LUCKY MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED OCTOBER 31, 2019 AND SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lucky Minerals Inc.

Opinion

We have audited the consolidated financial statements of Lucky Minerals Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2019 and September 30, 2018, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the thirteen months ended October 31, 2019 and the twelve months ended September 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2019 and September 30, 2018, and its financial performance and its cash flows for the thirteen months ended October 31, 2019 and the twelve months ended September 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

February 28, 2020

LUCKY MINERALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	October 31, 2019	September 30, 2018
ASSETS			
Current assets			
Cash		$ 1,966	$ 906
Loan receivable	**6**	–	1,157,521
Prepaid and other receivable	**9**	189,859	103,932
		191,825	1,262,359
Deposit		–	250,000
Equipment	**7**	4,304	6,382
Exploration and evaluation assets	**8**	5,558,442	868,328
TOTAL ASSETS		$ 5,754,571	$ 2,387,069
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**10**	$ 1,553,169	$ 1,033,942
Due to related parties	**15**	728,647	331,334
Loans payable	**11**	584,028	622,058
		2,865,844	1,987,334
Non-current liabilities			
Convertible debenture liability	**16**	927,972	–
Derivative Liability	**16**	18,329	–
TOTAL LIABILITIES		3,812,145	1,987,334
Shareholders' equity			
Share capital	**12**	9,618,307	4,700,215
Subscription Receipt	**12**	–	224,650
Shares to be issued	**16**	138,825	60,000
Other capital reserve		2,436,355	1,542,218
Deficit		(10,251,061)	(6,127,348)
TOTAL SHAREHOLDERS' EQUITY		1,942,426	399,735
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 5,754,571	$ 2,387,069

Contingency (Note 18)

Approved and authorized for issuance by the Board of Directors on February 28, 2020

"Robert Rosner"
Director

"Francois Perron"
Director

The accompanying notes are an integral part to the consolidated financial statements

LUCKY MINERALS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Thirteen months October 31, 2019	Twelve months September 30, 2018
		$	$
Expenses			
Advertising and promotion		480,663	434,282
Amortization	**7**	2,077	1,328
Bank charges and interest		10,964	6,906
Consulting		1,364,431	1,177,540
Directors' fees	**15**	52,000	114,564
Foreign exchange loss (gain)		(533)	1,728
Insurance		19,695	8,462
Stakeholder relations		–	129,396
Management	**15**	27,000	2,500
Office and administration		31,353	26,228
Rent		38,243	51,494
Professional fees		369,126	280,687
Property investigation		1,278	145,182
Exploration and Evaluation		697,248	–
Share based compensation	**12**	701,628	371,835
Transfer agent and regulatory fees		78,989	95,776
Travel		190,356	221,778
Loss before other items:		(4,064,518)	(3,069,686)
Accretion and interest expense	**16**	(517,780)	(12,689)
Interest income		3,889	25,180
Change in Fair Value for Derivative Liability	**16**	454,696	–
Net loss and comprehensive Loss		(4,123,713)	(3,057,195)
Loss per share, basic and diluted		(0.04)	(0.04)
Weighted average number of outstanding shares		116,516,357	80,277,951

The accompanying notes are an integral part to the consolidated financial statements

LUCKY MINERALS INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars except for number of shares)

		Common shares		Share subscriptions Received	Shares to be issued	Reserves			
	Note	Number	Amount			Options	Warrants	Deficit	Shareholders' Equity
			$			$	$	$	$
Balance, September 30, 2017		65,350,083	2,651,010	–	–	589,942	466,000	(3,070,153)	636,799
Shares issued for the exercise of warrants		175,000	17,500	–	–	–	–	–	17,500
Shares subscription received		–	–	224,650	–	–	–	–	224,650
Shares to be issued for services		–	–	–	60,000	–	–	–	60,000
Share-based compensation		–	–	–	–	371,835	–	–	371,835
Shares issuedon private placement net		17,551,700	2,031,705	–	–	114,441	–	–	2,146,146
Net loss and comprehensive loss		–	–	–	–	–	–	(3,057,195)	(3,057,195)
Balance, September 30, 2018		83,076,783	4,700,215	224,650	60,000	1,076,218	466,000	(6,127,348)	399,735
Shares issuance on private placement net	**12**	8,333,300	1,167,385	(224,650)	–	–	36,878	–	979,613
Shares issuance for acquisition of mineral property interest	**5**	16,000,000	2,142,967	–	–	–	–	–	2,142,967
Fair value of broker's compensation option units for convertible debenture transaction costs		–	–	–	–	235,000	–	–	235,000
Conversion rights initial recognition upon issuance of convertible debenture	**16**	–	–	–	–	–	–	–	–
Shares issued on conversion of convertible debentures	**16**	12,450,574	1,189,182	–	138,825	–	–	–	1,328,007
Shares issued in lieu of cash payment of convertible debentures interest		1,313,198	108,557	–	–	–	–	–	108,557
Service paid in shares	**12**	3,000,000	310,001	–	–	–	–	–	310,001
Service paid in cash instead of shares issuance		–	–	–	(60,000)	–	–	–	(60,000)
Share-based compensations		–	–	–	–	622,259	–	–	622,259
Net loss and comprehensive loss		–	–	–	–	–	–	(4,123,713)	(4,123,713)
Balance, October 31, 2019		124,173,855	9,618,307	–	138,825	1,933,477	502,878	(10,251,061)	1,942,426

