EDISON COBALT CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Edison Cobalt Corp.

Opinion

We have audited the consolidated financial statements of Edison Cobalt Corp. (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 the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is David J. Goertz.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

January 27, 2019

EDISON COBALT CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at September 30, 2019 and 2018

(In Canadian dollars)	*Note*		**September 30, 2019**		September 30, 2018
Assets					
Current Assets:					
Cash		**$**	**978,156**	$	1,281,273
Prepaid expenses			**-**		170,583
GST recoverable			**23,217**		249,232
			1,001,373		1,701,088
Non-Current Assets:					
Exploration and evaluation assets	*3,5*		**5,305,460**		5,261,000
		$	**6,306,833**	$	6,962,088
Liabilities					
Current Liabilities:					
Trade payables	*5*	**$**	**1,922**	$	197,461
Accrued liabilities			**9,753**		9,752
Flow-through share liability	*4*		**35,599**		83,525
			47,274		290,538
Shareholders' Equity					
Share capital	*4*		**8,812,350**		8,812,350
Reserve	*4*		**1,702,989**		1,702,989
Deficit			**(4,255,780)**		(3,843,789)
			6,259,559		6,671,550
		$	**6,306,833**	$	6,692,088

Nature and continuance of operations – Note 1
Subsequent event – Note 9

Approved on behalf of the Board of Directors

"*Chris Hobbs*"
Director

"Jeffrey Cocks"
Director

- See accompanying notes –

EDISON COBALT CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended September 30, 2019 and 2018

(in Canadian dollars)	*Note*	**September 30, 2019**	**September 30, 2018**
General and administrative expenses			
Accounting, audit and legal		**$ 33,627**	**$ 32,919**
Advertising and promotion		**79,883**	**154,725**
Consulting	*5*	**176,667**	**189,433**
Management services	*5*	**125,000**	**132,000**
Office and sundry		**2,462**	**53,089**
Stock-based compensation	*4, 5*	**-**	**516,508**
Transfer agent and filing fees		**24,276**	**56,041**
Rent	*5*	**9,000**	**-**
Travel expense		**8,802**	**33,605**
Insurance		**-**	**2,000**
		(459,717)	**(1,170,320)**
Other (income) expenses			
Impairment of exploration and evaluation assets	*3*	**-**	**23,850**
Settlement of flow-through share premium	*4*	**(47,726)**	**(166,675)**
Net and Comprehensive loss		**$ (411,991)**	**$ (1,027,495)**
Loss per share – basic and diluted		**$ (0.01)**	**$ (0.02)**
Weighted average number of common shares outstanding – basic and diluted		**70,803,998**	**53,299,733**

- See accompanying notes -

EDISON COBALT CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended September 30, 2019 and 2018

(In Canadian dollars)	Number of Common Shares	Share Capital	Reserve Share-based payments	Deficit	Total Shareholders' Equity
Balance at September 30, 2017	**23,804,000**	**$ 3,963,914**	**$ 581,902**	**$ (2,816,294)**	**$ 1,729,522**
Common shares issued – private placement	32,883,332	3,432,500	-	-	3,432,500
Common shares issued - share issuance cost	894,166	152,008	-	-	152,008
Shares issued on exercise of options and warrants	222,500	34,500	-	-	34,500
Shares issued – Kittson Cobalt option agreement	13,000,000	2,600,000	-	-	2,600,000
Share issue costs	-	(1,120,572)	604,579	-	(515.993)
Flow-through premium	-	(250,000)	-	-	(250,000)
Stock options granted	-	-	516,508	-	516,508
Net loss	-	-	-	(1,027,495)	(1,027,495)
Balance at September 30, 2018	**70,803,998**	**8,812,350**	**1,702,989**	**(3,843,789)**	**6,671,550**
Net loss	-	-	-	(411,991)	(411,991)
Balance at September 30, 2019	**70,803,998**	**$ 8,812,350**	**$ 1,702,989**	**$ (4,255,780)**	**$ 6,259,559**

