



NEVADA SUNRISE GOLD CORPORATION

Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

NEVADA SUNRISE GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 March 31, 2020 and September 30, 2019
 (Expressed in Canadian Dollars)
 (Unaudited – Prepared by Management)

| | March 31, 2020 | September 30, 2019 |
|---|---------------------|-----------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 19,392 | \$ 54,528 |
| Marketable securities – Note 5 | 2,784 | 99,537 |
| Receivables – Note 4 | 10,589 | 16,697 |
| Prepaid expenses and deposits – Note 11 | 11,672 | 27,826 |
| | <u>44,437</u> | <u>198,588</u> |
| Non-current assets | | |
| Reclamation bonds and right of way – Note 8 | 117,026 | 109,346 |
| Exploration and evaluation assets – Note 7 | 957,069 | 836,411 |
| | <u>1,074,095</u> | <u>945,757</u> |
| Total assets | \$ 1,118,532 | \$ 1,144,345 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 838,637 | \$ 762,205 |
| Due to related parties – Note 11 | 69,539 | 7,805 |
| | <u>908,176</u> | <u>770,010</u> |
| Equity | | |
| Share capital – Note 9 | 19,163,630 | 19,134,380 |
| Contributed reserves – Note 9 | 3,422,612 | 3,422,612 |
| Accumulated other comprehensive income | 832,578 | 811,964 |
| Deficit | (23,208,464) | (22,994,621) |
| | <u>210,356</u> | <u>374,335</u> |
| Total liabilities and equity | \$ 1,118,532 | \$ 1,144,345 |

Corporate Information – Note 1
 Going Concern – Note 2
 Commitments – Note 7
 Subsequent Event – Note 12

Approved by the Directors on May 15, 2020:

 “Warren Stanyer” Director “Michael Sweatman” Director

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

NEVADA SUNRISE GOLD CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three and six months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

| | Three months ended March 31, 2020 | Three months ended March 31, 2019 | Six months ended March 31, 2020 | Six months ended March 31, 2019 |
|--|---|---|---------------------------------------|---------------------------------------|
| Expenses | | | | |
| Accounting and audit – Note 11 | \$ 10,500 | \$ 11,250 | \$ 20,732 | \$ 23,000 |
| Consulting fees | 1,037 | 30,831 | 3,085 | 57,829 |
| Depreciation | - | 103 | - | 315 |
| Directors' fees – Note 11 | 12,000 | 12,000 | 24,000 | 24,000 |
| Exploration and evaluation costs – Note 7 | 25 | 4,006 | 3,358 | 259,347 |
| Foreign exchange (gain) loss | 1,786 | (3,182) | 1,928 | 2,053 |
| Insurance | 3,222 | 4,215 | 6,429 | 8,420 |
| Legal – Note 11 | 2,915 | 198,214 | 13,294 | 283,803 |
| Management fees – Note 11 | 16,800 | 16,800 | 33,600 | 40,600 |
| Office expenses | 2,434 | 15,931 | 14,268 | 28,063 |
| Rent – Note 11 | 8,008 | 7,042 | 15,976 | 15,328 |
| Shareholder communications | 6,716 | 22,082 | 22,123 | 40,801 |
| Share-based payments – Notes 9 and 11 | - | 40,500 | - | 121,700 |
| Storage | 322 | 348 | 639 | 3,840 |
| Transfer agent and filing fees | 5,690 | 6,077 | 8,586 | 12,312 |
| Travel and entertainment | 113 | 107 | 1,871 | 4,869 |
| | (71,568) | (366,324) | (169,889) | (926,280) |
| Other items | | | | |
| Management fee income | - | - | 403 | - |
| Loss on sale of marketable securities | (238,540) | (63,090) | (465,680) | (63,090) |
| Unrealized gain (loss) on marketable securities | 228,624 | (36,126) | 421,323 | (51,626) |
| | (9,916) | (99,216) | (43,954) | (114,716) |
| Loss for the period | (81,484) | (465,540) | (213,843) | (1,040,996) |
| Foreign currency translation adjustment | 26,270 | (18,374) | 20,614 | 17,713 |
| Comprehensive loss for the period | \$ (55,214) | \$ (483,914) | \$ (193,229) | \$ (1,023,283) |
| Basic and diluted loss per share | \$ (0.00) | \$ (0.01) | \$ (0.00) | \$ (0.02) |
| Weighted average number of shares outstanding – basic and diluted | 53,494,133 | 48,724,133 | 53,209,980 | 47,895,232 |

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

NEVADA SUNRISE GOLD CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | 2020 | 2019 |
|---|------------------|-------------------|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Loss for the period | \$ (213,843) | \$ (1,040,996) |
| Items not involving cash: | | |
| Depreciation | - | 315 |
| Amortization of right of way | - | 141 |
| Share-based payments | - | 121,700 |
| Loss on sale of marketable securities | 465,680 | 63,090 |
| Unrealized (gain) loss on marketable securities | (421,323) | 51,626 |
| Net changes in non-cash working capital balances: | | |
| Receivables | 6,108 | (3,194) |
| Prepaid expenses and deposits | 16,154 | 13,110 |
| Accounts payable and accrued liabilities | 76,432 | 89,629 |
| Due to related parties | 61,734 | (5,483) |
| | <u>(9,058)</u> | <u>(710,062)</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Reclamation bonds and right of way | - | (19,085) |
| Exploration and evaluation assets – exchanged for marketable securities | - | (6,744) |
| Exploration and evaluation assets – proceeds of consent shares sold | - | 113,363 |
| Exploration and evaluation assets – acquisition costs | (39,926) | (126,336) |
| | <u>(39,926)</u> | <u>(38,802)</u> |
| CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | | |
| Proceeds from sale of marketable securities | 63,646 | 326,410 |
| Issuance of securities, net of costs | - | 145,975 |
| | <u>63,646</u> | <u>472,385</u> |
| Effect of foreign exchange on cash | <u>(49,798)</u> | <u>(17,365)</u> |
| Change in cash during the period | (35,136) | (293,844) |
| Cash, beginning of the period | <u>54,528</u> | <u>431,423</u> |
| Cash, end of the period | <u>\$ 19,392</u> | <u>\$ 137,579</u> |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> |
| Income taxes paid | <u>\$ -</u> | <u>\$ -</u> |

