ALIANZA MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2019

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Alianza Minerals Ltd. ("Alianza" or the "Company") and has been prepared based on information known to management as of January 17, 2020.

The MD&A is intended to complement and supplement the Company's consolidated financial statements, but it does not form part of those consolidated financial statements. The MD&A should be read in conjunction with the audited consolidated financial statements and the related notes for the years ended September 30, 2019, 2018 and 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included in those financial statements and/or this MD&A are quoted in Canadian dollars unless otherwise specified.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future results. Consequently, certain statements contained in this MD&A constitute expressed or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

Forward looking statements that have been made in this MD&A include:

- Plans for exploration of the Company's exploration and evaluation assets;
- Impairment of long-lived assets;
- The progress, potential and uncertainties of the Company's exploration and evaluation assets in Nevada, Peru and Canada;
- References to future commodity prices;
- Budgets or estimates with respect to future activities;
- Estimates of how long the Company expects its working capital to last;
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties; and
- Management expectations of future activities and results.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.SEDAR.com and/or on the Company's website at www.alianzaminerals.com.

SUMMARY AND OUTLOOK

Alianza is a prospect generator focused on the Americas, particularly the Cordilleran regions that characterize western North and South America. As a prospect generator, the goal of Alianza is to acquire mineral exploration and evaluation assets (Mineral Properties) on attractive terms, add value through early stage exploration and then vend or option some or all of a value-added Mineral Property to a third party explorer for further advancement.

The Company may receive cash or share consideration at the time of the option agreement or during the term of the option agreement. In addition, the Company normally retains an ownership interest in the Mineral Property and a royalty on potential future production.

The environment for junior resource companies has been challenging for many months and it is anticipated that recovery of the sector may take many more months. We evaluate our projects on a regular basis using criteria that include political environment, relative cost of exploration, seasonality and type of mineral. As a result of our review, we may from time to time add or drop the Mineral Properties.

The Company believes that it has positioned itself well as a prospect generator due to the following:

- Broad base of projects in Nevada, Canada and Peru;
- Flexibility to acquire new projects in the Americas as opportunities arise;
- Management team proficient at leveraging early stage exploration with junior and major company partners; and
- Tight share structure backed by several strategic shareholder groups.

On December 24, 2018, the Company completed a non-brokered private placement by issuing 5,000,000 non-flow-through units ("Unit") at a price of $0.05 per Unit for gross proceeds of $250,000 and 10,203,333 flow-through shares ("FT Share") at a price of $0.06 per FT Share for gross proceeds of $612,200. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 24 month period at a price of $0.10. In connect with the financing, the Company paid $50,760 as a cash finder's fee and issued 887,250 finder's warrants, each of which is exercisable into one common share at a price of $0.05 for a period of 12 months. The FT Shares are eligible for a tax deduction for Canadian income tax payers for the year 2018 and the proceeds are being spent on qualifying exploration expenditures on Alianza's projects in the Yukon Territory, specifically on Haldane Silver Property in the Keno Hill District and KRL Property in British Columbia's prolific Golden Triangle.

On July 9, 2019, the Company completed a non-brokered private placement by issuing 13,820,000 non-flow-through units ("Unit") at a price of $0.05 per Unit for gross proceeds of $691,000 and 6,908,333 flow-through shares ("FT Share") at a price of $0.06 per FT Share for gross proceeds of $414,500. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 36 month period at a price of $0.10. In connect with the financing, the Company paid $55,050 as a cash finder's fee and issued 1,007,125 finder's warrants, each of which is exercisable into one common share at a price of $0.05 for a period of 12 months. The FT Shares are eligible for a tax deduction for Canadian income tax payers for the year 2019 and the proceeds are being spent on qualifying exploration expenditures on Alianza's projects in the Yukon Territory, specifically on Haldane Silver Property.

The gross proceeds of the financings are used for the Company's working capital, general corporate expenses and to undertake further early stage exploration in certain Nevada, Canada and Peru properties, and for generating new projects.

For the 2019 fiscal year, the Company has continued to monitor its cash very closely and is focusing on key objectives to improve shareholder value. The Company intends to raise more funds either through exploration partnership agreements or with additional private placements in fiscal 2020.

Additional Mineral Property information, including 2019 activity, can be found in Section 3 and more detailed Mineral Property information can be found on the Company's website at www.alianzaminerals.com.

Management's overall expectations for the Company are positive, due in part to the following factors:

- The Company entered into an option agreement with Hochschild Mining (US) Inc. ('Ho Hochschild") with regards to the properties of Horsethief, Bellview and BP.
- The Company is focusing its exploration on gold, silver and copper due to management's expectation of increasing gold, silver and copper prices;
- The Company is working towards negotiating additional ventures on its existing portfolio of properties; and
- Management continues its efforts to build the project portfolio through grassroots generative initiatives as well as project acquisitions.

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1. Background

Alianza was incorporated in Alberta, Canada, on October 21, 2005 under the *Business Corporations Act of Alberta*.

On April 29, 2015, the Company completed a court-approved plan of arrangement with Estrella Gold Corporation ("Estrella"), effected a consolidation of its issued share capital on a ten old shares for one new share basis, changed its name to "Alianza Minerals Ltd." and began trading under the symbol "ANZ" on the TSX Venture Exchange ("TSXV"). Historical information on the formation of the Company can be found on the Company's website www.alianzaminerals.com or on SEDAR at www.sedar.com.

2. Overview

2(a) Company Mission and Focus

As a prospect generator, the Company's goal is to identify, acquire and explore properties with gold, silver and copper mineralization. The Company focuses on the Americas, particularly the Cordilleran regions that characterize western North and South America, with properties in Nevada USA, Yukon and British Columbia Canada and Peru.

The goal is to acquire and/or generate good mineral prospects, add value to those prospects through preliminary exploration efforts, and then either vend them to 3rd parties or option them to partners who will fund further exploration in order to earn a partial interest in the prospects. An acquisition of a prospect can be the outright purchase of a property or it can be as a result of generative exploration efforts. Generative exploration consists largely of prospecting, target reconnaissance and the staking of claims that the Company's geological team considers viable targets to meet the Company's prospect generator exploration criteria.

The Company's key indicators of success are: (1) Acquisition of properties with potential merit for exploration, option and partner agreements, (2) Exploration or definition of properties such that they are more attractive to potential exploration partners and (3) Exploration partner/option agreements.

2(b) Qualified Person

Jason Weber, BSc., P.Geo is the Qualified Person as defined under National Instrument 43-101 responsible for the technical disclosure in this document. Mr. Weber is the President and Chief Executive Officer of Alianza.

Mr. Weber prepared the technical information contained in this MD&A.

2(c) Description of Metal Markets

Gold and silver prices have remained above their long term averages, albeit with high levels of volatility. Market interest in gold exploration is currently stronger than for base metals.

Market interest in exploration for copper, zinc and lead is increasing. The Company will continue to monitor its resources relative to its opportunities during the fiscal year.

2(d) Use of the terms "Mineral Resources" and "Mineral Reserves"

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

3. Mineral Properties

The Company has properties in Nevada USA, Yukon and British Columbia Canada, and Peru. The following is a brief description of the Mineral Properties owned by the Company.

3(a) Nevada USA

i. *Horsethief*

The Horsethief property was acquired from Sandstorm Gold Ltd. ("Sandstorm") in January 2015 and consists of 30 claims located in Lincoln County, northeast of Pioche. The exploration target on this property is Carlin style gold mineralization. A 2% NSR is payable to Nevada Eagle Resources LLC ("NER") from production from some claims on the property and a 1% NSR is payable to Sandstorm from all the claims on the property.

Exploration at Horsethief is targeting sediment-hosted gold mineralization in a window of Cambrian carbonate rocks overlain by volcanic flows and pyroclastics. Work by prior operators included mapping and sampling hematite-rich jasperoid breccia outcrops and shallow drilling. Historic drilling, generally 100 metres or less in depth, returned multiple intervals of gold mineralization including 13.7 metres averaging 1.2 g/t gold and 39.6 metres averaging 0.79 g/t gold with four holes terminating in mineralization. Subsequent geophysical surveys (Induced Polarization chargeability and resistivity) indicate that stratigraphy and potentially mineralized targets dip to the east under the volcanic cover and below the extent of prior drilling.

On March 1, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$5,000,000 in exploration on the property over a 5.5 year period, with a minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$500,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000
12 months from the end of Agreement Year 4	Agreement Year 5	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$5,000,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

On May 1, 2019, the Company announced that the field work at Horsethief started. The current program includes mapping and geochemical sampling to refine targets for subsequent drilling. This work will focus on mapping alteration, structure and stratigraphy to focus drill targeting based on potential fluid conduits in prospective rock units in the stratigraphy. Management is also contemplating reprocessing magnetic, Induced Polarization (IP) and resistivity data collected by a previous operator to aid in drill targeting.

On October 30, 2019, the Company reported the results of 2019 fieldwork at the Horsethief Gold Property. A detailed mapping program was conducted on the property and surrounding area to refine property stratigraphy, identify new targets and prioritize targets for drilling. Highlights of the program include the discovery of new gold-bearing jasperoid, the identification of favourable carbonate host stratigraphy, and the mapping of alteration and structural features that may act as pathways for gold-bearing fluids at Horsethief. Based on the results of the field program, the property was expanded and management, in conjunction with the Hochschild technical team, is now refining drill targets for a spring 2020 drilling program.

As of September 30, 2019, Hochschild had forwarded a total of $322,308 (US$243,380) for the Horsethief property. The Company held $29,546 (US$22,311) on behalf of Hochschild to be spent on the Horsethief property, which is recorded as restricted cash.

ii. *Bellview*

The Bellview property, acquired from Sandstorm in January 2015, is located in White Pine County, 85 km south of Elko, Nevada and 13 km north of the Bald Mountain Gold Mine on the southern extension of the Carlin Trend. Bellview features a geological setting prospective for sediment-hosted gold mineralization. Work by a previous operator identified stratigraphic targets similar to the geologic setting observed at Bald Mountain. Targets are primarily defined by gold-in-soil geochemical anomalies and gold-bearing silicified jasperoid breccias in stratigraphy recognized regionally and at the Bald Mountain Mine to host gold mineralization. Upon production from the property, some of the claims on the property have a 2% NSR to Fronteer Development Group Inc. with a 1% NSR to Sandstorm, while the remaining claims have a 1% NSR to Sandstorm.

On February 7, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild Mining (US) Inc. ("Hochschild") whereby Hochschild could earn up to a 70% undivided interest in the Bellview property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$3,500,000 in exploration on the property over a 5.5 year period, with a minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
From the end of Agreement Year 1 to 30 months after Effective Date	Agreement Year 2	US$500,000
From the end of Agreement Year 2 to 42 months after Effective Date	Agreement Year 3	US$500,000
From the end of Agreement Year 3 to 54 months after Effective Date	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$3,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

On May 1, 2019, the Company announced that the field work at Bellview started. A magnetics survey is underway to identify important structural features that may represent goldbearing fluid conduits and determine if any buried intrusive bodies are associated with alteration and mineralization on the property. The survey will assist in targeting future drill programs.

As of September 30, 2019, Hochschild had forwarded a total of $124,502 (US$94,014) for the Bellview property.

On November 26, 2019, the Company was informed by Hochschild that Hochschild will not be going ahead with the earn-in on the Bellview project. Thus, the Company retains 100% interest in Bellview project.

iii. *BP*

In June 2013, the Company purchased from Almaden Minerals Ltd. ("Almaden") this property in Nevada, USA and Almaden retains a 2% NSR royalty on future production on this property.

The BP property is located in Elko County, 57 km south of Carlin, Nevada and 41 km northwest of the Bald Mountain Mine. The property has had little previous gold exploration prior to a reconnaissance program in 2010 that identified gold-bearing jasperoid and anomalous gold and pathfinder geochemistry on surface. Alianza conducted a mapping and prospecting program in 2017 that identified potential structural conduits for mineralizing fluid flow as evidenced by anomalous pathfinder geochemistry and the presence of barite, clay alteration and limonite staining near the intersections of prominent structures. Additional evidence of favourable structural setting is seen in the eastern portion of the property where repetition of the stratigraphy suggests a series of northeast trending structures. Significantly, new jasperoid occurrences were identified along the aforementioned structures in proximity to the projected intersection with northwest trending graben structures. Jasperoids are elevated in gold and pathfinder geochemistry, including arsenic, barium, mercury, molybdenum and antimony.

