



ASTORIUS RESOURCES LTD.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2018 AND 2017



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Astorius Resources Ltd.

We have audited the financial statements of Astorius Resources Ltd., which comprise the statement of financial position as at September 30, 2018, and the statements of comprehensive loss, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Astorius Resources Ltd.'s ability to continue as a going concern.

Other Matter

The financial statements of Astorius Resources Ltd. for the year ended September 30, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on January 26, 2018.

A handwritten signature in black ink, appearing to read 'DMCL'.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2019

**ASTORIUS RESOURCES LTD.
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 20, 2018 AND 2017**

	2018	2017
ASSETS		
Current assets		
Cash	\$ 113,243	\$ 8,233
GST recoverable	11,088	2,069
Prepaid expenses	2,550	2,933
	126,881	13,235
Mineral properties (note 4)	868,951	224,216
	\$ 995,832	\$ 237,451
LIABILITIES		
Current liabilities		
Accounts payable (note 6)	\$ 29,950	\$ 68,116
Accrued liabilities (note 6)	113,060	-
Loans from related party (note 6)	102,838	55,226
	245,848	123,342
SHAREHOLDERS' EQUITY		
Share capital (note 5)	3,655,060	1,962,939
Share-based payment reserve (note 5)	522,091	196,429
Deficit	(3,427,167)	(2,045,259)
	749,984	114,109
	\$ 995,832	\$ 237,451

Nature and continuance of operations (note 1)

Going concern (note 2(b))

Subsequent event (note 11)

Approved on behalf of the Board:

Director "Arthur Brown"
Arthur Brown, Director

Director "Sandy MacDougall"
Sandy MacDougall, Director

ASTORIUS RESOURCES LTD.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
EXPENSES		
Accounting and audit fees (note 6)	\$ 20,446	\$ 32,557
Consulting fees (note 6)	54,555	92,918
Filing and transfer agent fees	37,542	14,301
Corporate communications	246,295	59,963
Legal (note 6)	-	14,658
Management fees (note 6)	251,720	70,000
Office and general (note 6)	89,900	63,174
Rent	10,815	-
Travel	24,036	18,704
Share-based compensation	254,487	-
Loss before other expenses	(989,796)	(366,275)
Other expenses		
Write-down of mineral properties (note 4)	(383,500)	(14,770)
Interest and finance expense (note 6)	(8,612)	(5,226)
	(392,112)	(19,996)
Net loss and comprehensive loss	(1,381,908)	(386,271)
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding	47,947,277	25,336,137

The accompanying notes are an integral part of these financial statements

ASTORIUS RESOURCES LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (1,381,908)	\$ (386,271)
Add item not involving cash:		
Write-down of mineral properties	383,500	14,770
Share-based payment expense	254,487	-
Non-cash working capital items		
Other receivable	-	1,000
GST recoverable	(9,019)	2,483
Prepaid expenses	383	9,567
Due to related party	8,612	5,226
Accounts payable and accrued liabilities	104,894	40,853
Net cash used in operating activities	(639,051)	(312,372)
Investing activities		
Mineral properties acquisition and exploration	(353,235)	(224,215)
Net cash used in investing activities	(353,235)	(224,215)
Financing activities		
Exercise of warrants	120,000	170,000
Proceeds from issuance of common shares	1,000,000	-
Share issue costs	(61,704)	-
Loan proceeds from related party	39,000	50,000
Net cash provided by financing activities	1,097,296	220,000
Change in cash during the year	105,010	(316,587)
Cash, beginning of the year	8,233	324,820
Cash, end of the year	\$ 113,243	\$ 8,233
Non-cash Investing and Financing Information:		
Issuance of finders' warrants	\$ 71,175	\$ -
Share issued, acquisition of mineral property	\$ 675,000	\$ -
Share issued, settlement of debt	\$ 30,000	\$ -