Supplemental disclosure with respect to cash flows – Note 10

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

NEVADA SUNRISE GOLD CORPORATION**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the six months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited = Prepared by Management)

| | Share Capital | | | | | | |
|--|---------------------|----------------------|-------------------------|---|------------------------|-------------------|--|
| | Number of Shares | Amount | Contributed Reserves | Accumulated Other Comprehensive Income | Deficit | Total | |
| Balance at September 30, 2019 | 52,844,133 | \$ 19,134,380 | \$ 3,422,612 | \$ 811,964 | \$ (22,994,621) | \$ 374,335 | |
| Property acquisition costs – Notes 7 and 9 | 650,000 | 29,250 | - | - | - | 29,250 | |
| Foreign currency translation adjustment | - | - | - | 20,614 | - | 20,614 | |
| Loss for the period | - | - | - | - | (213,843) | (213,843) | |
| Balance at March 31, 2020 | 53,494,133 | \$ 19,163,630 | \$ 3,422,612 | \$ 832,578 | \$ (23,208,464) | \$ 210,356 | |
| Balance at September 30, 2018 | 45,044,133 | \$ 18,724,555 | \$ 3,299,512 | \$ 796,768 | \$ (21,189,528) | \$ 1,631,307 | |
| Private placements – Note 9 | 3,000,000 | 150,000 | - | - | - | 150,000 | |
| Less: share issue costs – Note 9 | - | (4,025) | - | - | - | (4,025) | |
| Property acquisition costs – Notes 7 and 9 | 750,000 | 64,500 | - | - | - | 64,500 | |
| Share-based payments – Note 9 | - | - | 121,700 | - | - | 121,700 | |
| Foreign currency translation adjustment | - | - | - | 17,713 | - | 17,713 | |
| Loss for the period | - | - | - | - | (1,040,996) | (1,040,996) | |
| Balance at March 31, 2019 | 48,794,133 | \$ 18,935,030 | \$ 3,421,212 | \$ 814,481 | \$ (22,230,524) | \$ 940,199 | |

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

NEVADA SUNRISE GOLD CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. CORPORATE INFORMATION

Nevada Sunrise Gold Corporation (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on April 3, 2007. On May 15, 2007, the Company acquired all of the issued and outstanding shares of Intor Resources Corporation (“Intor”) by way of a reverse takeover. Intor was incorporated under the laws of the State of Nevada, USA on September 7, 2004.

The Company’s principal business activity is the acquisition, exploration and evaluation of its mineral property assets located in the State of Nevada, USA. The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “NEV”.

The Company’s office is Suite 408 - 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1.

2. BASIS OF PREPARATION***Statement of Compliance***

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended September 30, 2019 and 2018.

These condensed interim consolidated financial statements were authorized for issue on May 15, 2020 by the directors of the Company.

Going Concern

These condensed interim consolidated financial statements are prepared using IFRS applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Future operations are dependent on the Company’s ability to raise additional equity financing and the attainment of profitable operations.

The Company has a history of operating losses and at March 31, 2020, has an accumulated deficit of \$23,208,464. At March 31, 2020, the Company had a working capital deficiency of \$863,739. The Company will require equity or loan financing and/or the sale of its marketable securities or other assets in order to continue exploration of its exploration and evaluation assets and fund its administrative expenses.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These conditions may cast significant doubt about the Company’s ability to continue as a going concern.

NEVADA SUNRISE GOLD CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

(Expressed in Canadian Dollars)

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2. BASIS OF PREPARATION (cont'd...)***Principles of Consolidation***

These consolidated financial statements incorporate the accounts of the Company and the following subsidiary:

| Name of subsidiary | Country of incorporation | Percentage ownership | Principal activity |
|-----------------------------|--------------------------|----------------------|-----------------------------------|
| Intor Resources Corporation | USA | 100% | Exploration of mineral properties |

The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies. All intercompany balances and transactions have been eliminated on consolidation.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as and measured at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts are expressed in Canadian dollars unless otherwise specified.

Critical Accounting Judgments, Estimates and Assumptions***Critical Judgments***

Preparation of these condensed interim consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

The functional currency of an entity is the currency of the primary economic environment in which an entity operates. The determination of an entity's functional currency requires judgment based on analysis of relevant criteria. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

Estimations and assumptions

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

i) ***Exploration and Evaluation Assets***

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

NEVADA SUNRISE GOLD CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

(Expressed in Canadian Dollars)

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2. BASIS OF PREPARATION (cont'd...)*Critical Accounting Judgments, Estimates and Assumptions (cont'd...)**ii) Share-based Payments*

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

3. SIGNIFICANT ACCOUNTING POLICIES*Equipment*

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded over the estimated useful lives of the assets on the straight line basis:

| | |
|-----------------|---------|
| Field equipment | 7 years |
|-----------------|---------|

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

NEVADA SUNRISE GOLD CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)***Exploration and Evaluation Assets***

All direct costs related to the acquisition of exploration and evaluation assets are capitalized upon acquiring the legal right to explore a property. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to profit or loss as incurred.

Exploration and evaluation costs are expensed as incurred while the Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. If and when the Company's management determines that economically extractable proven or probable mineral reserves have been established, the subsequent costs incurred to develop such property, including costs to further delineate the ore body will be capitalized.

Proceeds in the form of cash and/or common shares received, and reimbursements of historical acquisition costs, from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests that may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place.

At each reporting date the carrying amounts of the Company's exploration and evaluation 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. Each of the Company's properties are considered to be a separate cash generating unit. 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 profit or loss.

Decommissioning and Restoration Provisions

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no decommissioning liabilities as at March 31, 2020 and September 30, 2019.

NEVADA SUNRISE GOLD CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)***Foreign Currency Translation***

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar and the functional currency of Intor is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

i) Transactions and Balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign amounts are translated at the rate of exchange at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

ii) Translation of Subsidiary Results into the Presentation Currency

The Company's presentation currency is in the Canadian dollar.

The results and statements of financial position of the Company's subsidiary with a functional currency that is different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the period end rates of exchange, the results of operations are translated at average rates of exchange for the period, and items of equity are translated at historical rates. The resulting changes are recognized in accumulated other comprehensive income ("AOCI") in equity as a foreign currency translation adjustment.

Share-based Payments

The stock option plan allows Company employees, directors and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payments expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from contributed reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest.

The fair value of the options granted is measured using the Black-Scholes Option Pricing Model which takes 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 number of stock options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

NEVADA SUNRISE GOLD CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)***Share Capital***

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock 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 warrants attached to 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 the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market 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 contributed reserves.

Income Taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial Instruments

The Company adopted the new accounting standard IFRS 9, Financial Instruments (“IFRS 9”), effective October 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and liabilities. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”).

