

BLACK MAMMOTH METALS CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

BLACK MAMMOTH METALS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	As at September 30, 2019	As at December 31, 2018
ASSETS		
Current Assets		
Cash	\$ 173,372	\$ 260,244
Commodity tax recoverable	3,197	948
Reclamation bond (Note 5)	-	22,716
	<u>176,569</u>	<u>283,908</u>
Reclamation bond (Note 5)	14,329	15,144
Equipment (Note 6)	7,633	9,848
Exploration and Evaluation Assets (Note 7)	<u>264,327</u>	<u>215,736</u>
Total Assets	\$ 462,858	\$ 524,636
LIABILITIES		
Current Liability		
Accounts payable and accrued liabilities	\$ 50,549	\$ 52,027
Long-term payables	26,954	17,556
Due to related parties (Notes 9 and 14)	<u>388,146</u>	<u>525,396</u>
Total Liabilities	465,649	594,979
DEFICIENCY		
Share Capital (Note 8)	11,904,553	11,904,553
Reserves	1,945,512	1,945,512
Accumulated Deficit	<u>(13,852,856)</u>	<u>(13,920,408)</u>
Total Deficiency	(2,791)	(70,343)
Total Liabilities And Deficiency	\$ 462,858	\$ 524,636

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors:

“Mark Abrams”
Director

“Dustin Henderson”
Director

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

BLACK MAMMOTH METALS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2019	2018	2019	2018
Operating Expenses				
Depreciation (Note 6)	\$ 737	\$ 1,056	\$ 2,215	\$ 3,166
Foreign exchange loss (gain)	(164)	1,916	1,234	(1,146)
Interest, penalties and bank charges	86	1,251	293	1,440
Management fees (Note 9)	3,000	3,000	63,000	63,000
Office administration and other	1,442	(872)	3,907	2,650
Professional fees	9,336	13,510	22,354	22,970
Shareholder communications	2,311	2,074	2,791	4,749
Transfer agent and regulatory fees	3,042	1,661	12,962	12,406
Travel and entertainment	2,340	2,981	3,499	5,936
Total Operating Expenses	(22,130)	(26,577)	(112,255)	(115,171)
Decommissioning provision	-	(4,882)	-	(4,882)
Write-off of accounts payable (Note 9)	-	-	179,807	-
Net Income (Loss) and Comprehensive Income (Loss) For The Period	\$ (22,130)	\$ (31,459)	\$ 67,552	\$ (120,053)
Basic Loss Per Share	\$ (0.00)	\$ (0.00)	\$ 0.01	\$ (0.01)
Weighted Average Number of Shares Outstanding, Basic and Diluted	11,081,871	11,081,871	11,081,871	10,558,488

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

BLACK MAMMOTH METALS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	SHARE CAPITAL		RESERVES		Subscription Received in Advance	ACCUMULATED DEFICIT	TOTAL DEFICIENCY
	SHARES	AMOUNT	EQUITY SETTLED SHARE-BASED PAYMENTS	WARRANTS			
Balance, December 31, 2017	9,063,288 \$	11,702,695 \$	1,141,869 \$	803,643 \$	66,608 \$	(13,810,335) \$	(95,520)
Shares issued on exercise of warrants	2,018,583	201,858	-	-	(66,608)	-	135,250
Net loss and comprehensive loss for the period	-	-	-	-	-	(120,053)	(120,053)
Balance, September 30, 2018	11,081,871	11,904,553	1,141,869	803,643	-	(13,930,388)	(80,323)
Net loss and comprehensive loss for the period	-	-	-	-	-	9,980	9,980
Balance, December 31, 2018	11,081,871	11,904,553	1,141,869	803,643	-	(13,920,408)	(70,343)
Net income and comprehensive income for the period	-	-	-	-	-	67,552	67,552
Balance, September 30, 2019	11,081,871 \$	11,904,553 \$	1,141,869 \$	803,643 \$	- \$	(13,852,856) \$	(2,791)