On March 1, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$2,500,000 in exploration on the property over a 4.5 year period, with a minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$2,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

The 2019 program is expected to occur in two phases. The first consisting of mapping and geochemical sampling occurs in June and July, with a second phase of detailed mapping and sampling, and possibly geophysics to be completed in September.

As of September 30, 2019, Hochschild had forwarded a total of $154,334 (US$116,540) for the BP property.

On November 26, 2019, the Company was informed by Hochschild that Hochschild will not be going ahead with the earn-in on the BP project. Thus, the Company retains 100% interest in BP project.

iv. *East Walker*

The East Walker property, acquired from Sandstorm in January 2015, is located in Lyon County, west of Hawthorne. The geology is prospective for high-sulphidation epithermal gold mineralization. Outcrop mapping expanded the area of clay-silica alteration, which remains open to the north and south, to at least 900 by 600 metres in size. Geochemical results and visual observations indicate significant leaching, but two areas were chip sampled approximately 70 metres apart, returning 20 metres averaging 1.38 g/t Au and 23.1 metres averaging 0.49g/t Au. The system appears to consist of steeply east-west oriented structures. Limited prior drilling (shallow, vertical holes dating back to the mid 1980's) has not tested these high angle structures.

A 2% NSR is payable to NER from production from some claims on the property and a 1% NSR is payable to Sandstorm from all the claims on the property.

v. *Ashby*

The Ashby property, acquired from Sandstorm in January 2015, is located in Mineral County, near Hawthorne. The claims cover mesothermal gold-bearing quartz veins within the Jurassic Dunlap Formation. Historic production of 9,000 ounces is reported from the 1930's and several hundred ounces per year during the 1980's and 1990's. Vein widths range from 15 centimeters to 1.8 meters and gold grades are reported from sub-gram to multi-ounce intervals. The property has had very limited modern exploration.

A 2% NSR is payable to NER and a 1% NSR is payable to Sandstorm on production from the property.

3(b) Canada

i. *Haldane, Yukon Territory, Canada*

On March 2, 2018, the Company purchased a 100% interest in the Haldane Property from Equity Exploration Consultants Ltd. ("Equity"). The 7,665 hectare (388 claims) Haldane Property is located 25 km west of Keno City, Yukon Territory, in the western portion of the Keno Hill Silver District.

On December 4, 2018, the Company announced that it received a Class 3 Mining Land Use approval for the Haldane Silver Project, located in the historic Keno Mining District, Yukon Territory. This approval is valid until November 25, 2028 and is subject to the standard restrictions and conditions contained in the Yukon Quartz Mining Act and the Quartz Mining Land Use Regulations. This approval allows the Company to move forward without delay at Haldane in 2019.

On May 8, 2019, the Company reports that planning is underway for the 2019 field program at the Haldane Property, a high-grade silver target in the historic Keno Hill Mining District of Yukon Territory. The first phase of the program, consisting of additional soil geochemistry, mapping and trenching, has been completed to help refine targets for drilling in August. The 8,579 hectare Haldane Silver Property is located 25 km west of Keno City, YT in the western portion of the Keno Hill Silver District.

The 2019 Phase I program targeted three main areas: the newly identified Bighorn and Ross anomalies and the Mt Haldane Vein System (MHVS). Trenching was completed at the Bighorn and MHVS areas, with four trenches totaling 213 metres excavated. Mineralized faults mapped at the Bighorn target were strongly weathered at surface but returned anomalous lead and silver values. Continuous chip samples in trench BH02 returned 0.25% lead and 9.6 g/t silver over 10.9 metres, which included fault and heavily fractured and oxidized host rocks. Similar anomalous results were returned from trench BH01, 60 metres south. Significantly, soil geochemical results from the current program collected 300 metres south of BH01 on strike from the trenches returned 63 g/t silver and greater than 1% lead, suggesting high grade mineralization may be present. The series of parallel north-south structures that have been mapped coincident with the Bighorn geochemical anomaly (now 900 m long and 120-150 m wide) may be better tested by drilling.

The Phase II program is scheduled to commence in the second week of August with drill mobilization occurring on or about August 14th. The initial holes will target the Ross and Bighorn anomalies, followed by drilling at the Middlecoff Zone at the Mount Haldane Vein System to target the modelled plunge of high-grade shoots in historic workings. Approximately 1,300 metres of drilling is planned in as many as eight holes. On September 19, 2019, the Company reported that the 2019 Phase II exploration program at the Haldane Property has been completed.

On October 22, 2019, the Company reported that drilling at the Haldane Silver Property has confirmed the presence of new silver-bearing vein targets at the Bighorn Zone. The first two holes of the program tested the Ross and Bighorn soil geochemical anomalies, neither of which has been previously tested by drilling. Highlights of the first hole at the Bighorn Anomaly include **125 g/t Ag and 4.4% Pb over 2.35 metres from 154.15 metres depth.** Additional assay results are pending for the two additional holes drilled at the Mt. Haldane Vein System (MHVS) area and will be reported next.

On November 1, 2019, the Company reported that the remaining two holes were drilled at the Middlecoff zone at the Mt Haldane Vein System, targeting high-grade silver mineralization found in historic underground workings. Highlights include a 1.02 metre sample within the Middlecoff Zone that assayed **455.0 g/t silver** in HLD19-16 from a broader 10.66 metre section that averaged 125.6 g/t silver. A separate intersection returned **996 g/t silver, 1.486 g/t gold and 28.35% lead over 0.35 metres**. These results follow the recent confirmation of a second target area at the Bighorn Zone, three kilometres east of the Middlecoff Zone.

ii. *<u>KRL, British Columbia, Canada</u>*

On September 1, 2018, the Company optioned the KRL Property in British Columbia's prolific Golden Triangle from prospector Bernie Kreft ("Kreft"). Kreft has a 1% NSR royalty on the KRL property.

On November 7, 2018, the Company reported that sampling at the recently-optioned the KRL Property had returned high-grade gold values from the KRL showing, including 122 g/t gold from a 50 cm-wide quartz vein. A total of 12 grab samples were collected from two steeply-dipping northwesterly and two northeasterly-oriented quartz veins in the vicinity of the KRL showing. Sampled veins range from 10-50 cm in width. The northeasterly-oriented veins correlate with historic trenches 1 and 7. Four samples of a 40-50 cm-wide vein (historic Trench 1) returned 3.15, 8.24, 122 and 7.94 g/t gold, respectively. These were collected over 18 metres strike length and compare favourably to historically reported results. Three samples were also collected from historic Trench 7 over a strike length of 16 metres, returning 7.43, 22.4 and 0.235 g/t gold from a 30 cm-wide vein, also confirming historic sampling. Veins are variably-banded, white to grey quartz with brown to yellow-orange limonitic weathering. Higher-grade gold mineralization appears to correlate with the presence of sulphides, particularly chalcopyrite. A map with the 2018 results can be found on the Company's website at https://alianzaminerals.com/project/krlgold/.

Previous work at KRL dates back to the late 1980's and includes hand trenching of quartz veins 10 – 100 centimetres (cm) in width (generally 10-50 cm wide) and exposed for as much as 60 metres (m) on strike before becoming obscured under talus. Results of this work include a series of five channel samples, collected on one-metre spacings yielding 56.01, 35.93, 122.86, 194.23 and 64.04 g/t gold over 50-70 cm. Another vein, sampled approximately 10 m to the northwest, returned 248.1 g/t gold over its 10 cm width, and another at 229.47 g/t from a nearby 10 cm channel sample. At least 11 veins have been identified over a 400 m by 600 m area. Most veins are steeply-dipping with a north-westerly strike.

On August 22, 2019, the Company reported that crews have commenced exploration targeting high-grade gold vein mineralization at the KRL Property. The 2019 program will investigate areas west and north of known mineralization, which is largely located above treeline. Prospecting, mapping and soil geochemical sampling will target prospective areas, especially where overburden and vegetation may obscure mineralization. This work will try to identify further vein mineralization as well as potential for additional styles of mineralization known to exist in the Golden Triangle. It is expected that it will take crews 10 days to execute the program. One of the key goals of this exploration program is to determine if the project has potential to expand the area of known high grade mineralization which would make it more attractive to potential earn-in partners.

iii *Tim Property, Yukon Territory, Canada*

In 2013, the Company's predecessor, Tarsis Resources Ltd. ("Tarsis") completed a focused work program to re-evaluate a historical zone of silver-lead-zinc rich carbonate replacement mineralization originally exposed by mechanized trenching in 1988. Historical chip sampling across the zone returned 352 g/t silver and 9.12% lead across 4.00 metres. In addition to this exposure, similar mineralization was also reported in adjacent trenches 180 and 250 metres on either side of the central trench. This zone has never been tested with drilling. Tarsis resampled the central trench in 2013, returning 3.7 metres assaying 365 g/t silver and 7.5% lead from a channel sample.

On June 10, 2019, the Company announced that it signed a letter of intent with Coeur Explorations, Inc, a wholly owned subsidiary of Coeur Mining, Inc. (NYSE:CDE) ("Coeur") to explore the road-accessible Tim Property in southern Yukon Territory. Exploration at the Tim Property is targeting high-grade silver-lead-zinc mineralization similar to that being mined by Coeur at its Silvertip mine located 12 km to the south of the Tim Property.

Coeur can earn a 51% interest in the property by funding $3.55 million in exploration over 5 years and making staged cash payments totalling $275,000. Coeur can elect to complete the option to earn 80% in the property by funding a positive feasibility study in the following three years and making annual payments of $100,000.

The 2019 exploration program at the Tim Property will target high-grade silver-lead-zinc carbonate replacement mineralization ("CRM") similar in style to that found at Silvertip. Coeur's tentative plans are similar to those recently announced by the Company and will consist of detailed mapping, soil geochemical surveys and reopening old trenches dating back to 1988.

Additionally, the Company is a successful applicant for a YMEP (Yukon Mining Exploration Program) grant for the Tim project. Under the YMEP Target Evaluation program, the Yukon government provides successful applicants funding to support mineral exploration activities for 50% of eligible expenditures to a maximum of $40,000.

iii. *Yukon Territory, Canada - Others*

The Company is assessing the next stages of work for its four other Yukon projects: Goz Creek (zinc-silver in central Yukon), Mor Property (gold-silver-base metal drill intersections in southern Yukon), White River (high grade gold-silver+copper in southwest Yukon) and Prospector Mountain (porphyry copper-gold in central Yukon). Management is prioritizing these projects for option and where appropriate, programs to upgrade targets to drill-ready status.

3(c) Peru

The Company continues to market the drill-ready Yanac Copper Project. Several site visits were completed with potential partners who were reviewing the targets generated from work completed by Cliffs Natural Resources Inc. ("Cliffs") under an exploration alliance. Cliffs' work outlined a 900 by 900 metre area of anomalous copper and molybdenum-in-rock geochemistry within a larger area of porphyry-style alteration. Yanac is road accessible and is located 60 km inland from the Pacific coast and within 80 km of port facilities.

Alianza continues to hold its 1.08% NSR royalty on the Pucarana project adjoining the Orcopampa (Chipmo) Gold Mine in Central Peru. Compania de Minas Buenaventura has produced over 4.8 million ounces of gold at this operation since production started in 1967. Current development is trending towards Pucarana, and management believes that mineralization may continue onto the Pucarana property.

3(d) Mexico

The Company has a 1% Net Smelter Royalty capped at $1,000,000 on certain Mexican properties that were sold to Almadex Minerals Limited.