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. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

NEVADA SUNRISE GOLD CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)***Financial Instruments (cont'd...)***

The following is the new accounting policy for financial assets under IFRS 9:

Financial assets

The Company will now classify its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. The Company’s accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed as incurred. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are recognized in profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable and accrued liabilities, due to related parties and due to Dedicated Mining Technology Inc. are classified as amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)*Financial Instruments (cont'd...)*

The following table shows the classification of the Company's financial assets and liabilities under IFRS 9 and IAS 39:

| Financial asset or liability | IFRS 9 Classification | IAS 39 Classification |
|--|------------------------------|------------------------------|
| Cash | FVTPL | FVTPL |
| Marketable securities | FVTPL | FVTPL |
| Receivables | Amortized cost | Loans and receivables |
| Reclamation bonds and right of way | Amortized cost | Held to maturity |
| Accounts payable and accrued liabilities | Amortized cost | Other financial liabilities |
| Due to related parties | Amortized cost | Other financial liabilities |
| Due to Dedicated Mining Technology Inc. | Amortized cost | Other financial liabilities |

As the accounting reflected by the adoption of IFRS 9 under the above classifications is similar to that of IAS 39, there was no impact on the Company's consolidated financial statements and no restatement of prior periods was required.

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets may be 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 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, (or cash generating unit) the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. 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. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)*New Standards and Interpretations Adopted*

The following new standards were adopted by the Company for the year ended September 30, 2019:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial instruments. Adoption of this standard did not have a material impact on the Company's financial statements. See above for details.
- IFRS 15: New standard that replaced IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31 which establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Adoption of this standard did not have any impact on the Company's financial statements.

The following new standards were adopted by the Company for the year ended September 30, 2020:

- IFRS 16: Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting. Adoption of this standard did not have any impact on the Company's financial statements.
- IFRIC 23 - Uncertainty over Income Tax Treatments: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The Company does not expect a significant impact on its financial statements from the adoption of this standard.

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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's receivables, accounts payable and accrued liabilities, and due to related parties approximate their carrying values because of the short-term nature of these instruments. The fair values of reclamation bonds and right of way also approximate their carrying values.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2020 and September 30, 2019:

| | Level 1 | Level 2 | Level 3 |
|-----------------------|-----------|---------|---------|
| March 31, 2020: | | | |
| Cash | \$ 19,392 | \$ - | \$ - |
| Marketable securities | \$ 2,784 | \$ - | \$ - |
| September 30, 2019: | | | |
| Cash | \$ 54,528 | \$ - | \$ - |
| Marketable securities | \$ 99,537 | \$ - | \$ - |

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's cash is held with large financial institutions. The Company's receivables consist of goods and services tax receivable from the Government of Canada and exploration expenses incurred on behalf of third parties.

Management believes that credit risk concentration with respect to receivables is remote. The composition of receivables as at March 31, 2020 and September 30, 2019 is as follows:

| | March 31, 2020 | September 30, 2019 |
|-------------------------------------|-------------------|-----------------------|
| Goods and services tax receivable | \$ 4,765 | \$ 2,731 |
| Due from Global Energy Metals Corp. | 5,824 | 12,715 |
| Other | - | 1,251 |
| | <u>\$ 10,589</u> | <u>\$ 16,697</u> |

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4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company had cash of \$19,392 to settle current liabilities of \$908,176. Management intends to obtain additional equity or loan financing and/or dispose of its marketable securities or other assets in order to meet its current liabilities as they become due. See going concern discussion in Note 2.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances which are not subject to significant risks in fluctuating interest rates. The Company's policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on the Company's operations.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US dollars.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings, or ability to obtain equity financing, due to movements in individual equity prices or general movements in the level of the stock market. The Company's marketable securities are subject to price risk. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, lithium, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The Company through its subsidiary operates in the United States and is exposed to exchange risk from changes in the US dollar. At March 31, 2020, a 10% fluctuation in the US dollar against the Canadian dollar would affect comprehensive loss by approximately \$77,300.

At March 31, 2020, a 10% fluctuation in the fair value of the Company's marketable securities would affect comprehensive loss by approximately \$300.

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5. MARKETABLE SECURITIES

| | March 31, 2020 | September 30, 2019 |
|--|-------------------|-----------------------|
| Common shares of public companies: | | |
| Fair value, opening | \$ 99,537 | \$ 445,752 |
| Acquisitions | 11,250 | 462,151 |
| Proceeds on sale | (63,646) | (425,196) |
| Dedicated Mining Technology – consent shares returned – Note 7 | - | (151,383) |
| Realized loss on sale | (465,680) | (432,729) |
| Unrealized gain | 421,323 | 200,942 |
| | <u>\$ 2,784</u> | <u>\$ 99,537</u> |

The Company has determined that it does not hold significant influence in any of its investments. The fair value is determined at each reporting date by reference to the closing price of these common shares which are publicly traded.

6. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral properties in Nevada, USA. All of the Company's non-current assets are located in the United States.

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7. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation asset interests 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 historical title conveyance characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation assets the Company has committed to earn interests in are located in the State of Nevada, USA.

Schedule of Exploration and Evaluation Assets for the Six Months Ended March 31, 2020

| | Golden Arrow | Water Right | Neptune/Aquarius | Lovelock/Treasure Box | Coronado | Gemini/Jackson | Atlantis | Total |
|-----------------------------|--------------|-------------|------------------|-----------------------|------------|----------------|----------|------------|
| Balance, September 30, 2019 | \$ - | \$ 513,858 | \$ - | \$ 73,910 | \$ 170,847 | \$ 77,796 | \$ - | \$ 836,411 |
| Option payments - cash | - | 33,272 | - | - | 6,654 | - | - | 39,926 |
| Option payments - shares | - | 18,000 | - | 11,250 | - | - | - | 29,250 |
| Option receipts - shares | - | - | - | (11,250) | - | - | - | (11,250) |
| Translation adjustment | - | 39,646 | - | 5,191 | 12,430 | 5,465 | - | 62,732 |
| Balance, March 31, 2020 | \$ - | \$ 604,776 | \$ - | \$ 79,101 | \$ 189,931 | \$ 83,261 | \$ - | \$ 957,069 |

Schedule of Exploration and Evaluation Assets for the Year Ended September 30, 2019

| | Golden Arrow | Water Right | Neptune/Aquarius | Lovelock/Treasure Box | Coronado | Gemini/Jackson | Atlantis | Total |
|-----------------------------|--------------|-------------|------------------|-----------------------|------------|----------------|-----------|--------------|
| Balance, September 30, 2018 | \$ 350,000 | \$ 512,448 | \$ 123,957 | \$ 156,809 | \$ 36,286 | \$ 48,449 | \$ 35,244 | \$ 1,263,193 |
| Acquisition for receivable | - | - | - | - | - | 21,751 | - | 21,751 |
| Option payments - cash | - | 99,530 | - | - | 46,447 | - | - | 145,977 |
| Option payments - shares | - | 31,500 | - | - | 29,000 | - | - | 60,500 |
| Consent shares returned | - | (151,383) | - | - | - | - | - | (151,383) |
| Option receipts - shares | - | - | - | (86,407) | - | - | - | (86,407) |
| Sale proceeds - shares | (350,000) | - | - | - | - | - | - | (350,000) |
| Claim maintenance | - | - | - | - | 31,258 | 6,369 | - | 37,627 |
| Staking | - | - | - | - | 26,962 | - | - | 26,962 |
| Translation adjustment | - | 21,763 | 3,985 | 3,508 | 894 | 1,227 | 1,026 | 32,403 |
| Write-down of E&E assets | - | - | (127,942) | - | - | - | (36,270) | (164,212) |
| Balance, September 30, 2019 | \$ - | \$ 513,858 | \$ - | \$ 73,910 | \$ 170,847 | \$ 77,796 | \$ - | \$ 836,411 |