The accompanying notes are an integral part to the consolidated financial statements

LUCKY MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED OCTOBER 31, 2019
(Expressed in Canadian dollars)

	Thirteen Months Ended October 31, 2019	Twelve Months Ended September 30, 2018
Operating activities		
Loss for the period	$ (4,123,713)	$ (3,057,195)
Adjustments for non-cash items		
Share based compensation	1,287,940	371,835
Shares to be issued for services	–	60,000
Change in fair value of derivative liability	(454,696)	–
Expensed convertible issuance costs allocated to derivative component	128,831	–
Accretion expense	428,237	–
Accrued interest expense	82,176	–
Accrued interest income	(3,889)	(25,180)
Amortization	2,077	1,328
	(2,653,037)	(2,649,212)
Changes in non-cash operating working capital		
Prepaid expenses and other receivable	(47,390)	(85,253)
Accounts payable and accrued liabilities	431,095	973,263
Cash used in operating activities	(2,269,332)	(1,761,202)
Investing activities		
Purchase of equipment	–	(6,568)
Option payment for mining interests	(65,745)	–
Deposit	–	(250,000)
Loan receivable	–	(1,132,341)
Exploration and evaluation asset expenditures	(663,955)	(201,895)
Cash used in financing activities	(729,700)	(1,590,804)
Financing activites		
Proceeds from common shares issuance net of issuance costs	267,975	2,163,646
Proceeds from convertible debentures issuance	2,500,745	–
Proceeds from share subscription received in advance	(45,737)	224,650
Advances from related parties	380,292	279,289
Proceeds from loan payable	578,374	604,612
Repayment of loan payable	(681,557)	–
Cash provided by financing activities	3,000,092	3,272,197
Change in cash	1,060	(79,809)
Cash, beginning of the year	906	80,715
Cash, end of the period	$ 1,966	$ 906

Non-cash transaction

Fair value of shares issued for acquisition of mineral property interest	$ (2,142,967)	$ -

The accompanying notes are an integral part to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Lucky Minerals Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on May 7, 2007. The Company is in the business of acquiring, exploring and evaluating mineral resource properties.

The Company's common shares are listed for trading on the TSX Venture Exchange under the symbol "LKY". The Company also trades on the Frankfurt Stock Exchange under symbol "8LM", and in the United States on the OTCQB under the symbol "LKMNF." The Company's head office and principal business address is Suite 1015, 789 West Pender, Vancouver, British Columbia V6C 2X1.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of an exploration and evaluation asset, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. As at October 31, 2019, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from related parties and/or private placement of common shares.

2. BASIS OF PREPARATION

In November 2019, the Company's Board of Directors approved a resolution to change the Company's year end from September 30th to October 31st. Accordingly, these financial statements are prepared as at October 31, 2019 and September 30, 2018 and for the thirteen months ended October 31, 2019 and the twelve months ended September 30, 2018.

Statement of compliance
These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2020.

Basis of measurement
The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Basis of Consolidation
These consolidated financial statements included the accounts of the Company and its wholly owned subsidiaries, Lucky Minerals Montana, Inc ("LMMI"), incorporated in the United States, and Goldmindex S.A. ("GDM"), incorporated in Ecuador. The results of LMMI and GDM are included in the consolidated financial statements of

the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intercompany balances and transactions are eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Pre-Exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation assets
The Company accounts for mineral property interests in accordance with IFRS 6 – Exploration for and evaluation of mineral properties ("IFRS 6"). Costs directly related to acquiring the legal right to explore a mineral property including acquisition of licenses, mineral rights, and similar acquisition costs are recognized and capitalized as mineral property interests. Acquisition costs incurred in obtaining the legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral property interests. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation activities, including but not limited to researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling, payments made to contractors and consultants in connection with the exploration and evaluation of the property, are expensed in the period in which they are incurred as exploration and evaluation costs on the consolidated statement of loss and comprehensive loss.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of the estimated recoverable amount, are written off to the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Equipment
Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Equipment is amortized at 30% per annum using the declining balance method.

Impairment of assets
The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)
The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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

Share based compensation
From time to time, the Company grants share options to employees and non-employees. An individual is classified as an employee, versus a non-employee, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of share options, measured using the Black-Scholes option pricing model at the date of grant, is charged to the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions and forfeitures are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss and comprehensive loss over the remaining vesting period.

Equity instruments granted to non-employees are recorded in the consolidated statement of loss and comprehensive loss at the fair value of the goods or services received, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for a share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. All equity-settled share-based payments are recorded in share option and warrant reserve until exercised. Upon exercise, shares are issued from treasury and the amount previously recorded in share option and warrant reserve is reclassified to share capital along with any consideration paid.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share
Loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is calculated by dividing the net income available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. The calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split.