Exploration and Evaluation Assets for the year ended September 30, 2019

	USA				Canada			Peru	
	Horsethief	Bellview	BP	Others	Haldane	KRL	Others	Yanac	**Total**
Balance at September 30, 2018	**$ 223,045**	**$ 95,291**	**$ 248,975**	**$ 23,038**	**$ 471,424**	**$ 21,545**	**$ 1,197,974**	**$ 419,219**	**$ 2,700,511**
Additions during the year									
Acquisition costs:									
Property acquisition	-	-	-	-	178,125	21,500	-	-	199,625
	-	-	-	-	178,125	21,500	-	-	199,625
Exploration expenditures:									
Aircraft charter	-	-	-	-	34,319	18,093	-	-	52,412
Camp, travel and meals	37,230	24,749	23,130	-	129,498	15,595	37	-	230,239
Community relations	-	-	-	-	2,840	-	-	-	2,840
Drilling	-	-	-	-	315,801	-	-	-	315,801
Field equipment rental	9,652	7,931	3,515	-	20,381	2,145	513		44,137
Field supplies and maps	4,048	409	1,025	-	31,110	933	-	-	37,525
Geochemical	7,133	-	12,101	-	(804)	-	-	-	18,430
Geological consulting	141,211	20,196	72,553	-	268,826	46,880	474	-	550,140
Legal and accounting	790	552	1,781	187	54	-	-	-	3,364
Licence and permits	15,103	10,327	33,298	3,561	1,486	-	-	5,874	69,649
Management fees	27,706	10,866	6,931	-	-	-	-	-	45,503
Reporting, drafting, sampling and analysis	-	39,729	-	-	20231	13156	-	-	73,116
	242,873	114,759	154,334	3,748	823,742	96,802	1,024	5,874	1,443,156
Less:									
Yukon Mining Incentive Refund	-	-	-	-	(40,000)	-	-	-	(40,000)
Recovered exploration expenditures	(292,762)	(124,502)	(154,334)	(3,382)	-	-	-	-	(574,980)
Net additions	(49,889)	(9,743)	-	366	961,867	118,302	1,024	5,874	1,027,801
Foreign currency translation	-	-	-	-	-	-	-	(81)	(81)
Balance at September 30, 2019	**$ 173,156**	**$ 85,548**	**$ 248,975**	**$ 23,404**	**$ 1,433,291**	**$ 139,847**	**$ 1,198,998**	**$ 425,012**	**$ 3,728,231**

4. Risks and Uncertainties

The Company is engaged in the exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

Prices for gold and other commodities

Metals prices are subject to volatile price fluctuations and have a direct impact on the commercial viability of the Company's exploration properties. Price volatility results from a variety of factors, including global consumption and demand for metals, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future gold or other metal sales. The Company closely monitors gold prices as well as other metal prices to determine the appropriate course of action to be taken by the Company.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while foreign operations are predominately conducted in Peruvian soles and US dollars. Fluctuations in the exchange rates between the Canadian dollar, US dollar and Peruvian soles may impact the Company's financial condition.

Risks Associated with Foreign Operations

The Company's investments in foreign countries such as Peru and USA carry certain risks associated with different political, business, social and economic environments. The Company is currently evaluating gold and other commodities in Peru and USA, but will undertake new investments only when it is satisfied that the risks and uncertainties of operating in different cultural, economic and political environments are manageable and reasonable relative to the expected benefits.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance and regulatory characteristics of property rights in certain foreign countries. Access to mineral properties also involves certain inherent risks due to the change in local ranchers and land owners.

Future government, political, legal or regulatory changes in the foreign jurisdictions in which the Company currently operates or plans to operate could affect many aspects of the Company's business, including title to properties and assets, environmental protection requirements, labor relations, taxation, currency convertibility, repatriation of profits or capital, the ability to import necessary materials or services, or the ability to export produced materials.

The exploration of mineral resources in Peru and USA is subject to a comprehensive review, approval and permitting process that involves various federal, state and local agencies. There can be no assurance given that the required approvals and permits for a mining project, if technically and economically warranted, on the Company's claims can be obtained in a timely or cost-effective manner. The Peru, Mexican or US government may enact a law requiring royalties on minerals produced from federal lands, including unpatented claims.

Competition

The Company competes with larger and better-financed companies for exploration personnel, contractors and equipment. Increased exploration activity has increased demand for equipment and services. There can be no assurance that the Company can obtain required equipment and services in a timely or cost-effective manner.

Financing

All of the Company's short- to medium-term operating and exploration cash flow have been derived from external financing. Should changes in equity-market conditions prevent the Company from obtaining additional external financing in the future, the Company will review its exploration-property holdings and programs to prioritize project expenditures based on funding availability.

5. Impairment of Long-lived Assets

The Company completed an impairment analysis as at September 30, 2019, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no further impairment charges were required other than those already taken because:

- there have been no significant changes in the legal factors or climate that affects the value of the properties;
- all property rights remain in good standing;
- there have been no significant changes in the projections for the properties;
- exploration results are generally positive; and
- the Company intends to continue its exploration and development plans on its properties or seek optionees/partners for future exploration of its properties.

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

The following selected annual financial information has been derived from the last three audited financial statements of the Company, which have been prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars.

	Year Ended September 30, 2019	Year Ended September 30, 2018	Year Ended September 30, 2017
General and administrative expenses	$ 598,440	$ 581,498	$ 686,377
Write-off of exploration and evaluation assets / Impairment allowance	-	263,937	583,776
Loss for the year	997,369	826,840	1,283,440
Basic and diluted loss per share	0.02	0.02	0.04
Total assets	4,494,681	3,323,834	2,941,130
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividend declared – per share	N/A	N/A	N/A

6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total Revenues	$ -	$ -	$ -	$ -
Loss before other items	$ 303,295	$ 82,217	$ 82,349	$ 130,579
Net loss	$ 699,292	$ 85,964	$ 79,205	$ 132,908
Loss per share	$ 0.01	$ 0.00	$ 0.00	$ 0.00

	Three months ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total Revenues	$ -	$ -	$ -	$ -
Loss before other Items	$ 115,592	$ 104,788	$ 213,548	$ 147,570
Net Loss	$ 95,904	$ 372,492	$ 213,265	$ 145,179
Loss per share	$ 0.00	$ 0.01	$ 0.01	$ 0.00

6(c) Review of Operations and Financial Results

For the three months ended September 30, 2019 compared with the three months ended September 30, 2018:

The Company recorded a net loss for the three months ended September 30, 2019 of $699,292 (loss per share - $0.01) compared to a loss of $95,904 (loss per share - $0.00) for the three months ended September 30, 2018.

Excluding the non-cash depreciation of $103 (2018 - $233) and share-based payments of $162,208 (2018 - $Nil), the expenses increased to $140,984 (2018 – $115,359). The change in the expenses was mainly due to changes in: (a) investor relations and shareholder information of $58,192 (2018 - $5,685); (b) wages, benefits and consulting fees of $46,589 (2018 - $28,855) and (c) accounting and legal fees of $18,217 (2018 - $67,383).

The other major items for the three-months ended September 30, 2019, compared with September 30, 2018, were:

- Flow-through share premium recovery of $149,658 (2018 - $Nil);
- Gain on disposal of equipment of $8,635 (2018 - $50);
- Write-off of investment in associates – royalty interest of $560,139 (2018 - $Nil); and
- Write-down of exploration and evaluation assets of $Nil (2018 - $20,703).

The Company has been monitoring its use of cash and has been actively seeking ways to reduce its operating expenses.

For the year ended September 30, 2019 compared with the years ended September 30, 2018 and 2017:

The Company recorded a net loss for the year ended September 30, 2019 of $997,369 (loss per share - $0.02) compared to a loss of $826,840 (loss per share - $0.02) for the year ended September 30, 2018 and a loss of $1,283,440 (loss per share - $0.04) for the year ended September 30, 2017.

Excluding the non-cash depreciation of $412 (2018 - $2,508; 2017 - $2,822) and share-based payments of $162,208 (2018 - $67,490; 2017 - $ Nil), the expenses decreased to $435,820 (2018 – $511,500; 2017 - $683,555). The change in the expenses was mainly due to changes in: (a) accounting and legal fees of $138,690 (2018 - $164,926; 2017 - $190,180); (b) property investigation expenses of $1,592 (2018 - $21,519; 2017 - $71,179) and (c) wages, benefits and consulting fees $143,106 (2018 - $168,163; 2017 - $220,478).

The other major items for the year ended September 30, 2019, compared with September 30, 2018 and 2017, were:

- Flow-through share premium recovery of $149,658 (2018 - $Nil; 2017 - $Nil);
- Write-down of exploration and evaluation assets of $Nil (2018 - $263,937; 2017 - $583,776);
- Write –off of investment in associates – royalty interest of $560,139 (2018 - $Nil; 2017 - $Nil); and
- Gain on disposal of equipment of $8,635 (2018 - $19,181; 2017 - $Nil).

The Company has been monitoring its use of cash and has been actively seeking ways to reduce its operating expenses.

6(d) Liquidity and Capital Resources

As at September 30, 2019, the Company had working capital of $29,118 (September 30, 2018 - working capital deficiency of $343,283). As at September 30, 2019, $322,984 was held in cash (2018 - $6,599) and $29,546 was held in restricted cash (2018 - $Nil). The increase is due to (a) net proceeds from financing activities of $1,826,692; (b) sale of equipment of $8,652; while being offset by (c) operating activities of $770,628 and (d) the exploration and evaluation assets expenditures of $712,345.

Management estimates that the current cash position, the recently completed private placement and future cash flows from warrants and options, financings, receivables, and any option agreements the Company may achieve, will be sufficient for the Company to carry out its anticipated exploration and operating plans through fiscal 2020.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

6(e) Disclosure of Outstanding Share Data

Common Shares

Authorized: unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series.

	Issued and Outstanding	
	September 30, 2019	**January 17, 2020**
Common shares	82,434,697	82,434,697

Stock option transactions and the number of stock options for the year ended September 30, 2019 are summarized as follows:

Expiry date	Exercise price	September 30, 2018	Granted	Exercised	Expired / cancelled	September 30, 2019
February 25, 2019	$0.25	22,500	-	-	(22,500)	-
April 29, 2020	$0.25	1,264,500	-	-	-	1,264,500
April 29, 2021	$0.25	100,000	-	-	-	100,000
September 30, 2021	$0.15	1,270,000	-	-	-	1,270,000
March 14, 2023	$0.10	850,000	-	-	-	850,000
July 30, 2024	$0.10	-	2,015,000	-	-	2,015,000
Options outstanding		3,507,000	2,015,000	-	(22,500)	5,499,500
Options exercisable		3,507,000	2,015,000	-	(22,500)	5,499,500
Weighted average exercise price		$0.18	$0.10	$Nil	$0.25	$0.15

The continuity of warrants for the year ended September 30, 2019 is as follows:

Expiry date	Exercise price	September 30, 2018	Issued	Exercised	Expired	September 30, 2019
September 28, 2019	$0.20	1,200,000	-	-	(1,200,000)	-
March 6, 2020	$0.20	2,500,000	-	-	-	2,500,000
March 8, 2020	$0.15	7,221,875	-	-	-	7,221,875
April 7, 2020	$0.15	3,255,000	-	-	-	3,255,000
April 25, 2020	$0.15	5,000,000	-	-	-	5,000,000
August 16, 2020	$0.20	892,857	-	-	-	892,857
December 24, 2020	$0.10	-	5,000,000	-	-	5,000,000
July 9, 2022	$0.10	-	13,820,000	-	-	13,820,000
Outstanding		20,069,732	18,820,000	-	(1,200,000)	37,689,732
Weighted average exercise price		$0.16	$0.10	$Nil	$0.20	$0.13

The continuity of finder's warrants for the year ended September 30, 2019 is as follows:

Expiry date	Exercise price	September 30, 2018	Issued	Exercised	Expired	September 30, 2019
December 24, 2019	$0.05	-	887,250	-	-	887,250
April 25, 2020	$0.10	240,000	-	-	-	240,000
August 16, 2020	$0.14	26,100	-	-	-	26,100
July 9, 2020	$0.05	-	1,007,125	-	-	1,007,125
Outstanding		266,100	1,894,375	-	-	2,160,475
Weighted average exercise price		$0.10	$0.05	$Nil	$Nil	$0.06

The remaining outstanding stock options, warrants and finder's warrants, if all exercised, would increase the Company's cash by $3,940,600. However, the strike prices of the options, warrants and finder's warrants are greater than the current share price, and this may influence whether options, warrants and finder's warrants that expire in the near future will be exercised.

As at the date of this MD&A, there were 82,434,697 common shares issued and outstanding and 127,784,404 common shares outstanding on a diluted basis.

6(f) Off-Balance Sheet Arrangements

None at this time.