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Exploration and evaluation costs for the six months ended March 31, 2020 and 2019 were allocated as follows:

| | 2020 | | 2019 |
|-----------------------|----------|----|---------|
| Golden Arrow | \$ - | \$ | 141 |
| Coronado | 350 | | 259,101 |
| Lovelock/Treasure Box | - | | 70 |
| Gemini | - | | 35 |
| Neptune | 2,129 | | - |
| Water Right | 879 | | - |
| | \$ 3,358 | \$ | 259,347 |

(a) Golden Arrow

The Company had a mining lease and two quitclaim deeds covering certain patented and unpatented mineral claims which comprised the Golden Arrow property. The mining lease agreement had an annual advance minimum royalty payment of US\$25,000 per year. One of the quitclaim deeds required an annual royalty payment of US\$25,000 per year.

Reclamation Bond and Right of Way

The Company has posted a reclamation bond of US\$2,148 on the Golden Arrow property. The Company has applied for a refund of the Golden Arrow bond.

The Company was granted a 10 year right of way to access the Golden Arrow property. The Company paid US\$4,262 to prepay the right of way for the entire 10-year term which began July 2016 and carries through to June 2025. The Company amortized the right of way on a straight-line basis over its ten-year term until the time of sale of the property. The Company expects to be reimbursed by Emgold Mining Corporation ("Emgold") for the remaining term of the right of way.

Emgold – Letter of Intent

On July 13, 2018, the Company executed a second amended letter of intent (the "Second Amended LOI") with Emgold. The Second Amended LOI replaced the original letter of intent dated July 18, 2017 (the "Original LOI") and the first amended letter of intent dated December 27, 2017 (the "First Amended LOI"), and provided for the acquisition by Emgold of an immediate 51% interest in the Golden Arrow property with an option to acquire an additional 49% interest by making the cash and share payments detailed below.

The terms of the Second Amended LOI provided that Emgold would acquire a 51% interest in the Golden Arrow property by making cash payments to the Company of \$100,000 and by issuing the Company 2,500,000 common shares of Emgold as follows:

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**(a) Golden Arrow (cont'd...)***Initial Acquisition by Emgold of 51% Interest in the Golden Arrow Property*

| Date | Cash Payments | Emgold Shares | Percentage Interest |
|---|------------------|-------------------|---------------------|
| Execution and delivery of the Original LOI | \$35,000 (rec'd) | - | 0% |
| Execution and delivery of the First Amended LOI | \$32,000 (rec'd) | - | 0% |
| On or before July 13, 2018 | \$33,000 (rec'd) | 2,500,000 (rec'd) | 51% |
| Sub-Total: | \$100,000 | 2,500,000 | 51% |

The Second Amended LOI further provided that the Company would grant Emgold the sole and exclusive right and option (the "Option") to acquire an additional 49% interest in the Golden Arrow property, which would be exercisable by Emgold for a period of 24 months from the Closing Date (the "Option Period") by Emgold issuing the Company an additional 2,500,000 common shares of Emgold as follows:

Emgold's Option to Acquire an Additional 49% Interest in the Golden Arrow Property

| Date | Cash Payments | Emgold Shares | Percentage Interest |
|--|---------------|-------------------|---------------------|
| On or before 24 months from Closing Date | - | 2,500,000 (rec'd) | 100% |
| Sub-Total: | - | 2,500,000 | 100% |
| Total: | \$100,000 | 5,000,000 | 100% |

Emgold is responsible for all holding costs, including claims fees, core storage fees, and other holding costs.

Sale of Golden Arrow to Emgold and Write-down of the Golden Arrow Property

On November 9, 2018, Emgold received TSX-V approval for the purchase of Golden Arrow from the Company. Emgold purchased the initial 51% interest in the Golden Arrow property and exercised its option to purchase the remaining 49% interest in the Golden Arrow property. Details of the Emgold transaction are provided below.

On November 14, 2018, Emgold issued the Company 5,000,000 common shares with a fair value of \$350,000. At September 30, 2018, the Company wrote down the Golden Arrow property to its estimated realizable value of \$350,000. The Company recorded a write-down of exploration and evaluation assets of \$3,343,931.

On February 22, 2019, the Company sold the 5,000,000 common shares of Emgold privately for proceeds of \$320,000 and recorded a loss on sale of marketable securities of \$30,000.

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**(b) Kinsley Mountain**

The Company and Liberty Gold Inc., (“Liberty”) hold joint venture interests in Kinsley Gold LLC, which holds a mining lease agreement relating to the Kinsley Mountain property. The mining lease agreement has a 3% net smelter royalty on production. The mining lease agreement runs through June 2020, however, Kinsley Gold LLC has the right to terminate the lease upon thirty days written notice or to extend the lease beyond 2020 provided it continues to make the required advance minimum royalty payments (the “Royalty Payments”) (see below). Per the terms of the mining lease agreement, Kinsley Gold LLC has an obligation to expend a minimum per calendar year of US\$500,000 (the “Minimum Expenditures” (which includes the Royalty Payments) (2019 – obligation met) in exploration, development and mining activities on the Kinsley Mountain property.

The Royalty Payments included within the “Minimum Expenditures” are as follows for the years ending September 30:

- 2019: \$170,000
- 2020 and thereafter: \$220,000

Liberty is the operator of the joint venture activities undertaken by Kinsley Gold LLC.

Kinsley Gold LLC – Dilution of Joint Venture Interest

Liberty recommended a 2019 exploration budget for Kinsley Gold LLC of US\$590,287. The Company’s proportionate share was \$US123,606. In early 2020, the Company elected to have its interest in the Kinsley Gold LLC joint venture be diluted pursuant to the terms of the Kinsley Mountain joint venture agreement. The Company did not pay the 2019 cash call amount of US\$123,606 and consequently, its interest in the Kinsley Gold LLC joint venture was reduced from 20.94% to 20.10%. The Company received an additional 2019 cash call of \$US12,360 for an allowable overspend, and consequently, had its interest further diluted to 20.01%.

The presumption that the Company has significant influence by holding 20% or more of the voting power through the joint venture is overcome due to limitations in policy making processes and decisions.