Share capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

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

Financial instruments
Effective October 1, 2018, the Group adopted IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Under IFRS 9, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income ("FVTOCI") (debt / equity investment); or Fair Value through Profit or Loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

- Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Income taxes
Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Foreign currency translation
Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

Accounting standards, interpretations and amendments to existing standards
Accounting standards adopted during the current fiscal period

Effective for annual periods commencing on or after January 1, 2018
- *IFRS 15, Revenue from Contracts with Customers*
- *IFRS 9, Financial Instruments ("IFRS 9")*

Given that the Company does not currently generate revenue from its operating activities and that its use of financial instruments currently involves only short-term amounts payable and receivable balances originating in normal course of business, these new standards do not have material impact on the Group's financial statements.

Amounts receivable and amounts payable (including amounts payable to a related party) continue to be carried at amortized cost under IFRS 9, consistent with their measurement and presentation prior to the adoption of IFRS 9.

Accounting standards issued but not yet effective
Effective for annual periods commencing on or after January 1, 2019

- *IFRS 16, Leases*
- *IFRIC 23, Uncertainty over Income Tax Treatments*

In January 2016, the IASB published a new accounting standard, IFRS 16 - Leases ("IFRS 16") which supersedes IAS 17 - Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not have any material lease agreements and does not expect the adoption of this standard to materially impact its financial statements.

The Group has not early adopted these amended standards and is currently assessing the impact, if any, that these amendments will have on the Group's Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below.

Estimates

Income taxes
Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payments
Management is required to make a number of estimates when determining the fair value of the payments resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Economic recoverability and probability of future economic benefits of mineral property interests
Management has determined that exploration and evaluation of mineral properties and related costs incurred, which have been recognized on the statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

Judgments

Going Concern
The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning.

(Expressed in Canadian dollars)

5. ACQUISITION OF GOLDMINDEX S.A.

During the year ended September 30, 2018, the Company entered into an agreement in relation to the acquisition of GDM. The Company agreed to pay a bonus of $250,000 upon approval of the acquisition of GDM from TSX Venture Exchange. On September 11, 2018, the Company obtained approval from TSX Venture Exchange and paid the bonus of $250,000. On October 26, 2018, the transaction was completed and the amount was included in the acquisition cost of GDM.

On October 26, 2018, the Company issued 15,970,489 common shares and, on January 18, 2019, issued an additional 29,511 common shares in exchange for 100% of the outstanding common shares of GDM. The shares are subject to an escrow agreement that releases them over three years.

At the transaction date, the Company determined that GDM did not constitute a business as defined under IFRS 3, Business Combinations, and the transaction was accounted for as an asset acquisition. The excess of the consideration paid over the fair value of the net liabilities assumed was attributed to the exploration and evaluation asset.

The restricted common shares value was estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restriction.

The details of the consideration paid, the assets and liabilities of GDM is as follows:

Consideration paid:		
Fair value of restricted shares issued	$	2,142,967
Cash paid		250,000
Total consideration		2,392,967
Value of net assets acquired		
Cash		45,266
Prepaid expenses		18,261
Receivables		20,846
Liabilities		(1,476,307)
Exploration and evaluation asset		3,784,901
Net assets Acquired	$	2,392,967

(Expressed in Canadian dollars)

6. LOANS RECEIVABLE

On February 8, 2018, the Company entered into a Letter of Intent (the "LOI") to acquire 100% of GDM, a private Ecuadorian company. Pursuant to the LOI, the Company will acquire the issued and outstanding shares of GDM in exchange for common shares (the "Transaction").

The Company advanced $409,203 to GDM on March 26, 2018. The Company also agreed to advance an amount of USD$558,100 (CDN$748,318) (the "Second Loan"). The Second Loan is secured by way of a pledge granted on the shares of GDM.

Due to the 100% acquisition of control of GDM on October 26, 2018, these loans receivable from GDM were eliminated upon consolidation.

7. EQUIPMENT

		Computer		Vehicle		Total
Cost						
Balance, September 30, 2018	$	8,464	$	14,050	$	22,514
Balance, October 31, 2019		8,464		14,050		22,514
Accumulated Depreciation						
Balance, September 30, 2018		2,782		13,350		16,132
Charge for the period		1,849		229		2,078
Balance, October 31, 2019		4,631		13,579		18,210
Net Carrying Amount						
October 31, 2019	**$**	**3,833**	**$**	**471**	**$**	**4,304**
September 30, 2018	**$**	**5,682**	**$**	**700**	**$**	**6,382**

8. MINERAL PROPERTY INTERESTS

		Fortuna	Emigrant		St. Julien		Total
Balance, September 30, 2017	**$**	**-**	**575,555**	**$**	**90,879**	**$**	**666,434**
Acquisition		-	15,796		53,667		69,463
Exploration		-	126,122		6,309		131,431
Balance, September 30, 2018	**$**	**-**	**717,473**	**$**	**150,855**	**$**	**868,328**
Acquisition		3,784,901	-		65,746		3,850,647
Exploration		720,790	118,677		-		839,467
Balance, October 31, 2019	**$**	**4,505,691**	**836,150**	**$**	**216,601**	**$**	**5,558,442**

(Expressed in Canadian dollars)

Fortuna Project, Ecuador

GDM owns the rights to the Fortuna Concession ("Fortuna Project") in Ecuador. The property consists of 12 contiguous mining concessions which have been granted for a period of 25 years.