6(g) Transactions with Related Parties

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended September 30, 2019

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 122,000	$ Nil	$ Nil	$ Nil	$ 24,150	$ 146,150
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 20,125	$ 20,125
Marc G. Blythe Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,075	$ 12,075
Mark T. Brown Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 24,150	$ 24,150
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,075	$ 12,075
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,075	$ 12,075

For the year ended September 30, 2018

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 120,000	$ Nil	$ Nil	$ Nil	$ 15,880	$ 135,880
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,940	$ 7,940
Marc G. Blythe Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
Mark T. Brown Director [(a)]	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,910	$ 11,910
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970

For the year ended September 30, 2017

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 120,000	$ Nil	$ Nil	$ Nil	$ Nil	$ 120,000

Related party transactions and balances

		Years ended		Balance due	
	Services	September 30, 2019	September 30, 2018	As at September 30, 2019	As at September 30, 2018
Amounts due to:					
Jason Weber	Consulting fee and share-based payment	$ 146,150	$ 135,880	$ 7,536	$ 24,093
Pacific Opportunity Capital Ltd. [a]	Accounting, financing, and shareholder communication services	$ 205,860	$ 176,745	$ 318,901	$ 252,535 [b]
TOTAL:		$ 352,010	$ 312,625	$ 326,437	$ 276,628

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.
(b) Includes a $60,000 advance that is non-interest bearing without specific terms of repayment.

6(h) Financial Instruments

The Company's financial instruments consists of cash, restricted cash, receivables, accounts payable and accrued liabilities, due to related parties and funds held for optionee which are all in the normal course of business.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, market risk and commodity price risk.

(a) Currency risk

The Company's property interests in USA and Peru make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company's exploration program, some of its general and administrative expenses and financial instruments denoted in a foreign currency are exposed to currency risk. A 10% change in the US dollar and the Peruvian nuevo sol over the Canadian dollar would change the results of operations by approximately $5,700.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its cash. The Company limits exposure to credit risk by maintaining its cash with a large Canadian financial institution.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company does not have sufficient cash to settle its current liabilities, and further funding will be required to meet the Company's short-term and long-term operating needs. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

(d) Market risk

Market risks to which the Company is exposed include unfavorable movements in commodity prices, interest rates, and foreign exchange rates. As at September 30, 2019, the Company has no producing assets and holds the majority of its cash in secure, Canadian dollar-denominated deposits. Consequently, its exposure to these risks has been significantly reduced, but as the Company redeploys its cash, exposure to these risks may increase. The objective of the Company is to mitigate exposure to these risks while maximizing returns.

The Company may from time-to-time own available-for-sale marketable securities, in the mineral resource sector. Changes in the future pricing and demand of these commodities can have a material impact on the market value of the investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further develop and to determine the commercial viability of its resource properties. Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis.

i) Interest rate risk

As at September 30, 2019, the Company's exposure to movements in interest rates was limited to potential decreases in interest income from changes to the variable portion of interest rates for its cash. Market interest rates in Canada are at historically low levels, so management does not consider the risk of interest rate declines to be significant, but should such risks increase the Company may mitigate future exposure by entering into fixed-rate deposits. A 1% change in the interest rate, with other variables unchanged, would not significantly affect the Company.

ii) Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company may maintain cash and other financial instruments, or may incur revenues and expenditures in currencies other than the Canadian dollar. Significant changes in the currency exchange rates between the Canadian dollar relative to these foreign currencies, which may include but are not limited to US dollars and Peruvian nuevo sol, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

(e) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of minerals such as gold, zinc, lead and copper. The Company's input costs are also affected by the price of fuel. The Company closely monitors mineral and fuel prices to determine the appropriate course of action to be taken by the Company.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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 (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 322,984	$ -	$ -	$ 322,984
Restricted cash	29,546	-	-	29,546

6(i) Management of Capital Risk

The Company considers its capital to be its shareholders' equity. 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 acquisition and exploration of mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

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, issue new debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay dividends. The Company's approach to managing capital remains unchanged from the year ended September 30, 2018.

There were no changes to the Company's approach to capital management during the period and the Company is not subject to any externally imposed capital requirements.

7. Events after the Reporting Period

None other than disclosed already in other sections.

8. Policies and Controls

8(a) Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated 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 judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- the determination that the Company will continue as a going concern for the next year;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation asset may not be recoverable;
- the determination that there are no restoration, rehabilitation and environmental costs to be accrued;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount investment in associates may not be recoverable; and
- the determination that the functional currency of the parent is the Canadian dollar, the functional currency of its subsidiary in the USA is the US dollar and the functional currency of its subsidiaries in Peru is the Peruvian neuvo sol.

8(b) Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of “Exploration and evaluation costs” into “Mine Development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing Mines”.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

9. Internal Control Over Financial Reporting

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

10. Information on the Officers and Board of Directors

Directors:
Mark T. Brown, B.Comm, CPA, CA, Executive Chairman
Jason Weber, BSc, P.Geo
Marc G. Blythe, MBA, P.Eng.
John R. Wilson, BSc, MS, CPG
Craig T. Lindsay, CFA

Audit Committee members:
Marc G. Blythe, Craig T. Lindsay and Mark T. Brown

Management:
Jason Weber, BSc, P. Geo – Chief Executive Officer, President
Winnie Wong, CPA, CA – Chief Financial Officer and Corporate Secretary

ALIANZA MINERALS LTD.

Consolidated Financial Statements

For the years ended September 30, 2019, 2018 and 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Alianza Minerals Ltd.,

Opinion on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Alianza Minerals Ltd. ("the Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for each of the years in the three year period ended September 30, 2019, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the 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 each of the years in the three year period ended September 30, 2019, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern
Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that there are material uncertainties that cast significant doubt about the going concern assumption. The Company has no current source of revenue, has incurred losses from inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
January 16, 2020

We have served as the Company's auditor since 2015.

CONTENTS

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	September 30, 2019	September 30, 2018
Assets			
Current assets			
Cash		$ 322,984	$ 6,599
Restricted cash	5	29,546	-
Receivables		54,141	17,759
Prepaid expenses		315,938	341
		722,609	24,699
Non-current assets			
Equipment	4	338	750
Exploration and evaluation assets	5	3,728,231	2,700,511
Investment in associates - royalty interest	6	-	560,153
VAT receivables		43,503	37,721
		3,772,072	3,299,135
Total assets		$ 4,494,681	$ 3,323,834
Current liabilities			
Accounts payable and accrued liabilities		$ 316,049	$ 91,354
Due to related parties	9	326,437	276,628
Funds held for optionee	5	29,546	-
Flow-through share premium liability	7	21,459	-
		693,491	367,982
Shareholders' equity			
Share capital	7	18,487,106	16,863,904
Reserves	7, 8	2,903,068	2,677,044
Accumulated other comprehensive loss		(26,619)	(20,100)
Deficit		(17,562,365)	(16,564,996)
		3,801,190	2,955,852
Total shareholders' equity and liabilities		$ 4,494,681	$ 3,323,834

Nature of operations and going concern (Note 1)

These consolidated financial statements are authorized for issue by the Board of Directors on January 16, 2020.

On behalf of the Board of Directors:

Director "Jason Weber"

Director "Mark T. Brown"

See accompanying notes to the consolidated financial statements

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	Note		Years ended September 30 2019		2018		2017
Expenses							
Accounting and legal fees	9	$	138,690	$	164,926	$	190,180
Depreciation	4		412		2,508		2,822
Investor relations and shareholder information	9		83,654		57,872		75,297
Office facilities and administrative services	9		18,000		18,201		18,462
Office expenses			18,851		35,929		58,078
Property investigation expenses			1,592		21,519		71,179
Share-based payments	9		162,208		67,490		-
Transfer agent, listing and filing fees			23,457		28,784		18,746
Travel			8,470		16,106		31,135
Wages, benefits and consulting fees	9		143,106		168,163		220,478
			(598,440)		(581,498)		(686,377)
Interest income and other income			7,228		2,683		1,048
Flow-through share premium recovery			149,658		-		-
Foreign exchange (loss)			(4,311)		(3,269)		(14,335)
Gain on disposal of equipment			8,635		19,181		-
Write-off of investment in associates - royalty interest	6		(560,139)		-		-
Write-down of exploration and evaluation assets	5		-		(263,937)		(583,776)
Net loss for the year		$	(997,369)	$	(826,840)	$	(1,283,440)
Other comprehensive income (loss)							
Exchange difference arising on the translation of foreign subsidiary			(6,519)		24,545		(31,206)
Total comprehensive loss for the year		$	(1,003,888)	$	(802,295)	$	(1,314,646)
Basic and diluted loss per common share		$	(0.02)	$	(0.02)	$	(0.04)
Weighted average number of common shares outstanding - basic and diluted			61,804,273		39,875,312		31,365,657

See accompanying notes to the consolidated financial statements

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

		Share Capital		Reserves			Accumulated Other Comprehensive Income (Loss)		
	Note	Number of shares	Amount	Equity settled employee benefits	Warrants	Finders' warrants	Foreign exchange reserve	Deficit	Total equity
Balance, September 30, 2016		**28,279,078**	**$ 15,151,899**	**$ 1,720,915**	**$ 597,205**	**$ 263,975**	**$ (13,439)**	**$ (14,454,716)**	**$ 3,265,839**
Private placements	7(b)(i)(ii)	6,785,715	830,357	-	44,643	-	-	-	875,000
Share issue costs		-	(72,549)	-	-	10,097	-	-	(62,452)
Exercise of finder's warrants	7(b)(iii)	221,875	44,974	-	-	(22,786)	-	-	22,188
Net loss		-	-	-	-	-	(31,206)	(1,283,440)	(1,314,646)
Balance, September 30, 2017		**35,286,668**	**15,954,681**	**1,720,915**	**641,848**	**251,286**	**(44,645)**	**(15,738,156)**	**2,785,929**
Private placement	7(b)(vii)	7,500,000	750,000	-	-	-	-	-	750,000
Acquisition of explration and evaluation assets	7(b)(iv)(vi)(viii)	2,200,000	191,000	-	-	-	-	-	191,000
Share issue costs		-	(63,196)	-	-	11,424	-	-	(51,772)
Exercise of finder's warrants	7(b)(v)	155,000	31,419	-	-	(15,919)	-	-	15,500
Share-based payments		-	-	67,490	-	-	-	-	67,490
Net loss		-	-	-	-	-	24,545	(826,840)	(802,295)
Balance, September 30, 2018		**45,141,668**	**16,863,904**	**1,788,405**	**641,848**	**246,791**	**(20,100)**	**(16,564,996)**	**2,955,852**
Private placements	7(b)(ix)(xi)	35,931,666	1,796,583	-	-	-	-	-	1,796,583
Acquisition of exploration and evaluation assets	7(b)(x)(xii)(xiii)	1,361,363	89,625	-	-	-	-	-	89,625
Share issue costs		-	(263,006)	-	-	63,816	-	-	(199,190)
Share-based payments		-	-	162,208	-	-	-	-	162,208
Net loss		-	-	-	-	-	(6,519)	(997,369)	(1,003,888)
Balance, September 30, 2019		**82,434,697**	**$ 18,487,106**	**$ 1,950,613**	**$ 641,848**	**$ 310,607**	**$ (26,619)**	**$ (17,562,365)**	**$ 3,801,190**

See accompanying notes to the consolidated financial statements

ALIANZA MINERALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Years ended September 30 2019	2018	2017
Cash flows from (used in) operating activities			
Net loss for the year	$ (997,369)	$ (826,840)	$ (1,283,440)
Items not affecting cash:			
Depreciation	412	2,508	2,822
(Gain) on disposal of equipment	(8,635)	(19,181)	-
Flow-through share premium recovery	(149,658)	-	-
Share-based payments	162,208	67,490	-
Write-off of investment in associates - royalty interest	560,139	-	-
Write-down of exploration and evaluation assets	-	263,937	583,776
Changes in non-cash working capital items:			
Receivables	(36,386)	(5,847)	1,577
VAT Receivables	(5,900)	(4,909)	(25,448)
Prepaid expenses	(315,597)	12,012	(7,302)
Accounts payable and accrued liabilities	(2,947)	14,631	7,283
Due to related parties	(6,441)	206,448	(116,291)
Funds held for optionee	29,546	-	-
Net cash (used in) operating activities	(770,628)	(289,751)	(837,023)
Cash flows from (used in) investing activities			
Sale / (purchase) of equipment	8,652	24,983	(1,702)
Exploration and evaluation assets	(712,345)	(474,387)	(390,633)
Net cash (used in) investing activities	(703,693)	(449,404)	(392,335)
Cash flows from (used in) financing activities			
Proceeds from issuance of common shares	1,967,700	750,000	875,000
Proceeds from exercise of finder's warrants	-	15,500	22,188
Share issue costs	(141,008)	(57,272)	(54,415)
Net cash provided by financing activities	1,826,692	708,228	842,773
Effect of exchange rate changes on cash	(6,440)	208	2,204
Change in cash for the year	345,931	(30,719)	(384,381)
Cash, beginning of the year	6,599	37,318	421,699
Cash, end of the year	$ 352,530	$ 6,599	$ 37,318
Cash comprised of:			
Cash	$ 322,984	$ 6,599	$ 37,318
Restricted Cash	29,546	-	-
	$ 352,530	$ 6,599	$ 37,318

Supplemental disclosure with respect to cash flows (Note 10)

Cash consists of $317,007 (2018 - $4,056; 2017 - $nil) held for flow-through expenditures, while $227,873 (2018 - $nil; 2017 - $nil) included in accounts payable and accrued liabilities is related to flow-through expenditures.