- See accompanying notes –

EDISON COBALT CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2019 and 2018

(In Canadian dollars)		**September 30, 2019**		September 30, 2018
Cash flows used in operating activities				
Net loss for the year	**$**	**(411,991)**	**$**	**(1,027,495)**
Non-cash items:				
Stock-based compensation		**-**		**516,508**
Impairment of exploration and evaluation assets		**-**		**23,850**
Settlement of flow-through share premium		**(47,726)**		**(166,675)**
Changes in working capital items:				
GST recoverable		**226,016**		**(227,699)**
Prepaid expenses		**170,583**		**(70,583)**
Trade payables and accrued liabilities		**732**		**(1,810)**
		(62,386)		**(953,904)**
Cash flows used in investing activities				
Exploration and evaluation assets		**(240,731)**		**(1,264,800)**
Recovery from exploration tax credits		**-**		**100,000**
		(240,731)		**(1,164,800)**
Cash flows provided by (used in) financing activities				
Common shares issued		**-**		**3,467,000**
Share issue costs		**-**		**(363,985)**
		-		**3,103,015**
Increase (Decrease) in cash		**(303,117)**		**984,311**
Cash, beginning of year		**1,281,273**		**296,962**
Cash, end of year	**$**	**978,156**	**$**	**1,281,273**
Non-cash investing activities				
Shares issued for exploration and evaluation assets	**$**	**-**	**$**	**2,600,000**
Acquisition cost for exploration asset in accrued liabilities	**$**	**-**	**$**	**196,271**

- See accompanying notes –

1. NATURE AND CONTINUANCE OF OPERATIONS

Edison Cobalt Corp. (the "Company") was incorporated on November 8, 2009 under the Business Corporation Act of British Columbia. The Company's primary business activity is mineral property exploration and development. On August 3, 2011, the Company's common shares were listed for trading on the TSX Venture Exchange ("TSX-V" or the "Exchange") under the trading symbol EDDY. On October 11, 2011, the Company's common shares were listed for trading on the Frankfurt Stock Exchange ("FSE") (trading symbol VV0). The Company's head office is located at Vancouver, BC, Canada.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will have sufficient capital to fund the costs of its operations and realize the carrying value of assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2019, the Company has not advanced its mining properties to commercial production or identified mineral reserves. The ability of the Company to continue as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raising sufficient equity financing, issuing debt or securing related party advances to complete the acquisition and development of mineral property interests. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management anticipates that the Company will need to seek out additional equity financing to continue with planned exploration programs and general operations for the ensuing year.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were authorized for issue on January 27, 2020 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

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

Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its wholly-owned inactive subsidiary, Victory H.E.M.P. Bio-Tech Inc. and 10451754 Canada Inc. All intercompany transactions are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant accounting judgements

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in the Company's consolidated financial statements include:

- the classification of expenditures as exploration and evaluation expenditures or operating expenses; and
- the assessment of the Company's ability to continue as a going concern.

Significant accounting estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, the fair value of share based payments and financial instruments and the recoverability measurement of deferred tax assets.

Exploration and evaluation assets

Pre-exploration costs

Exploration costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss as investigation costs.

Exploration and evaluation expenditures

Once the legal right to exploring a property has acquired, exploration and evaluation expenditures including the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets required in a business combination are capitalized by property.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Impairment of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets is reviewed at each reporting date to determine whether any following indications of impairment are present.

