MAS GOLD CORP. TSX.V MAS

(an exploration stage enterprise)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018

(expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MAS GOLD CORP.

Opinion

We have audited the financial statements of MAS Gold Corp. (the "Company"), which comprise:

- the statements of financial position as at September 30, 2019 and 2018;
- the statements of loss and comprehensive loss and changes in shareholders' equity for the years ended September 30, 2019 and 2018;
- the statements of cash flows for the years ended September 30, 2019 and 2018; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that at September 30, 2019 the Company has a working capital deficit of $396,754 (2018 – working capital of $211,315) and an accumulated deficit of $19,201,276 (2018 – $18,171,503). As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
January 28, 2020

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

	Note	2019	2018
ASSETS			
Current			
Cash		$ 898	$ 220,375
Receivables		14,003	12,188
Prepaid expenses and deposits		6,352	7,566
		21,253	240,129
Exploration and evaluation interests	5	863,797	863,797
		$ 885,050	$ 1,103,926
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7	$ 117,507	$ 28,814
Due to related parties	7	300,500	-
		418,007	28,814
Shareholders' equity			
Share capital	6	18,647,352	18,267,789
Reserve for warrants	6	187,559	168,726
Reserve for options	6	833,408	810,100
Deficit		(19,201,276)	(18,171,503)
		467,043	1,075,112
		$ 885,050	$ 1,103,926

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.
(an exploration stage enterprise)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED SEPTEMBER 30
(expressed in Canadian Dollars)

	Note	2019	2018
Exploration and evaluation expenses	5, 7	$ 842,272	$ 48,582
Operating and administrative expenses			
Consulting fees	7	25,180	44,820
Investor relations		5,992	2,080
Office and administration	7	27,158	15,411
Professional fees		35,256	96,874
Property research		-	3,282
Share-based payments	6	23,308	125,402
Shareholder communications		9,465	870
Transfer agent and listing fees		11,598	18,373
Wages and benefits	7	59,544	-
		197,501	307,112
Other			
Recovery on flow-through liability	6	(10,000)	-
Write-off of receivables		-	11,004
Net loss and comprehensive loss for the year		$ (1,029,773)	$ (366,698)
Basic and diluted loss per share		$ (0.025)	$ (0.01)
Weighted average number of common shares outstanding		41,549,852	38,000,400

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

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

	Share Capital					Total
	Shares	Amount	Deficit	Reserve for Warrants	Reserve for Options	Shareholders' Equity
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
Private placements	2,333,333	280,000	-	-	-	280,000
Share issue costs	-	(7,104)	-	-	-	(7,104)
Flow-through share premium	-	(10,000)	-	-	-	(10,000)
Options exercise	1,100,000	55,000	-	-	-	55,000
Warrants exercise	1,150,000	80,500	-	-	-	80,500
Warrant reserve	-	(18,833)	-	18,833	-	-
Share-based payments	-	-	-	-	23,308	23,308
Net loss for the year	-	-	(1,029,773)	-	-	(1,029,773)
Balance at September 30, 2019	43,637,706	$ 18,647,352	$ (19,201,276)	$ 187,559	$ 833,408	$ 467,043

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

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

		2019		2018
Operating activities				
Net loss for the year	$	(1,029,773)	$	(366,698)
Items not involving cash				
Share-based payments		23,308		125,402
Recovery on flow-through liability		(10,000)		-
Write-off of receivables		-		11,004
Net changes in non-cash working capital items				
Receivables		(1,815)		5,326
Prepaid expenses and deposits		1,214		
Accounts payable and accrued liabilities		88,693		(54,261)
Cash used in operating activities		(928,373)		(279,227)
Financing activities				
Advances from related parties		300,500		-
Proceeds from exercising stock options and warrants		135,500		73,500
Proceeds from issuance of shares, net of share issue costs		272,896		436,090
Cash provided by financing activities		708,896		509,590
Investing activity				
Acquisition of mineral property		-		(35,000)
Cash used in investing activity		-		(35,000)
Change in cash during year		(219,477)		195,363
Cash, beginning of year		220,375		25,012
Cash, end of year	$	898	$	220,375
Supplemental cash flow information				
Income taxes	$	-	$	-
Interest		-		-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

MAS Gold Corp. (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 Street, 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 September 30, 2019, the Company had an accumulated deficit of $19,201,276 (2018 – $18,171,503) and a working capital deficiency of $396,754 (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 in operation. 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 28, 2020.