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Alianza Minerals Ltd. (the "Company" or "Alianza") was incorporated in Alberta on October 21, 2005 under the Business Corporations Act of Alberta and its registered office is Suite 410, 325 Howe Street, Vancouver, BC, Canada, V6C 1Z7. On April 25, 2008 the Company filed for a certificate of continuance and is continuing as a BC Company under the Business Corporations Act (British Columbia).

The Company is an exploration stage company and is engaged principally in the acquisition and exploration of mineral properties. The recovery of the Company's investment in its exploration and evaluation assets is dependent upon the future discovery, development and sale of minerals, upon the ability to raise sufficient capital to finance these activities, and/or upon the sale of these properties.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through the issuance of common shares or obtaining joint venture or property sale agreements for one or more properties.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statement of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Adverse financial market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. Accordingly, these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

As at September 30, 2019, the Company had working capital of $29,118 (September 30, 2018: working capital deficiency of $343,283) and shareholders' equity of $3,801,190 (September 30, 2018: $2,955,852).

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance and compliance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(Presented in Canadian Dollars)

2. BASIS OF PREPARATION - continued

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2019 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 16 Leases (effective January 1, 2019)

Under IFRS 16, virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, the company will be required to recognize leased assets (“right-of-use” assets) and the related lease liability on the statement of financial position.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Company include the accounts of Alianza Minerals Ltd. and the following entities:

Name of Subsidiaries	% of ownership	Jurisdiction	Principal Activity
Alianza Holdings Ltd.	100%	Canada	Holding Company
Canadian Shield Explorations (Int’l) Ltd.	100%	Canada	Holding Company
Estrella Gold Peru S.A.C.	100%	Peru	Exploration Company
Estrella Gold DR, S.R.L. (1)	100%	Dominican Republic	Holding Company
Tarsis Resources US Inc.	100%	Nevada, USA	Holding Company
Yanac Peru Exploration LLC	100%	Delaware, USA	Holding Company
Yanac Minera Peru S.A.C.	100%	Peru	Exploration Company

(1) Estrella Gold DR. S.R.L. is in the process of being wound up.
(2) Canadian Shield Explorations Ltd. was wound up in 2019.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation – continued

All subsidiaries are entities that we control, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All of the intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full. For subsidiaries that the Company controls, but does not own 100% of, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated statements of financial position and consolidated statements of comprehensive loss.

Certain of our business activities are conducted through associates (see below).

Interests in Joint Arrangements

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 ventures are accounted for in accordance with the policy "Investments in Associates and Joint Ventures." Joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in the consolidated financial statements.

Investments in Associates and Joint Ventures

Investments over which the Company exercises significant influence and which it does not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. Investments in joint ventures as determined in accordance with the policy "Interests in Joint Arrangements" are also accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's or joint venture's net assets such as dividends.

The Company's proportionate share of the associate's or joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between the Company's accounting policies and the associate's or joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Investments in Associates and Joint Ventures – continued

If the Company's share of the associate's or joint venture's losses equals or exceeds the investment in the associate or joint venture, recognition of further losses is discontinued. After the Company's interest is reduced to zero, additional losses will be provided for and a liability recognized only to the extent that the Company has incurred legal or constructive obligations to provide additional funding or make payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

At each statement of financial position date, management considers whether there is objective evidence of impairment in associates and joint ventures. If there is such evidence, management determines if there is a need to record an impairment in relation to the associate or joint venture.

Foreign currencies

The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rate of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its subsidiaries in Peru is the Peruvian nuevo sole and the functional currency of its subsidiaries in USA is the US dollar. Exchange differences arising from the translation of the subsidiaries' functional currencies into the Company's presentation currency are taken directly to the foreign exchange reserve.

Exploration and evaluation

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of its mineral claims and crediting all proceeds received against the cost of related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Exploration and evaluation – continued

Upon transfer of “Exploration and evaluation costs” into “Mine development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing mines”.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Decommissioning, restoration, and similar obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

As at September 30, 2019, the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments

Adoption of IFRS 9 – Financial Instruments

On October 1, 2018, the Company adopted IFRS 9 in accordance with the transitional provisions of the standard. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. The change did not impact the carrying value of any of the Company's financial assets on the transition date.

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

	IAS 39	IFRS 9
Financial Assets		
Cash and restricted cash	Fair value though profit or loss	Amortized cost
Receivables	Amortized cost	Amortized cost
Financial Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Funds held for optionee	Amortized cost	Amortized cost

The classification of financial assets is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Transaction costs with respect to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of comprehensive income or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated 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 judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- the determination that the Company will continue as a going concern for the next year;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation asset may not be recoverable;
- the determination that there are no restoration, rehabilitation and environmental costs to be accrued;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount investment in associates may not be recoverable; and
- the determination that the functional currency of the parent is the Canadian dollar, the functional currency of its subsidiaries in Peru is the Peruvian neuvo sole and the functional currency of its subsidiaries in the USA is the US dollar.

Impairment

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any 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 the statement of comprehensive loss for the period. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment – continued

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

Share-based payment transactions

The Company's stock option plan allows the Company's employees and consultants to acquire shares of the Company through the exercise of granted stock options. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when such individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where finders' warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to reserves and as a share issue cost.

When warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

Loss per common share

The Company presents basic and diluted loss per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company.

Income taxes

Income tax on the loss for the periods presented comprises current and deferred tax. Income tax is recognized in the loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Income tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

(Presented in Canadian Dollars)

4. EQUIPMENT

	Office equipment and furniture	Vehicles and other field equipment	Total
Cost			
As at September 30, 2017	$ 7,642	$ 9,735	$ 17,377
Disposal during the year	(2,887)	(10,886)	(13,773)
Foreign exchange movement	358	1,377	1,735
As at September 30, 2018	5,113	226	5,339
Disposal during the year	-	(226)	(226)
As at September 30, 2019	$ 5,113	$ -	$ 5,113
Accumulated depreciation			
As at September 30, 2017	$ 4,801	$ 3,631	$ 8,432
Depreciation for the year	1,206	1,302	2,508
Depreciation for the year related to disposal	(1,979)	(5,944)	(7,923)
Foreign exchange movement	335	1,237	1,572
As at September 30, 2018	4,363	226	4,589
Depreciation for the year	412	-	412
Depreciation for the year related to disposal	-	(226)	(226)
As at September 30, 2019	$ 4,775	$ -	$ 4,775
Net book value			
As at September 30, 2018	$ 750	$ -	$ 750
As at September 30, 2019	**$ 338**	**$ -**	**$ 338**

5. EXPLORATION AND EVALUATION ASSETS

The Company follows the prospect generator model whereby it acquires projects on attractive terms, adds value through preliminary exploration efforts and then vends or options the project for further advancement.

Although the Company has taken steps to verify title to its unproven mineral right interests, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company has properties in Nevada, USA (the "USA Properties"), in British Columbia and Yukon Territory of Canada (the "Canada Properties") and in Peru (the "Peru Properties"). Following are summary tables of exploration and evaluation assets and brief summary descriptions of each of the exploration and evaluation assets:

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

Exploration and Evaluation Assets for the year ended September 30, 2019

	USA				Canada			Peru	
	Horsethief	Bellview	BP	Others	Haldane	KRL	Others	Yanac	**Total**
Balance at September 30, 2018	**$ 223,045**	**$ 95,291**	**$ 248,975**	**$ 23,038**	**$ 471,424**	**$ 21,545**	**$ 1,197,974**	**$ 419,219**	**$ 2,700,511**
Additions during the year									
Acquisition costs:									
Property acquisition	-	-	-	-	178,125	21,500	-	-	199,625
	-	-	-	-	178,125	21,500	-	-	199,625
Exploration expenditures:									
Aircraft charter	-	-	-	-	34,319	18,093	-	-	52,412
Camp, travel and meals	37,230	24,749	23,130	-	129,498	15,595	37	-	230,239
Community relations	-	-	-	-	2,840	-	-	-	2,840
Drilling	-	-	-	-	315,801	-	-	-	315,801
Field equipment rental	9,652	7,931	3,515	-	20,381	2,145	513		44,137
Field supplies and maps	4,048	409	1,025	-	31,110	933	-	-	37,525
Geochemical	7,133	-	12,101	-	(804)	-	-	-	18,430
Geological consulting	141,211	20,196	72,553	-	268,826	46,880	474	-	550,140
Legal and accounting	790	552	1,781	187	54	-	-	-	3,364
Licence and permits	15,103	10,327	33,298	3,561	1,486	-	-	5,874	69,649
Management fees	27,706	10,866	6,931	-	-	-	-	-	45,503
Reporting, drafting, sampling and analysis	-	39,729	-	-	20231	13156	-	-	73,116
	242,873	114,759	154,334	3,748	823,742	96,802	1,024	5,874	1,443,156
Less:									
Yukon Mining Incentive Refund	-	-	-	-	(40,000)	-	-	-	(40,000)
Recovered exploration expenditures	(292,762)	(124,502)	(154,334)	(3,382)	-	-	-	-	(574,980)
Net additions	(49,889)	(9,743)	-	366	961,867	118,302	1,024	5,874	1,027,801
Foreign currency translation	-	-	-	-	-	-	-	(81)	(81)
Balance at September 30, 2019	**$ 173,156**	**$ 85,548**	**$ 248,975**	**$ 23,404**	**$ 1,433,291**	**$ 139,847**	**$ 1,198,998**	**$ 425,012**	**$ 3,728,231**

(Presented in Canadian Dollars)

Exploration and Evaluation Assets for the year ended September 30, 2018

	USA				Canada			Peru		
	Horsethief	Bellview	BP	Others	Haldane	KRL	Others	Yanac	Others	**Total**
Balance at September 30, 2017	**$ 158,020**	**$ 83,942**	**$ 216,126**	**$ 22,830**	**$ -**	**$ -**	**$ 1,174,169**	**$ 410,630**	**$ 212,390**	**$ 2,278,107**
Additions during the period										
Acquisition costs:										
Property acquisition	-	-	-	-	242,000	19,000	-	-	-	261,000
	-	-	-	-	242,000	19,000	-	-	-	261,000
Exploration expenditures:										
Aircraft charter	-	-	-	-	13,397	2,545	14,072	-	-	30,014
Camp, travel and meals	3,432	1,203	134	-	35,549	-	4,444	-	2,341	47,103
Community relations	-	-	-	-	2,928	-	-	-	-	2,928
Field equipment rental	514	-	-	-	21,038	-	-	-	-	21,552
Field supplies and maps	282	-	-	-	8,187	-	32	-	-	8,501
Geochemical	-	-	-	-	31,248	-	-	-	-	31,248
Geological consulting	11,063	-	-	-	112,659	-	5,257	-	15,652	144,631
Legal and accounting	763	533	1,720	181	4,418	-	-	-	4,206	11,821
Licence and permits	48,971	9,613	30,995	3,304	-	-	-	5,833	-	98,716
Office and administrative fees	-	-	-	-	-	-	-	207	5,708	5,915
Rent	-	-	-	-	-	-	-	-	2,436	2,436
	65,025	11,349	32,849	3,485	229,424	2,545	23,805	6,040	30,343	404,865
Less:										
Recovered exploration expenditures	-	-	-	(3,277)	-	-	-	-	-	(3,277)
Write-down of properties	-	-	-	-	-	-	-	-	(263,937)	(263,937)
Net additions	65,025	11,349	32,849	208	471,424	21,545	23,805	6,040	(233,594)	398,651
Foreign currency translation	-	-	-	-	-	-	-	2,549	21,204	23,753
Balance at September 30, 2018	**$ 223,045**	**$ 95,291**	**$ 248,975**	**$ 23,038**	**$ 471,424**	**$ 21,545**	**$ 1,197,974**	**$ 419,219**	**$ -**	**$ 2,700,511**

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

USA

On January 27, 2015, the Company signed a binding agreement to acquire eight gold properties in Nevada, USA from Sandstorm Gold Ltd. ("Sandstorm") by issuing 150,000 shares to Sandstorm and granting a net smelter returns royalty ranging from 0.5% to 1.0%. The Company also granted Sandstorm a right of first refusal on any future metal streaming agreements on these properties. In 2015 and 2016, the Company dropped four of the gold properties. The properties retained are:

- Horsethief
- Bellview
- East Walker
- Ashby

a) *Horsethief*

The Horsethief property is located in Lincoln County, northeast of Pioche. A 2% NSR is payable to a previous owner of the property from production from some claims on the property while a 1% NSR is payable to Sandstorm on all the claims on the property.

