

**MAS GOLD CORP.**

(formerly Masuparia Gold Corporation)

*(an exploration stage enterprise)*

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED MARCH 31, 2019 and 2018**

*(expressed in Canadian Dollars)*

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## NOTICE OF NO AUDITOR REVIEW

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

*"Ronald K. Netolitzky"*

Ronald K. Netolitzky  
CEO

*"Andrew Davidson"*

Andrew Davidson  
Chief Financial Officer

Vancouver, British Columbia  
May 27, 2019

**MAS GOLD CORP.** (formerly Masuparia Gold Corporation)  
*(an exploration stage enterprise)*  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(unaudited - expressed in Canadian Dollars)

	Note	March 31, 2019	September 30, 2018
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 259,641	\$ 220,375
Receivables		51,543	12,188
Prepaid expenses and deposits	8	1,117	7,566
		312,301	240,129
<b>Exploration and evaluation interests</b>	6	863,797	863,797
		\$ 1,176,098	\$ 1,103,926
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 615,233	\$ 28,814
Due to related party		50,000	-
		665,233	28,814
<b>Shareholders' equity</b>			
Share capital	7	18,388,289	18,267,789
Subscriptions received		174,000	-
Reserve for warrants	7	168,726	168,726
Reserve for options	7	833,408	810,100
Deficit		(19,053,558)	(18,171,503)
		510,865	1,075,112
		\$ 1,176,098	\$ 1,103,926

**On behalf of the Board:**

*"Ronald K. Netolitzky"*

Ronald K. Netolitzky

Director

*"Robert V. Matthews"*

Robert V. Matthews

Director

**MAS GOLD CORP.** (formerly Masuparia Gold Corporation)*(an exploration stage enterprise)*

## CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited - expressed in Canadian Dollars)

	Note	For the three months ended March 31		For the six months ended March 31	
		2019	2018	2019	2018
<b>Exploration and evaluation expenses</b>	6	\$ 756,688	\$ 19,268	\$ 765,917	\$ 24,322
<b>Operating and administrative expenses</b>					
Consulting fees	8	19,260	8,120	37,870	19,120
Investor relations		3,152	-	3,152	2,080
Office, rent and administration	8	9,115	3,031	12,082	8,769
Professional fees		8,782	53,823	9,265	70,036
Property research		-	2,832	-	3,282
Shareholder communications		3,994	98	5,781	510
Transfer agent and listing fees		8,350	10,619	9,459	14,790
Share based payments		23,308	-	23,308	125,402
Wages		15,221	-	15,221	-
		91,182	78,523	116,138	243,989
<b>Net loss and comprehensive loss for the period</b>		\$ (847,870)	\$ (97,791)	\$ (882,055)	\$ (268,311)
<b>Basic and diluted loss per share</b>		\$ (0.022)	\$ (0.003)	\$ (0.023)	\$ (0.008)
<b>Weighted average number of common shares outstanding</b>		38,941,511	37,404,373	38,232,455	31,049,962

**MAS GOLD CORP.** (formerly Masuparia Gold Corporation)*(an exploration stage enterprise)***CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(unaudited - expressed in Canadian Dollars)

	Share Capital		Deficit	Subscriptions Received	Reserve for Warrants	Reserve for Options	Total Shareholders' Equity
	Shares	Amount					
Balance at September 30, 2017	32,504,373	\$ 17,747,699	\$ (17,804,805)	-	\$ 179,226	\$ 684,698	\$ 806,818
Shares issued for cash				-			
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
Share based compensation	-	-	-	-	-	125,402	125,402
Net loss for the period	-	-	(268,311)	-	-	-	(268,311)
Balance at March 31, 2018	39,054,373	18,257,289	(18,073,116)	-	179,226	810,100	1,173,499
Balance at September 30, 2018	39,054,373	18,267,789	(18,171,503)	-	168,726	810,100	1,075,112
Shares issued for cash							
Private placement deposits held	-	-	-	174,000	-	-	174,000
Options exercise	800,000	40,000	-	-	-	-	40,000
Warrants exercise	1,150,000	80,500	-	-	-	-	80,500
Share based compensation	-	-	-	-	-	23,308	23,308
Net loss for the period	-	-	(882,055)	-	-	-	(882,055)
Balance at March 31, 2019	41,004,373	\$ 18,388,289	\$ (19,053,558)	\$ 174,000	\$ 168,726	\$ 833,408	\$ 510,865