Emigrant Project, USA

On June 15, 2014, the Company entered into an agreement to have an option agreement assigned (the "Assignment Agreement"). Pursuant to the Assignment Agreement, the Company has an option to acquire a 100% interest in certain claims in Montana USA. On June 14, 2017, the right, title and interest to the claims in Montana USA were released to the Company. However, the option to acquire a 100% interest in the claims in Montana USA in order 100% acquire the claims is still outstanding, for the following consideration:

Date Due	USD $
June 1, 2013	5,000 (paid)
October 1, 2013	5,000 (paid)
June 1, 2014	15,000 (paid)
June 1, 2015	20,000 (paid)
June 1, 2016	25,000 (paid)
June 1, 2017	30,000 (paid $10,000)
June 1, 2018	35,000 (paid $12,000)
June 1, 2019	10,000 *
June 1, 2020	10,000
Every year thereafter until total consideration is $1,000,000	50,000

In May 2016, the Company negotiated with the optionor to amend the above payment schedule to USD$10,000 per year commencing from June 1, 2016 until such time that the Company has received permission to drill and explore the property, after which the original payment schedule is resumed until the option price is paid in full. In accordance with the amended payment schedule, the Company paid USD$10,000 to the optionor during the year ended September 30, 2017. In June 2018, the option agreement was amended whereby the Company paid USD$12,000 to the optionor during the year ended September 30, 2018.

* On June 1, 2019, the option agreement was amended to postpone the due date of June 1, 2019 to June 1, 2020. A US$5,000 penalty will be added to the option payment due on June 1, 2020.

The optionor will retain a 2% net smelter royalty ("NSR"). The Company may acquire 1.8% of the NSR by paying $1,500,000 within 9 months of commercial production.

St. Julian Project, USA

The Company entered into an Option Agreement ("Option") date effective November 1, 2015, with an arms-length party to acquire 100% interest of certain patented and unpatented mineral claims located in Montana, USA, known as "St. Julian", on the following payment schedule:

(Expressed in Canadian dollars)

Date Due	USD $
November 1, 2015	10,000 (paid)
February 1,2016	10,000 (paid)
November 1, 2016	30,000 (paid)
November 1, 2017	40,000 (paid)
November 1, 2018	50,000 (paid)
November 1, 2019	60,000 *
November 1, 2020	70,000
November 1, 2021	80,000
November 1, 2022	90,000
November 1, 2023	100,000
November 1, 2024	110,000
November 1, 2025	120,000
	770,000

The Company will pay a late charge of 5% for any payment, which is not paid within 15 days of its due date.

The optionor will retain a 3% NSR. The Company may acquire 2% of the NSR by paying a one-time sum of USD $5,000,000 within 12 months of commercial production. The Company may acquire the remaining 1% of the NSR by paying a one-time sum of USD$2,500,000 within 24 months of commercial production.

On March 8, 2017, the Company issued 50,030 common shares with a fair value of $4,502 to the optionor of the St. Julien property as consideration for an extension of the property option payment.

*With regard to the November 1, 2019 due option payment on St. Julian Property, the Company has exercised the Force Majeure clause in the option agreement to extend the due date on the option payment until the Company receives the final verdict from the Supreme Court on the case from the Plaintiff to suspend the drill permit of the Company. The optionor confirmed the acceptance of the Company's exercise of the Force Majeure clause.

9. PREPAID AND OTHER RECEIVABLE

		October 31, 2019		September 30, 2018
Prepaid expenses	$	173,778	$	39,828
Sales taxes receivable		16,081		64,104
	$	189,859	$	103,932

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		October 31, 2019		September 30, 2018
Accounts payable	$	1,308,819	$	738,997
Accrued liabilities		244,350		294,945
	$	1,553,169	$	1,033,942

11. LOANS PAYABLE

On October 11, 2017, the Company entered into an agreement for a $300,000 loan. The loan bore interest at 6% per annum, was unsecured and due on demand. During the year ended September 30, 2018, the Company recorded interest expense of $2,000 and repaid the principal and accrued interest in full.

On July 16, 2018, the Company entered into an agreement for a $255,205 loan. The loan bears interest at 8% per annum, is unsecured and due on the earlier date of the day the Company receives funds from next financing or 6 months. As at September 30, 2018, the principal and accrued interest is $243,644. The Company repaid the balance in full during the thirteen months ended October 31, 2019.

On August 21, 2018, the Company entered into an agreement for a $154,949 loan. In addition to the loan, the Company is to repay any additional expenses spent by the lender with regards to the business of the Company. The loan bears interest at 8% per annum, is unsecured and due on the earlier date of the day the Company receives funds from next financing or 6 months. As at September 30, 2018, the principal and accrued interest is $254,620. The Company repaid the balance in full during the first quarter of fiscal 2019.

On August 29, 2018, the Company entered into an agreement for a $123,794 loan. The loan bears no interest, is unsecured and due in 36 days. As at September 30, 2018, the principal and accrued interest is $123,794. On October 5, 2018, the Company repaid the principal in full.