The accompanying notes are an integral part of these financial statements

ASTORIUS RESOURCES LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	Number of Shares	Share Capital	Share-based Payment Reserve	Deficit	Total Equity
Balance at October 1, 2016	23,706,000	\$ 1,792,939	\$ 196,429	\$ (1,658,988)	\$ 330,380
Exercise of warrants (note 5)	3,100,000	170,000	-	-	170,000
Net and comprehensive loss	-	-	-	(386,271)	(386,271)
Balance at September 30, 2017	26,806,000	1,962,939	196,429	(2,045,259)	114,109
Balance at October 1, 2017	26,806,000	1,962,939	196,429	(2,045,259)	114,109
Issue of common shares for cash on exercise of share purchase warrants (note 5)	2,400,000	120,000			120,000
Issue of common shares for property interest (note 4 and 5)	4,500,000	675,000			675,000
Shares issued in exchange for debt (note 5)	200,000	30,000			30,000
Private placement of shares (note 5)	16,666,665	1,000,000			1,000,000
Share issuance costs (note 5)	-	(132,879)	71,175		(61,704)
Share-based payment expense (note 5)	-	-	254,487		254,487
Net and comprehensive loss	-	-		(1,381,908)	(1,381,908)
Balance at September 30, 2018	50,572,665	\$ 3,655,060	\$ 522,091	\$ (3,427,167)	\$ 749,984

The accompanying notes are an integral part of these financial statements

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Astorius Resources Ltd. (the "Company") was incorporated under the Business Corporation Act of British Columbia on May 4, 2007 and is listed on the TSX Venture Exchange ("TSX-V"), trading under the symbol ASQ. The address of the Company's corporate office and its principal place of business is 304 - 700 West Pender Street, Vancouver, British Columbia, Canada.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties in North America, Argentina and Ecuador. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related capitalized exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof.

These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

These financial statements were authorized for issue on January 28, 2019 by the directors of the Company.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

b) Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period. The Company has incurred losses since its inception and has a working capital deficiency of \$118,967 and an accumulated deficit of \$3,427,167 at September 30, 2018; these factors form a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in notes 7 and 8.

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
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2. BASIS OF PREPARATION (continued)

c) Measurement basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies within Note 3. All amounts are expressed in Canadian dollars unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date that the agreement to issue shares was concluded.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies:

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

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluations assets may not be recoverable.

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At each reporting period, management reviews all assets for indicators of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, 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. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is 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 that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

Exploration and evaluation expenditures

Exploration and evaluation expenditures incurred before the Company has obtained legal rights to explore an area of interest are expensed as incurred. All costs related to the acquisition, exploration and development of exploration and evaluation assets incurred subsequent to the acquisition of legal rights to explore are capitalized by property.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks.

Income taxes

Current income tax:

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

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax:

Deferred income tax is provided using the balance sheet 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 asset 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) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payments is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to share capital with a corresponding increase in the share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related reserve amount is transferred to share capital.

Income (Loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted income (loss) per share is presented as the same as basic income (loss) per share.

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise trade and other receivables. Amounts receivable, excluding GST, is included in this category of financial assets. The Company currently does not have any financial assets classified as loans and receivables.

iii. Held-to-maturity

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company currently does not have any financial assets classified as held-to-maturity.

iv. Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. The Company currently does not have any financial assets classified as AFS.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in other comprehensive income or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit and loss.

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

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

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Accounting Standards and Amendments Issued but not yet Effective

The following standard will be adopted by the Company effective October 1, 2018:

- *IFRS 15 Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The adoption of this standard is not expected to have an impact on the Company's financial statements.
- *IFRS 9 Financial Instruments* - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The adoption of this standard is not expected to have an impact on the Company's financial statements.

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards and Amendments Issued but not yet Effective

The following standard will be adopted by the Company effective October 1, 2019:

IFRS 16 *Leases* will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The Company is currently evaluating the impact this statement is expected to have on its financial statements.

4. MINERAL PROPERTIES

Expenditures on interests in mineral properties are considered exploration and evaluation assets.

