of the fair value hierarchy. Due to the short-term nature of receivables and accounts payable, their carrying values approximate fair values.

4. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or reduce expenditures. Management reviews the capital structure on a regular basis to ensure that objectives are met.

There have been no changes to the Company's approach to capital management during the year ended September 30, 2018. The Company is not subject to external restrictions on its capital.

(expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION INTERESTS

The investment in and expenditures on mineral properties comprise a significant portion of the Company's operations. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown are for acquisition costs incurred to date and do not reflect present or future values. These costs will be written off if the properties are abandoned or the claims allowed to lapse.

Environmental

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

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

Title to exploration and evaluation interests

Although the Company has taken steps to verify the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

The Company has capitalized the following acquisition expenditures:

	Greywacke	Preview Lake	North Lake	Elizabeth Lake	Total
Balance, September 30, 2017	$ 137,394	$ 411,535	$ 279,868	$ -	$ 828,797
Acquisition	$ -	$ -	$ -	$ 35,000	$ 35,000
Balance, September 30, 2018	$ 137,394	$ 411,535	$ 279,868	$ 35,000	$ 863,797

(expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION INTERESTS (Continued)

Title to exploration and evaluation interests (continued)

The Company has expensed the following evaluation and exploration expenditures for the years ended September 30:

2018		
Assays	$	657
Staking and maintenance		22,790
Geology[1]		23,837
Maps & reports		750
Operator fees		548
	$	48,582
2017		
Assays	$	6,274
Geology		22,218
Permits, staking, legal and payments in lieu of work		911
Operator fees		(1,425)
Joint venture contributions		(14,246)
	$	13,732

Elizabeth Lake – Saskatchewan

In April 2018, the Company acquired a 100% interest in the Elizabeth Lake properties, located within the southern La Ronge gold belt for cash consideration of $35,000.

Greywacke – Saskatchewan

In 2001, the Company earned a 51% interest in four mineral claims located in northern Saskatchewan for consideration of $10,000, the issuance of 16,665 common shares and by incurring certain exploration expenditures. On September 20, 2011, the Company entered into the Greywacke Joint Venture Agreement with Golden Band Resources ("Golden Band"), the holder of the remaining 49% interest, to advance the property. MAS is the operator. This arrangement is accounted for as a joint operation.

The Greywacke Joint Venture Agreement was expanded in June 2012 to form the La Ronge South Gold Joint Venture Agreement ("LRG JV"), which includes the Preview Lake and North Lake properties, with participating interests being 50:50 in all three properties, including Greywacke. Pursuant to the LRG JV and the addition of the North Lake and Preview Lake properties, the Company awarded Golden Band a 1% interest in Greywacke and 2,500,000 options, which could be exercised to purchase common shares at $0.35 per share for three years (expired).

The LRG JV is intended to pass operatorship from MAS to Golden Band on a project specific basis, once the specific project changes to a producer status. Recent developments may no longer make that possible and Golden Band has suspended its mining operations. In a court ordered debt restructuring effective July 22, 2016, all the shares of Golden Band were acquired by Procon Resources Inc., its largest creditor. In accordance with the terms of the LRG JV, MAS has first right of refusal for all the property under the JV agreement. Any acquirer is obligated to conduct business under the LRG JV. A court ruling, subsequent to September 30, 2018, disallowed MAS's arguments to enforce dilution on disputed costs occurring prior to April 15, 2016.

5. EXPLORATION AND EVALUATION INTERESTS (Continued)

Title to exploration and evaluation interests (continued)

Greywacke – Saskatchewan (continued)

The Company commenced its agreed upon exploration program prior to the matter being resolved.

Preview Lake – Saskatchewan

On April 2, 2012, Golden Band acquired a 66.67% interest in the Preview Lake properties, located within the southern La Ronge gold belt and, on June 15, 2012, Golden Band acquired the remaining 33.33% interest from Cameco Corporation and Areva Resources Canada Inc. The Company paid Golden Band $340,009 and issued 75,000 common shares, with a fair value of $8,250, in consideration for a 50% interest.

The Company paid 100% of the exploration costs in this first year's exploration program, with a minimum expenditure of $300,000, which has been reached; thereafter, each party pays its pro rata share of all expenditures relating to such properties. There is a 5% net profit interest royalty in favour of a vendor on claim ML 5427 and a 1% gross revenue royalty in favour of a vendor on claim S-101681.

North Lake – Saskatchewan

The Company has earned a 50% participating interest in the North Lake properties by paying $150,000 and issuing 25,000 common shares with a fair value of $2,750 to Golden Band. The Company paid the first $100,000 in exploration costs in the first year, and, thereafter, will pay its 50% share of any exploration costs and expenses relating to these properties, as well as Golden Band's earn-in costs from the optionor. Subsequent to earning its position, both parties are obligated to meet its share of the earn-in obligations.

On September 30, 2014, pursuant to a Second Amending Agreement, the option was amended whereby a total of $850,000 in exploration expenditures on one of the claims, CBS 7396 in the LRG JV, which was to occur by October 14, 2014, may be incurred in five years following the election date for consideration of $200,000 (50% each paid by the Company and Golden Band in May 2015). The vendor retains a 2% net smelter return royalty with a buyback provision of 1%.

Little Deer Lake – Saskatchewan

On March 30, 2014, the Company acquired an undivided 100% interest in the Little Deer Lake property S-112357 adjacent to the North Lake property and Highway 102 from Wesdome Gold Mines Ltd. for $1,000 and granted a 1% net smelter return royalty to the vendor. Under the terms of the LRG JV, a 50% interest was offered to Golden Band and although accepted, Golden Band's portion of the acquisition costs remain unpaid. The Company retains 100% interest of the property outside of the LRG JV.