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

BLACK MAMMOTH METALS CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2019	2018
Cash Flows (Used In) Provided By:		
Operating Activities		
Net income (loss) for the period	\$ 67,552	\$ (120,053)
Change in non-cash working capital:		
Depreciation	2,215	3,166
Decommissioning provision	-	4,882
Foreign exchange	1,204	(1,146)
Write-off of accounts payable	(179,807)	-
Changes in non-cash operating working capital:		
Amounts receivable	(2,249)	19
Accounts payable and accrued liabilities	(1,478)	(51,327)
Due to related parties	42,557	(14,534)
Long-term payables	9,398	9,618
	<u>(60,608)</u>	<u>(169,375)</u>
Investing Activities		
Decommissioning provision	-	(6,787)
Mineral property exploration	(48,591)	(4,562)
Reclamation bond	22,327	-
	<u>(26,264)</u>	<u>(11,349)</u>
Financing Activities		
Exercise of warrants	-	10,000
Subscriptions received in advance	-	125,250
	<u>-</u>	<u>135,250</u>
Change in Cash	(86,872)	(45,474)
Cash, Beginning of Period	260,244	304,074
Cash, End of Period	\$ 173,372	\$ 258,600
Supplemental Cash Flow Information		
Cash received for interest	\$ -	-
Cash paid for income taxes	\$ -	-
Cash paid for interest	\$ -	-
Payables included in exploration and evaluation assets	\$ 214,770	187,770
Proceeds – issuance of shares received in advance	\$ -	66,608

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

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated on August 17, 2004 in British Columbia, Canada and began active operations on that date.

On February 18, 2016, the Company changed its name to Black Mammoth Metals Corporation and consolidated its share capital on a four to one basis. These statements reflect the share consolidation retroactively.

During the year ended December 31, 2017, the Company incorporated Black Mammoth Gold Corporation ("Black Mammoth Gold"), a wholly owned subsidiary, in the state of Nevada.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in British Columbia. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company. The Company is listed on the TSX Venture Exchange, having a symbol BMM.V.

The address of the Company's corporate office and principal place of business is Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company's condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has an accumulated deficit of \$13,852,856 to date and as of September 30, 2019 has a working capital of \$126,020.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management intends to continue to raise additional funding in the form of equity financing from the sale of common stock to improve the working capital position, but there is no assurance that the Company will be successful in achieving this goal. These factors may cast significant doubt on the use of the going concern basis of accounting used in the preparation of these financial statements. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business, and these adjustments may be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2019.

b) Going Concern

The condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

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2. BASIS OF PRESENTATION (Continued)

c) Principles of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

d) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company's functional currency.

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 3 for use of estimates and judgements made by management in the application of IFRS.

3. USE OF ESTIMATES AND JUDGMENTS

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of 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) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statement of financial position.
- ii) The inputs in the Black-Scholes option pricing model to value stock options and broker warrants.
- iii) The provision for decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.
- iv) The Company's assessment of its ability to raise sufficient funds to finance operations involves significant judgments. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- v) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

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3. USE OF ESTIMATES AND JUDGMENTS (Continued)

vi) Recognition of deferred income tax assets

Management is required to assess the recoverability of deferred income tax assets, which arise from the differences between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12 Income Taxes, to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilized.

4. SIGNIFICANT ACCOUNTING POLICIES

Translation of Foreign Currencies

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 for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting year, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- ii) those to be measured at amortized cost.

A comparison between the classification of the Company's financial assets and financial liabilities under IFRS 9 and IAS 39 is as follows:

<u>Financial Instrument</u>	<u>IAS 39</u>	<u>IFRS 9</u>
Cash	Fair value through profit of loss ("FVTPL")	FVTPL
Accounts receivable	Amortized cost	Amortized cost
Reclamation bond	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

The Company has classified its financial assets as follows:

- Cash is measured at fair value with changes to fair value subsequent to initial recognition being recorded in profit or loss for the period in which they occur.
- Accounts receivable and reclamation deposits are measured at amortized cost using the effective interest rate method. Interest income, where material, is recorded in profit or loss.

Impairment of financial assets

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 Company has not recognized any impairment losses on its accounts receivable.

Financial liabilities

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company's financial liabilities include accounts payable and accrued liabilities and amounts due to related parties which are measured at amortized cost using the effective interest rate method. Interest expense, where material, is recorded in profit or loss.