(c) Neptune

On September 16, 2015, the Company entered into an option agreement to purchase a 100% interest in the Neptune lithium property located in the Clayton Valley, Esmeralda County, Nevada. For the option to earn a 100% interest in the property, the Company agreed to issue 1,000,000 common shares of the Company to the optionor as follows:

| Date of Payment | Common Shares |
|--------------------|--|
| October 20, 2015 | 200,000 common shares (issued at a fair value of \$47,000) |
| September 16, 2016 | 300,000 common shares (172,218 common shares of Advantage Lithium Corp. (“Advantage”) issued in lieu to the optionor by Advantage) |
| September 16, 2017 | 500,000 common shares (issued at a fair value of \$107,500) |

The optionor could elect to receive common shares of either the Company, or Advantage, at its discretion. As the obligations are the responsibility of Advantage, the Company was reimbursed by Advantage for any common shares issued by the Company to the optionor.

Effective September 30, 2019, the Company abandoned its interest in Neptune and recorded a write-off of exploration and evaluation assets of \$122,180.

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)***(d) Jackson Wash***

On December 17, 2015, the Company entered into an option agreement to purchase a 100% interest in the Jackson Wash lithium property located in the Jackson Valley, Esmeralda County, Nevada.

For the option to purchase a 100% interest in the property, the Company agreed to issue 500,000 common shares of the Company to the optionor as follows:

| Date of Payment | Common Shares |
|-------------------|---|
| December 17, 2015 | 100,000 common shares (issued at a fair value of \$19,000) |
| December 17, 2016 | 150,000 common shares (32,887 common shares of Advantage issued in lieu to the optionor by Advantage) |
| December 17, 2017 | 250,000 common shares (issued at a fair value of \$43,750) |

The optionor could elect to receive common shares of either the Company, or Advantage, at its discretion. As the obligations are the responsibility of Advantage, the Company was reimbursed by Advantage for any common shares issued by the Company to the optionor.

The Jackson Wash property is subject to a 3% GOR.

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)*(e) Atlantis*

On February 11, 2016, the Company entered into an option agreement to purchase a 100% interest in the Atlantis lithium property located in the Fish Valley, Esmeralda County, Nevada.

For the option to purchase a 100% interest in the property, the Company agreed to issue 500,000 common shares of the Company to the optionor as follows:

| Date of Payment | Common Shares |
|-------------------|--|
| February 11, 2016 | 100,000 common shares (issued at a fair value of \$18,000) |
| February 11, 2017 | 150,000 common shares (issued at a fair value of \$39,000) |
| February 11, 2018 | 250,000 common shares (issued at a fair value of \$41,250) |

Atlantis - Option Agreement - American Lithium Corp.

On March 14, 2016, the Company entered into a property option agreement with American Lithium Corp., (“American Lithium”) granting American Lithium the option to earn an 80% interest in the Atlantis lithium property by making payments of cash and common shares to the Company and by incurring exploration expenditures on the property as follows:

| Date | Cash | Common Shares | Exploration Expenditures |
|----------------------|-------------------------------------|--|---------------------------|
| March 2016 | \$53,079 (US\$48,050) (received) | - | - |
| April 2016 | \$100,000 (received) | - | - |
| March 21, 2016 | - | 50,000 ⁽¹⁾ (received at a fair value of \$262,500) | - |
| By March 14, 2017 | - | - | US\$100,000 (incurred) |
| By May 15, 2018 | - | 100,000 ⁽¹⁾ (received at a fair value of \$32,000) | - |
| By November 15, 2018 | - | - | US\$250,000 (incurred) |
| By May 15, 2019 | - | 100,000 ⁽¹⁾ | - |
| By November 15, 2019 | - | - | US\$650,000 |

(1) American Lithium underwent a 10:1 share consolidation, or “reverse-split” of its common shares on August 28, 2017 and a subsequent 1:2 “forward-split” on May 2, 2018, Therefore, all share payments by American Lithium due to the Company for Atlantis are reduced by a factor of 5.

On May 14, 2018, the Company extended the dates of the exploration expenditure commitments of US\$250,000 to November 15, 2018 and US\$650,000 to November 15, 2019. The Company also extended the dates of the common share commitments. The Company received an extension fee of \$US10,000.

On April 30, 2019, the Company received a notice of termination of the option agreement from American Lithium.

Effective September 30, 2019, the Company abandoned its interest in Atlantis and recorded a write-off of exploration and evaluation assets of \$36,270.

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)***(f) Gemini***

The Company owns a 100% interest in a group of mineral claims known as the Gemini lithium property (“Gemini”). These claims were acquired by way of staking. Gemini is located in the Lida Valley, Esmeralda County, Nevada.

On September 21, 2016, the Company entered into a Definitive Joint Venture Agreement with Kore Mining Ltd. (formerly Eureka Resources Inc.) (“Kore”) to sell a 50% participating interest in the Gemini project. Kore was related by virtue of common directors. Both parties’ interests are 50% each. The joint venture is not conducted through a separate entity. Kore is the operator of the project.

Kore earned a 50% participating interest in Gemini by reimbursing the Company for 50% of the Gemini acquisition and evaluation costs. In addition, Kore issued the Company 50,000 common shares with a fair value of \$39,500. Kore completed a 10:1 share consolidation on October 30, 2018 which is reflected in the above share total.

On August 15, 2019, Kore sold its 50% interest in the Gemini property back to the Company in exchange for the cancellation of \$21,751 owed by Kore to the Company for property maintenance fees and exploration expenses incurred on Gemini.

(g) Aquarius

The Company owned a 100% interest in a group of mineral claims known as the Aquarius lithium property. These claims were acquired by way of staking. Aquarius is located in the Clayton Valley, Esmeralda County, Nevada.

Effective September 30, 2019, the Company abandoned its interest in Aquarius and recorded a write-off of exploration and evaluation assets of \$5,762.

(h) Water Right***Option of Clayton Valley Water Right:***

On March 16, 2016, the Company signed a definitive water right purchase agreement for the option to purchase a 100% interest in water right Permit 44411 in the Clayton Valley, Nevada. The pre-existing water right allows for 1,770 acre/feet of water use for mining and milling per year. In consideration for the option to purchase the water right, the Company agreed to pay the vendors a combination of cash, common shares, and share purchase warrants as follows:

| Date of Payment | Cash | Common Shares | Share Purchase Warrants |
|-------------------|-----------------------------------|---|-----------------------------------|
| March 30, 2016 | US\$125,000 (paid) ⁽¹⁾ | 200,000 (issued with a fair value of \$36,000) ⁽¹⁾ | 2,250,000 (issued) ⁽¹⁾ |
| December 21, 2016 | US\$150,000 (paid) ⁽²⁾ | 250,000 (issued with a fair value of \$67,500) ⁽²⁾ | n/a |
| December 21, 2017 | US\$175,000 ⁽³⁾ | 300,000 (issued with a fair value of \$45,000) ⁽³⁾ | n/a |
| December 21, 2018 | US\$200,000 ⁽⁴⁾ | 350,000 (issued with a fair value of \$31,500) ⁽⁴⁾ | n/a |
| December 21, 2019 | US\$300,000 ⁽⁴⁾ | 400,000 (issued with a fair value of \$18,000) | n/a |
| December 21, 2020 | US\$350,000 ⁽⁴⁾ | 500,000 | n/a |
| Total | US\$1,300,000 | 2,000,000 | 2,250,000 |

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**(h) Water Right (cont'd...)**

On November 29, 2016, the Nevada Division of Water Resources (“NDWR”) issued a ruling of forfeiture against the Company’s water right, citing lack of beneficial use for a period of five years. The Company filed an appeal.