In 2017, the Company acquired new ground by staking an additional 33 BLM lode mining claims at the Horsethief property.

On March 1, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild Mining (US) Inc. ("Hochschild") whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$5,000,000 in exploration on the property over a 5.5 year period, with a minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$500,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000
12 months from the end of Agreement Year 4	Agreement Year 5	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$5,000,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

As of September 30, 2019, Hochschild had forwarded a total of $322,308 (US$243,380) for the Horsethief property. The Company held $29,546 (US$22,311) on behalf of Hochschild to be spent on the Horsethief property, which is recorded as restricted cash.

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

USA – continued

b) *Bellview*

The Bellview property is located in White Pine County, near the Bald Mountain Gold Mine. A 2% NSR is payable to a previous owner of the property and a 1% NSR is payable to Sandstorm from production from all the claims on the property.

On February 7, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Bellview property.

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$3,500,000 in exploration on the property over a 5.5 year period, with a minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
From the end of Agreement Year 1 to 30 months after Effective Date	Agreement Year 2	US$500,000
From the end of Agreement Year 2 to 42 months after Effective Date	Agreement Year 3	US$500,000
From the end of Agreement Year 3 to 54 months after Effective Date	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$3,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

As of September 30, 2019, Hochschild had forwarded a total of $124,502 (US$94,014) for the Bellview property.

Subsequent to September 30, 2019, the Company was informed by Hochschild that Hochschild will not be going ahead with the earn-in on the BP project. Thus, the Company retains 100% interest in BP project.

c) *BP*

On June 10, 2013, the Company purchased from Almaden Minerals Ltd. ("Almaden") the BP property in Nevada, USA. A 2% NSR is payable to Almadex Minerals Limited ("Almadex") on future production on the property after Almaden transferred the NSR right to Almadex.

In 2017, the Company acquired new ground by staking an additional 48 BLM lode mining claims at the BP property.

On March 1, 2019 ("Effective Date"), the Company entered into an option agreement with Hochschild whereby Hochschild could earn up to a 70% undivided interest in the Horsethief property.

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

USA – continued

c) *BP* - continued

Under the terms of the agreement, Hochschild could earn an initial 60% interest in the project by US$2,500,000 in exploration on the property over a 4.5 year period, with a minimum expenditure as below:

Period	Defined Term	Minimum Qualifying Expenditure
18 months from the Effective Date	Agreement Year 1	US$100,000
12 months from the end of Agreement Year 1	Agreement Year 2	US$500,000
12 months from the end of Agreement Year 2	Agreement Year 3	US$500,000
12 months from the end of Agreement Year 3	Agreement Year 4	US$500,000

Within 60 days of acceptance of the first option, Hochschild may elect to undertake a second option to earn an additional 10% (total 70%) in the property by funding a further US$2,500,000 in exploration over 3 years (minimum US$500,000 in exploration per year).

As of September 30, 2019, Hochschild had forwarded a total of $154,334 (US$116,540) for the BP property.

Subsequent to September 30, 2019, the Company was informed by Hochschild that Hochschild will not be going ahead with the earn-in on the BP project. Thus, the Company retains 100% interest in BP project.

	September 30, 2019	September 30, 2018
Restricted cash & Funds held for optionee		
Horsethief - Hochschild	$ 29,546	$ -
	$ 29,546	**$ -**

d) *Others - Ashby*

On August 2, 2017, the Company signed an exploration lease agreement to lease the Ashby gold property to Nevada Canyon Gold Corp. (“Nevada Canyon”). Under the terms of the agreement, Nevada Canyon made a US$1,000 payment on signing and an annual payment of US$2,000 and will grant a 2% Net Smelter Royalty (“NSR”) on future production from the Lazy 1-3 claims comprising the Ashby property. Nevada Canyon will also be responsible for all claim fees and certain reclamation work to be undertaken on the property. The initial term of the lease is 10 years and can be extended for an additional 20 years.

As of September 30, 2019, Nevada Canyon reimbursed the Company an amount of $720 (US$541).

e) *Others – East Walker*

The East Walker property is located in Lyon County, west of Hawthorne. A 2% NSR is payable to a previous owner of the property from production from some claims on the property.

As of September 30, 2019, the Company had spent $24,213 on advancing this property.

5. EXPLORATION AND EVALUATION ASSETS – continued

Canada

a) Haldane

On March 2, 2018, the Haldane property was purchased from Equity Exploration Consultants Ltd. ("Equity"), and is located in Yukon Territory, Canada. Equity has a 2% NSR royalty on the Haldane property.

The Company purchased the Haldane property from Equity for the following consideration:

- issue 2 million shares to Equity upon receipt of TSX-Venture approval (shares issued);
- make two staged cash payments of $50,000 each to Equity by June 30, 2018 (paid) and June 30, 2019 (paid);
- make a final $100,000 cash payment or issue the number of shares of equivalent value at the Company's election, on June 30, 2019 ($25,000 paid and shares of $75,000 issued); and
- make bonus share payments to Equity:
    - issue 250,000 shares to Equity upon the public disclosure of a Measured Mineral Resource (as such term is defined in National Instrument 43-101- Standards of Disclosure for Mineral Projects) of 5 million oz silver-equivalent at 500g/t silver-equivalent;
    - 500,000 shares to be issued upon the decision to commence construction of a mine or processing plant.

On April 12, 2018, the Company purchased the Nur, Clarkston and Fara claims which are contiguous to and grouped with the Haldane property from the estate of Yukon prospector John Peter Ross (the "Estate") for the following consideration:

- issue 100,000 shares to the Estate upon receipt of TSX-Venture approval (shares issued);
- make cash payment of $10,000 to the Estate by June 30, 2018 (paid);
- make cash payment of $20,000 (paid) and issue 125,000 shares (issued) to the Estate by April 12, 2019;
- make cash payment of $20,000 and issue 125,000 shares to the Estate by April 12, 2020;
- make cash payment of $25,000 and issue 150,000 shares to the Estate by April 12, 2021; and
- make bonus share payments to the Estate as follows:
    - issue 250,000 shares to the Estate upon the public disclosure of a Measured Mineral Resource (as such term is defined in National Instrument 43-101- Standards of Disclosure for Mineral Projects) of 5 million oz silver-equivalent at 500g/t silver-equivalent;
    - 500,000 shares to be issued upon the decision to commence construction of a mine or processing plant.

As of September 30, 2019, the Company had spent $1,433,291 on advancing this property.

5. EXPLORATION AND EVALUATION ASSETS – continued

Canada – continued

b) KRL

On September 1, 2018, the Company optioned the KRL property from prospector Bernie Kreft ("Kreft"), and is located in British Columbia's prolific Golden Triangle, Canada. Kreft has a 1% NSR royalty on the KRL property.

The Company optioned the KRL property from Kreft for the following consideration:

- make cash payments of $10,000 (paid) and issue 100,000 shares to Kreft upon receipt of TSX-Venture approval (issued);
- make cash payments of $15,000 to Kreft by October 15, 2018 (paid);
- make cash payments of $5,000 by October 31, 2019 (subsequently paid) and a further $20,000 by January 1, 2020 and issue 100,000 shares (issued) to Kreft by September 30, 2019;
- make cash payments of $50,000 and issue 200,000 shares to Kreft by September 30,2020;
- make cash payments of $50,000 and issue 200,000 shares to Kreft by September 30,2021;
- make cash payments of $100,000 and issue 200,000 shares to Kreft by September 30,2022;
- make bonus share payments to Kreft as follows:
  - issue additional shares upon the disclosure of an NI43-101 inferred resource estimate equal to 1 share per ounce of inferred resource, to a maximum of 350,000 shares;
  - 500,000 shares to be issued on the commencement of commercial production.

As of September 30, 2019, the Company had spent $139,847 on advancing this property.

c) *Others*

In 2010, the Company acquired the White River property through staking. The White River property is located in the Yukon, northwest of Whitehorse.

On July 23, 2007, the Company purchased from Almaden certain properties in the Yukon and Almaden assigned the 2% NSR royalty on future production from these mineral claims to Almadex:

- Goz Creek – located 180 kilometers north east of Mayo, Yukon.
- MOR – located 35 kilometers east of Teslin, Yukon and is 1.5 kilometers north of the paved Alaska Highway.
- Tim – located 72 kilometers west of Watson Lake, Yukon and 12 kilometers northeast of the Silvertip/Midway deposit.

On June 10, 2008, the Company signed another agreement with Almaden to acquire a 100% interest in the Prospector Mountain gold-silver-copper property, located in central Yukon. Almaden assigned the 2% NSR over any minerals produced from the property to Almadex. Half of the NSR may be purchased by the Company at any time after the production commences for fair value as determined by an independent valuator. The Company will also issue to Almadex 50,000 fully paid common shares upon receipt of a positive bankable feasibility study for the property.

As of September 30, 2019, the Company had spent $1,198,998 on advancing these properties.

5. EXPLORATION AND EVALUATION ASSETS – continued

Peru

On April 29, 2015, the Company acquired the Yanac, Isy and La Estrella properties in Peru.

- Yanac – located in Chincha region of the Department of Ica, south-central Peru.
- La Estrella – located 130 kilometers south of Huancayo in the Department of Huancavelica, Peru (dropped in June 2018).

a) *Yanac*

On February 27, 2013, Cliffs Natural Resources Exploration Inc., a wholly-owned subsidiary of Cliffs Natural Resources Inc. ("Cliffs") and the Company's wholly-owned subsidiary entered into a Limited Liability Company Membership Agreement ("agreement") in respect of the Yanac property. In December 2015, Cliffs' interest in Yanac was acquired by 50 King Capital Exploration Inc. ("50 King"), a private company, which took over all previous obligations of Cliffs.

On July 6, 2016, 50 King terminated the agreement, retaining only a 0.5% net smelter royalty ("NSR") on the Yanac property based on prior expenditures and transferred the ownership of the property back to the Company.

As of September 30, 2019, the Company had spent $425,012 on advancing this property.

Mexico

The Company holds a 1% Net Smelter Royalty on certain Mexican properties which is capped at $1,000,000.

6. INVESTMENT IN ASSOCIATES – ROYALTY INTEREST

On April 29, 2015, the Company acquired a 36% interest in Pucarana S.A.C. ("Pucarana"), an exploration company in Peru holding the Pucarana property.