On March 26, 2019, the Company entered into an agreement for a U$100,000 loan related to the advance made by the creditor to Goldmindex. The loan bears an interest rate of 12% per month and is unsecured. On June 1, 2019, the terms of loan was amended with the interest rate of 50% per year if the Company did not repay the loan balance 30 days after the date of advance. As at October 31, 2019, accrued interest of $40,566 was recorded. The outstanding loan balance plus accrued interest was repaid in full in February 2020.

Between February and October 2019, an arms-length creditor advanced a total of $326,861 loan proceeds net of partial repayment to the Company. These loans bear an interest rate of 12% per annum and are unsecured. As at October 31, 2019, accrued interest of $20,718 was recorded. The outstanding loan balance plus accrued interest was repaid in full in December 2019.

Between March and May, 2019, a consultant of the Company advanced $55,548 to the Company. The loan bears an interest rate of 12% per annum and is unsecured. As at October 31, 2019, accrued interest of $3,870 was recorded. The outstanding loan balance plus accrued interest was repaid in full in December 2019.

12. SHARE CAPITAL

Authorized

Authorized share capital consists of an unlimited number of common shares without par value.

Share Issuances

On October 16, 2018, 7,375,612 units were issued at a price of $0.15 per unit for proceeds of $1,106,342. Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 24 months following the closing date. The Company allocated $36,878 of the total proceeds to the share purchase warrants.

On October 26, 2018, 957,688 units were issued at a price of $0.15 per unit for proceeds of $143,653. Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 24 months following the closing date.

On October 26, 2018, the Company issued 15,970,489 common shares to acquire Goldmindex.

On December 7, 2018, the Company issued 5,966,666 common shares as a result of the conversion of $895,000 principle balance of 895 units of convertible debenture issued on October 4, 2018.

On January 4, 2019, the Company issued 2,148,000 common shares to the holder of the 2018 Debentures.

On January 18, 2019, the Company issued 29,511 common shares related to the remainder of 16,000,000 shares issuance for the acquisition of Goldmindex.

On January 25, 2019, the Company issued 2,000,000 common shares to an advisor who was the director of the former owner of Goldmindex pursuant to a Transition Agreement dated March 6, 2018 which became effective following the closing of the Transaction in the thirteen months ended October 31, 2019, pertaining to the Goldmindex acquisition. The Transition Agreement stipulated that further 3,000,000 common shares of the Company shall be issued (1,000,000 common shares in 8 months from the closing date on October 26, 2018; 1,000,000 common shares in 12 months from October 26, 2018 and 1,000,000 common shares in 16 months from October 26, 2018) in relation to ongoing advisory services to be rendered in Ecuador by a director of Monterra in respect to the management and development of the Fortuna Property, along with the payment of $90,000 annually over a three year period. On May 28, 2019, the Company issued 1,000,000 common shares to this advisor as part of the aforementioned share issuance commitment.

On January 31, 2019, the Company issued 833,333 common shares as a result of the conversion of $125,000 principle balance of 125 units of convertible debenture issued on October 4, 2018 with a maturity on October 4, 2021.

On March 1, 2019, the Company issued 833,333 common shares as a result of the conversion of $125,000 principle balance of 125 units of convertible debenture issued on October 4, 2018 with a maturity on October 4, 2021.
On April 11, 2019, the Company issued 500,000 common shares as a result of the conversion of $75,000 principle balance of 75 units of convertible debenture issued on October 4, 2018 with a maturity on October 4, 2021.

On April 15, 2019, the Company issued 500,000 common shares as a result of the conversion of $75,000 principle balance of 75 units of convertible debenture issued on October 4, 2018 with a maturity on October 4, 2021.

On July 3, 2019, the Company issued 861,818 common shares in lieu of cash payment for convertible debenture interest.

(Expressed in Canadian dollars)

On July 25, 2019, the Company issued 333,333 common shares as a result of the conversion of $50,000 principle balance of 50 units of convertible debenture issued on October 4, 2018 with a maturity on October 4, 2021.

On August 1, 2019, the Company issued 411,380 common shares in lieu of cash payment for convertible debenture interest.

On September 26, 2019, the Company issued 1,000,000 common shares as a result of the conversion of $150,000 principle balance of 150 units of convertible debenture issued on October 4, 2018 with a maturity on October 4, 2021.

On September 30, 2019, the Company issued 335,909 common shares for the interest of the 150 units converted on September 26, 2019 calculated from date of conversion to the maturity date.

On September 30, 2019, the Company issued 40,000 common shares in lieu of cash payment for convertible debenture interest.

The shares-to-be issued balance relates to the Make-whole interest (note 16) triggered by the convertible debentures' holders on the dates of conversion between January 31, 2019 to April 15, 2019 at prices ranging from $0.11 to $0.13.