Pursuant to amending agreements dated January 6, 2017 and December 13, 2017, the Company would receive the following if the water right remained forfeited:

- (1) US\$125,000, 200,000 common shares and 2,250,000 share purchase warrants were refundable to the Company if the water right remained forfeited.
- (2) US\$75,000 of the cash payment and 250,000 common shares were refundable to the Company if the water right remained forfeited.
- (3) The Company made a cash payment of US\$87,500 and issued 300,000 common shares, both of which were refundable to the Company if the water right remained forfeited.
- (4) On October 31, 2018, the Company signed a letter of intent to further amend the water right purchase agreement. The letter of intent amended the terms for the payment of the remaining cash payments due on the purchase price. Therefore, the Company was not required to make the US\$200,000 payment due on December 21, 2018.

Under the terms of the letter of intent the Company was required to pay US\$20,000 on signing (paid). In addition, the Company is required to pay US\$5,000 per month thereafter (paid through February 2020). All the amounts are to be applied to the remaining purchase price. This arrangement will continue until August 2020 at which time the amounts due under the original agreement will become payable. The Company is currently in negotiations with the vendor of the water right regarding additional amendments to the option agreement.

In August 2019, the NDWR issued an order formally dismissing the forfeiture proceedings against the water right. The dismissal followed a negotiated settlement agreement with Albemarle Corp. (“Albemarle”) wherein Albemarle withdrew its motion to forfeit the water right in exchange for the Company’s agreement not to drill any wells within certain areas of the Clayton Valley that might impact Albemarle’s lithium brine mining operations in the Clayton Valley.

Consent Agreement:

On August 31, 2016, the Company signed a consent agreement with Advantage Lithium Corp (“Advantage”) and the vendors of the water right, Dedicated Mining Technology Inc. (“Dedicated Mining”), whereby the vendors consented to assign the terms of the original water right option agreement to Advantage for consideration as follows:

| Description | Cash | Common shares |
|---|-----------------|---|
| August 31, 2016 | \$31,250 (paid) | - |
| Transfer of Advantage Lithium Corp., common shares by the Company | - | 258,932 (transferred with a fair value of \$142,413 during the year ended September 30, 2016) |

These Advantage shares were agreed to be returned to the Company when the water right was forfeited and were to be held by the Company in escrow, pending a ruling with respect to the forfeiture.

On October 31, 2018, Dedicated Mining agreed to release the 258,932 Advantage shares from escrow to be sold to fund ongoing legal costs related to the defence of the water right. To date, the Company received 194,199 shares and has sold 194,000 shares for proceeds of \$113,363 which were paid to the Company’s U.S. legal counsel. As at March 31, 2020, the Company has not received the remaining 64,733 Advantage shares from Dedicated Mining.

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**(i) Lovelock/Treasure Box**

On December 22, 2017, the Company signed a definitive agreement to acquire a 100% interest in the Lovelock cobalt property located in Churchill County, Nevada. On December 22, 2018, the Company paid the vendor US\$5,000 to extend the first payment date from December 22, 2018 to March 22, 2019. The US\$5,000 was repaid to the Company by way of Global Energy Metals Corp. (“GEMC”) shares.

To earn the 100% interest, the Company is required to pay cash payments and common share payments over three years from the date of signing of the definitive agreement, subject to a 2% net smelter returns royalty (“NSR”) as follows:

- US\$15,000 (paid) and 200,000 common shares (issued at a fair value of \$31,000);
- March 22, 2019: US\$20,000 (paid by GEMC) and 200,000 common shares (issued at a fair value of \$19,000 and repaid to the Company by way of GEMC shares);
- December 22, 2019: US\$25,000 (GEMC paid US\$5,000 for a 90-day extension) and 250,000 common shares (issued at a fair value of \$11,250 and repaid to the Company by way of GEMC shares);
- December 22, 2020: US\$30,000 and 300,000 common shares.

The Company has the right to accelerate the cash payments to the vendor at its discretion. On or before the 10th anniversary of the execution of the agreement, the Company shall have the right to purchase 50% of the NSR for US\$1,500,000.

The Company has the right to purchase a 100% interest in the Treasure Box copper property under its area of interest agreement with the vendor of the Lovelock cobalt property.

On January 15, 2019, the Company signed a mining option agreement with GEMC for GEMC to acquire an 85% interest in the Lovelock cobalt property and the Treasure Box copper property. The agreement allows for GEMC to acquire the interest subject to the Company first acquiring the interest pursuant to the underlying agreement with the vendor.

In order to exercise the option, GEMC is required to complete the following:

- Issue to the Company of such number of common shares in the capital of GEMC as is equal to US\$200,000 at a deemed price per share equal to the greater of: (a) \$0.15; and (b) the volume weighted average of the closing price of GEMC’s shares for the 20 trading days immediately prior to the execution of the agreement. GEMC issued the Company 1,728,133 common shares with a fair value of \$86,407 on February 5, 2019.
- Assume all future cash payments to the vendor payable as scheduled above.
- Reimburse the Company for the issue by the Company of its common shares to the vendor with common shares of GEMC, payable as scheduled below:
 - March 22, 2019: such number of GEMC shares as is equal in value to 200,000 shares of the Company on the day prior to their issuance (issued);
 - March 22, 2019: such number of GEMC shares as is equal in value to US\$5,000 to reimburse the Company for the extension payment made by the Company to the vendor on December 22, 2018 (issued).
 - December 22, 2019: such number of GEMC shares as is equal in value to 250,000 shares of the Company on the day prior to their issuance (issued); and
 - December 22, 2020: such number of GEMC shares as is equal in value to 300,000 shares of the Company on the day prior to their issuance.
- GEMC must also incur exploration expenditures totaling US\$1,000,000 by the third anniversary of the agreement.

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7. EXPLORATION AND EVALUATION ASSETS (cont'd...)*(j) Coronado*

On May 18, 2018, the Company signed a 90-day pre-option agreement on the Coronado copper property located in the Tobin Sonoma Range of Pershing County, Nevada. The Company paid US\$7,500 to the vendor for this exclusive due diligence period.