The Company derecognizes a financial liability when the liability is extinguished by way of discharge, cancellation or expiry.

Notwithstanding the adoption of IFRS 9, there were no changes to the classification of financial instruments in the period ended September 30, 2019.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change and have maturities of three months or less from the date of acquisition, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. The Company had no cash equivalents at September 30, 2019 and 2018.

Exploration and Evaluation Assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. 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.

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 to an amount that 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Decommissioning and Restoration Provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

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 mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

At September 30, 2019, the Company had a \$Nil (December 31, 2018 - \$Nil) decommissioning and restoration provision (Note 12).

Equipment

Equipment is recorded at cost and depreciated using the declining balance method at the following rates per annum.

Machinery & Equipment	30% per annum
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Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Issue Costs

Costs directly identifiable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs, and are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Flow-through Shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Income Per Share

The Company presents basic and diluted income (loss) per share for its common shares. Basic income (loss) per share is calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income per share is calculated using the treasury stock method which considers the potential exercise of outstanding financial instruments with equity purchase or conversion features. Diluted income 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.

Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Equity-based Compensation

The Company grants stock options and warrants to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-based Compensation(Continued)

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.

Newly Adopted Accounting Pronouncements

Effective for annual periods beginning on January 1, 2019

New standard IFRS 16 Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

5. RECLAMATION BOND

The Company has provided a US \$27,770 reclamation bond to the Division of Minerals in the state of Nevada as security against future reclamation on the Company's mineral properties since abandoned. As at September 30, 2019 the total carrying value of the bond was \$14,329 (December 31, 2018 - \$37,860), it was classified as a long-term asset as it will not be recovered until the Division of Minerals approves restoration work that was completed during 2018.

During the period ended September 30, 2019, \$22,237 (US \$16,945) of the bond was returned to the Company for the portion of the restoration that has received final regulatory approval.

6. EQUIPMENT

	Equipment
Cost	
Balance, December 31, 2017	\$ 16,551
Additions	-
Balance, December 31, 2018	16,551
Additions	-
Balance, September 30, 2019	\$ 16,551
Accumulated depreciation	
Balance, December 31, 2017	\$ 2,482
Additions	4,221
Balance, December 31, 2018	6,703
Additions	2,215
Balance, September 30, 2019	\$ 8,918
Carrying amounts	
Balance, December 31, 2018	\$ 9,848
Balance, September 30, 2019	\$ 7,633

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7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs for the period ended September 30, 2019

	Blanco Creek, Central Idaho	Frances Bay, British Columbia	Total
Acquisition costs, December 31, 2018	\$ 49,944	\$ 1,361	\$ 51,305
Additions - cash	20,025	-	20,025
Acquisition costs, September 30, 2019	69,969	1,361	71,330
Exploration costs, December 31, 2018	139,498	24,933	164,431
Incurred during the period:			
Assay	1,566	-	1,566
Consulting	27,000	-	27,000
Exploration costs, September 30, 2019	168,064	24,933	192,997
Total Exploration and Evaluation Assets, as at September 30, 2019	\$ 238,033	\$ 26,294	\$ 264,327

Exploration and evaluation costs for the year ended December 31, 2018

	Blanco Creek, Central Idaho	Frances Bay, British Columbia	Total
Acquisition costs, December 31, 2017	\$ 30,972	\$ 1,361	\$ 32,333
Additions - cash	18,972	-	18,972
Acquisition costs, December 31, 2018	49,944	1,361	51,305
Exploration costs, December 31, 2017	82,320	24,933	107,253
Incurred during the year:			
Assay	1,365	-	1,365
Consulting	55,813	-	55,813
Exploration costs, December 31, 2018	139,498	24,933	164,431
Total Exploration and Evaluation Assets, as at December 31, 2018	\$ 189,442	\$ 26,294	\$ 215,736

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7. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Blanco Creek Property, Central Idaho, USA

On February 13, 2017, the Company's subsidiary, Black Mammoth Gold, entered into an assignment and assumption agreement ("Assignment and Assumption Agreement") with IDA Gold Corporation ("IDA") pursuant to which IDA has assigned, and Black Mammoth Gold has assumed, all of the rights and obligations of the lessee under a long-term lease of the Blanco Creek mineral property located in central Idaho. The lease is subject to an underlying two percent (2%) production royalty in favour of the landlord and a one percent (1%) production royalty in favour of IDA. The Company will be responsible for all costs of maintaining the property going forward.