During the year ended September 30, 2016, as the Company determined there were indicators of impairment on the property and as such, the value was written down to $nil by $1,000, in accordance with Level 3 of the fair value hierarchy.

6. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Private placements

On October 16, 2017, the Company issued 5,500,000 units at $0.08 per unit for gross proceeds of $440,000. The units are comprised of one common share and one warrant exercisable to acquire one common share for five years at $0.12. Cash share issue costs paid totaled $3,910.

On December 2, 2015, the Company issued 1,100,000 flow-through units at $0.06 per unit for proceeds of $66,000. During the year ended September 30, 2016, the Company did not spend sufficient funds on flow-through eligible activities and refunded the $0.01 premium per share on 800,000 shares initially issued totalling $8,000.

Stock options and warrants

The Company's registered stock option plan authorizes the Company to grant incentive stock options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant. The options can be granted for a maximum term of five years. Stock options granted in relation to investor relations activities vest in 25% increments over one year from the grant date; all other stock options vest immediately.

On December 7, 2017, the Company granted 1,300,000 incentive stock options to directors, officers, employees and consultants exercisable at a price of $0.12 per option until December 7, 2022. The options granted vested immediately. The options have an estimated fair value of $0.0965 per option, estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.65%, expected life of five years and expected volatility of 138%. The Company recorded a share-based payment expense of $125,402 in the year ended September 30, 2018.

On September 11, 2017, a director exercised 600,000 warrants at $0.07 per warrant for proceeds of $42,000.

(expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

Stock options and warrants (continued)

On December 13, 2017, 1,050,000 share purchase warrants with an exercise price of $0.07 per warrant were exercised for total proceeds of $73,500.

Stock option and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number of Options	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 30, 2016	3,150,000	$ 0.14	5,030,000	$ 0.07
Exercised	-	-	(600,000)	($ 0.07)
Forfeited	(425,000)	($ 0.12)	-	-
Expired	(1,200,000)	($ 0.22)	-	-
Outstanding, September 30, 2017	1,525,000	$ 0.08	4,430,000	$ 0.07
Exercised	-	-	(1,050,000)	($ 0.07)
Expired	(275,000)	($ 0.19)	-	-
Issued	1,300,000	$ 0.12	5,500,000	$ 0.12
Outstanding, September 30, 2018	2,550,000	$ 0.09	8,880,000	$0.10
Number exercisable	2,550,000	$ 0.09	8,880,000	$ 0.10

As at September 30, 2018, incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
Options	1,250,000	$	0.05	December 7, 2020	1.07
	1,300,000	$	0.12	December 7, 2022	2.14
	2,550,000				3.21
Warrants	3,380,000	$	0.07	December 2, 2020	0.83
	5,500,000	$	0.12	October 16, 2022	2.51
	8,880,000				3.34

(expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

Stock options and warrants (continued)

As at September 30, 2017, incentive stock options and share purchase warrants were outstanding as follows:

	Number		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
Options	275,000	$	0.19	February 7, 2018	0.36
	1,250,000	$	0.05	December 7, 2020	3.19
	1,525,000				3.55
Warrants	4,430,000	$	0.07	December 2, 2020	3.18
	4,430,000				3.18

7. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2018 and 2017, the Company entered into the following transactions with companies controlled by directors and/or officers:

		2018		2017
Consulting fees [2]	$	43,700	$	7,600
Office and administration [1,2]		1,560		422
Evaluation and exploration expenditures [2]		-		8,120
	$	45,260	$	16,142

[1] A company controlled by a director of the Company provides office rental, bookkeeping and supplies on a shared cost recovery basis.

[2] Included in accounts payable and accrued liabilities is $12,370 (2017 - $21,015) payable to companies controlled by directors and/or officers.

The key management personnel of the Company include directors and officers of the Company. There were no amounts paid directly to key management during the years ended September 30, 2018 and 2017.

8. INCOME TAXES

As at September 30, 2018, the Company has non-capital losses of approximately $3,873,100, which may be applied against future income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements.

(expressed in Canadian Dollars)

8. INCOME TAXES (Continued)

The losses expire as follows:

2026	$	186,500
2027		552,600
2028		265,700
2029		355,400
2030		327,500
2031		275,400
2032		157,500
2033		338,300
2034		386,200
2035		149,900
2036		96,500
2037		70,400
2038		711,200
	$	3,873,100

The reconciliation of income taxes computed at statutory rates to the reported income tax provision is as follows:

		2018		2017
Net loss	$	(366,698)	$	(74,109)
Income tax at statutory rates		26.50%		26%
Expected income tax (recovery)		(97,175)		(19,268)
Permanent differences		33,232		260
Effect of change in tax rates		(214,422)		-
Under/over provided in prior years		42,956		451,418
Unused tax losses and tax offsets		235,409		(432,410)
Total income tax recovery	$	-	$	-

The following are the deductible temporary differences for which no deferred tax assets are recognized in the financial statements:

		2018		2017
Non-capital losses carried forward	$	3,873,114	$	3,161,939
Capital losses carried forward		1,761,925		1,727,725
Exploration and evaluation interests		5,026,706		5,007,484
Share issuance costs		4,019		2,688
Non-refundable mining income tax credits		57,421		229,684
Cumulative eligible capital		79,971		79,971
Equipment		50,706		50,706
	$	10,853,862	$	10,260,197

9. SEGMENTED REPORTING

The Company presents and discloses segmented information based on information that is regularly reviewed by management and the Board of Directors. Management and the Board of Directors have joint responsibility for allocating resources and assessing performance. The Company is of the opinion that there is a single operating segment, being the exploration for and evaluation of mineral resources in Canada with all long-term assets located in Canada.