	September 30, 2018	September 30, 2017
Acquisition costs		
Opening balance of acquisition costs	\$ 1	\$ 1,741
Property option payments - cash	333,561	–
Property option payments - shares	675,000	–
Write-down of mineral properties	(139,611)	(1,740)
Subtotal of acquisition costs	\$ 868,951	\$ 1
Exploration costs		
Opening balance of exploration costs	\$ 224,215	\$ 13,030
Assays	–	28,583
Drilling	–	35,716
Environmental studies	–	52,024
Field and supplies	–	8,667
Fuel	–	4,859
Geological consulting	7,383	41,653
Labour	–	1,215
Mobilization	–	4,049
Other costs	–	9,335
Permits	11,461	24,363
Professional fees	–	4,064
Travel	830	9,687
Write-down of mineral property costs	(243,889)	(13,030)
Subtotal of exploration costs	–	224,215
Ending balance	\$ 868,951	\$ 224,216

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)

4. MINERAL PROPERTIES (continued)

a) The Babine Property

As of September 30, 2018, 4 mineral claims are owned, covering an area of 482 hectares (September 30, 2017 - 482 hectares) in the Babine Project area, located in British Columbia.

The Company does not intend to conduct exploration on the Babine project during the upcoming fiscal year and has accordingly written down the property to \$1 as at September 30, 2017.

b) The Condor Gold Property

On October 25, 2016, the Company entered into an option agreement to acquire 100% of the issued and outstanding shares of Lateegra Ecuador SA, title holder of the Condor gold property in southeast Ecuador, from Condor Mines SA. As consideration, the Company agreed to make periodic payments of cash totaling \$1,200,000 and issue 5,500,000 common shares of the Company by September 15, 2017. These terms were subsequently amended.

On November 28, 2017, the Company announced that it renegotiated the option terms for the Condor gold property with Lateegra Ecuador (the optionor) and has initiated an exploration program in Eduardo aiming to explore the recently optioned Condor properties.

The option terms are defined below:

Date	Cash	Exploration expenditures
Payment in December 31, 2017	\$25,000 USD	–
On or before March 30, 2018	\$50,000 USD	–
On or before March 31, 2018	–	\$50,000 USD
TOTAL	\$75,000 USD	\$50,000 USD

The Company is also required to pay the annual patent tax and to comply with the filing and audit requirements applicable to mineral properties in Ecuador on March 15, 2018.

The renegotiated Condor option has the following payment terms:

- Periodic cash payments totalling USD \$1,200,000 dollars; and
- Issuance of 4,500,000 shares.

During the year ended September 30, 2018, the Company made option payments of \$31,700 (USD \$25,000) in cash. The Company recorded an impairment write-down of mineral property acquisition costs and exploration costs in the amount of \$96,261 as a result of the termination of this agreement during the year ended September 30, 2018.

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in Canadian Dollars)

4. MINERAL PROPERTIES (continued)

c) The Osos 1 Gold Property

On December 1, 2016, the Company entered into an option agreement to acquire 100% of the Osos 1 gold property in El Oro province, southwest Ecuador, comprising an area totaling 229 hectares. As consideration, the Company agreed to make periodic payments of cash totalling \$600,000 USD and issue 1,000,000 common shares of the Company by November 15, 2017. These terms were subsequently amended.

On December 5, 2017, the Company announced that it has renegotiated the option for the Osos 1 gold property with Mr. Francisco Soria (the Optionor) and has initiated an exploration program in Eduardo aiming to explore the recently optioned Osos 1 properties.

The option terms are as follows:

Date	Cash	Common Shares	Exploration expenditures
Payment in December 31, 2017	\$ 25,000 USD		–
On or before March 30, 2018	\$ 50,000 USD	100,000	–
On or before March 31, 2018	–	–	\$ 50,000 USD
On or before September 30, 2018	\$100,000 USD	200,000	\$100,000 USD
On or before March 31, 2019	\$150,000 USD	300,000	–
On or before September 30, 2019	\$300,000 USD	400,000	–
TOTAL	\$625,000 USD	1,000,000	\$150,000 USD

The Company is also required to pay the annual patent taxes and to comply with the filing and audit requirements applicable to mineral properties in Ecuador on March 15, 2018. Additionally, the Company will grant the optionor a 1.5% NSR on or before September 30, 2019.