On May 22, 2015, Pucarana signed an Assignment Agreement with Compania de Minas Buenaventura S.A.A. ("Buenaventura") whereby Pucarana assigned to Buenaventura the rights to the Pucarana property. In consideration, Buenaventura granted a 3% NSR royalty to Pucarana that is then distributed as to 60% to Alamos Gold Inc. (1.8% NSR), 36% to the Company (1.08% NSR) and 4% to Gallant Minerals Ltd (0.12% NSR).

Prior to the Company's investment in Pucarana, the Company had capitalized, as exploration and evaluation assets, $566,782 in exploration and evaluation expenditures incurred on its Pucarana property. This amount, with minor adjustments, has been carried forward as the cost of the Company's 36% investment. The investment is accounted for using the equity method. To date, no dividends have been received from the associate. As at September 30, 2019, summarized financial information for the associate is as follows:

6. INVESTMENT IN ASSOCIATES – ROYALTY INTEREST - continued

- Current assets - $Nil (2018 - $Nil)
- Non-current assets - $53,715 (2018 - $53,580)
- Current liabilities - $111 (2018 - $445)
- Non-current liabilities - $85,317 (2018 - $79,359)

To date, there is no profit or loss from continuing operations. As of September 30, 2019, the Company wrote off $560,139 in investment in associates – royalty interest.

7. SHARE CAPITAL

a) Authorized:

As at September 30, 2019, the authorized share capital is comprised of an unlimited number of common shares without par value and an unlimited number of preferred shares issuable in series. All issued shares are fully paid.

b) Issued – continued

During the year ended September 30, 2017, the Company:

i) Completed a non-brokered private placement on March 6, 2017 by issuing 5,000,000 units ("Unit") at a price of $0.125 per Unit for gross proceeds of $625,000. Each Unit consists of one common share and a half non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.20. In connection with the financing, the Company paid $21,700 as a cash finder's fee and issued 173,600 finder's warrants, each of which is exercisable into one Unit at a price of $0.125 for a period of 18 months. Each finder's warrant consists of one common share and one half non-transferable warrant exercisable for a 3 year period at a price of $0.20. The value of the finder's warrants was determined to be $8,072 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $19,272 in connection with this financing.

ii) Completed a non-brokered private placement on August 16, 2017 by issuing 1,785,715 units ("Unit") at a price of $0.14 per Unit for gross proceeds of $250,000. Each Unit consists of one common share and a half non-transferable warrant. Each whole warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.20. In connection with the financing, the Company paid $3,654 as a cash finder's fee and issued 26,100 finder's warrants, each of which is exercisable into one common share at a price of $0.14 for a period of 3 years. The value of the finder's warrants was determined to be $2,025 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, $44,643 was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $17,826 in connection with this financing.

iii) During the year ended September 30, 2017, the Company issued common shares pursuant to the exercise of 221,875 finder's warrants for cash proceeds of $22,188.

7. SHARE CAPITAL – continued

b) Issued – continued

During the year ended September 30, 2018, the Company:

iv) Issued 2,000,000 common shares to Equity at a price of $0.085 per share for a total consideration of $170,000 to pay for the Haldane property (see Note 5).

v) Issued common shares pursuant to the exercise of 155,000 finder's warrants for cash proceeds of $15,500.

vi) Issued 100,000 common shares to the Estate at a price of $0.12 per share for a total consideration of $12,000 to pay for the Haldane property (see Note 5).

vii) Completed a non-brokered private placement on April 25, 2018 by issuing 5,000,000 units ("Unit") at a price of $0.10 per Unit for gross proceeds of $500,000 and 2,500,000 flow-through shares ("FT Share") at a price of $0.10 per FT Share for gross proceeds of $250,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 24 month period at a price of $0.15. In connect with the financing, the Company paid $24,000 as a cash finder's fee and issued 240,000 finder's warrants, each of which is exercisable into one common share at a price of $0.10 for a period of 24 months. The value of the finder's warrants was determined to be $11,424 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company incurred additional share issue costs of $27,772 in connection with this financing.

viii) Issued 100,000 common shares to Kreft at a price of $0.09 per share for a total consideration of $9,000 to pay for the KRL property (see Note 5).

During the year ended September 30, 2019, the Company:

ix) Completed a non-brokered private placement on December 24, 2018 by issuing 5,000,000 non-flow-through units ("Unit") at a price of $0.05 per Unit for gross proceeds of $250,000 and 10,203,333 flow-through shares ("FT Share") at a price of $0.06 per FT Share for gross proceeds of $612,200. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 24 month period at a price of $0.10. In connect with the financing, the Company paid $50,760 as a cash finder's fee and issued 887,250 finder's warrants, each of which is exercisable into one common share at a price of $0.05 for a period of 12 months. The value of the finder's warrants was determined to be $30,078 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company recorded a flow-through premium liability of $102,034 and incurred additional share issue costs of $36,721 in connection with this financing.

x) Issued 125,000 common shares to the Estate at a price of $0.065 per share for a total consideration of $8,125 to pay for the Haldane property (see Note 5).

7. SHARE CAPITAL – continued

b) Issued – continued

xi) Completed a non-brokered private placement on July 9, 2019 by issuing 13,820,000 non-flow-through units ("Unit") at a price of $0.05 per Unit for gross proceeds of $691,000 and 6,908,333 flow-through shares ("FT Share") at a price of $0.06 per FT Share for gross proceeds of $414,500. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a 36 month period at a price of $0.10. In connect with the financing, the Company paid $55,050 as a cash finder's fee and issued 1,007,125 finder's warrants, each of which is exercisable into one common share at a price of $0.05 for a period of 12 months. The value of the finder's warrants was determined to be $33,738 and was calculated using the Black-Scholes option pricing model. Under the residual value approach, no value was assigned to the warrant component of the Units. The Company recorded a flow-through premium liability of $69,083 and incurred additional share issue costs of $56,659 in connection with this financing.

xii) Issued 1,136,363 common shares to the Equity at a price of $0.066 per share for a total consideration of $75,000 to pay for the Haldane property (see Note 5).

xiii) Issued 100,000 common shares to Kreft at a price of $0.065 per share for a total consideration of $6,500 to pay for the KRL property (see Note 5).

8. STOCK OPTIONS AND WARRANTS

a) Stock option compensation plan

The Company grants stock options to directors, officers, employees and consultants pursuant to the Company's Stock Option Plan (the "Plan"). The number of options that may be issued pursuant to the Plan are limited to 10% of the Company's issued and outstanding common shares and to other restrictions with respect to any single participant (not greater than 5% of the issued common shares) or any one consultant (not greater than 2% of the issued common shares).

Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than one quarter of the options vesting in any 3 month period.

Vesting provisions may also be applied to other option grants, at the discretion of the directors. Options issued pursuant to the Plan will have an exercise price as determined by the directors, and permitted by the TSX-V, at the time of the grant. Options have a maximum expiry date of 5 years from the grant date.

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

a) Stock option compensation plan – continued

Stock option transactions and the number of stock options for the year ended September 30, 2019 are summarized as follows:

Expiry date	Exercise price	September 30, 2018	Granted	Exercised	Expired / cancelled	September 30, 2019
February 25, 2019	$0.25	22,500	-	-	(22,500)	-
April 29, 2020	$0.25	1,264,500	-	-	-	1,264,500
April 29, 2021	$0.25	100,000	-	-	-	100,000
September 30, 2021	$0.15	1,270,000	-	-	-	1,270,000
March 14, 2023	$0.10	850,000	-	-	-	850,000
July 30, 2024	$0.10	-	2,015,000	-	-	2,015,000
Options outstanding		3,507,000	2,015,000	-	(22,500)	5,499,500
Options exercisable		3,507,000	2,015,000	-	(22,500)	5,499,500
Weighted average exercise price		$0.18	$0.10	$Nil	$0.25	$0.15

As at September 30, 2019, the weighted average contractual remaining life of options is 2.93 years (September 30, 2018 – 2.81 years; September 30, 2017 – 3.29 years). The weighted average fair value of stock options granted during the year ended September 30, 2019 was $0.08 (2018 - $0.08; 2017 - $Nil).

Stock option transactions and the number of stock options for the year ended September 30, 2018 are summarized as follows:

Expiry date	Exercise price	September 30, 2017	Granted	Exercised	Expired / cancelled	September 30, 2018
February 25, 2019	$0.25	22,500	-	-	-	22,500
April 29, 2020	$0.25	1,264,500	-	-	-	1,264,500
April 29, 2021	$0.25	100,000	-	-	-	100,000
September 30, 2021	$0.15	1,270,000	-	-	-	1,270,000
March 14, 2023	$0.10	-	850,000	-	-	850,000
Options outstanding		2,657,000	850,000	-	-	3,507,000
Options exercisable		2,657,000	850,000	-	-	3,507,000
Weighted average exercise price		$0.20	$0.10	$Nil	$Nil	$0.18

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

a) Stock option compensation plan – continued

Stock option transactions and the number of stock options for the year ended September 30, 2017 are summarized as follows:

Expiry date	Exercise price	September 30, 2016	Granted	Exercised	Expired / cancelled	September 30, 2017
May 7, 2017	$0.25	4,500	-	-	(4,500)	-
February 25, 2019	$0.25	22,500	-	-	-	22,500
April 29, 2020	$0.25	1,264,500	-	-	-	1,264,500
April 29, 2021	$0.25	100,000	-	-	-	100,000
September 30, 2021	$0.15	1,270,000	-	-	-	1,270,000
Options outstanding		2,661,500	-	-	(4,500)	2,657,000
Options exercisable		2,661,500	-	-	(4,500)	2,657,000
Weighted average exercise price		$0.20	$Nil	$Nil	$0.25	$0.20

The weighted average assumptions used to estimate the fair value of options for the years ended September 30, 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Risk-free interest rate	1.25%	1.25%	n/a
Expected life	5 years	5 years	n/a
Expected volatility	175.27%	166.63%	n/a
Expected dividend yield	nil	nil	n/a

b) Warrants

The continuity of warrants for the year ended September 30, 2019 is as follows:

Expiry date	Exercise price	September 30, 2018	Issued	Exercised	Expired	September 30, 2019
September 28, 2019	$0.20	1,200,000	-	-	(1,200,000)	-
March 6, 2020	$0.20	2,500,000	-	-	-	2,500,000
March 8, 2020	$0.15	7,221,875	-	-	-	7,221,875
April 7, 2020	$0.15	3,255,000	-	-	-	3,255,000
April 25, 2020	$0.15	5,000,000	-	-	-	5,000,000
August 16, 2020	$0.20	892,857	-	-	-	892,857
December 24, 2020	$0.10	-	5,000,000	-	-	5,000,000
July 9, 2022	$0.10	-	13,820,000	-	-	13,820,000
Outstanding		20,069,732	18,820,000	-	(1,200,000)	37,689,732
Weighted average exercise price		$0.16	$0.10	$Nil	$0.20	$0.13

As at September 30, 2019, the weighted average contractual remaining life of warrants is 1.44 years (September 30, 2018 – 1.48 years; September 30, 2017 – 1.95 years).