Options

The continuity of the number of share purchase options outstanding is as follows:

	Number		**Weighted average exercise price**
Outstanding, September 30, 2018	8,728,619	**$**	0.17
Granted	7,600,000		0.19
Expired	(1,228,619)		0.15
Cancelled	(3,700,000)		0.20
Outstanding, October 31, 2019	11,400,000	**$**	0.17

As at October 31, 2019, the following options were outstanding:

Number of options		**Expiry date**		**Exercise price**	**Weighted remaining contractual life (years)**
Outstanding	*Exercisable*				
3,800,000	3,800,000	July 18, 2022	$	0.20	2.72
6,100,000	6,100,000	January 23, 2024	$	0.20	4.23
1,500,000	1,500,000	June 1, 2024	$	0.15	4.59
11,400,000	11,400,000				

Stock based payments relating to options vested during the fiscal period ended October 31, 2019 using the

(Expressed in Canadian dollars)

Black-Scholes option pricing model was $622,259 (September 30, 2018 - $371,835), which was recorded as reserves on the statements of financial position and as stock based compensation expense on the statement of operations and comprehensive loss. The associated share based compensation expense for the options granted during the fiscal period was calculated based on the following weighted average assumptions: Risk free-interest rate – from 1.36% to 1.90%; Dividend yield – 0.00%; Expected volatility – from 102% to 120%; Expected life – 5 years.

Warrants

The continuity of the number of share purchase warrants outstanding is as follows:

	Number		Weighted average exercise price
Outstanding, September 30, 2018	33,376,700	$	0.17
Issued	11,354,150		0.22
Expired	(15,825,000)		0.13
Outstanding, October 31, 2019	28,905,850		0.21

As at October 31, 2019, the following warrants were outstanding:

Number of warrants outstanding	Expiry date		Exercise price
17,551,700	November 27, 2020	$	0.20
7,187,500	October 4, 2020	$	0.22
3,687,806	October 16, 2020	$	0.22
478,844	October 26, 2020	$	0.22
28,905,850			

13. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms.

There have been no changes are made to the capital management policy during the period ended October 31, 2019.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial

recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at October 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Convertible Debentures	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on October 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

As at October 31, 2019, the Company's financial instruments consist of cash, prepaid and other receivable accounts payable and accrued liabilities, due to related parties, and loans payable. IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:
• Level 1 - Quoted prices in active markets for identical assets or liabilities;
• Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability,

either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
• Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents are classified as Level 1, whereas accounts payable and accrued liabilities, and due to related parties are classified as Level 2. As at October 31, 2019, the Company believes that the carrying values of cash, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

The fair value of the derivative component of the convertible debentures was estimated using a Monte Carlo simulation, which considers the specific contractual attributes of the debenture, including the make-whole provision and other conversion criteria. Within the Monte Carlo simulation, specific assumptions including share price volatility and risk free rates are developed using market-based indications as inputs into the analysis to determine the fair value of the derivative component. As at October 31, 2019, if the volatility used was increased by 10%, the impact would be an increase to the derivative component of $2,800, with a corresponding increase to loss.

RISK MANAGMENET

Liquidity risk
Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at October 31, 2019, the Company had cash of $1,966 to settle current liabilities of $2,865,844. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations, thus this risk is primarily attributable to cash. As at October 31, 2019, there were no financial instruments held by counterparties; therefore, the Company has incurred no credit risk as at that date or for the year then ended.

Interest rate risk
Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at October 31, 2019, the Company did have several interest-bearing loans or liabilities outstanding. All these loans are subject to fixed interest rate ranging from 12% to 50% per annum.

15. RELATED PARTY TRANSACTIONS

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 consist of members of the Company's Board of Directors and corporate officers. The Company incurred the following transactions with directors and key management personnel during the fiscal period ended October 31, 2019 and September 30, 2018 was as follows:

(Expressed in Canadian dollars)

		October 31, 2019		September 30, 2018
Consulting fees	$	378,892	$	288,659
Management fee		85,774		101,338
Share-based compensation		468,650		336,976
	$	933,316	$	726,973

On September 16, 2019, the Company appointed the current President and CEO and entered into a consulting service agreement. In accordance with this agreement, the Company would pay a consulting fee of $15,000 per month to the current President and CEO of the Company. Upon completion of the first six months of this contract, the Company shall pay no less than $20,000 per month to the current President and CEO of the Company. The Company owed a balance of $41,973 as at October 31, 2019 (September 30, 2018 – $NIL)

For the period ended October 31, 2019, the Company paid marketing fees of $6,568 (September 30, 2018 - $NIL) to an entity controlled by the spouse of the current President and CEO.

For the period ended October 31, 2019, the Company paid consulting fees of $59,621 or USD$45,000 to the former CEO of the Company per a consulting service agreement effective August 1, 2018 (September 30, 2018- $NIL) with a twelve-month term with an option to renew a further twelve months term. 900,000 share purchase options were granted to the former CEO of the Company on January 23, 2019 with an exercise price of $0.20 and expiry date of 5 years from date of grant. On May 6, 2019, the former CEO resigned from all his positions with the Company and these options were cancelled subsequent to the current quarter. The fair value of these options is estimated at $59,400. The Company did not owe any balance (September 30, 2018 - $32,363) as at October 31, 2019.