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exploration and evaluation assets (cont'd)

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of exploration and evaluation assets is the greater of an asset's fair value less cost to sell and value in use.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a charge in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share 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. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

For both years presented, outstanding stock options and warrants have anti-dilutive effect on loss per share. Accordingly, diluted loss per share equals basic loss per share.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, and flow-through shares are classified as equity instruments. When the Company issues units as part of a private placement, consisting of both common shares and common share purchase warrants, the fair value of the shares is determined using the market price, and the residual value is assigned to the warrants. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the flow through share proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

On October 1, 2018, the Company retrospectively adopted IFRS 9 - Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard also introduces additional changes relating to financial liabilities, amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment and introduces a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

The adoption of IFRS 9, retrospectively without restatement, did not have a significant impact on the measurement of the Company's financial instruments in the financial statements. The following are the Company's new accounting policies under IFRS 9:

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset/ liability	Original classification IAS 39	New classification IFRS 9
Cash	Fair value through profit and loss	Amortized cost
Trade payables and accrued liabilities	Amortized cost	Amortized cost

Non-derivative financial assets

The Company classifies 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 classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value, and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated specifically as hedges.

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. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. Gains and losses on derecognition of financial assets classified amortized cost are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities

For financial liabilities, the new standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to the Company's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Derivative instruments

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as at FVTPL and, accordingly, are recorded in the statement of financial position at fair value.

Expected credit losses

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. The Company is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Income taxes

Current income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred income taxes

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exits to set off current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Share-based compensation

Share-based payments to employees are measured at the fair value of the stock options issued and recognized over the vesting period. Share-based payments to non-employees are measured at the fair value of goods and services received by the Company or the fair value of the stock options granted, if the fair value of the goods and services cannot be reliably estimated. The fair value of the stock options is determined using Black-Scholes option pricing model, taking into account the terms and conditions upon which the stock options are granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates associating with the obligations is capitalized to the related mining assets along with the corresponding increase in the restoration provision in the period incurred. The restoration asset will be depreciated on the same basis as the related mining assets.

The Company's estimates of restoration costs change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. The estimates are reviewed annually for any changes.

Changes in the net present value, excluding changes in the estimates of reclamation costs, are charged to profit or loss in the period which they occurred.

The Company has not presently recognized any restoration or environmental obligations.

Accounting standards issued but not yet applied by the Company

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's financial statements. The following standard is relevant to the Company's financial statements:

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 16 – Leases

IFRS 16, Leases, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019. The Company does not have any material lease agreements and does not expect the adoption of this standard to materially impact its financial statements.

3. EXPLORATION AND EVALUATION ASSETS

	September 30, 2019	September 30, 2018
Kittson Property, Northeastern Ontario		
Acquisition cost:		
Balance, beginning	**$ 3,910,722**	**$ 1,280,000**
Cash	**-**	**30,722**
Shares issued	**-**	**2,600,000**
Balance, ending	**3,910,722**	**3,910,722**
Deferred exploration and evaluation:		
Balance, beginning	**1,350,278**	**49,929**
Geological consulting	**9,000**	**330,586**
Drilling	**35,460**	**994,754**
Assay	**-**	**75,009**
Tax recovery	**-**	**(100,000)**
Balance, ending	**1,394,738**	**1,350,278**
	5,305,460	**5,261,000**
Alberta Lithium, Fox Creek-Swan Hills.		
Acquisition cost:		
Balance, beginning	**-**	**2,500**
Cash payments	**-**	**3,750**
Impairment	**-**	**(6,250)**
Balance, ending	**-**	**-**
Deferred exploration and evaluation:		
Balance, beginning	**-**	**-**
Geological consulting	**-**	**17,600**
Impairment	**-**	**(17,600)**
Balance, ending	**-**	**-**
	-	**-**
Total exploration and evaluation assets	**$ 5,305,460**	**$ 5,261,000**

3. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Kittson Property, Northeastern Ontario

On January 23, 2017, the Company entered into an agreement to acquire a 100% interest in the Lake Kittson Cobalt Property ("Kittson Property"), located in the Kittson and Coleman Townships of Larder Lake Mining Division in Northeastern Ontario. The optionor is a director and an officer of the Company. Under the terms of the agreement, the aggregate purchase price consisted of 6,250,000 shares (issued), with a fair value of $1,250,000, and $30,000 will be payable in cash (due January 23, 2017 – paid). During the option period, which lasts until December 7, 2020, the Company must carryout, pay for, file and have approved the minimum yearly work requirements necessary to keep the property in good standing. The property is subject to a 2% Net Smelter Royalty ("NSR") payable to the underlying optionor. The Company may purchase 1.5% of the 2% NSR from the underlying optionor for a total sum of $1,000,000 at any time within the option period prior to commencement of commercial production.