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

b) Warrants – continued

The continuity of warrants for the year ended September 30, 2018 is as follows:

Expiry date	Exercise price	September 30, 2017	Issued	Exercised	Expired	September 30, 2018
October 3, 2017	$0.40	687,000	-	-	(687,000)	-
October 9, 2017	$0.40	755,500	-	-	(755,500)	-
December 24, 2017	$1.00	300,000	-	-	(300,000)	-
April 29, 2018	$0.40	3,000,000	-	-	(3,000,000)	-
September 28, 2019	$0.20	1,200,000	-	-	-	1,200,000
March 6, 2020	$0.20	2,500,000	-	-	-	2,500,000
March 8, 2020	$0.15	7,221,875	-	-	-	7,221,875
April 7, 2020	$0.15	3,100,000	155,000	-	-	3,255,000
April 25, 2020	$0.15	-	5,000,000	-	-	5,000,000
August 16, 2020	$0.20	892,857	-	-	-	892,857
Outstanding		19,657,232	5,155,000	-	(4,742,500)	20,069,732
Weighted average exercise price		$0.23	$0.15	$Nil	$0.44	$0.16

The continuity of warrants for the year ended September 30, 2017 is as follows:

Expiry date	Exercise price	September 30, 2016	Issued	Exercised	Expired	September 30, 2017
December 16, 2016	$1.50	483,666	-	-	(483,666)	-
March 17, 2017	$1.50	266,667	-	-	(266,667)	-
May 15, 2017	$1.00	1,200,000	-	-	(1,200,000)	-
September 11, 2017	$1.00	900,000	-	-	(900,000)	-
October 3, 2017	$0.40	687,000	-	-	-	687,000
October 9, 2017	$0.40	755,500	-	-	-	755,500
December 24, 2017	$1.00	300,000	-	-	-	300,000
April 29, 2018	$0.40	3,000,000	-	-	-	3,000,000
September 28, 2019	$0.20	1,200,000	-	-	-	1,200,000
March 6, 2020	$0.20	-	2,500,000	-	-	2,500,000
March 8, 2020	$0.15	7,000,000	221,875	-	-	7,221,875
April 7, 2020	$0.15	3,100,000	-	-	-	3,100,000
August 16, 2020	$0.20	-	892,857	-	-	892,857
Outstanding		18,892,833	3,614,732	-	(2,850,333)	19,657,232
Weighted average exercise price		$0.37	$0.20	$Nil	$1.13	$0.23

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

c) Finder's warrants

The continuity of finder's warrants for the year ended September 30, 2019 is as follows:

Expiry date	Exercise price	September 30, 2018	Issued	Exercised	Expired	September 30, 2019
December 24, 2019	$0.05	-	887,250	-	-	887,250
April 25, 2020	$0.10	240,000	-	-	-	240,000
August 16, 2020	$0.14	26,100	-	-	-	26,100
July 9, 2020	$0.05	-	1,007,125	-	-	1,007,125
Outstanding		266,100	1,894,375	-	-	2,160,475
Weighted average exercise price		$0.10	$0.05	$Nil	$Nil	$0.06

As at September 30, 2019, the weighted average contractual remaining life of finder's warrants is 0.53 years (September 30, 2018 – 1.60 years; September 30, 2017 – 0.67 years).

The continuity of finder's warrants for the year ended September 30, 2018 is as follows:

Expiry date		Exercise price	September 30, 2017	Issued	Exercised	Expired	September 30, 2018
October 7, 2017	(1)	$0.10	155,000	-	(155,000)	-	-
March 28, 2018	(2)	$0.125	20,000	-	-	(20,000)	-
September 6, 2018	(3)	$0.125	173,600	-	-	(173,600)	-
April 25, 2020		$0.10	-	240,000	-	-	240,000
August 16, 2020		$0.14	26,100	-	-	-	26,100
Outstanding			374,700	240,000	(155,000)	(193,600)	266,100
Weighted average exercise price			$0.12	$0.10	$0.10	$0.125	$0.10

The continuity of finder's warrants for the year ended September 30, 2017 is as follows:

Expiry date		Exercise price	September 30, 2016	Issued	Exercised	Expired	September 30, 2017
September 8, 2017		$0.10	223,750	-	(221,875)	(1,875)	-
October 7, 2017	(1)	$0.10	155,000	-	-	-	155,000
March 28, 2018	(2)	$0.125	20,000	-	-	-	20,000
September 6, 2018	(3)	$0.125	-	173,600	-	-	173,600
August 16, 2020		$0.14	-	26,100	-	-	26,100
Outstanding			398,750	199,700	(221,875)	(1,875)	374,700
Weighted average exercise price			$0.10	$0.13	$0.10	$0.10	$0.12

(1) The finder's warrants are exercisable into units, with each unit consisting of one common share and one warrant exercisable at $0.15 until April 7, 2020. On October 4, 2017, 155,000 finder's warrants were exercised resulting in 155,000 common shares and 155,000 warrants issued.

(2) The finder's warrants are exercisable into units, with each unit consisting of one common share and one half warrant exercisable at $0.20 until September 28, 2019.

(3) The finder's warrants are exercisable into units, with each unit consisting of one common share and one half warrant exercisable at $0.20 until March 6, 2020.

(Presented in Canadian Dollars)

8. STOCK OPTIONS AND WARRANTS – continued

c) Finder's warrants – continued

The weighted average assumptions used to estimate the fair value of finder's warrants for the years ended September 30, 2019, 2018 and 2017 were as follows:

	2019	2018	2017
Risk-free interest rate	1.92%	1.03%	0.60%
Expected life	1 year	2 years	1.7 years
Expected volatility	95.54%	88.91%	83.78%
Expected dividend yield	nil	nil	nil

9. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended September 30, 2019

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 122,000	$ Nil	$ Nil	$ Nil	$ 24,150	$ 146,150
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 20,125	$ 20,125
Marc G. Blythe Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,075	$ 12,075
Mark T. Brown Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 24,150	$ 24,150
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,075	$ 12,075
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,075	$ 12,075

For the year ended September 30, 2018

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Jason Weber Chief Executive Officer, Director	$ 120,000	$ Nil	$ Nil	$ Nil	$ 15,880	$ 135,880
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,940	$ 7,940
Marc G. Blythe Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
Mark T. Brown Director [(a)]	$ Nil	$ Nil	$ Nil	$ Nil	$ 11,910	$ 11,910
Craig Lindsay Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970
John Wilson Director	$ Nil	$ Nil	$ Nil	$ Nil	$ 3,970	$ 3,970

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS - continued

For the year ended September 30, 2017

Related party transactions and balances

		Years ended		Balance due	
	Services	September 30, 2019	September 30, 2018	As at September 30, 2019	As at September 30, 2018
Amounts due to:					
Jason Weber	Consulting fee and share-based payment	$ 146,150	$ 135,880	$ 7,536	$ 24,093
Pacific Opportunity Capital Ltd. [(a)]	Accounting, financing, and shareholder communication services	$ 205,860	$ 176,745	$ 318,901	$ 252,535 [(b)]
TOTAL:		$ 352,010	$ 312,625	$ 326,437	$ 276,628

(a) The president of Pacific Opportunity Capital Ltd., a private company, is a director of the Company.
(b) Includes a $60,000 advance that is non-interest bearing without specific terms of repayment.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the year ended September 30, 2019 were as follows:

- As at September 30, 2019, a total of $245,702 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities;
- As at September 30, 2019, a total of $71,250 in share issue costs was included in due to related parties; and $1,931 in share issue costs was included in accounts payable;
- The Company recorded $63,816 in share issue costs related to the issue of finder's warrants pursuant to the private placement financing completed;
- The Company recorded $89,625 in share capital related to the issue of common shares pursuant to the acquisition of exploration and evaluation assets; and

The significant non-cash investing and financing transactions during the year ended September 30, 2018 were as follows:

- As at September 30, 2018, a total of $19,963 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities;
- As at September 30, 2018, a total of $15,000 in share issue costs was included in due to related parties;
- The Company recorded $191,000 in share capital related to the issue of common shares pursuant to the acquisition of exploration and evaluation assets; and
- The Company recorded $11,424 in share issue costs related to the issue of finder's warrants pursuant to the private placement financing completed.

(Presented in Canadian Dollars)

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS – continued

The significant non-cash investing and financing transactions during the year ended September 30, 2017 were as follows:

- As at September 30, 2017, a total of $22,761 in exploration and evaluation asset costs was included in accounts payable and accrued liabilities;
- As at September 30, 2017, a total of $20,500 in share issue costs was included in due to related parties; and
- The Company recorded $10,097 in share issue costs related to the issue of finder's warrants pursuant to the private placement financing completed.

11. SEGMENTED INFORMATION

The Company has one reportable operating segment, that being the acquisition and exploration of mineral properties. Geographical information is as follows:

		2019		2018
Non-current assets				
USA		531,083		590,349
Peru		468,515		1,017,093
Canada		2,772,474		1,691,693
	$	3,772,072	$	3,299,135

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2019		2018
Loss before income taxes	$	(997,369)	$	(826,840)
Expected income tax recovery	$	(271,000)	$	(247,000)
Permanent differences		4,000		19,000
Share issue costs		(22,000)		(14,000)
Change in unrecognized deductible temporary differences		289,000		242,000
Total deferred income tax (recovery) expense	**$**	**-**		**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary Differences	$		$	
Exploration and evaluation assets	2,500,000	No expiry date	2,962,000	No expiry date
Property and equipment	16,000	No expiry date	53,000	No expiry date
Share issue costs	230,000	2040 to 2043	111,000	2039 to 2042
Allowable capital losses	3,221,000	No expiry date	3,221,000	No expiry date
Non-capital losses available for future periods	16,122,000	2020 to 2039	15,614,000	2019 to 2038

12. INCOME TAXES – continued

Expenditures related to the use of flow-through share proceeds are included in exploration costs but are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. At September 30, 2019, the Company has an obligation for future flow-through expenditures of $128,753 (2018: $2,239).

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, market risk and commodity price risk.

(a) Currency risk

The Company's property interests in Peru and USA make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company's exploration program, some of its general and administrative expenses and financial instruments denoted in a foreign currency are exposed to currency risk. A 10% change in the Peruvian nuevo sol and US dollar over the Canadian dollar would change the results of operations by approximately $5,700.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its cash. The Company limits exposure to credit risk by maintaining its cash with a large Canadian financial institution.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company does not have sufficient cash to settle its current liabilities, and further funding will be required to meet the Company's short-term and long-term operating needs. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

13. FINANCIAL INSTRUMENTS – continued

(d) Market risk

Market risks to which the Company is exposed include unfavorable movements in commodity prices, interest rates, and foreign exchange rates. As at September 30, 2019, the Company has no producing assets and holds the majority of its cash in secure, Canadian dollar-denominated deposits. Consequently, its exposure to these risks has been significantly reduced, but as the Company redeploys its cash, exposure to these risks may increase. The objective of the Company is to mitigate exposure to these risks while maximizing returns.

The Company may from time-to-time own available-for-sale marketable securities, in the mineral resource sector. Changes in the future pricing and demand of commodities can have a material impact on the market value of the investments. The nature of such investments is normally dependent on the invested company being able to raise additional capital to further develop and to determine the commercial viability of its resource properties. Management mitigates the risk of loss resulting from this concentration by monitoring the trading value of the investments on a regular basis.

i) Interest rate risk

As at September 30, 2019, the Company's exposure to movements in interest rates was limited to potential decreases in interest income from changes to the variable portion of interest rates for its cash. Market interest rates in Canada are at historically low levels, so management does not consider the risk of interest rate declines to be significant, but should such risks increase the Company may mitigate future exposure by entering into fixed-rate deposits. A 1% change in the interest rate, with other variables unchanged, would not significantly affect the Company.

ii) Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company may maintain cash and other financial instruments, or may incur revenues and expenditures in currencies other than the Canadian dollar. Significant changes in the currency exchange rates between the Canadian dollar relative to these foreign currencies, which may include but are not limited to US dollars and Peruvian nuevo sol, could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

(e) Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company are directly related to the market price of minerals such as gold, zinc, lead and copper. The Company's input costs are also affected by the price of fuel. The Company closely monitors mineral and fuel prices to determine the appropriate course of action to be taken by the Company.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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

(Presented in Canadian Dollars)

13. FINANCIAL INSTRUMENTS – continued

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

As at September 30, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 322,984	$ -	$ -	$ 322,984
Restricted cash	29,546	-	-	29,546

As at September 30, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 6,599	$ -	$ -	$ 6,599

14. MANAGEMENT OF CAPITAL RISK

The Company considers items included in shareholders' equity as capital. 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 development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's approach to managing capital remains unchanged from the year ended September 30, 2018.

15. CONTINGENT LIABILITIES

As a result of the administrative practices with respect to mining taxation in Mexico, there can be significant uncertainty, in regards to when, or if, taxes are payable and the amount that may ultimately be payable. As at September 30, 2015, Mexican claim taxes totalling approximately $766,000 had been levied. Of this amount, $563,000 ($193,000 for 2014 and $370,000 for 2015) related to properties that were held by Minera Tarsis, S.A. de C.V., which the Company had applied to wind up, and $203,000 ($63,000 for 2014 and $140,000 for 2015) related to properties being acquired. On February 16, 2016, the Company sold all its Mexican properties, Yago, Mezquites and San Pedro, to Almadex, and reduced the claim taxes to $173,783. These taxes will never be paid in full and any amount that will, or might, be payable cannot realistically be determined at this time. Accordingly, these taxes have been disclosed as a contingent liability, and not recognized as a liability or provision.