**MAS GOLD CORP.** (formerly Masuparia Gold Corporation)  
*(an exploration stage enterprise)*  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(unaudited - expressed in Canadian Dollars)

	<b>For the six months ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>		
Net income (loss) for the period	\$ (882,055)	\$ (268,311)
Net changes in non-cash working capital items		
Receivables	(39,355)	2,267
Prepaid expenses and deposits	6,449	5,236
Share based payments	23,308	125,402
Accounts payable and accrued liabilities	586,419	(26,141)
<b>Cash used in operating activities</b>	<b>(305,234)</b>	<b>(161,547)</b>
<b>Financing activities</b>		
Due to related party	50,000	-
Subscription deposits held	174,000	-
Proceeds from issuance of shares, net of share issue costs	120,500	509,590
<b>Cash provided by financing activities</b>	<b>344,500</b>	<b>509,590</b>
<b>Increase (decrease) in cash during period</b>	<b>39,266</b>	<b>348,043</b>
<b>Cash, beginning of period</b>	<b>220,375</b>	<b>25,012</b>
<b>Cash, end of period</b>	<b>\$ 259,641</b>	<b>\$ 373,055</b>

## **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 420 – 789 West Pender, Vancouver, British Columbia, V6C 1H2.

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 March 31, 2019, the Company had an accumulated deficit of \$19,053,558 (September 30, 2018 – \$18,171,503) and working capital deficit of \$352,932 (September 30, 2018 – working capital of \$211,315). 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. BASIS OF PRESENTATION**

### **Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, are in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and are consistent with the interpretations by the International Financial Reporting Interpretations Committee (“IFRIC”). The Audit Committee approved and authorized for issue to the Board of Directors on May 27, 2019.

## **2. BASIS OF PRESENTATION (Continued)**

### **Statement of compliance (Continued)**

These condensed interim financial statements have been prepared using the accounting policies as set out in the audited annual financial statements for the year ended September 30, 2018. The disclosures which follow do not include all disclosures required for the annual financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements and notes for the year ended September 30, 2018. The Company's functional and reporting currency is the Canadian dollar.

## **3. 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 is assessing the impact of these standards on the financial statements, if any.

### *IFRS 9 Financial Instruments*

Effective for annual periods 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.



### **3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (Continued)**

#### *IFRS 9 Financial Instruments (continued)*

- *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).

#### *Annual Improvements 2012-2016 Cycle*

Effective for annual periods 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 *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.
- *IAS 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*

Effective for annual periods 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.

### **3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (Continued)**

#### *IFRS 16 Leases (continued)*

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.
- 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)*

Effective for annual periods 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.

#### **4. 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 accounts receivable 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 accounts receivable of \$33,803, 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 risks consist 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 value approximates fair values.

#### **5. 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 current period. The Company is not subject to external restrictions on its capital.

## 6. 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, 2018	\$ 137,394	\$ 411,535	\$ 279,868	\$ 35,000	\$ 863,797
Balance, March 31, 2019	\$ 137,394	\$ 411,535	\$ 279,868	\$ 35,000	\$ 863,797

**MAS GOLD CORP.** (formerly Masuparia Gold Corporation)

(an exploration stage enterprise)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018

(unaudited - expressed in Canadian Dollars)

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**6. EXPLORATION AND EVALUATION INTERESTS (Continued)**

**Title to exploration and evaluation interests (continued)**

The Company has expensed the following evaluation and exploration expenditures:

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<b>Six months ended March 31</b>		
<b>2019</b>		
Assays	\$	67,835
Drilling		313,687
Geology		133,215
Field crew, camp costs and supplies		176,392
Equipment rental		71,661
Permits, staking, legal and maintenance		3,127
	\$	765,917
<b>2018</b>		
Assays	\$	402
Staking and maintenance		8,211
Geology		9,680
Operator fees reversed		548
Joint venture non contribution		5,481
	\$	24,322

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***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 its largest creditor, Procon Resources Inc. 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.