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.

- Flow-through expenditures

  The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standards adopted

IFRS 9 *Financial Instruments* (“IFRS 9”)

The Company adopted IFRS 9 with a date of initial application as of October 1, 2018. IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss (“ECL”) impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business model under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 *Financial Instruments: Recognition and Measurement* for the classification of financial liabilities.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. There were no material changes in the measurement and carrying values of the Company’s financial instruments as a result of the adoption. IFRS 9 does not require restatement of comparative periods. The Company’s financial instruments are accounted for as follows under IFRS 9 as compared to the Company’s previous policy in accordance with IAS 39:

	October 1, 2018	
	IAS 39	**IFRS 9**
Financial Assets		
Cash	Fair value through profit or loss ("FVTPL")	FVTPL
Financial Liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related party	Other financial liabilities	Amortized cost

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation interests (continued)

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.

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 and warrants 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. The Company's marketable securities are classified as FVTOCI.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company's cash is classified as FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable. The Company's financial liabilities include accounts payable and accrued liabilities and classified as financial liabilities subsequently measured at amortized cost.

Fair Value Hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - quoted prices (unadjusted) 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 s(unobservable inputs).

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash, accounts payable and accrued liabilities, and due to related parties. Their carrying values approximate the fair values due to short-term maturity of these instruments.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.
- 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*.

The application of IFRS 16 is not expected to have a material impact on the Company's financial statements.

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 of $898 (2018 - $220,375) is exposed credit risk. The Company minimizes credit risk by placing its cash with major Canadian financial institutions. Credit risk with respect to cash represents 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.

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, 2019. 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, 2018	$ 137,394	$ 411,535	$ 279,868	$ 35,000	$ 863,797
Acquisition	-	-	-	-	-
Balance, September 30, 2019	$ 137,394	$ 411,535	$ 279,868	$ 35,000	$ 863,797

(expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION INTERESTS (Continued)

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

2019		
Drilling	$	515,327
Assays		99,804
Staking and maintenance		4,026
Geology		214,190
Metallurgy		7,925
Maps & reports		1,000
	$	842,272
2018		
Assays	$	657
Staking and maintenance		22,790
Geology		23,837
Maps & reports		750
Operator fees		548
	$	48,582

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 disallowed MAS's arguments to enforce dilution on disputed costs occurring prior to April 15, 2016. Subsequent to the ruling, MAS has provided notices of dilution to Golden Band for exploration expenses incurred after April 15, 2016, which Golden Band did not fund, including the exploration programs completed in fiscal 2019 and 2018. These notices reduced the ownership position of Golden Band down to 10.41% as at September 30, 2019. In accordance with the terms of the LRG JV, once Golden Band's interest is reduced below 10%, they are converted to a royalty position and MAS assumes 100% ownership of the properties.

5. EXPLORATION AND EVALUATION INTERESTS (Continued)

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%. The Company remains in compliance with this agreement.

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 by $1,000 to $nil, 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.

6. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Private placements

In two tranches, on April 3, 2019 and May 8, 2019, the Company issued 1,833,333 non-flow through units at a price of $0.12 per unit and 500,000 Flow-Through Shares ("FT Shares") at a price of $0.12 per FT Share 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 two years at an exercise price of $0.15. In total, 919,667 warrants were issued and valued at $18,833. Finders fees of $360 and 3,000 broker warrants were paid and/or issued on a portion of the financing. The Company also incurred additional cash share issuance costs of $6,744 The market price of the flow-through shares was $0.10 per share on the closing date. The Company recorded a flow-through premium of $10,000, which was satisfied and recovered during the period.

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.

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 January 31, 2019, a director exercised 1,000,000 warrants with an exercise price for $0.07 per warrant for proceeds of $70,000.

On January 31, 2019, a director exercised 300,000 options with an exercise price of $0.05 per option for proceeds of $15,000.

On March 6, 2019, a director exercised 150,000 options with an exercise price of $0.05 per option for proceeds of $7,500.

(expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

Stock options and warrants (continued)

On March 12, 2019, a shareholder exercised 150,000 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 April 10, 2019, a shareholder exercised 150,000 options with an exercise price of $0.05 per option for proceeds of $7,500.

On April 18, 2019, an officer and an employee exercised 150,000 options with an exercise price of $0.05 per option for proceeds of $7,500.