On February 8, 2018, the Company closed the acquisition of 100% of the outstanding shares of 10451754 Canada Inc. which holds an additional 100% interest in 10 unpatented mining claims. The Company's 100% owned Kittson project now consists of 15 unpatented mining claims. The Company acquired the shares of 10451754 Canada Inc. by the issuance of 13,000,000 common shares of the Company with a fair value of $2,600,000.

On May 30, 2018 the Company executed an agreement to purchase the Thomas Edison mine located in the area of Kittson-Cobalt Property (the "Edison Purchase"). The Edison Purchase closed on June 11, 2018. The purchase price of the mine is $30,722 in cash and expenses.

Alberta Lithium, Fox Creek-Swan Hills, AB

During the year ended September 30, 2018, the Company determined that it would not pursue the Alberta Lithium, Fox Creek-Swan Hills properties and allowed its rights to these properties to expire or lapse. Accordingly, the Company recognized an impairment of $23,850.

4. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Share issuances:

The Company had no share issuances during the year ended September 30, 2019.

During the year ended September 30, 2018:

On May 8, 2018 the Company completed a brokered private placement of flow-through common shares (the "Flow-Through Shares") and non-flow-through units (the "Units"). The brokered private placement consisted of 6,666,666 Flow-Through Shares at a price of $0.15 per Flow-Through Share and 11,216,666 Units at a price of $0.15 per Unit, for total gross proceeds of $2,682,500 (the "Private Placement"). Each Unit consists of one common share (a "Common Share") of the Company and one common share purchase warrant (a "Warrant") exercisable into one Common Share of the Company at a price of $0.25 per Warrant for a period of 36 months from the date hereof. The Private Placement was brokered by Canaccord Genuity Corp. and Gravitas Securities Inc. (together "the Agents"). The Agents were paid a commission comprised of a cash fee in the amount of $214,600 and issued an aggregate of 1,430,666 Agents' warrants. Each Agents' warrant is exercisable into one Unit at a price of $0.15 per Unit for a period of 36 months from the closing date. In addition, the Company also issued the Agents 894,166 Units as a corporate finance fee in connection with the Private Placement. The fair value of the Agent's warrants and warrants attached to the corporate finance fee Units was estimated to be $604,579 using a black-scholes option pricing model with the following assumptions, volatility 227%, risk free interest rate 1.90%, dividend yield 0%, and 3 year life.

The flow-through shares were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be $250,000. As of September 30, 2019, the Company has a flow-through premium of $35,599 (2018 - $83,325) and recorded settlement of flow-through share premium of $47,726 (2018 - $166,675)

On February 8, 2018, the Company closed the acquisition of 100% of the outstanding shares of 10451754 Canada Inc. which holds an additional 100% interest in 10 unpatented mining claims. The Company's 100% owned Kittson project now consists of 15 unpatented mining claims. The Company acquired the shares of 10451754 Canada Inc. by the issuance of 13,000,000 common shares of the Company with a fair value of $2,600,000.

On November 6, 2017, the Company closed a non-brokered private placement (the "Private Placement") of 15,000,000 units at a price of $0.05 per unit for total gross proceeds of $750,000. Each unit consisted of one common share and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the closing at an exercise price of $0.10 per common share. The Company paid cash finders' fees of $51,555 on the Private Placement.

The Company received of $12,000 and issued 60,000 common shares pursuant to the exercise of 60,000 options, and received of $22,500 and issued 162,500 common shares to the exercise of 162,500 warrants.