**6. 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.

***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.

## **7. 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.

### **Subscriptions receivable**

On March 4, 2019, the Company announced a non-brokered private placement, which closed in two tranches on April 3, 2019 and May 8, 2019 (see Subsequent Event Note 10). Subscriptions totalling \$174,000 received prior to the quarter ended March 31, 2019, were held on deposit as subscriptions receivable.

### **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 November 1, 2018, a director exercised 1,000,000 warrants with an exercise price of \$0.07 per warrant for proceeds of \$70,000.

On November 1, 2018, a director exercised 300,000 options with an exercise price of \$0.05 per option for proceeds of \$15,000.

On January 31, 2019, a director exercised 150,000 options with an exercise price of \$0.05 per option for proceeds of \$7,500.

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**7. SHARE CAPITAL (Continued)**

**Stock options and warrants (continued)**

On March 12, 2019, a shareholder exercised 150,000 share purchase warrants with an exercise price of \$0.07 per warrant for total proceeds of \$10,500.

On March 26, 2019, a director exercised 350,000 options with an exercise price of \$0.05 per option for proceeds of \$17,500.

On February 7, 2019, the Company granted 325,000 incentive stock options to employees and consultants exercisable at a price of \$0.12 per option until February 7, 2024. The options granted vested immediately. The options have an estimated fair value of \$0.0717 per option, estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.78%, expected life of five years and expected volatility of 72%. The Company recorded a share-based payment expense of \$23,308 in the six months ended March 31, 2019.

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, 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
Exercised	(800,000)	(\$ 0.05)	(1,150,000)	(\$ 0.07)
Issued	325,000	\$ 0.12	-	-
Outstanding, March 31, 2019	2,075,000	\$ 0.11	7,730,000	\$ 0.10
Number exercisable/fully vested	2,075,000	\$ 0.11	7,730,000	\$ 0.10

As at March 31, 2019, incentive stock options and share purchase warrants were outstanding as follows:

	Number	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
<b>Options</b>	450,000	\$ 0.05	December 7, 2020	0.37
	1,300,000	\$ 0.12	December 7, 2022	2.31
	325,000	\$ 0.12	February 7, 2024	0.76
	2,075,000			3.44
<b>Warrants</b>	2,230,000	\$ 0.07	December 2, 2020	0.48
	5,500,000	\$ 0.12	October 16, 2022	2.52
	7,730,000			3.00



## 8. RELATED PARTY TRANSACTIONS

During the six months ended March 31, 2019 and 2018, the Company entered into the following transactions with companies owned by directors and/or officers:

	2019	2018
Consulting fees <sup>2</sup>	\$ 37,870	\$ 18,000
Office and administration <sup>1,2</sup>	2,207	1,560
Due to related party <sup>3</sup>	50,000	-
	<b>\$ 90,077</b>	<b>\$ 19,560</b>

- 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 \$41,450 (2018 - \$34,601) payable to companies controlled by directors and/or officers.
- 3 Due to related party is a \$50,000 advance from a director and is non-interest bearing due on demand.

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 six months ended March 31, 2019 and 2018.

## 9. SEGMENTED REPORTING

The Company presents and discloses segmental information based on information that is regularly reviewed by the 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 segment of business, being the exploration and evaluation of mineral resources in Canada.

## 10. SUBSEQUENT EVENTS

On April 3, 2019 and May 8<sup>th</sup>, 2019, the Company issued in two tranches, 1,833,333 units at \$0.12 per unit and 500,000 Flow-Through Units (FT Units) at the price of \$0.12 per FT Unit for gross proceeds of \$280,000. The non-flow through units are comprised of one common share and one half of a warrant. Each whole warrant is exercisable to acquire one common share for five years at \$0.15.