For the period ended October 31, 2019, the Company accrued director fee of $22,500 (September 30, 2018 - $126,250) for the Chairman & Director of the Company. 2,000,000 share purchase options were granted to the Chairman of the Company on January 23, 2019 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $132,000. On March 26, 2019, the Company entered into an agreement for a $102,000 loan related to the advance made by the Chairman to Goldmindex. During the rest of the fiscal period ended October 31, 2019, the Chairman further advances of U$15,000 to the Company and its subsidiary. The loan bears an interest rate of 12% per annum and is unsecured. As at October 31, 2019, accrued interest of $8,181 was recorded. The Company owed a balance including this loan and other accrued fees totalling $252,341 (September 30, 2018 - $126,250) as at October 31, 2019.

For the period ended October 31, 2019, consulting fees and accrued director fees totalling $151,631 for the current Executive VP and the former CFO of the Company were incurred. On May 7, 2019, the current Executive VP assumed the role of the CEO and resigned from the role of the CFO of the Company. On September 17, 2019, the current Executive VP assumed the role of the Executive VP and resigned from the role of the CEO of the Company. On August 1, 2018, the Company and the current Executive VP entered into a consulting service agreement whereby the Company would pay a consulting fee of USD$8,000 per month to the current Executive VP effective August 1, 2018 and renewable after twenty-four months. The Company accrued director fee of $9,000 (September 30, 2018 - $12,500) for the Executive VP. 900,000 share purchase options were granted to the Executive VP of the Company on January 23, 2019 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $59,400. The Company owed a balance of $214,749 to the Executive VP which included the $30,000 advance near end of March 2019 with 12% annual interest (September 30, 2018 - $66,774) as at October 31, 2019.

On March 22, 2019, the Company entered into an agreement for a $60,000 loan with an entity associated with the Executive VP for the advance made by this entity to Goldmindex. On August 26, 2019, the entity advanced an additional amount of $18,500 to the Company. The loan bears an interest rate of 12% per annum and is unsecured. As at October 31, 2019, accrued interest of $1,973 was recorded on $78,500 advances made by this entity.

On May 7, 2019, the current CFO of the Company was appointed. During the fiscal period ended October 31, 2019, the Company paid the accounting fees of $13,000 to the current CFO.

During the fiscal period ended October 31, 2019, director and committee advisory fees of $31,774 for three directors of the Company were incurred. 1,250,000 share purchase options were granted to the three directors of the Company on January 23, 2019 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $82,500. On March 25, 2019, one of the directors and the Company entered into an agreement for a $25,476 loan related to the advance made by this director to Goldmindex. The loan bears an interest rate of 12% per annum and is unsecured. As at October 31, 2019, accrued interest of $1,843 was recorded. The Company owed these directors a balance of $108,304 (September 30, 2018 - $99,795).

For the fiscal period ended October 31, 2019, consulting and management fees of $57,500 for the Corporate Secretary of the Company were incurred. 100,000 share purchase options were granted to the corporate secretary of the Company on January 23, 2019 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $6,600. The Company owed the Corporate Secretary a balance of $19,980 as at October 31, 2019 (September 30, 2018 - $8,400).

16. CONVERTIBLE DEBENTURE

On October 4, 2018, the Company issued 2,875 units of convertible debentures (the “2018 Debentures”) for gross proceeds of $2,875,000. Each unit issued consisted of $1,000 principal amount of 12% three-year convertible unsecured unsubordinated debentures and convertible at a price of $0.15 per common share, and 2,500 warrants. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.22 for a period of 24 months.

The 2018 Debentures will be convertible at the option of the holder prior to maturity into: (i) the number of debenture shares computed on the basis of the principal amount divided by the conversion price of $0.15, subject to adjustments in certain events; and (ii) an amount equal to the make-whole amount (an amount equal to the interest payments that would have been made in respect of the aggregate principal amount outstanding under the 2018 Debentures converted by the holders pursuant to the conversion right, if the aggregate principal amount remained outstanding from the date of conversion to the maturity date, provided, that such amount will be reduced by 1% for each 1% that the current market price exceeds the conversion price calculated as at the business day immediately preceding the notice of conversion) payable , at the option of the holder, in cash or through the issuance of common shares issuable at an issue price per share equal to the higher of $0.11 and the current market price of the Company’s shares.

The Make-Whole Amount is considered an embedded derivative as the value changes in relation to the current share price and interest rates. The feature is classified as a liability on the statement of financial position and is carried at fair value.

(Expressed in Canadian dollars)

For accounting purposes, the 2018 Debentures were separated into their liability and derivative liability components with their fair value at the date of inception estimated using the Monte Carlo Simulation. Within the Monte Carlo Simulation, specific assumptions including share price volatility and risk free rates are developed using market-based indications as inputs into the analysis to determine the fair value of the derivative component.

Transaction costs consisted of $381,454 paid in cash and $235,000 estimated fair value of 287.5 compensation options. The compensation options are exercisable to acquire, units (each comprised of one debenture and one warrant) at an exercise price per unit of $1000. The compensation options were fair valued using a Black Scholes model using the following assumptions: Risk free-interest rate – 2.3%; Dividend yield – 0.00%; Expected volatility – 114%; Expected life – 2 years. The transaction costs have been recorded pro rata against the liability and derivative components. The liability balance of the transaction costs are amortized over the life of the debenture. Interest and accretion expense for the fiscal period ended October 31, 2019 was $518,800 (September 30, 2018: $NIL).