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 year ended September 30, 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	(1,100,000)	(0.05)	(1,150,000)	(0.07)
Issued	325,000	0.12	919,667	0.15
Outstanding, September 30, 2019	1,775,000	$0.11	8,649,667	$0.11
Number exercisable	1,775,000	$0.11	8,649,667	$0.11

(expressed in Canadian Dollars)

6. SHARE CAPITAL (Continued)

Stock options and warrants (continued)

As at September 30, 2019, incentive stock options and share purchase warrants were outstanding as follows:

	Number	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
Options	150,000	$0.05	December 7, 2020	1.19
	1,300,000	$0.12	December 7, 2022	3.19
	325,000	$0.12	February 7, 2024	4.36
	1,775,000			3.23
Warrants	2,230,000	$0.07	December 2, 2020	1.18
	5,500,000	$0.12	October 16, 2022	3.05
	891,667	$0.15	April 3, 2021	1.51
	28,000	$0.15	May 8, 2021	1.61
	8,649,667			2.40

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, 2020	2.51
	8,880,000			3.34

(expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2019 and 2018, the Company entered into the following transactions with companies controlled by directors and/or officers:

		2019		2018
Consulting fees [2]	$	25,180	$	43,700
Office and administration [1,2]		9,748		1,560
Wages and benefits [1]		59,544		-
Evaluation and exploration expenditures [2]		49,253		-
	$	143,725	$	45,260

[1] A company with common management and directors provides office rental, supplies and employee services on a shared cost recovery basis.

[2] Included in accounts payable and accrued liabilities is $74,514 (2018 - $12,370) payable to companies controlled by directors and/or officers.

The key management personnel of the Company include directors and officers of the Company. During the year ended September 30, 2019, $300,500 (2018 - $nil) was advanced to the Company by a related company and a director of the Company. These amounts are non-interest bearing and are due on demand. There were no amounts paid directly to key management during the years ended September 30, 2019 and 2018.

8. INCOME TAXES

As at September 30, 2019, the Company has non-capital losses of approximately $4,020,350, 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)

9. INCOME TAXES (Continued)

The losses expire as follows:

2024	$	195,600
2025		293,460
2026		186,420
2027		552,500
2028		265,690
2029		355,360
2030		327,490
2031		275,370
2032		157,420
2033		338,300
2034		386,170
2035		149,850
2036		96,460
2037		68,280
2038		195,300
2039		176,680
	$	4,020,350

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

		2019		2018
Net loss	$	(1,029,773)	$	(366,698)
Income tax at statutory rates		27.00%		26.50%
Expected income tax (recovery)		(278,039)		(97,175)
Permanent differences		3,637		33,232
Effect of change in tax rates		(36,301)		(214,422)
Under/over provided in prior years		-		42,956
Unused tax losses and tax offsets		294,503		235,409
Effect of renounced expenditures		16,200		-
Total income tax recovery	$	-	$	-

(expressed in Canadian Dollars)

8. INCOME TAXES (Continued)

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

		2019		2018
Non-capital losses carried forward	$	4,020,374	$	3,843,697
Capital losses carried forward		1,761,925		1,761,925
Exploration and evaluation interests		5,856,859		5,084,587
Share issuance costs		8,475		4,019
Non-refundable mining income tax credits		57,421		57,421
Cumulative eligible capital		79,971		79,971
Equipment		50,706		50,706
	$	11,835,731	$	10,882,326

9. SUBSEQUENT EVENT

On December 20, 2019, the Company issued 1,625,000 incentive stock options to directors, officers, employees and contractors of the Company. The stock options are exercisable at a price of $0.07 per share and expire on December 20, 2024.

On December 18, 2019, the Company issued 2,161,700 non-flow through units at a price of $0.06 per unit and 3,739,357 flow-through units at a price of $0.07 per FT Share for gross proceeds of $391,457. Each unit consists of one common share and one common share purchase warrant, exercisable to acquire one additional common share for two years at an exercise price of $0.10. Finders fees of $4,650 were paid on a portion of the financing.

On January 8, 2020, the Company issued a dilution notice to Golden Band notifying them that their interest in the La Ronge South Gold Joint Venture had been diluted below 10% and, as such, will be converted to a 2.5% net smelter returns royalty, in accordance with the joint venture agreement. Also in accordance with the joint venture agreement, ownership of the properties subject to the agreement now revert to 100% ownership for MAS. To date, there has been no response from Golden Band.