During the year ended September 30, 2018, the Company made option payments of \$47,911 (USD \$37,000) in cash. The Company recorded an impairment write-down of mineral property acquisition costs and exploration costs in the amount of \$93,399 as a result of the termination of this agreement during the year ended September 30, 2018.

d) Rainbow Canyon Gold Property

On February 8, 2017, the Company entered into an option agreement with Alba Minerals Ltd. to acquire 100% interest in the Rainbow Canyon gold property in Nevada, comprising 55 unpatented lode mining claims that cover an area of 417 hectares in the Olinghouse Mining District about 40 km east of Reno in Washoe County.

On September 25, 2017, the Company finalized the agreement. The Company can earn 100% interest in the Rainbow Canyon Property by paying an aggregate of \$80,000 cash over various periods extending over the period to June 15, 2018. The payment terms are:

- i. A cash payment of \$15,000 upon the signing of the agreement (PAID);
- ii. A further cash payment of \$20,000 on or before March 1, 2017 (PAID);
- iii. A further cash payment of \$5,000 on or before June 1, 2017 (PAID);
- iv. A further cash payment of \$10,000 on or before September 1, 2017 (PAID);
- v. A further cash payment of \$10,000 on or before December 1, 2017 (PAID);
- vi. A further cash payment of \$10,000 on or before March 1, 2018 (defaulted); and
- vii. A further cash payment of \$10,000 on or before June 15, 2018.

ASTORIUS RESOURCES LTD.
NOTES TO THE FINANCIAL STATEMENTS
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4. MINERAL PROPERTIES (continued)

d) Rainbow Canyon Gold Property (continued)

\$60,000 cash was paid on November 10, 2017, which satisfied the cash payment required of the terms (i) to (v).

On April 16, 2018, the Company recorded an impairment of \$193,840 as the option agreement was terminated.

e) Taca Taca District

On November 24, 2017, the Company received TSX-V approval to acquire 100% of two mineral concessions in the Taca Taca District, in Salta, Argentina. The Taca Taca District is located in the western Puna of Salta, close to the Chilean border.

The Company paid \$193,950 (\$150,000 USD) and issued 4,500,000 common shares with a fair value of \$675,000 (note 5). The Company is additionally required to incur \$275,000 USD in exploration expenditures and to pay \$300,000 USD upon acceptance of a NI 43-101 Report by the TSX-V.

5. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Issued

2018

On January 29, 2018, the Company entered into a settlement agreement with a creditor and settled \$30,000 of debt with the issuance of 200,000 common shares of the Company at a fair value of \$0.15 per common share. This was approved by the TSX Venture Exchange on February 16, 2018.

On November 28, 2017, the Company issued 200,000 common shares for exercise of warrants.

On November 24, 2017, the Company issued 4,500,000 common shares at a fair value of \$0.15 per share (note 4) for the acquisition of 100% of two mineral concessions in the Taca Taca District, in Salta, Argentina.

On November 8, 2017, the Company issued 800,000 common shares for exercise of warrants.

On November 7, 2017, the Company closed a private placement for total gross proceeds of \$1,000,000. The Company issued a total of 16,666,665 units at a price of \$0.06 per unit. Each unit contains one common share and one transferrable share purchase warrant. Each warrant is exercisable at a price of \$0.10 for a period of 12 months from the date of issuance. In connection of the private placement, the Company incurred \$61,704 share issuance costs in cash and issued 894,400 finders' warrants with a fair value of \$71,175 using the Black-Scholes pricing model with the following assumptions:

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5. SHARE CAPITAL (continued)

Issued (continued)

Risk-free interest rate	2.06%
Expected dividend yield	0%
Share price volatility	105.81%
Expected life of warrants	1 years

On October 25, 2017, the Company issued 1,400,000 common shares for exercise of warrants.