The proceeds from the issuance were allocated as follows:

	Liability component	Derivative	Total
	$	$	$
Balance September 30, 2018 and 2017	-	-	-
Proceeds	1,904,000	971,000	2,875,000
Transaction costs	(408,254)	*	(408,254)
Conversions	(830,032)	(497,975)	(1,328,007)
Fair value change	-	(454,696)	(454,696)
Interest expense	428,236	-	428,236
Interest settled	(165,978)	-	(165,978)
Balance October 31, 2019	927,972	18,329	946,301

*Transaction costs allocated to the derivative were expensed on inception.

From December 7, 2018 to September 26, 2019, a total of 1,495 units were converted into 9,966,665 common shares at price of $0.15/share. The pro rata share of the aggregate value at $830,032 of the liability component related to the converted 1,495 units were transfer to cost base of the common shares upon issuance of these common shares.

Between January 4, 2019 and September 26, 2019, 2,483,909 common shares were issued related to the make-whole provision in the convertible debenture agreement whereby the debenture holders have the right to shares priced at the coupon interest on the converted units from the date the notice for conversion to the date of maturity. These shares were issued at prices ranging from $0.11/share to $0.15/share pursuant to the 1,495 units of converted. The value of these shares of $497,975 was deducted against the derivative liability. As at October 31, 2019, the fair value of the derivative liability was $18,329.

(Expressed in Canadian dollars)

As at the fiscal period ended October 31, 2019, 1,380 units with a face value of $1,380,000 out of 2,875 units remained outstanding.

17. INCOME TAXES

The reconciliation of the provision for income taxes at the federal statutory rate compared to the Company's income tax expense as reported is as follows:

		October 31, 2019		September 30, 2018
Net loss	$	(4,123,713)	$	(3,057,195)
Statutory rate		27%		26%
Expected income tax expense (recovery)		(1,113,000)		(795,000)
Stock-based compensation		189,000		97,000
Share issue costs		(72,000)		(92,000)
Adjustment to prior year statutory return		(8,000)		18,000
Effect of foreign exchange, rate change, and other		142,000		7,000
		(862,000)		(765,000)
Change in unrecognized deferred tax assets		862,000		765,000
	$	-	**$**	-

The significant components of deferred income tax assets at October 31, 2019 and September 30, 2018 are as follows:

		October 31, 2019		September 30, 2018
Deferred tax assets				
Non-capital losses	$	1,989,000	$	1,139,000
Share issue costs		72,000		92,000
Property and equipment		-		-
		2,061,000		1,231,000
Deferred tax liability				
Mineral property interests		(17,000)		(49,000)
Net deferred tax assets		2,044,000		1,182,000
Valuation allowance		(2,044,000)		(1,182,000)
	$	-	**$**	-

At October 31, 2019 the Company had accumulated non-capital loss carry-forwards of approximately $7,365,000 that expire between 2028 to 2039. The potential future tax benefits of these expenses and losses carried-forward have not been reflected in these financial statements due to the uncertainty regarding their ultimate realization. Tax attributes are subject to review, and potential adjustment by tax authorities.

18. SEGMENT INFORMATION

(Expressed in Canadian dollars)

The Company operates in one operating segment, which is acquisition, and exploration of mineral properties. The following provides segmented disclosure on the non-current assets based on geographical locations:

	Canada	United States	Ecuador	Total
October 31, 2019				
Long-term Assets				
Equipment	4,304	-	-	4,304
Exploration and evaluation asset	-	1,052,751	4,505,691	5,558,442
September 30, 2018				
Long-term Assets				
Equipment	6,382	-	-	6,382
Exploration and evaluation asset	-	868,328	-	868,328
Property deposit	-	-	250,000	250,000

19. CONTINGENCY

The Company has been served with a complaint in which the plaintiff has sought declaratory and injunctive relief prohibiting further exploration on the Emigrant Project. Management considers the complaint to be without merit and continues to pursue its defense in the Montana Sixth Judicial District Court.

20. EVENTS AFTER THE REPORTING PERIOD

Share for Debt Settlement

On December 5, 2019, the Company received the conditional approval of the TSX Venture Exchange (“TSX-V”) for the shares for debt transaction to settle the initial aggregate of $1,569,993 in indebtedness of the Company to various creditors, including six persons who are officers and/or directors of the Company through the issuance of 31,399,851 common shares of the Company ("Settlement Shares") at a deemed price of $0.05 per Settlement Share (the "Debt Settlement"). Accordingly, the Company also announces that it has completed the Debt Settlement. The Settlement Shares are subject to a four month hold period, expiring April 6, 2020.

On December 31, 2019, the Company issued 752,727 common shares related to the settlement of accrued interest payable related to the convertible debenture.

Private Placement

On February 12, 2020, the Company closed a private placement for a total of 34,181,200 units for proceeds of $683,624 at a price of $0.02 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share at a price of $0.05 for a period of 24 months after the closing.