Lease Terms (in United States Dollars "USD"):

The lease term is approximately 20 years (due date is October 14, 2036) and is renewable for up to an additional 40 years (60 years in total).

Advance Royalty Payment	Payable On or Before
\$6,000	Paid
\$8,000	Each October 15 thereafter (2017, 2018 and 2019 paid)

Provided all payments are current the Company may at any time during the life of the agreement purchase the property for \$3,000,000 from the landlord. In the alternative, and provided that all payments are current, the Company may at any time during the life of the agreement purchase each 1% of the Production Royalty in favour of the landlord for \$1,500,000. All royalty payments shall be credited against the purchase price for the Production Royalty and the Property, respectively, and any amount paid for the purchase of the Production Royalty shall be credited against the purchase price of the Property.

If the Company elects to purchase the property it will still be subject to the 1% production royalty in favour of IDA.

The lease is considered a related party transaction as the Company and IDA have two directors in common.

a) Frances Bay Copper Property, British Columbia, Canada

During the year ended December 31, 2015, the Company staked and obtained a 100% ownership in the Frances Bay Copper Property after dropping its previous option agreement. The Frances Bay Copper property is located in southwestern British Columbia, approximately 90 kilometres northwest of Powell River, BC. There is a 1% Net Smelter Royalty outstanding on the property.

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8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Issued and Outstanding

During the year ended December 31, 2018, the Company issued 2,018,583 shares pursuant to the exercise of warrants for the proceeds of \$201,858, of which \$66,608 were received during the year ended December 31, 2017.

c) Stock Options

The Company has a stock option plan whereby it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company at prices to be determined and for a term not in excess of five years. Stock options granted to consultants conducting investor relations activities vest in accordance with TSX regulations. Unless otherwise stated, share purchase options vest when granted.

No stock options were granted during the period ended September 30, 2019 and year ended December 31, 2018.

As at September 30, 2019, options were outstanding for the purchase of common shares as follows:

NUMBER OF SHARES	EXERCISE PRICE PER SHARE	NUMBER EXERCISABLE AT SEPTEMBER 30, 2019	EXPIRY DATE
475,000	\$0.10	475,000	July 19, 2021
<u>475,000</u>		<u>475,000</u>	

As at September 30, 2019, the weighted average remaining contractual life of the share purchase options was 1.80 years (December 31, 2018 – 2.55 years).

Summaries of changes in stock options are presented below:

	FOR THE PERIOD ENDED SEPTEMBER 30, 2019		FOR THE YEAR ENDED DECEMBER 31, 2018	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	475,000	\$ 0.10	475,000	\$ 0.10
Expired	-	-	-	-
Balance, end of period	<u>475,000</u>	<u>\$ 0.10</u>	<u>475,000</u>	<u>\$ 0.10</u>

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8. SHARE CAPITAL (Continued)

d) Share Purchase Warrants

As at September 30, 2019, no share purchase warrants were outstanding for the purchase of common shares.

Summaries of changes in warrants are presented below:

	FOR THE PERIOD ENDED SEPTEMBER 30, 2019		FOR THE YEAR ENDED DECEMBER 31, 2018	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	2,737,000	\$ 0.30	4,760,999	\$ 0.21
Exercised	-	-	(2,018,583)	0.10
Forfeited/expired	(2,737,000)	0.30	(5,416)	0.10
Balance, end of period	-	\$ -	2,737,000	\$ 0.30

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. All amounts owing are non-interest bearing, with no specific repayment terms and unsecured. The remuneration of directors and other members of key management personnel during the periods ended September 30, 2019 and 2018 are as follows:

- a) Included in the due to related parties at September 30, 2019 is \$388,146 (December 31, 2018 - \$525,396) due to directors, an officer of the Company and a company with a common director. The amounts relate to accrued management fees and expense reimbursements. During the period ended September 30, 2019, the Chief Financial Officer of the Company agreed to write-off an outstanding amount of \$179,807. Per the terms of debt settlement and deferral agreements repayment, the amount of \$388,146 is not due until May 31, 2021.