2017

On June 12, 2017, the Company issued 600,000 common shares for exercise of warrants.

On April 26, 2017, the Company issued 300,000 common shares for exercise of warrants.

On March 27, 2017, the Company issued 1,000,000 common shares for exercise of warrants.

On February 9, 2017, the Company issued 200,000 common shares for exercise of warrants.

On January 24, 2017, the Company issued 1,000,000 common shares for exercise of warrants.

Stock Options

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the pricing policies of the TSX-V. Options vest immediately when granted and expire five years from the date of the grant, unless the Board establishes more restrictive terms.

The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12-month period is limited to 5% of the issued shares of the corporation.

On October 27, 2017, the Company granted 2,400,000 share purchase options to directors, an officer and consultants with an exercise price of \$0.10 per share for a period of five years, expired October 27, 2022. The Company recorded \$254,487 as share-based payment expenses. The fair values of the options granted were determined using the Black-Scholes pricing model, using the following weighted average assumptions:

Risk-free interest rate	1.66%
Expected dividend yield	0%
Share price volatility	152.92%
Expected life of options	5 years

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5. SHARE CAPITAL (continued)

Stock Options (continued)

Continuity of stock options for the years ended September 30, 2018 and 2017 is as follows:

	2018		2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of year	400,000	\$ 0.10	400,000	\$ 0.10
Granted	2,400,000	0.10	-	\$ -
Expired	(400,000)	0.10	-	\$ -
Cancelled	(750,000)	0.10	-	\$ -
Outstanding - end of year	1,650,000	\$ 0.10	400,000	\$ 0.10

The following table summarizes the stock options outstanding and exercisable at September 30, 2018:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Weighted Average Exercise Price	Weighted Average Remaining Life
October 27, 2022	1,650,000	1,650,000	Nil	\$ 0.10	4.08 years

Warrants

Warrant activity for the period ended September 30, 2018 and year ended September 30, 2017 are presented below:

	2018		2017	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of period	7,346,000	\$ 0.11	11,946,000	\$ 0.09
Exercised	(2,400,000)	0.11	(3,100,000)	0.06
Expired	-	-	(1,500,000)	0.10
Granted	17,561,065	0.10	-	-
Outstanding - end of period	22,507,065	\$ 0.11	7,346,000	\$ 0.11

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5. SHARE CAPITAL (continued)

As at September 30, 2018, the following warrants were outstanding:

Number of Warrants	Weighted Average Exercise Price	Expiry date	Remaining Life (years)
17,561,065	\$ 0.10	November 7, 2018	0.10
800,000	\$ 0.05	May 13, 2021	2.62
4,146,000	\$ 0.15	August 16, 2021	2.88
22,507,065	\$ 0.11		

The weighted average remaining contractual life of the issued and outstanding warrants at September 30, 2018 was 0.70 years.

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 warrants are exercised, at which time the corresponding amount will be transferred to share capital.

6. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2018 and 2017, the Company entered into the following related party transactions:

- a) The Company incurred accounting fees of \$9,000 (2017 - \$18,000) and office services of \$10,763 (2017 - \$21,250) to a company controlled by the former CFO.
- b) The Company incurred management fees of \$120,000 (2017 - \$35,000) paid to the CEO of the Company.
- c) The Company incurred management fees of \$120,000 (2017 - \$35,000) paid to the Chairman of the Company.
- d) The Company granted \$254,487 (2017 - \$nil) of share-based compensation to directors and officers.
- e) The Company incurred legal fees and disbursements of \$Nil (2017 - \$14,658) from a law firm of which the principal is a former director.
- f) The Company incurred geological consulting fees of \$11,720 (2017 - \$Nil) to a company controlled by a director (note 4).
- g) The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	September 30, 2018	September 30, 2017
Consulting fees	\$ 11,720	\$ 39,705
Management fees	\$ 240,000	\$ 70,000

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6. RELATED PARTY TRANSACTIONS (continued)

At September 30, 2018, accounts payable and accrued liabilities included \$99,480 (September 30, 2017: \$27,933) for amounts due to companies controlled by the CEO, Chairman and a director and a law firm of which a former director is a principal. All amounts payable are non-interest bearing, unsecured and due on demand.