(Expressed in Canadian dollars)

4. SHARE CAPITAL (CONT'D)

Stock options:

Under the Company's stock option plan, the Company may grant options to employees, consultants and directors up to 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares and the maximum term of the options will be ten years.

Stock options have been granted under the plan as follows:

On December 7, 2017, the Company granted stock options to directors, officers and advisors to purchase an aggregate of up to 2,500,000 common shares at $0.20 per share for a five year period. The options are recorded at a fair value of $488,173, using Black-Scholes option pricing model based on the following assumptions:

Volatility	201%
Risk free rate	1.61%
Annual dividends	0%
Remaining life	5 years

On November 13, 2017, the Company granted stock options to advisors to purchase an aggregate of up to 300,000 common shares at $0.12 per share for a two year period. The options are recorded at a fair value of $28,335, using Black-Scholes option pricing model based on the following assumptions:

Volatility	175%
Risk free rate	1.40%
Annual dividends	0%
Remaining life	2 years

A continuity of the Company's stock options is as follows:

	Options	**Weighted average exercise price $**	**Weighted average # years to expiry**
Balance, September 30, 2017	895,000	0.20	2.86
Granted	2,800,000	0.19	
Exercised	(60,000)	0.20	
Expired	(345,000)	0.20	
Balance, September 30, 2018 and 2019	**3,290,000**	**0.19**	**2.79**

(Expressed in Canadian dollars)

4. SHARE CAPITAL (CONT'D)

A summary of stock options outstanding and exercisable as of September 30, 2019 is as follows:

Outstanding and exercisable	Exercise price $	Expiry date
490,000	0.20	February 10, 2022
300,000	0.12	November 13, 2019
2,500,000	0.20	December 7, 2022
3,290,000		

Share purchase warrants:

A summary of changes in share purchase warrants outstanding is as follows:

	Warrants outstanding	Weighted average exercise price $	Weighted average number of years to expiry
Balance, September 30, 2017	3,195,000	0.20	0.69
Expired	(2,500,000)	0.20	
Issued – Private placement	26,216,666	0.16	
Issued – Agent's warrants	3,755,498	0.21	
Exercised	(162,500)	0.14	
Balance, September 30, 2018	**30,504,664**	**0.17**	**1.81**
Expired	(632,500)	0.20	
Balance, September 30, 2019	**29,872,164**	**0.17**	**0.85**

As at September 30, 2018, the Company had share purchase warrants outstanding as follows:

Outstanding	Exercise Price $	Expiry Date
14,900,000	0.10	November 2, 2019
13,541,498	0.25	May 8, 2021
1,430,666	0.15	May 8, 2021
29,872,164		

On November 2, 2019, 14,900,000 warrants with an exercise price of $0.10 expired unexercised.

Reserves:

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or agents' warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

Transactions with related parties during the year ended September 30, 2019 are as follows:

(i) The Company incurred a total of $125,000 (2018: $132,000) for management services and $9,000 (2018 - $nil) for the provision of office facilities to a company controlled by a director.

(ii) The Company incurred a total of $60,000 (2018: $55,000) in consulting services to a company controlled by an officer and director.

(iii) The Company incurred a total of $44,460 (2018: $977,581) for geologist and assay services, from a company related to a director.

(iv) The Company owes $nil (2018: $196,271) to companies related to officers and directors of the Company.

The Company has identified its directors and certain senior officers as its key management personnel. The remuneration of the Company's directors and other key management is as follows:

		2019		2018
Management services, consulting and rent	**$**	**194,000**	$	187,000
Share based compensation	**$**	**-**	$	292,904

6. FINANCIAL RISK MANAGEMENT

Financial Risk Management:

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's Board of Directors monitors and approves its risk management practices. The Company's most significant areas of financial risk and risk management are as follows:

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is attributable to cash. To limit its exposure to credit risk, the Company held its cash with high-credit quality financial institutions in Canada.

6. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest Rate Risk
The Company's current exposure to interest rate arises from the interest rate impact on its cash. The fair value of cash are not significantly affected by changes in short term interest rates.

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company attempts to manage liquidity risk by maintaining sufficient cash balances to satisfy current and planned expenditures. The Company may from time to time have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

Foreign currency exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is not exposed to foreign exchange risk.

Financial Instruments
Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value of cash, accounts payable and accrued liabilities approximate fair value due to the short-term nature of the financial instruments.

7. CAPITAL MANAGEMENT

In the management of capital, the Company includes the components of shareholders' equity as well as cash, term deposits and other working capital. The Company currently manages its capital structure and makes adjustments to it, based on cash resources expected to be available to support its operations including the exploration and development of its mineral property interests. Management has not established a quantitative capital structure, but will review on a regular basis the stage of development of the Company.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

8. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2019	2018
Net loss for the year	$ (411,991)	$ (1,027,495)
Statutory tax rate	27%	26%
Expected income tax recovery at the statutory tax rate	(111,237)	(267,149)
Non-deductible items and other	(192,930)	77,388
Temporary differences not recognized	253,167	150,577
Impact of flow-through shares	51,000	173,342
Share issuance costs	-	(134,158)
Income tax recovery	$ -	$ -

The Company has the following tax effected deductible temporary differences for which no deferred tax asset has been recognized:

	2019	2018
Non-capital loss carry-forwards	$ 873,924	$ 704,884
Exploration and evaluation assets	113,291	-
Share issuance costs	95,147	124,311
	1,082,362	829,195
Unrecognized deferred tax assets	(1,082,362)	(829,195)
Net deferred tax assets	$ -	$ -

As at September 30, 2019, the Company has approximately $3,450,000 (2018 - $2,930,000) of non-capital losses in Canada that may be used to offset future taxable income expiring between 2030 and 2039.

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

9. SUBSEQUENT EVENT

On November 25, 2019, the Company and Sudbury Platinum Corporation ("SPC") entered into a definitive agreement (the "Agreement"). The contemplated transaction will result in a reverse-take over (the "Reverse Take-Over") of the Company by SPC. The resulting issuer will be renamed "SPC Metals Corp" (the "Resulting Issuer").

The Reverse Take-Over contemplates the following:

- The Company will complete a share consolidation on the basis of 3.55:1, such that each 3.55 shares of the Company will be consolidated into one new share of the Company (post-consolidation);
- SPC shareholders will exchange their SPC shares for 1.32 shares of the Company (post-consolidation per above) for each share of SPC;
- Convertible securities of SPC and the Company will be amended accordingly as a result of the Company's consolidation and the Reverse Takeover;
- The Company will complete a private placement consisting of 14,000,000 subscription receipts at a price of $0.25 per subscription receipt (the "Concurrent Financing"). Upon the completion of the Reverse Take-Over, each subscription receipt will be converted into one unit (a "Unit") of the Resulting Issuer. Each Unit will consist of one share and one-half of one share purchase warrant. Each whole warrant will be exercisable into one share of the Resulting Issuer at a price of $0.40 for a period of two years. The Company has engaged Gravitas Securities Inc (Gravitas) as its agent for the Concurrent Financing. Gravitas will be entitled to a cash commission of 8% of the gross proceeds of the Concurrent Financing and broker warrants equal to 8% of the number of subscription receipts issued under the Concurrent Financing. Each broker warrant is exercisable into one Unit for a period of two years at a price of $0.25. The Company will also pay a corporate finance fee of 5% of subscriptions, payable in subscription receipts.

Completion of the Reverse Take-Over is subject to a number of conditions precedent, including:

- The Company will complete a share consolidation on the basis of 3.55:1,
- The receipt of shareholder approval of each of the Company and SPC;
- The approval of the TSX Venture Exchange;
- The completion of the Concurrent Financing;
- No material adverse change having occurred for each of the Company and SPC; and
- Compliance with the terms of the Agreement by each of the Company and SPC.