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9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION(Continued)

- b) During the period ended September 30, 2019 and 2018 included in the financial statements are the following amounts charged or accrued to officers, directors, a former director, spouse of a director and companies with a common director:

	For the nine months ended September 30,	
	2019	2018
<u>Key management compensation</u>		
Management fees – operating	\$ 63,000	\$ 63,000
Management fees – exploration and evaluation	\$ 27,000	\$ 27,000

10. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to manage its capital.

The property in which the Company currently has an interest is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the period.

11. FINANCIAL INSTRUMENTS

Fair Value

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

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has no assets or liabilities subject to fair value measurement on a recurring basis.

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11. FINANCIAL INSTRUMENTS (Continued)

For assets and liabilities measured at fair value on a non-recurring basis, the following table provides the fair value measures by level of valuation assumptions used:

	FAIR VALUE	AS AT SEPTEMBER 30, 2019		AS AT DECEMBER 31, 2018	
	INPUT LEVEL	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CARRYING AMOUNT	ESTIMATED FAIR VALUE
Financial Assets:					
Cash	1	\$ 173,372	\$ 173,372	\$ 260,244	\$ 260,244
Amounts receivable	2	\$ 3,197	\$ 3,197	\$ 948	\$ 948
Financial Liabilities:					
Accounts payable and accrued liabilities	2	\$ 50,549	\$ 50,549	\$ 52,027	\$ 52,027
Long-term payables	2	\$ 26,954	\$ 26,954	\$ 17,556	\$ 17,556
Due to related parties	2	\$ 388,146	\$ 388,146	\$ 525,396	\$ 525,396

Due to the relatively short term nature of cash, amounts receivable, accounts payable and accrued liabilities, advance payable and liabilities of discontinued operations, the fair value of these instruments approximates their carrying value.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash and amounts receivable. Cash are held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is minimal.

b) 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 September 30, 2019, the Company had current liabilities of \$50,549 (December 31, 2018 - \$52,027). All of the Company's liabilities are subject to normal trade terms.

c) Market Risk

i) Interest Rate Risk

The Company had cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

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11. FINANCIAL INSTRUMENTS (Continued)

ii) **Commodity 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 due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

iii) **Foreign Currency Risk**

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN\$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the period.

The Company holds a 100% interest in its subsidiary La Quinta Nevada Inc. ("LQN") in the United States of America which is currently inactive.

The Company holds a 100% interest in Black Mammoth Gold Corporation in the United States of America.

As at September 30, 2019, a 1% strengthening in the USD relative to the CDN\$ does not have a significant impact on the net loss for the period. Any unrealized translation adjustments arising at period end are included in operating loss for the period.

12. DECOMMISSIONING PROVISION

The total future decommissioning and restoration provision was estimated by management based on the Company's interests in the Easter property in Nevada and the estimated costs of clean up. Changes to the provision during the period were as follows:

	Year ended December 31, 2018
Balance, beginning of year	\$ 9,372
Change in estimate	5,903
Decommissioning expenditures	<u>(15,275)</u>
Balance, end of year	<u>\$ -</u>

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13. SEGMENTED INFORMATION

The Company operates in one business segment, mineral exploration. Its resource properties are located in Canada and the United States

Geographic information with respect to the Company's exploration and evaluation assets is as follows:

	As at	
	September 30,	December 31,
	2019	2018
Canada	\$ 26,294	\$ 26,294
United States	238,033	189,443
	\$ 264,327	\$ 215,737

14. DEBT SETTLEMENT AND DEFERRAL AGREEMENTS

During the year ended December 31, 2018, the Company renewed debt deferral agreements with certain creditors to defer settlement until May 31, 2020. As at September 30, 2019 the Company has \$26,954 (December 31, 2018 - \$17,556) in long-term accounts payable and \$388,146 (December 31, 2018 - \$525,396) due to related parties subject to the debt deferral agreements.