On September 25, 2018, the Company entered into a definitive option agreement to acquire a 100% interest in the Coronado copper property in consideration for cash and share payments, and minimum exploration expenditures as described below:

| Payment Due Dates | Cash Payments | Share Payments | Minimum Exploration Expenditures |
|--|-------------------|------------------|----------------------------------|
| Upon TSXV acceptance of the definitive agreement | US\$30,000 (paid) | 200,000 (issued) | US\$50,000 (incurred) |
| On or before September 25, 2019 | US\$35,000 | 300,000 (issued) | US\$100,000 (incurred) |
| On or before September 25, 2020 | US\$40,000 | 400,000 | US\$150,000 |
| On or before September 25, 2021 | US\$50,000 | 500,000 | US\$300,000 |
| On or before September 25, 2022 | US\$1,250,000 | 600,000 | US\$500,000 |
| Total | US\$1,405,000 | 2,000,000 | US\$1,100,000 |

The Company has the right to accelerate the timing of cash and share payments to the vendor at its discretion. If minimum exploration expenditures, which include property maintenance costs, are exceeded in any year the excess expenditures will be credited to a succeeding year. For the purposes of an anniversary common shares payment, the value of such payment by the Company to the vendors shall be calculated at a minimum price of \$0.15 per common share, and if the closing price of the Company's common shares on the TSXV on the business day prior to any anniversary date when a common shares payment is due and payable is less than \$0.15, the monetary difference between \$0.15 and the closing share price of the Company shall be paid to the vendors in cash. On the 4th Anniversary payment due date, if the spot cash price of copper as quoted on the London Metal Exchange exceeds \$4.00 per pound, the payment due of US\$1,250,000 will be increased to US\$1,500,000.

The vendor shall retain a 2% net smelter returns royalty, half of which can be purchased by the Company at any time for US\$1,500,000, less any advance royalty payments made by the Company. An advance royalty payment of US\$500,000 would be payable to the vendors upon completion of a feasibility study.

On October 24, 2018, the option agreement was accepted for filing by the TSX Venture Exchange. The Company paid the vendors US\$30,000 and issued the vendors 200,000 common shares with a fair value of \$14,000.

On September 25, 2019, the Company issued the vendors 300,000 common shares with a fair value of \$15,000.

On September 25, 2019, the Company paid the vendors US\$5,000 to extend the due date of the US\$35,000 option payment to December 25, 2019.

On December 14, 2019, the Company paid the vendors US\$5,000 to extend the due date of the US\$35,000 option payment to February 24, 2020.

As at the date of these consolidated financial statements, the Company has not paid the deferred option payment due on February 24, 2020 and has not received a notice of default from the vendor.

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8. RECLAMATION BONDS AND RIGHT OF WAY

At March 31, 2020 and September 30, 2019, the Company has posted reclamation bonds on its mineral properties with the Nevada Bureau of Land Management as a guarantee of exploration site restoration. In addition, the Company has prepaid a right of way for the Golden Arrow property.

| | March 31, 2020 | September 30, 2019 |
|---|-------------------|-----------------------|
| Golden Arrow – right of way – Note 7(a) | \$ 4,529 | \$ 4,232 |
| Golden Arrow – Note 7(a) | 3,044 | 2,844 |
| Coronado – Note 7(j) | 20,403 | 19,064 |
| Roulette | 9,496 | 8,873 |
| Neptune – Note 7(c) | 22,924 | 21,419 |
| Jackson Wash – Note 7(d) | 20,053 | 18,737 |
| Gemini – Note 7(f) | 9,784 | 9,142 |
| Aquarius – Note 7(g) | 26,793 | 25,035 |
| | <hr/> \$ 117,026 | <hr/> \$ 109,346 |

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9. SHARE CAPITAL AND CONTRIBUTED RESERVES

a) Authorized:

Unlimited common shares without par value

b) Issued:

During the Six Months Ended March 31, 2020:**Property Option Payments**

The Company issued 650,000 common shares for property acquisition costs as follows:

- 400,000 common shares with a fair value of \$18,000 for the Water Right.
- 250,000 common shares with a fair value of \$11,250 for the Lovelock property. This was repaid to the Company by way of GEMC common shares.

During the Year Ended September 30, 2019:**Private Placements**

- On October 29, 2018, the Company issued 3,000,000 private placement units at \$0.05 per unit for gross proceeds of \$150,000. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at \$0.10 until October 29, 2020. The Company paid finder's fees of \$4,025.
- On July 25, 2019, the Company issued 3,750,000 private placement units at \$0.05 per unit for gross proceeds of \$187,500. Each unit contained one common share and one warrant entitling the holder to purchase an additional common share at \$0.10 until July 25, 2021. The Company paid finder's fees of \$1,750 and issued 35,000 finder's warrants entitling the holders to purchase one common share for each warrant held at \$0.06 per share until July 25, 2021. The finder's warrants had a fair value of \$1,400.

Property Option Payments

The Company issued 1,050,000 common shares for property acquisition costs as follows:

- 200,000 common shares with a fair value of \$14,000 for the Coronado property.
- 350,000 common shares with a fair value of \$31,500 for the Water Right.
- 200,000 common shares with a fair value of \$19,000 for the Lovelock property. This was repaid to the Company by way of GEMC common shares.
- 300,000 common shares with a fair value of \$15,000 for the Coronado property.

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9. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

c) Finder's Warrants:

At March 31, 2020, there were 35,000 finder's warrants outstanding entitling the holders to purchase one common share for each warrant held at \$0.06 per share until July 25, 2021.

The fair value of the 35,000 finder's warrants issued during the year ended September 30, 2019 was \$1,400. The fair value of the finder's warrants was calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the warrant.

| | 2019 |
|---|---------|
| Risk-free interest rate | 1.58% |
| Expected life of warrants | 2 years |
| Annualized volatility | 106% |
| Dividend rate | 0% |
| Weighted average fair value per warrant | \$0.04 |

Finder's warrant transactions and the number of finder's warrants outstanding are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|--|-----------------------|--|
| Balance at September 30, 2018 | 47,375 | \$ 0.17 |
| Warrants issued | 35,000 | 0.06 |
| Warrants expired | (47,375) | 0.17 |
| Balance at September 30, 2019 and March 31, 2020 | 35,000 | \$ 0.06 |

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9. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

| | Number of Warrants | | Weighted Average Exercise Price |
|--------------------------------------|-----------------------|----|--|
| Balance at September 30, 2018 | 13,478,131 | \$ | 0.34 |
| Warrants issued – private placements | 6,750,000 | | 0.10 |
| Warrants expired | (6,015,916) | | 0.36 |
| Balance at September 30, 2019 | 14,212,215 | | 0.22 |
| Warrants expired | (2,107,082) | | 0.55 |
| Balance at March 31, 2020 | 12,105,133 | \$ | 0.17 |