By loan agreement dated January 1, 2017, the Company received a loan of \$50,000 from the Company's President which bears interest at 10% per annum with a financing fee of \$1,500 that was to be repaid by June 30, 2017. As at September 30, 2018, the Company received an additional loan of \$39,000 from the Company's President which is non-interest bearing. As at September 30, 2018, \$102,838 (September 30, 2017 - \$55,226) the balance of the loan payable including financing fees and accrued interest is outstanding and due on demand.

7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

As at September 30, 2018 the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Classification

The Company has classified its cash as fair value through profit or loss. Accounts payable and loan from related party are classified as other financial liabilities.

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments:

	September 30, 2018	September 30, 2017
Fair value through profit or loss (i)	\$ 113,243	\$ 8,233
Other financial liabilities (ii)	245,848	123,342

(i) Cash

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Classification (continued)

- (ii) Accounts payable and loan from related party

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Accounts payable and accrued liabilities and loans are classified under Level 3.

Fair value

As at September 30, 2018 the Company's financial instruments consist of cash, accounts payable and loan from related party. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 Financial Instruments – Disclosures, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

The fair values of the Company's financial assets and liabilities as of September 30, 2018 were calculated as follows:

	Balance at September 30, 2018	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	\$	\$	\$	\$
Financial Assets:				
Cash	113,243	113,243	-	-

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's financial instruments are exposed to the following risks:

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution. Credit risk is assessed as low.

Liquidity Risk

The Company plans its holding of cash is sufficient to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2018, the Company has a working capital deficiency of \$118,967 and requires additional cash to fund operation and exploration activities. The Company does not have investments in any asset backed deposits. Liquidity risk is assessed as high.

Foreign Exchange Risk

The Company does not have foreign currency denominated financial instruments and is not exposed to significant foreign exchange risk.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company's ability to raise capital is subject to risks associated with fluctuations in the stock market. Management closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

9. OPERATING SEGMENT INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The Company has mineral properties located in North America (British Columbia and Nevada) and in South America (Ecuador and Argentina).

10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

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10. INCOME TAXES (continued)

	2018	2017
Statutory tax rate	27%	26%
Expected income tax recovery at the statutory rate	\$ (373,115)	\$ 92,630
Adjustments resulting from:		
Non-deductible expenses and other	48,676	(24,583)
Change in unrecognized deferred income tax assets	343,125	(68,047)
Effect of change in tax rates	(18,686)	
Income tax recovery	\$ -	\$ -

Significant components of the Company's potential deferred income tax assets are shown below:

	2018	2017
Non-capital losses carried-forward	\$ 606,413	\$ 377,615
Mineral properties	172,191	69,944
Share investments	32,028	30,842
Share issuance costs	18,334	7,440
Net potential deferred income tax asset	828,966	485,841
Unrecognized deferred income tax assets	(828,966)	(485,841)
Net deferred income tax asset	\$ -	\$ -

The Company has non-capital losses for income tax purposes of approximately \$2,216,000 which may be carried forward and offset against future taxable income. The non-capital losses expire as follows:

2029	\$ 76,000
2030	176,000
2031	165,000
2032	172,000
2033	155,000
2034	31,000
2035	72,000
2036	254,000
2037	352,000
2038	763,000
	\$ 2,216,000

As at September 30, 2018, the Company has approximately \$2,216,000 (2017 - \$493,000) in resource expenditures that can be carried forward indefinitely for tax purposes to reduce taxable income in future years.

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion of the deferred income tax assets will be realized.

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10. INCOME TAXES (continued)

The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

11. SUBSEQUENT EVENT

On November 7, 2018, 894,400 warrants expired unexercised. The Company extended the expiry date of 16,666,666 warrants to November 7, 2019.