At March 31, 2020, there were 12,105,133 warrants outstanding and exercisable entitling the holders thereof the right to purchase one common share for each warrant held as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|-----------------------|-------------------|------------------|
| 2,450,000 | \$0.25 | June 16, 2020 |
| 2,220,133 | \$0.25 | July 5, 2021 |
| 685,000 | \$0.25 | July 17, 2021 |
| 3,000,000 | \$0.10 | October 29, 2020 |
| 3,750,000 | \$0.10 | July 25, 2021 |

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9. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

e) Options

The Company has a stock option plan whereby it may grant options to employees, directors, officers, consultants and certain other service providers. The maximum number of options that may be granted under the plan is 10% of the issued and outstanding common shares. Options are exercisable for a maximum of 10 years. The exercise price of the options is set in accordance with the policies of the TSX-V. Stock options are subject to vesting requirements as determined by the Company's Board of Directors.

The fair value of 1,690,000 stock options granted during the year ended September 30, 2019 was \$121,700. The fair value of stock options was calculated using the Black-Scholes Option Pricing Model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the option.

| | 2019 |
|--|---------|
| Risk-free interest rate | 1.85% |
| Expected life of options | 5 years |
| Annualized volatility | 102% |
| Dividend rate | 0% |
| Weighted average fair value per option | \$0.07 |

Stock option transactions and the number of stock options outstanding are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|-------------------------------|----------------------|--|
| Balance at September 30, 2018 | 3,812,500 | \$ 0.30 |
| Options granted | 1,690,000 | 0.10 |
| Options cancelled | (250,000) | 0.28 |
| Options expired | (1,217,500) | 0.36 |
| Balance at September 30, 2019 | 4,035,000 | 0.19 |
| Options expired | (200,000) | 0.50 |
| Balance at March 31, 2020 | 3,835,000 | \$ 0.18 |

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9. SHARE CAPITAL AND CONTRIBUTED RESERVES (cont'd...)

e) Options

At March 31, 2020, there were 3,835,000 options outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

| Number of Shares | Exercise Price | Expiry Date |
|---------------------|-------------------|--------------------|
| 100,000 | \$0.17 | September 10, 2020 |
| 380,000 | \$0.22 | November 23, 2020 |
| 100,000 | \$0.185 | February 8, 2021 |
| 615,000 | \$0.37 | September 6, 2021 |
| 950,000 | \$0.18 | January 25, 2023 |
| 1,015,000 | \$0.105 | October 31, 2023 |
| 675,000 | \$0.09 | March 26, 2024 |

At March 31, 2020, the stock options had a weighted average remaining life of 2.68 years.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the six months ended March 31, 2020 and 2019, the following non-cash transactions were excluded from the statements of cash flows:

| | 2020 | 2019 |
|--|-----------|------------|
| Fair value of common shares issued for exploration and evaluation assets | \$ 29,250 | \$ 45,500 |
| Fair value of marketable securities received to reimburse option payments made for exploration and evaluation assets | \$ 11,250 | \$ - |
| Non-cash adjustment of market value of marketable securities received on consent shares returned by Dedicated Mining Technology Inc. | \$ - | \$ 38,020 |
| Fair value of marketable securities received on option of Lovelock/Treasure Box | \$ - | \$ 86,407 |
| Fair value of marketable securities received on sale of Golden Arrow | \$ - | \$ 350,000 |
| Fair value of common shares issued for exploration and evaluation assets later settled for marketable securities | \$ - | \$ 19,000 |

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11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Chief Executive Officer, Chief Financial Officer and Corporate Secretary and Board of Directors.

Remuneration attributed to key management personnel or companies controlled by key management personnel during the six months ended March 31, 2020 and 2019 is summarized as follows:

| | 2020 | | 2019 |
|----------------------|-----------|----|---------|
| Accounting fees | \$ 21,000 | \$ | 24,000 |
| Directors' fees | 24,000 | | 24,000 |
| Management fees | 33,600 | | 40,600 |
| Share-based payments | - | | 91,000 |
| | \$ 78,600 | \$ | 179,600 |

The Company incurred the following charges by a law firm in which a director of the Company is a partner and by another public company with a director in common with the Company during the six months ended March 31, 2020 and 2019:

| | 2020 | | 2019 |
|-------|-----------|----|--------|
| Legal | \$ 3,104 | \$ | 9,066 |
| Rent | 15,976 | | 15,328 |
| | \$ 19,080 | \$ | 24,394 |

At March 31, 2020, prepaid expenses and deposits includes \$Nil (September 30, 2019 - \$5,000) paid to a company with a director in common with the Company as a rent deposit.

At March 31, 2020, due to related parties includes \$69,539 (September 30, 2019 - \$7,805) due to directors of the Company, to companies with officers in common with the Company and to a law firm in which a director of the Company is a partner, for fees and expenses.

Amounts due from/to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

As of October 30, 2018, Kore was no longer related to the Company as all common directorships were terminated.

On January 15, 2019, the Company sold 50,000 shares of Kore for proceeds of \$6,410 and recorded a loss on sale of marketable securities of \$33,090.

On August 15, 2019, Kore agreed to sell its 50% interest in the Gemini property back to the Company in exchange for the cancellation of \$21,751 owed by Kore to the Company for property maintenance fees and exploration expenses incurred on Gemini.

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12. SUBSEQUENT EVENT

On April 3, 2020, the Company, GEMC and the vendor of the Lovelock and Treasure Box properties entered into an agreement to amend the terms of the GEMC option agreement on the properties and the underlying definitive agreement on the Lovelock property (the “Amended Agreement”). The Amended Agreement is subject to regulatory approval.

Upon the satisfactory completion of certain closing conditions, the Amended Agreement provides that GEMC will purchase an 85% interest in the Lovelock and Treasure Box properties, with the Company retaining a 15% interest, subject to a 2% NSR in favour of the vendor as provided for in the underlying definitive agreement between the vendor and the Company. A joint venture between GEMC and the Company will be formed to further explore and develop the Lovelock and Treasure Box properties.

In consideration for the Amended Agreement, GEMC shall on closing:

- Pay to the vendor the sum of US\$35,000;
- Issue to the vendor 1,000,000 common shares of GEMC (after giving effect to the 1 for 10 share consolidation announced by GEMC on March 10, 2020);
- Issue to the Company 750,000 common shares of GEMC (after giving effect to the 1 for 10 share consolidation announced by GEMC on March 10, 2020).

GEMC will not be required to incur the US\$1,000,000 of exploration expenditures contemplated in the original option agreement.

The GEMC shares issued under the Amended Agreement will be subject to voluntary escrow provisions in addition to applicable statutory and regulatory hold periods.